BAKER TILLY

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Director of Research, 2017 Public Comment Period
Sustainability Accounting Standards Board
1045 Sansome St., Suite 450
San Francisco, CA 94111

Re: Exposure draft of the Sustainability Accounting Standards Board Infrastructure Standards for Electric Utilities

Dear Director:

Baker Tilly is pleased to provide comments to the Sustainability Accounting Standards Board (SASB) regarding the recently issued proposed Infrastructure Standards.

We commend the SASB's efforts in being a leader in providing these standards. A Baker Tilly partner, Russ Hissom, was a member of the Infrastructure Working Group that gave input into the initial standards and we know the rigorous process the SASB has established in developing the standards. The standards provide companies with a way to uniformly report on the efforts and capital they spend in providing their services in a sustainable fashion and with equitable rates to their customers. We hope that the standards are widely adopted by companies and that the Standards become expanded into additional metrics as that adoption takes place.

Baker Tilly Virchow Krause, LLP (Baker Tilly), is an accounting and consulting firm with approximately 2,700 total staff and 300 partners. Our Energy and Utilities Group provides accounting and consulting services to utilities nationwide, mainly in the public sector.

We have the following general comments regarding the proposed standards.

Electric Infrastructure Standards

General comments

We understand that this first issue of SASB standards for electric utilities is aimed at those utilities that are SEC registrants and prepare SEC filings. Many large public power utilities are comparable in size in revenues, customers and service delivery to the largest investor-owned utilities. There are examples of public power utilities preparing disclosures in the *Management Discussion and Analysis* of their audited financial statements using the initial draft SASB sustainability standards. A comment that Baker Tilly would make in regards to these standards is to emphasize that their use is not limited to SEC registrants, but available and recommended for all utilities – investor-owned, public power and electric cooperatives - that wish to utilize them.

Electric Infrastructure Standards (cont.)

Accounting Metric – TA11-04-01 Average Retail electric rates

This metric is not necessarily a comparable from utility to utility in differing regions of the country, due to the combination of source of supply, generation mix, infrastructure delivery requirements or the regulator's approach to rate recovery. The context of this disclosure does not indicate an approach to sustainability or not in operations without some other reference to the mix of power supply or some of the other previously mentioned factors. A comment that Baker Tilly would make in regards to this metric is to add additional information on generation or purchased power mix so that a trend can be observed in any changes in the approach to delivery of electricity to end users.

Accounting Metric – TA11-04-03 Number of residential customer electric disconnections for non-payment, percentage reconnected within 30 days

This metric infers a correlation between electric rates and customer disconnects. That correlation is more complicated than this pure metric. It does not include the opportunity for discussion on how many utilities delay the disconnect process by carrying a delinquent customer's balance for many months before a disconnection of service. It also does not take into consideration how many states in colder climates do not allow disconnection of a customer's service for non-payment during the cold month periods (generally November – April), then once the disconnect moratorium period has ended customers are disconnected, leading to a spike in the metric. Nor does this metric take into account that non-paying customers are subsidized in their rates by paying customers and the amount of state programs that assist customers unable to afford electricity.

Baker Tilly makes the comment that a metric in this area should connect and focus on changes in disconnects due to changes in policies.

Summary

Again, we commend SASB on issuing these proposed standards and look forward to informing our clients about them and assisting in their implementation.

Thank you for the opportunity to comment.

Sincerely,

Russell AHissom

Russell A. Hissom, CPA, Partner