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# FUNDAMENTALS OF COST OF SERVICE AND RATE DESIGN FOR WATER UTILITIES

**May 4-5, 2020**  
**EUCI Conference Center**  
**Plaza Tower One Conference Center**  
**Denver, CO**



*"The training provided a great overview of cost of service and rate design for water utilities. I would recommend this course to anyone wanting to learn about water utility finance."*

Senior Utility Analyst,  
Public Utilities Commission of Nevada



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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

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Water utilities are facing constant pressure to replace aging infrastructure and meet increased regulatory demands, while meeting enhanced levels of service at a reasonable cost. Cost of service and rate design studies are necessary to assist a water utility in setting rates that are fair and equitable to its customers. These studies also support the water utility's mission.

This introductory course reviews the basic mechanics of a cost of service and rate design study for water utilities. Participants will also learn valuable tools on obtaining buy-in or "selling" the need for a revenue increase to its constituent groups. Real world examples based on generally accepted ratemaking principles will be utilized throughout the course.

## LEARNING OUTCOMES

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- Identify how a cost of service & rate design study supports the utility's mission
- Discuss the impact of policy and financial considerations on customer rates
- Define the data requirements needed to begin a cost of service & rate design study
- Identify revenue requirements and recognize the importance of a multi-year financial plan
- Explain the cost of service allocation process
- Assess design rates that are defensible based on the cost of service and/or policy considerations
- Discuss contractual pricing and other sources of revenue for the utility
- Recognize the importance of customer outreach to sell your needed revenue increase

## WHO SHOULD ATTEND

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- Accountants
- Finance Directors
- Engineers
- Financial/Budget/Rate Analysts
- Entry-Level Utility Consultants
- Utility Management
- Board/Council Members
- City Management
- Any stakeholder interested in the overall financial sustainability of the utility

## REQUIREMENTS FOR SUCCESSFUL COMPLETION

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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

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Case studies, PowerPoint presentations and open discussion will be used in the program.

# AGENDA

MONDAY, MAY 4, 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**

## Introduction and Overview of Course

- **How Financial Planning, Cost of Service (COS) Studies, and Rate Design Supports a Water Utility's Mission**
  - Examples of Utility Missions
  - Commonalities
  - What is Financial Planning?
  - What is Ratemaking (COS Studies & Rate Design)?
  - Constituents to the Process
- **Policy/Financial Considerations**
  - Debt Service Coverage
  - Operating Reserves
  - Infrastructure Planning & Investment
- **Data Requirements**
  - Types of Data Needed
  - Tips
- **Developing Revenue Requirements/Financial Plan**
  - Process
  - Fundamental Principles
    - Cash Basis vs. Utility Basis
  - Methodology
  - Multi-Year Financial Plan
- **Cost of Service Allocation Process**
  - Functionalization
  - Classification
    - Base-Extra Capacity Method
    - Commodity-Demand Method
  - Allocation (Distribution) to Customer Classes
- **Rate Design**
  - Options - Rate Structures
  - Conservation Pricing
  - Examples



*“Very informative. Speaker kept the group interested the whole time. Great group discussion.”*

Hydrologist, Freese + Nichols



*“Great course for staff and policy makers.”*

Councilman P12,  
City of Fair Oaks Ranch



*“Great as an introduction to the rate-making process, or as a refresher on best practices.”*

Rate Analyst, ERWSD

# AGENDA

TUESDAY, MAY 5, 2020

8:00 – 8:30 am

**Continental Breakfast**

8:30 am – 12:00 pm

**Course Timing**

- **Review of Day One**
  - Development of Revenue Requirements/Financial Plan
  - Cost of Service Process
  - Rate Design
- **Contractual Pricing & Sources of Revenue**
  - Wholesale/Contractual/Industrial Pricing
  - Non-Rate Fees and Charges
- **Communications Outreach**
  - Purpose/Goals
  - Toolbox
  - Case Study Example – Fort Worth Water
- **Case Study – Small Water System Rates**



*“The tools offered/ shared in this course will help shape our efforts with an upcoming rate study and better frame us in a position to get a comprehensive result to set a course for our small system for years to come.”*

Public Works Director,  
City of Fair Oaks Ranch

# INSTRUCTORS



## Andy McCartney

**C.P.A., Manager – Fiscal Service, Fort Worth Water**

Andy McCartney is a Manager for the Fort Worth Water Department and has 30 years of experience in utility finance and cost of service & rate design for Water, Wastewater, Stormwater, Solid Waste, and Electric Utilities. He is a former Consulting Manager for Black & Veatch that provided multi-year financial planning, cost of service studies, rate design, impact fee studies, and strategic valuation services throughout the United States. He has also taught cost of service and rate design courses for the Government Finance Officers Association of Texas as well as the Texas Section of the AWWA.

