

NATURAL GAS COST OF SERVICE & RATE DESIGN

October 29-30, 2020
Online | Central Time

“*A great class for those with beginner/intermediate experience with cost of service and rate design.*”

Specialist, Michigan PSC

EUCI ONLINE COURSE

EUCI is pleased to offer this virtual course on its online interactive platform. Enjoy a valuable learning experience with a smaller impact on your time and budget. You will gain new knowledge, skills, and hands-on experience from the convenience of your remote location.

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OVERVIEW

This two-day course is designed to explore the basic structure of cost of service applied to natural gas delivery at the state jurisdictional level. The course begins by setting cost of service and pricing questions in the context of the overall regulatory structure. Through this approach students are exposed to the two major approaches to cost of service: embedded and marginal cost. Applications of these approaches are taken from state rate setting proceedings with the major areas of contention among parties to regulatory proceeding highlighted. The course will also discuss the basics of rate design from a historical approach and trace the evolution of pricing as the concern over efficiency has grown and the potential for alternatives to grid-delivered energy evolve.

The course is designed in a lecture format with enough flexibility for student activities and group discussion.

The intent is that participants will be able to apply the information learned the first day they return to their jobs. Hands-on activities will be included throughout the day.

LEARNING OUTCOMES

- Discuss the regulation of public utilities, including the rationale, duties, obligations, and evolution
- Evaluate the principles applied to pricing, the economics of natural monopoly, and pricing strategies
- Define the functionalization, classification, and allocation of embedded cost of service
- Define the purpose, planning, revenue requirements, and costs regarding marginal cost of service
- Examine the differences between traditional and modern rate design
- Review tracking mechanisms, volumetric risk, net energy metering and more topics related to rate design

WHO SHOULD ATTEND?

This course is recommended for policymakers, managers, attorneys, regulators, key accounts representatives, accountants, engineers, and analysts who would like introductory, hands-on training related to cost-of-service concepts and techniques for natural gas utilities.

INSTRUCTIONAL METHODS

Case studies, PowerPoint presentations and group discussion will be used in this event.

AGENDA

THURSDAY, OCTOBER 29, 2020 - CENTRAL TIME

8:45 – 9:00 am

Log In

9:00 am – 4:30 pm

Course Timing

12:30 – 1:15 pm

Lunch Break

Introduction and Regulation of Public Utilities

- The origin and meaning of the public utility concept
- The rationale for regulation
- The regulatory compact: duties and obligation
- The evolution of regulation and introduction of competitive markets
- Evolution of industry structure

Foundations

- The revenue requirement: assumptions and principles
- Principles applied to pricing
- Economics of natural monopoly
- Foundations of public utility pricing
- Pricing strategies and special topics

Cost of Service Overview

- Basic approach of cost of service
- Marginal v. Embedded
- Pricing traditional services
- Unbundling

Embedded Cost of Service

- Functionalization
- Classification and allocation
- Interclass revenue allocations
- *Exercise: Embedded cost and interclass revenue allocation*

Marginal Cost of Service

- Purpose of a marginal cost study
- Planning and marginal cost
- Customer, T&D and generation costs
- Data used in MC studies
- Reconciliation with revenue requirement and interclass revenue allocation

AGENDA

FRIDAY, OCTOBER 30, 2020 - CENTRAL TIME

8:45 – 9:00 am

Log In

9:00 am – 4:30 pm

Course Timing

12:30 – 1:15 pm

Lunch Break

Traditional Rate Design

- Flat rates
- Two-part and Multi-part rates
- Pricing capacity and access
- Volumetric rates
- Issues in using embedded costs for unbundling rates

Modern Rate Design

- Straight-fixed variable pricing
- Modern demand-based pricing
- AMI and smart metering
- Special pricing topics: demand management, TOU rates, load retention, NGV pricing

Special Topics in Rate Design

- Tracking mechanisms
- Volumetric risk
- Net energy metering
- Standby/buyback rates
- Special contracts and economic development rates

Alternative Regulation

- PBR and incentive regulation
- Utility of the future and platforms
- Revenue stabilization plans
- Multi-year ratemaking

Wrap-up and Discussion of Future Directions



“Very pleasant, knowledgeable, and informative. Thoroughly understands materials.”

Office Manager, EPCOR



“This course provides a very good basic understanding and foundation on cost of service and rate design. The presenter is very experienced and knowledgeable on the subject.”

Utility Analyst, Alaska AG Office

INSTRUCTOR



Dr. Carl Peterson

Clinical Professor of Economics, University of Illinois Springfield and Executive Advisor to Concentric Energy Advisors

Carl Peterson, Ph.D, is currently Clinical Professor of Economics at the University of Illinois Springfield. Dr. Peterson was a consultant with NERA Economic Consulting (2000—2017), a senior advisor for energy policy (1996-2000), a rates economist (1994—1996) at the Illinois Commerce Commission, and a staff economist at the Center for Regulatory Studies at Illinois State University (1993—1994). Dr. Peterson is currently an Executive Advisor to Concentric Energy Advisors. Dr. Peterson has advised governments and private entities in Europe and the US on issues related to the regulation of public utilities since 1998.

Dr. Peterson has been a program faculty member at the Institute of Public Utilities at Michigan State University and has taught economics at Illinois Central College and Eureka College. His work has appeared in *The Electricity Journal*, *Journal of Accounting and Finance*, *Natural Gas and Electricity*, and several edited volumes.



“Carl does a great job of connecting theoretical knowledge with real-world applications.”

Director of Finance & Accounting, ENSTAR



“Carl gave me clarity on the differences between cost of service studies and how to understand them.”

Senior Financial Analyst, ENSTAR

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 AN-SI/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 AN-SI/IACET Standard.

EUCI is authorized by IACET to offer 1.3 CEUs for the course.

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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 14 credits for this course.** There is no prerequisite for this course.

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

ONLINE COURSE DELIVERY & PARTICIPATION DETAILS

We will be using Microsoft Teams to facilitate your participation in the upcoming event. You do not need to have an existing Teams account in order to participate in the broadcast – the online course will play in your browser and you will have the option of using a microphone to speak with the room and ask questions, or type any questions in via the chat window and our on-site representative will relay your question to the instructor.

- You will receive a meeting invitation which will include a link to join the meeting.
- Separate meeting invitations will be sent for the morning and afternoon sessions of the online course.
 - o You will need to join the appropriate meeting at the appropriate time.
- If you are using a microphone, please ensure that it is muted until such time as you need to ask a question.
- The remote meeting connection will be open approximately 30 minutes before the start of the online course. We encourage you to connect as early as possible in case you experience any unforeseen problems.

REQUIREMENTS FOR SUCCESSFUL COMPLETION

You must be logged in for the entire presentation and send in the evaluation after the online course is completed.

To Register Click Here, or

Mail Directly To:

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405 Highview Rd
Englewood NJ 07631
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PLEASE SELECT

- NATURAL GAS COST OF SERVICE & RATE DESIGN ONLINE COURSE:** OCTOBER 29-30, 2020: US \$1,295 (Single Connection)
- PACK OF 5 CONNECTIONS:** US \$5,180 (20% Discount)
- PACK OF 10 CONNECTIONS:** US \$9,065 (30% Discount)
- PACK OF 20 CONNECTIONS:** US \$15,540 (40% Discount)

Online Course Delivery & Participation Details

See page 6 for information

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

Print Name

Job Title

Company

Address

City

State/Province

Zip/Postal Code

Country

Phone

Email

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 September 25, 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.