

EEI & AGA Executive Accounting News Flash

September 2024

Dear Colleagues:

We hope you have had a fantastic summer! It was good to see so many of you at the various conferences, trainings and other events that have filled our 2024 schedule. Please review our latest calendar for our remaining events this year. This edition of the News Flash also includes some important developments and a preview of an anticipated busy accounting standard-setting agenda in the coming months.

In July 2024, the EEI and AGA FERC Accounting Liaison Committees met with the FERC Chief Accountant and its staff to discuss regulatory matters impacting the industry. A report summarizing three matters discussed during this meeting was sent to the EEI/AGA Accounting Committee members.

The annual Public Utility training was held the last week of August 2024. There were three programs: 1) Introduction to Public Utility Accounting; 2) Advanced Public Utility Accounting; and 3) Internal Auditor Public Utility training courses. The training courses were hosted at the Loews Atlanta Hotel in Atlanta, GA and we had a great time with approximately 280 registered attendees. These training courses provided our members with an opportunity to learn more about the industry and its complexities and opportunities to network with others in the industry.

Earlier this month, the EEI Accounting Executive Advisory Committee (EAC) and the AGA Accounting Leadership Council (ALC) met with the SEC, FERC, and FASB. These meetings are held on an annual basis and served as a tremendous opportunity to share emerging matters and challenges most pressing to the industry with our regulators and standard-setters and to seek feedback on various matters. See a summary of the topics discussed at those meetings herein. For more details, please do not hesitate to reach out.

In June, the EEI EAC and the AGA ALC selected two Industry Accounting Fellows to begin two-year terms starting in October 2024. Please welcome Rebecca Lieberman, Senior Manager at KPMG, and Matthew Zalewski, Senior Manager at Deloitte, who will author subsequent editions of the News Flash and help lead industry efforts on our strategic initiatives! The new Accounting Fellows will also assist EEI and AGA staff and its members with the development of comments to accounting standard exposures drafts, responses to proposed rulemaking by the FERC and SEC, and other matters.

Please do not hesitate to reach out to any of us with questions or observations.

Taylor Jenkins, Industry Accounting Fellow (Outgoing)
tayjenkins@deloitte.com or 765-438-5158

Rebecca Lieberman, Industry Accounting Fellow (Incoming)
rlieberman@kpmg.com or 973-912-6729

Matthew Zalewski, Industry Accounting Fellow (Incoming)
mzalewski@deloitte.com or 860-936-4786

David Dougher, Senior Manager, Accounting – EEI
ddougher@eei.org or 202-508-5570

Victoria Richardson, Senior Director Finance and Accounting – AGA
vrichardson@aga.org or 202-824-7131

Annual Liaison Meetings

FERC Meeting – September 4, 2024 (Washington D.C.)

Topics of discussion included:

- Industry trends, opportunities, and challenges
- Order 898 – Accounting for Renewable Assets and RECs
 - Notice of Inquiry submitted by AGA for similar Gas and Service Company USoA modernization initiative
 - Potential extension requests for Form 3Q filings in Q1 2025
- Potential implications of various FASB projects, including Environmental Credits
- Discussion of new Q&As available on FERC website
- Cost versus Benefit of Form No. 3-Q
- Attracting and retaining accounting professionals
- Collaboration on various accounting matters, including transferable tax credits

SEC Meeting – September 4, 2024 (Washington D.C.)

Topics of discussion included:

- Industry trends, opportunities, and challenges
- Renewable energy accounting hot topics
- Climate Disclosure Rule
- Experience with Cybersecurity Reporting Requirements
- PCAOB audit standard proposal on noncompliance with laws and regulations

FASB Meeting – September 5, 2024 (Norwalk, CT)

Topics of discussion included:

- Industry trends, opportunities, and challenges
- Recently Completed Projects
 - Income Tax Disclosures

- Segment Reporting
- Other Current Projects
 - Income Statement Expense Disaggregation
 - Definition of a Derivatives – ESG-linked Financial Instruments
 - Research Agenda: Statement of Cash Flows
 - Research Agenda: Accounting for and Disclosure of Intangibles
- Proposed ASUs Scheduled for Q3 2024
 - Accounting for Environmental Credits
 - Accounting for Government Grants
 - Accounting for Software Costs
- AICPA's request to review industry guidance on ASC 606

Regulator Activity

FASB – Key Accounting Standards Updates (ASUs) Pending Adoption

Segment Reporting ASU

As previously reported, in November 2023, the FASB issued [ASU 2023-07 Segment Reporting \(Topic 280\): Improvements to Reportable Segment Disclosures](#). This standard includes requirements to disclose significant segment expenses that are regularly reviewed by your chief operating decision maker, among other requirements. The standard is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. Recently, the SEC Staff also clarified certain considerations related to Segment disclosures as detailed in this [Heads Up](#) publication.

We have remobilized an ad hoc task force to collaborate on potential implementation challenges for the industry – if you are interested in contributing to this task force, please reach out to Taylor Jenkins or Dave Dougher.

Income Tax Disclosures ASU

As previously reported, in December 2023, the FASB issued [ASU 2023-09 Income Taxes \(Topic 270\): Improvements to Income Tax Disclosures](#). This standard mandates expanded disclosures and disaggregation requirements for the effective tax rate reconciliation, new disclosures for income taxes paid, and elimination of certain existing disclosures related to unrecognized tax benefits. The standard is effective for fiscal years beginning after December 15, 2024. For a complete summary, see [this Heads Up publication](#).

There are Power & Utility industry-specific considerations for this standard related to the classification of ASC 980-740 rate reconciliation items and disclosures of income taxes paid for subsidiary reporting entities that do not file income tax returns – stay tuned for more information in future communications.

