



NEPPA has partnered with the American Public Power Association to bring two high caliber cost of service and rate design training virtually. Participants may elect to participate in one, or both days of the training program.

Who Should Attend

These courses are designed for:

- General managers
- Commissioners
- Finance and accounting personnel
- Rate analysts
- Financial planners
- Policymakers

Basic Cost of Service: Concepts & Rate Planning Course Overview (8:30 am – 12:00 pm, November 3, 2020)

Explore the ins and outs of cost of service—from basic concepts to leveraging data for decision making. Learn how to determine revenue requirements and key financial targets and relate them to cost of service. Find out how to develop a long-term rate plan and use financial targets to determine customer rates, borrowing needs, and capital improvements.

This course does not have prerequisites, nor does it require advance preparation.

Course Topics

1. Basic cost of service concepts, terminology, and processes
2. Collect and use of cost of service data
3. Determine revenue requirements using cash and utility-based approaches
4. Set key financial targets related to cost of service
5. Develop a cash reserve policy
6. Determine rate policies and long-term rate plans
7. Communicate rate changes to policymakers and customers
8. Use customer rates to fund infrastructure replacements

Learning Outcomes

Upon completion of this virtual course, participants will be able to successfully:

1. Recognize the objectives of a cost of service (COS) study.
2. Identify data needed for a COS and how it is used.
3. Discuss revenue requirements.
4. Identify key financial targets that help determine rate changes.
5. Define common Cost of Service terminology.
6. Classify Functionalization, Classification, and Allocation methods.
7. Review COS results to identify rate structure applications to your utility.
8. Discuss best rate practices.
9. Explain rate changes to the end user, board or council.

Instructor

Dawn Lund, Vice-President Utility Financial Solutions, LLC Dawn Lund is vice president of Utility Financial Solutions and has over 20 years of experience in financial analysis for utility systems. She specializes in providing financial assessments, cost of service studies, and financial plans for utilities throughout the country, Canada, Guam and the Caribbean. She teaches financial planning courses and regularly speaks at conferences and industry events for APPA and other organizations across the nation.





Strategic Rate Design: Trends and Distributed Generation Impacts

Course Overview (8:30 am – 12:00 pm, November 4, 2020)

Review the latest industry rate trends, evaluate new rate structures, and learn how to recover fixed costs and fund infrastructure investments. Hear how other utilities are integrating distributed energy resources and restructuring rates to properly recover costs.

This course does not have prerequisites, nor does it require advance preparation.

Course Topics

- Analyze industry rate trends and future rate structures
- Determine the role of a monthly customer charge in rate design
- Develop rates that reflect utility costs, maintain financial stability, and promote energy conservation
- Develop time-of-use rate structures and real-time pricing rates
- Develop marginal cost-based prices signals
- Understand rate options for rooftop solar installations

Learning Outcomes

Upon completion of this virtual course, participants will be able to successfully:

1. Identify alternative methods and factors to consider when modifying current line extension methodology.
2. Describe the types of rates and methodology used to promote energy conservation, reflect utility costs or create revenue stability for the utility.
3. Discuss the positives and negatives of the various rate structures and applications to your utility.
4. Explain the benefits and application of economic development rates.
5. Discuss the types of power cost adjustment methods used in the electric industry.

Instructors

Mark Beauchamp, CPA, CMA, MBA, is president of Utility Financial Solutions, a consulting practice that specializes in financial planning, cost of service, and rate-setting for public power utilities. He has more than 33 years of experience in electric utility consulting and management. In his previous positions, Beauchamp has assisted with improvements to accounting and operation practices, risk assessments, cost of service, and competitive rate designs. He is a frequent speaker at national and regional conferences and has taught a variety of courses for the Association. He holds degrees in water purification technology and accounting, as well as a master's degree in business.



Basic Cost of Service
Tuesday, November 3, 2020

- 8:30 a.m. Section One**
- Course Introduction and Overview
 - Discussion of Learning Objectives
 - Definition of Cost of Service and Objectives
 - Information Gathering for a COS
 - Defining Revenue Requirements
- 9:30 a.m. Break**
- 9:40 a.m. Section Two**
- Key Financial Targets
 - Detailed Calculations
 - Setting Minimums and Industry Standards
- 10:30 p.m. Break**
- 10:40 a.m. Section Three**
- Cost of Service Terminology
 - Overview of Functionalization, Classification and Allocation
 - Basic COS Results
 - Using COS Results
 - Current Rate Structures Compared to COS Results
- 11:30 a.m. Section Four**
- Rate Adjustment Assessments
 - Best Practices
 - How to Explain Rate Changes to End User, Board and Council
- Noon Adjourn**



Strategic Rate Design: Trend and Distributed Generation Impacts
Wednesday, November 4, 2020

8:30 a.m. Section One

- Course Introduction and Overview
- Discussion of Learning Objectives
- Industry Challenges

9:15 a.m. Section Two: Industry Rate Trends:

- Customer Charges Positives & Negatives
- What Costs Are Included in the Customer Charge
- Positives and Negatives of Various Rate Structures
- Dynamic Pricing Structures

10:00 a.m. Break

10:15 a.m. Section Three - Developing Marginal Cost-Based Rate Structures

- Time-Differentiated Pricing Theories
- Time based rate structures
- Real-Time Pricing

11:00 a.m. Section Four – Rate Options for solar & EV

- Metering and Billing Requirements for Renewable Generation
 - Net Metering
 - Why Potential Cost-Shifting Can Occur with Net Metering
 - Net Billing
 - Why Net Billing May Only Partially Correct Cost-Shifting
 - Need to Correct Customer Rate Structures
 - Buy All, Sell All
 - Fully Recovering Costs without Modifying Rate Structures
 - Developing commercial and residential electric vehicle rates

Noon Adjourn