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FERC TRANSMISSION RATEMAKING

May 20-21, 2020

**Doubletree by Hilton San Diego Mission Valley
San Diego, CA**



"Great program for employees who are or will be working on FERC rate case matters. Learned so much from this class."

Sr. Revenue Requirements Analyst,
Tucson Electric Power



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EUCI is authorized by IACET to offer 1.1 CEUs for the course



EUCI is authorized by CPE to offer 12 credits for the course

OVERVIEW

The Federal Energy Regulatory Commission (FERC) has always maintained a significant presence in the electric industry in regulating the rates, terms, and conditions by which utilities provide wholesale transmission service. The electric industry's transformation has expanded FERC's traditional role as rate regulator. Against this backdrop, FERC is addressing the expansion of Regional Transmission Operators (RTOs) and changes to RTOs' goals and strategies regarding transmission investment, the continued proliferation of new renewable energy sources connecting to the U.S. transmission grid, and rules governing wholesale market participation and interconnection of demand response, energy storage, and energy efficiency resources. FERC is also re-evaluating its policies towards return on equity levels and incentives for FERC jurisdictional transmission rates. Today, more than ever, having a thorough understanding of transmission rate setting is critical to the success of all interested stakeholders.

Attendees of this program will learn the fundamentals of federal transmission rate regulation and cost of service-based rate setting as applied today. They will explore how important FERC initiatives may impact transmission rates and service in the future. Attendees will also learn practical rate setting skills such as how to determine a transmission revenue requirement and how to establish transmission rates using commonly available data sources. Real world examples and dynamic interactive discussion of seminar topics will provide attendees with a keen appreciation for the nuances of transmission rate regulation.

LEARNING OUTCOMES

- Discuss the key statutes, regulations, and FERC orders that form the foundation governing transmission rates
- Review how to prepare, defend, or oppose a transmission rate filing
- Become familiar with the financial and operating data used to prepare a transmission cost of service and rate study
- Assess and evaluate the differences between stated and formula rates
- Review recent transmission rate setting FERC policy developments that can affect future transmission rate setting
- Identify regional and market differences in process and application of transmission rate setting activities
- Participate in a short rate-setting exercise that will test your transmission rate setting knowledge

WHO SHOULD ATTEND

- Utility analysts, attorneys, supervisors, and directors without previous electric transmission ratemaking experience
- Managers and supervisors of municipal and cooperative utilities
- Transmission customers with significant transmission rate exposure
- Investors and financial analysts seeking a better understanding of transmission cost recovery
- Regulatory and legislative personnel dealing with transmission ratemaking as overseen by FERC
- Newcomers to the industry or to cost-of-service ratemaking working in areas such as legal, financial, regulatory, customer care, or community relations



"This was very helpful in getting ready to file a FERC transmission case."

Sr. Rate Analyst,
El Paso Electric



"First time EUCI attendee. Excellent programs, speakers, and facilities."

Commission Policy Advisor,
Public Utility Commission of Nevada



"Great introduction to the FERC transmission ratemaking process."

Senior Rate Analyst, El Paso Electric

AGENDA

WEDNESDAY, MAY 20, 2020

8:00 – 8:30 am Registration and Continental Breakfast

8:30 am – 5:00 pm Course Timing

12:00 – 1:00 pm Group Luncheon

Legal and Policy Introduction and Background

- Legislative and Regulatory Framework for Electric Transmission Rate Setting
 - Overview and Purpose – Transmission as Natural Monopoly Regulation; The Regulatory Compact
 - Hope and Bluefield Decisions – Prudent Investments; Just and Reasonable Rates
- Legislative Structure
 - Jurisdictional Divide Between Retail (States) and Wholesale (Federal)
 - FPA Section 205 - Structure and Relevance to Rate Setting
 - FPA Section 206 - Structure and Relevance to Rate Setting
 - Energy Policy Act 2005 - FPA Section 219, Repeal of PUHCA 1935 With Expanded FERC Jurisdiction
- FERC Regulatory History
 - Order 888/889/890 – Opened Transmission Markets
 - Order 2000 – Establishing ISO/RTO Framework
 - Order 679 – Transmission Incentives
 - Order 1000 (2011) – Competitive Transmission Planning
 - Orders 719 and 745 – Demand Response Wholesale Market Participation
 - Order 841 (2018) – Energy Storage Wholesale Market Participation

Rate Regulation Under the Federal Power Act (FPA)

