

MODERN FERC ELECTRICITY 101: WHAT DO I NEED TO KNOW?

September 19, 2017
Millennium Knickerbocker Hotel
Chicago, IL

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**FERC ELECTRICITY REGULATION: COMPLIANCE
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OVERVIEW

This course provides a comprehensive overview of the agency's impact on the electric power industry. This course is designed for attendees who are seeking a basic knowledge of FERC, desiring a refresher course, or wanting to learn about how the Trump administration and changes in congressional leadership might influence the commission.

LEARNING OUTCOMES

- Discuss the definition of economic regulation
- Discuss the background of FERC and its role in the regulation of electric utilities
- Discuss the Federal Power Act (FPA)
- Identify ratemaking and cost benefit allocation concepts
- Explain what a rate case is and what happens
- Explain price setting in RTO markets

WHO SHOULD ATTEND

- Engineers
- Managers
- Members of the financial community
- Attorneys

And anyone else interested in understanding the laws governing FERC in addition to its rules, policies, and procedures. The course will also be beneficial to individuals seeking insight on current agency proceedings involving electric power.

INSTRUCTOR



Clifford S. Sikora
Partner, Troutman Sanders

Cliff Sikora is a partner in the Washington, D.C. office of Troutman Sanders. Over his 20-year career with the firm, Cliff has solely worked with clients in the energy industry, concentrating in electricity industry matters. He has represented a wide array of business interests within the electricity sector, including vertically-integrated utilities, energy project development companies (fossil generation, renewable generation, hydropower, transmission and storage), banks, private equity investors, energy technology companies, and EPC contractors. Cliff has acted as first-chair in high-profile regulatory litigation and filings before the FERC, and has lead deal teams in the energy space (most notably, in transactions economically dependent on regulated rates and/or managed-market commodity pricing). Mr. Sikora has also developed a unique specialization in strategic business counseling for entities in the electric industry, based on a wide array of experience representing clients in the context of various combinations of state/ federal regulatory and market climates. He works with clients to develop unique solutions and concrete plans for overcoming their most challenging competitive and regulatory obstacles.

COURSE TIMING

TUESDAY, SEPTEMBER 19, 2017

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

8:30 am – 5:00 pm **Course Timing**

12:00 – 1:00 pm **Group Luncheon**

AGENDA

Introduction

- Electricity production and delivery (basics)
 - o Physics/very little storage and inventory
 - o Economics/economies of scale
 - o Capital requirements
 - o Politics & policy
 - “Affected with the public interest”
- Explanation of vertical integration of industry segments (generation, transmission, distribution) and how it is changing
- Importance of historical perspective on development of U.S. electric industry and markets (1882 – present)
 - o Fossil
 - o Nuclear
 - o Renewables

The Regulation of Electricity (Generally)

- What is economic regulation?
 - o What are the goals of economic regulation?
 - o Who are the players in the game (utilities, wholesale customers, retail customers, customer classes, marketers, RTOs, regulators)?
- State PSCs
 - o Scope of authority
 - o “Used and useful”
 - o Obligation to serve
 - o IRP
 - o Evolving role

FERC

- The Attleboro Gap
- General background
 - o Role and purview of federal agencies within the three branches of government.
 - o FERC composition and interrelationship with Capitol Hill
- Interplay between state and FERC regulation (highlights)
 - o Cost trapping
 - o Nantahala (federal preemption)
 - o Mississippi (system agreements)
 - o EPSA (demand response in organized markets)
- Ratepayers and shareholders: tensions and revenue sharing mechanisms
- The Crediting concept

AGENDA

TUESDAY, SEPTEMBER 19, 2017 (CONTINUED)

The Federal Power Act (FPA)