FASB – Upcoming Agenda

The [FASB has a busy agenda](#) with a number of accounting standards expected to be finalized or issued as draft exposures in the coming months that are directly relevant to

our industry. We will continue to monitor the items below and provide additional communications once issued. These items include:

Topic	Next Milestone	Expected Date
Disaggregation—Income Statement Expenses	Final ASU	4Q 2024
Accounting for Environmental Credit Programs	Exposure Draft	3Q 2024
Accounting for and Disclosure of Software Costs	Exposure Draft	3Q 2024
Accounting for Government Grants	Exposure Draft	3Q 2024
Topic 815—Hedge Accounting Improvements	Exposure Draft	3Q 2024

SEC – Climate Disclosure Rule

On March 6, 2024, the SEC issued a [final rule](#) that requires registrants to provide climate disclosures in their SEC filings beginning with annual reports for the year ending December 31, 2025, for calendar-year-end large accelerated filers. Shortly after issuance of the final rule, a number of parties challenged the rule in court. The SEC has voluntarily stayed the rule's effective date pending judicial review and thus, the phased-in compliance dates may be delayed. The Eight Circuit Court anticipates hearing oral arguments in Fall of 2024.

Given the work necessary to implement the rule, the EEI implementation task force continues to develop plans to assist the industry. **A Webcast on Internal Controls for Non-Financial Professionals is scheduled for September 25th from 3-4:30 EST. EEI Chief Accounting Officers have been requested to share the registration information with individuals that will benefit from attending this webcast.**

Upcoming Events

Additional details are available on the websites of EEI and AGA as they become available. Check with Victoria Richardson or Dave Dougher for more information.

Date	Location	Event
September 17-18, 2024	Virtual	FERC Accounting and Reporting Training, Sponsored by EEI, AGA & Deloitte
September 25, 2024 3-4:30 PM	Virtual	Internal Controls Training for Non-Financial EEI Professionals presented by the EAC SEC Climate Rule Implementation Task Force
Fall TBD	Virtual	Training Topics TBD Attendees: EEI Accounting, Reporting, and Automation Committee AGA Corporate Accounting Committee EEI Property Accounting & Valuation Committee AGA Property Accounting & Valuation Committee

Inventory of selected technical projects and their status:

Standard Setter	Project	Task Force	Status
Final Standard Implementation			
FASB	Income Tax Disclosures	EEI ASC AGA APC	Evaluating final standard
FASB	Segment reporting	Ad hoc/industry fellow	Implementing final standard
FERC	Order No. 898 – Accounting and Reporting Treatment of Certain Renewable Energy Assets under RM21-11	FERC Accounting Liaison Committee	Implementing Final Order
SEC	Climate-Related Disclosures Rule	Climate Rule Implementation	Evaluating final rule and related Stay Order
Exposure Draft/NOPR			
FERC	Accounting for Transferability of Income Tax Credits	FERC	Comment letter due October 25, 2024
SEC	Human Capital Management Disclosures	SEC	Proposal possible in 2024
SEC	Board Diversity Disclosures	SEC	Proposal possible in 2024
IASB	IFRS – Rate Regulation	IFRS	Final standard in 2025
FASB	Disaggregation—Income Statement Expenses	Ad hoc	Submitted comments on 10/27/23
FASB	Hedge Accounting Improvements	Derivatives & Hedging	Member info call w/FASB staff; Exposure draft 3Q 2024
Project Initiation/Preliminary Due Process Document			
FASB	Environmental Credits	Environmental Credits	Ongoing input to FASB; recent meetings w/staff in 4Q 2023; Exposure Draft 3Q 2024
FASB	Accounting for Government Grants	Government Grants	Exposure Draft 3Q 2024
FASB	Software Costs	Software	Exposure Draft 3Q 2024
FASB	Hedge Accounting	Derivatives & Hedging	Exposure Draft 3Q 2024
Research Projects			
FASB	ESG-linked financial instruments	ESG-Linked Fin. Instr.	Initial research
FASB	Statement of Cash Flows	Ad hoc	Initial research

The following are industry accounting task forces:

Task Force	Summary	Chair	Status
Accounting Standards Committee - Active			
Environmental Credits	Provided input to FASB staff	Mike Dixon, National Grid	Active
ESG-Linked Financial Instruments	Awaiting FASB actions	TBD	Active
Government Grants	Awaiting exposure draft	Amin Mohamed, NextEra Energy	Active
IFRS – Rate Regulation	Final standard in 2025	Open	Active
SEC	Standing	Coordinated by EEI Staff	Active
Segments ad hoc group	Final standard issued	Coordinated by industry fellow	Active
Software	Standing	Cindy Grippando, Southern Co., Eric Lundberg, ATC	Active
Disaggregation—Income Statement Expenses ad hoc group	Comments filed 10/2023	David Dougher, EEI	Active
Cross-Committee - Active			
Automation	Technology and Finance	John Crennen, Xcel Energy	TBD ✓
Climate Rule Implementation	Developing roadmap for industry	Stephanie Williams, PG&E	Active ✓
FERC Order 898 – Accounting for Renewable Assets	Implementing final rule.	Dave Dougher, coordinating with FERC Accounting Liaison Committee	Active
Workiva/Systrends ad hoc group	Standing	Dave Dougher	Active ✓
Accounting Standards Committee - Inactive			
Benefits Accounting	Standing	Open	Inactive
Derivatives and Hedging	Standing	Open	Inactive
Simplification Standards	Standing	Open	Inactive
Energy Storage Accounting	Published energy storage whitepapers	David Batten, Entergy	Inactive ✓
			✓ EEI-only