

FUNDAMENTALS OF COST OF SERVICE AND RATE DESIGN FOR WATER UTILITIES

October 5-6, 2020
Online | Central Time

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.

“

“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

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

- 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

- 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

INSTRUCTIONAL METHODS

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

AGENDA

MONDAY, OCTOBER 5, 2020

8:30 – 9:00 am **Login and Welcome**

9:00 am – 4:00 pm **Course Timing**

12:00 – 12:30 pm **Lunch Break**

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, OCTOBER 6, 2020

8:30 – 9:00 am **Login and Welcome**

9:00 am – 12:00 pm **Course Timing**

- **Review of Day One**
 - o Development of Revenue Requirements/Financial Plan
 - o Cost of Service Process
 - o Rate Design
- **Contractual Pricing & Sources of Revenue**
 - o Wholesale/Contractual/Industrial Pricing
 - o Non-Rate Fees and Charges
- **Communications Outreach**
 - o Purpose/Goals
 - o Toolbox
 - o 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.

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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 12 credits for the course.**

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.

COURSE RECORDING

A recording of this program will be available for three days from either the end of the program (or three days from the date of purchase, if you purchase the recording after the session ends). It is presented in four-hour sessions and can be watched an unlimited number of times for three days (for the registrant). There is no additional cost beyond the registration fee.

To Register Click Here, or

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- FUNDAMENTALS OF COST OF SERVICE AND RATE DESIGN FOR WATER UTILITIES COURSE**
OCTOBER 5-6, 2020: US \$1195 (Single Connection)
- PACK OF 5 CONNECTIONS:** US \$4,780 (20% Discount)
- PACK OF 10 CONNECTIONS:** US \$8,365 (30% Discount)
- PACK OF 20 CONNECTIONS:** US \$14,340 (40% Discount)

Online Course Delivery & Participation Details

See page 5 for information

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

Print Name

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CREDIT CARD INFORMATION

Name on Card

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Billing State

Exp. Date

Security Code (last 3 digits on the back of Visa and MC or 4 digits on front of AmEx)

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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 September 4, 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 201 871 0474. EUCI reserves the right to alter this program without prior notice.