- Scope & Applicability (FPA Section 201)
 - o Activities and subject matter
 - Sales for resale
 - Transmission
 - Interstate commerce
 - What are “jurisdictional facilities”?
 - Wholesale “markets”
 - o Entities
 - What is a “public utility”?
- Types of public utilities (regulated public utilities, “unregulated” public utilities)
 - Non-FPA-jurisdictional utilities (munis, coops, PMAs)
- Rates, terms and conditions of FERC-jurisdictional electric services (FPA Sections 205 & 206)
 - o What is a rate filing? (FPA section 205)
 - How is my rate filing processed at FERC and what should I expect?
- Guide to FERC docket processing
- E-tariff
- Uncontested cases & delegated authority
- Contested cases, hearings and appeals
 - o What is a rate complaint/ investigation? (FPA section 206 (aka “Regulatory fairness act”))
 - o Interplay between sections 205 & 206
 - The “last clean rate”
 - refunds
 - o Ratemaking and cost-benefit allocation concepts
 - Reasonableness (“J&R”) (Hope, Bluefield, Duquesne Light)
 - Fairness (“Undue Discrimination”)
 - Equity (“Just”)
 - Subsidization
 - Administrative efficiency
 - Cost-of-service ratemaking
- General concepts
- Revenue requirement
 - o State v. federal jurisdiction (revisited)
- Rate elements
- Rate base v. expenses
- What is “gold plating”? (Averch-Johnson effect)
- Return on equity
- Stated return v. “actual” return
- Crediting (revisited)
- Stated rates (\$/kWh)
- Regulatory lag
- Formula rates & fuel clauses
- Regulatory accounting v. financial accounting v. tax accounting
 - o The rate case: what is it and what happens?
 - Cost of service study
 - Filing and testimony
 - Discovery
 - Hearing procedures
 - Appeals
- o Market-based rates
 - FERC’s traditional approach

AGENDA

TUESDAY, SEPTEMBER 19, 2017 (CONTINUED)

- Power, ancillary services & certain merchant transmission
 - Relevant Product markets
 - Relevant Geographic markets
 - Practical impact of market based rate authority
 - Affiliate rules for power sales (crediting and subsidization re-visited)
- o Price setting in RTO markets
 - The RTO's role in centralized electricity markets
 - LMPS
 - How are resources procured and assured?
 - Nexus between system operations and LMPs
- o PURPA "avoided cost" rates
- o Open Access Transmission: What is it, why is it important, and what are the rules?
 - OATTs, OASIS, Standards of Conduct
 - Interconnection
 - The role of transmission planning
- o The RTOs (generally)("FERC regulated markets")
 - Overview of U.S. regions and major characteristics (NEPOOL, PJM, NYISO, CAISO, MISO, SPP, other)
 - New paradigms: storage, distributed energy resources (DERs) & resiliency
- FPA Section 203/ M&A
 - o Scope of transactions subject to pre-approval
 - o Anatomy of an FPA Section 203 filing and corporate transaction approval
- FERC regulation of electric reliability (post EAct 2005)
 - o Jurisdiction
 - o Standards
 - o Enforcement procedures
 - o Audits & penalties
- Miscellaneous FPA provisions
 - o FPA Section 204 (securities)
 - o FPA Section 305 (interlocking directorates)

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

Power Point presentations and open discussion will be used in the program.

PROCEEDINGS

The proceedings of the course will be published, and one copy will be distributed to each registrant at the course.

EVENT LOCATION

A room block has been reserved at the Millennium Knickerbocker Hotel, 163 E Walton Place, Chicago, IL 60611, for the nights of September 18 – 19, 2017. Room rates are \$229 plus applicable tax. Call **1-312-751-8100** for reservations and mention the EUCI event to get the group rate. The cutoff date to receive the group rate is August 28, 2017 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.

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PLEASE REGISTER

BOTH MODERN FERC ELECTRICITY 101 AND FERC ELECTRICITY REGULATION COURSES:
 SEPTEMBER 19-20, 2017: US \$1895,
 Early bird on or before September 1, 2017: US \$1695

MODERN FERC ELECTRICITY 101 COURSE ONLY:
 SEPTEMBER 19, 2017: US \$995,
 Early bird on or before September 1, 2017: US \$895

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

Print Name

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What name do you prefer on your name badge?

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CREDIT CARD INFORMATION

Name on Card

Billing Address

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Billing City

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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 August 18, 2017 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 EUCL 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, EUCL'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.