- FPA Structure and Filing Timelines/Considerations
 - FPA Section 205 Filings
 - FPA Section 206 Filings
 - Key Procedural and Legal Aspects to Each Type of Filing Including Burden of Proof
 - Filing Timelines and Process
 - Regulatory Strategy Considerations
- Fundamental Components of a 205/206 Filing and Evidentiary Showing
 - Cost of Service and Revenue Requirements Study
 - Depreciation Study
 - Cost of Capital Study
 - Other Special Studies Such as Power Flow Analysis
 - Accompanying Expert Testimony
 - Review of Other Evidentiary Showing Requirements

Focus on Revenue Requirements and Cost of Service Development

- Major Sources and Tools
 - Uniform System of Accounts – Purpose and Use
 - Review of Major Transmission Related Account Series
 - FERC Form 1 – Review and Introduction as Study Source
- Revenue Requirements Formula
- Cost of Service Study Components
 - Three step process: Functionalization, Classification and Allocation
 - Rate Base – 13-Month Average Approach

AGENDA

WEDNESDAY, MAY 20, 2020 (CONTINUED)

- Rate Base Special Topics
 - O&M and A&G
 - Depreciation
 - Taxes
- o Cost Allocation and Assignment Topics
 - FERC 7 Factor Test
 - General Plant, A&G, Working Capital, Other
 - Regional and Inter-Regional Cost Allocation

Rate Design

- Formula Rates
 - o Transmission Formula Rate Template: Basis and Function
 - o Inputs into Formula Rate – Uniform System of Accounts, FERC Form 1
 - o Transmission Rate Protocols
 - 2014 Guidance Paper
 - Recent Precedent
- Stated Rates
 - o Approach and Theory
 - Test Year
 - Cost Allocation
- Trade-offs Between Using Stated vs Formula Rate Approach
- Billing Parameters
 - o 1 CP, 4 CP, 12 CP
 - o Network Integration T Service (NITS), Point to Point Service (PTP)
 - o Load Ratio Share Basis Use

THURSDAY, MAY 21, 2020

8:00 – 8:30 am **Continental Breakfast**

8:30 am – 12:00 pm **Course Timing**

Current Issues

- Issues
 - o Recent ROE Decisions Pre-Coakley, Post-Coakley
 - o FERC Investigation into Transmission Incentives: Order 679, 2012 Policy Statement, 2019 Notice of Inquiry
 - o Changes to Income Tax Allowance Policy
 - o Update on Order 841 and How Energy Storage May Affect Transmission Market

Group Exercise

- To Be Determined from the Following Options:
 - o Mock Rate Development from Set of Financials and Billing Determinants
 - o Mock Regulatory Strategy Exercise

INSTRUCTORS



David DesLauriers

Vice President – Energy, Charles River Associates

David DesLauriers is the Vice President of Energy at Charles River Associates and has been an economic and rates advisor to the regulated utility industry for over 25 years. His areas of expertise include revenue requirements, cost of service, formula and stated transmission rate design, transmission planning, special power flow studies, depreciation and cost of capital, regulatory strategy and other areas related to transmission rate setting. He and his team have prepared transmission rate studies for a number of regulated and private transmission owning companies across the United States. He has testified and filed evidence before the FERC and Ontario Energy Board on transmission cost allocation and rate matters. He is an active member of the Electricity Committee of the Energy Bar Association and recently contributed to the Energy Law Journal (Vol 40:1). He has been published in T&D World on the topic of FERC’s Order 1000 and has spoken widely at various industry events on the topics of transmission rates and planning matters. He holds a B.A. in Economics from College of the Holy Cross and an M.B.A, Awarded with Distinction, from the Babson College Graduate School of Business.



Chris Devon

Senior Infrastructure and Regulatory Policy Developer, Markets and Infrastructure Policy, California ISO

Chris Devon is a senior policy developer for the California ISO. In his role, Mr. Devon leads stakeholder initiatives to establish new California ISO policies with a focus on resource adequacy, transmission cost recovery and emerging technologies. Prior to joining the California ISO in June of 2015, he was an economic analyst and energy markets advisor to the Michigan Public Service Commission for five years. Mr. Devon established his transmission ratemaking and resource adequacy expertise during his time at the Michigan Commission. He also represented Michigan interests in the stakeholder processes of the MISO and PJM Regional Transmission Organizations. Mr. Devon obtained his degree in economics at Michigan State University in 2009.