Mr. McCartney is a licensed Certified Public Accountant in the state of Texas. He holds a BBA degree in Finance from Texas A&M University, a BBA degree in Accounting as well as a BS degree in Economics from the University of Texas at Arlington. He also obtained his MBA in Finance & Accounting from Dallas Baptist University.



## Chris Ekrut

**Director, Environmental Practice, NewGen Strategies and Solutions**

Chris Ekrut has been providing financial and management consulting services to the public and private utility industry since 2004. He assists clients in pricing services and developing rates and fees for their water, wastewater, reuse, drainage, natural gas and electric utilities. Chris works actively before rate regulatory agencies, assisting clients and customer groups with regulatory filings and proceedings and serves as an expert witness on cost of service and rate design matters. He also specializes in assisting utilities in business and implementation planning, focusing on long-term strategy and policy. Chris is a partner with and currently serves as the Director of the Dallas office of NewGen Strategies & Solutions.

## 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 this course.**

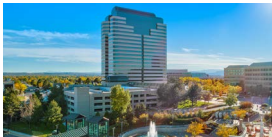
## CPE CREDITS



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](http://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 the course.**

## EVENT LOCATION



### Plaza Tower One Conference Center

6400 S Fiddlers Green Cir. Greenwood Village, CO 80111

*The EUCI conference center is conveniently located adjacent to the Arapahoe at Village Center Light Rail Station, allowing easy access to and from DIA, Downtown, and Local Area Attractions. EUCI will validate parking at the Plaza Tower One Conference Center.*

## NEARBY HOTELS

*Each of these hotels offers a complimentary shuttle to and from the EUCI conference center.*

### Hyatt Regency Denver Tech (2.8 miles away)

7800 E. Tufts Ave. Denver, CO 80237  
303-779-1234

### Special EUCI Room Rate: \$179.00 or lowest available rate

To access EUCI room rate visit

[denvertechcenter.regency.hyatt.com](http://denvertechcenter.regency.hyatt.com)

Click "Book Now"; then click "Special Rates";

Click "Corporate or Group Code" and enter **CR102338**

You may also call central reservation at **1-800-233-1234** and give them the corporate code of **CR102338**

### Springhill Suites DTC (0.3 miles away)

7900 East Peakview Ave., Greenwood Village, CO 80111  
303-721-3321

### Wingate by Wyndham (0.3 miles away)

8000 E. Peakview Ave., Greenwood Village, CO 80111  
303-626-2641

### Hyatt Place DTC (2.1 miles away)

8300 E. Crescent Pkwy, Greenwood Village, CO 80111  
303-804-7000

### Denver Marriott Tech Center (3.1 miles away)

4900 S. Syracuse St., Denver, CO 80237  
303-779-1100

## 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.

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

## EVENT LOCATION

**Plaza Tower One Conference Center**  
6400 S Fiddlers Green Cir.  
Greenwood Village, CO 80111

**See nearby hotels on page 5**

## PLEASE REGISTER

**FUNDAMENTALS OF COST OF SERVICE AND RATE DESIGN FOR WATER UTILITIES COURSE**  
MAY 4-5, 2020: US \$1395  
Early bird on or before April 17, 2020: US \$1195

## ENERGIZE WEEKLY

Energize Weekly is EUCI's free weekly newsletter, delivered to your inbox every Wednesday. We provide you with the latest industry news as well as in-depth analysis from our own team of experts. Subscribers also receive free downloadable presentations from our past events.

**Sign me up for Energize Weekly**

How did you hear about this event? (direct e-mail, colleague, speaker(s), etc.)

Print Name | Job Title

Company

What name do you prefer on your name badge?

Address

City | State/Province | Zip/Postal Code | Country

Phone | Email

List any dietary or accessibility needs here

### CREDIT CARD INFORMATION

Name on Card | Billing Address

Account Number | Billing City | Billing State

Exp. Date | Security Code (last 3 digits on the back of Visa and MC or 4 digits on front of AmEx) | Billing Zip Code/Postal Code

**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 3, 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 at 303-770-8800. EUCI reserves the right to alter this program without prior notice.