Jason Gray

Partner, Duncan & Allen

Mr. Gray is a Partner with Duncan & Allen, a Washington, DC-based law firm whose practice concentrates on energy law and the regulation of public utilities. Mr. Gray has over a decade of experience providing strategic advice and counsel to a wide range of clients in matters before the Federal Energy Regulatory Commission, state public utility commissions, and a variety of state courts. Mr. Gray has particular experience in utility-related litigation and evidentiary proceedings. He also regularly advises clients with respect to rulemaking proceedings, renewable energy policy, legislation, compliance and enforcement matters, stakeholder processes, formal and informal settlement negotiations, transactional matters, Regional Transmission Organization/Independent System Operator matters, and the development of energy projects. In addition, Mr. Gray frequently represents or advises clients with respect to appeals before the United States Court of Appeals for the District of Columbia Circuit and the United States Court of Appeals for the Ninth Circuit.



“These speakers have great chemistry and work and speak together very well!”

Sr. Transmission Rate Analyst,
Tri-State Generation &
Transmission



“All speakers did a great job covering the topics and provided many helpful examples to illustrate the issues effectively.”

Rates Manager, City Utilities of Springfield, MD

EVENT LOCATION

A room block has been reserved at the **Doubletree by Hilton San Diego Mission Valley**, 7450 Hazard Center Dr, San Diego, CA 92108, for the nights of May 19-20, 2020. Room rates are \$155 plus applicable tax. Call **1-800-222-8733** or [visit the website](#) for reservations and mention the EUCI group code: EUC to get the group rate. The cutoff date to receive the group rate is April 26, 2020 but as there are a limited number of rooms available at this rate, the room block may close sooner. **Please make your reservations early.**

IACET CREDITS



EUCI has been accredited as an Authorized Provider by the International Association for Continuing Education and Training (IACET). In obtaining this accreditation, EUCI has demonstrated that it complies with the ANSI/IACET Standard which is recognized internationally as a standard of good practice. As a result of their Authorized Provider status, EUCI is authorized to offer IACET CEUs for its programs that qualify under the ANSI/IACET Standard.

EUCI is authorized by IACET to offer 1.1 CEUs for the course.

CPE CREDITS



EUCI is registered with the National Association of State Boards of Accountancy (NASBA) as a sponsor of continuing professional education on the National Registry of CPE Sponsors. State boards of accountancy have final authority on the acceptance of individual courses for CPE credit. Complaints regarding registered sponsors may be submitted to the National Registry of CPE Sponsors through its website: www.learningmarket.org.

Upon successful completion of this event, program participants interested in receiving CPE credits will receive a certificate of completion. **EUCI is authorized by CPE to offer 12 credits for this course.**

There is no prerequisite for this course.

Program Level 1: Intermediate, **Delivery Method:** Group-Live, **Advanced Preparation:** None

REQUIREMENTS FOR SUCCESSFUL COMPLETION

Participants must sign in/out each day and be in attendance for the entirety of the course to be eligible for continuing education credit.

INSTRUCTIONAL METHODS

PowerPoint presentations, interactive group exercise, and group discussion will be used during this course.



"Informative session and the instructors were responsive to questions."

Attorney, Maine PUC

To Register Click Here, or

Mail Directly To:

PMA Conference Management
PO Box 2303
Falls Church VA 22042
201 871 0474
Fax 253 663 7224
register@pmaconference.com

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PLEASE REGISTER

FERC TRANSMISSION RATEMAKING COURSE

May 20-21, 2020: US \$1395
Early bird on or before May 1, 2020: US \$1195

REGISTER 3, SEND THE 4TH FREE

Any organization wishing to send multiple attendees to this Course may send 1 FREE for every 3 delegates registered. Please note that all registrations must be made at the same time to qualify.

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Billing City

Billing State

Exp. Date

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OR Enclosed is a check for \$ _____ to cover _____ registrations.

Substitutions & Cancellations

Your registration may be transferred to a member of your organization up to 24 hours in advance of the event. Cancellations must be received on or before April 17, 2020 in order to be refunded and will be subject to a US \$195.00 processing fee per registrant. No refunds will be made after this date. Cancellations received after this date will create a credit of the tuition (less processing fee) good toward any other EUCI event. This credit will be good for six months from the cancellation date. In the event of non-attendance, all registration fees will be forfeited. In case of course cancellation, EUCI's liability is limited to refund of the event registration fee only. For more information regarding administrative policies, such as complaints and refunds, please contact our offices. EUCI reserves the right to alter this program without prior notice.