



CENTER FOR PUBLIC UTILITIES
and THE NATIONAL ASSOCIATION OF REGULATORY
UTILITY COMMISSIONERS

Present

THE BASICS

PRACTICAL REGULATORY TRAINING

Electric Industry

OR

Natural Gas Local Distribution (LDC) Industry

Each separate, concurrent course is specifically designed to capture the nuances of that industry and includes the following topics *and more!*

Look inside to see full agenda



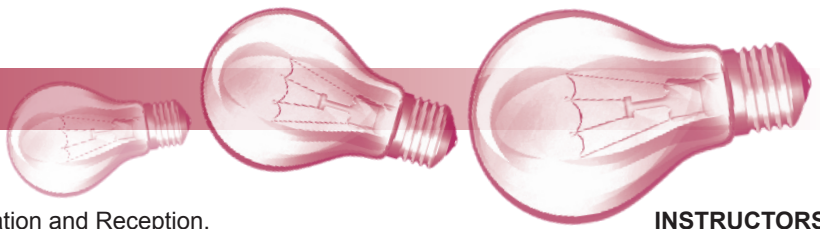
- Industry Technology
- Industry Structure and Regulation
- Revenue Requirements
- Class Cost-of-Service
- Rate Design
- Process & Procedures of a Rate Case

May 13-18, 2012
SHERATON UPTOWN
Albuquerque, NM

**REGISTER
ONLINE**
cpu.nmsu.edu

PROGRAM OUTLINE

ELECTRIC INDUSTRY



SUNDAY, MAY 13 6:30 to 8:00 p.m.: Registration and Reception.

INSTRUCTORS

MONDAY, MAY 14

8:00 – 8:15	Welcome, and Overview of Course	Doug Gegax
8:15 – 10:00	Introduction to the Technology, Institutions and History of the Electric Industry: <ul style="list-style-type: none">• Electricity, Generation Technologies, Network Components• System Operations, Ancillary Services & Interconnected Utilities• The Basic Structure of Electric Utility Regulation• Key Federal Statutes Affecting the Industry and FERC Orders 888 & 2000• Wholesale & Retail Restructuring – Regional Differences in Industry Structure• Distribution-Only Utilities vs. Vertically-Integrated Utilities	Gegax
10:15 – 12:15	Introduction (continued)	Gegax
1:30 – 3:15	Overall Cost of Service/Revenue Requirements <ul style="list-style-type: none">• Components of Revenue Requirements – Rate Base, Expenses, Taxes, Depreciation and Net Operating Income• The Components of the Weighted Average Cost of Capital• What Triggers a Rate Case and Who are the Players?• The Book Data, Uniform System of Accounts & FERC Form 1; Test Year• Adjusted Test-Year Revenue Requirements at Present & Proposed Rates	Bill Steele/Gary Duncan
3:30 – 4:45	Overall Cost of Service/Revenue Requirements	Steele/Duncan
4:45 – 5:15	Set up and Start <i>Revenue Requirements Problem: "Enchantment Electric Co."</i>	Steele/Duncan

TUESDAY, MAY 15

8:00 – 11:15	<i>Revenue Requirements Problem</i>	Steele/Duncan
11:15 – 12:15	Discussion of Revenue Requirements Problem	
1:30 – 5:15	Total System and Class-Specific Load Characteristics <ul style="list-style-type: none">• Load Curves, Load Factor, Coincidental Peak Demand• Non-Coincidental Peak Demand, Average-Excess Demand Overview of Class Cost-of-Service (CCOS) Studies CCOS Studies: Cost Functionalization CCOS Studies: Cost Classification	Gegax Gegax

WEDNESDAY, MAY 16

8:00 – 10:15	CCOS Studies: Cost Allocation Across Jurisdictions CCOS Studies: Cost Allocation to Jurisdictional Rate Classes	Gegax/Steele
10:30 – 12:00	<i>CCOS Problem</i>	Gegax/Steele
1:15 – 7:00	Trip to Santa Fe (optional)	

THURSDAY, MAY 17

8:00 – 10:15	<i>CCOS Problem</i> (continued) and Discussion	Gegax/Steele
10:30 – 12:00	Components of a Tariff and Criteria for a Sound Rate Design Base Rates vs. Riders or Trackers Issues Surrounding Fixed-Cost Recovery through the Energy Charge Metering Issues, Monthly Billing Demand and Demand Ratchets	Larry Blank
1:30 – 3:00	Billing Determinants & Customer, Energy and Demand Charges (Rates) Class Rate Design Alternatives: Determining Rate Elements by Class Block Rate Design and Time-of-Use Rates	Larry Blank
3:30 – 5:00	Block Rate Design and Time-of-Use Rates (continued) <i>Rate Design Problem</i>	Larry Blank

FRIDAY, MAY 18 (Combined Session for LDC and Electric)

8:00 – 11:00	Step-by-Step Process and Procedures of a Rate Case: <ul style="list-style-type: none">• The Utility Application, Building the Record, Discovery, Written Testimony• Cross Examination, Settlement vs. Contested Hearing• The Final Order and Grounds for Appeals• Open Meeting Laws, <i>Ex Parte</i> Communication	Larry Blank Bill Steele Karen White
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PROGRAM OUTLINE



NATURAL GAS LOCAL DISTRIBUTION (“LDC”) INDUSTRY

SUNDAY, MAY 13 6:30 to 8:00 p.m.: Registration and Reception

INSTRUCTORS

MONDAY, MAY 14

8:30 – 12:00	Overview of the Natural Gas Industry <ul style="list-style-type: none">• Moving Gas from the Wellhead to the Burner Tip• Interstate Pipeline Technology• Segments and Players of the Natural Gas Industry Local Distribution Companies <ul style="list-style-type: none">• Role of the LDC – structure, regulation, technology, and system operations• Relationship with Interstate Pipelines and the FERC Federal Jurisdiction - The Federal Energy Regulatory Commission State Jurisdiction - State Regulatory Commissions	Larry Blank John Olenick
1:15 – 3:15	Gas Procurement and Gas Cost Recovery <ul style="list-style-type: none">• Interstate Pipeline Services• PGA Recovery• Automatic Adjustments• Performance Based Rates Gas Cost Hedging <ul style="list-style-type: none">• Physical and Financial Hedges	Olenick
3:30 – 5:00	Key Issues Facing Gas Utilities and State Public Utility Commissions <ul style="list-style-type: none">• Gas Supply Planning and the Role of Regulators• Energy Efficiency• The Future Natural Gas Market	Ken Costello

TUESDAY, MAY 15

8:30 – 12:00	The Process of Determining Revenue Requirements <ul style="list-style-type: none">• Rate Base, Expenses, Taxes, Depreciation and Net Operating Income Determining the Components of the Rate of Return The Test-Year, Adjusted Revenues at Present and Proposed Rates	Mike McFadden
1:30 – 5:00	Revenue Requirements Problem	Randi Aldridge

WEDNESDAY, MAY 16

8:30 – 12:00	Assigning Costs to Various Customer Classes What is a Class Cost-of-Service Study? Steps Involved in a Class Cost-of-Service Study: <ul style="list-style-type: none">• Functionalization• Classifying• Allocation Class Cost-of-Service Problem	Ed Giesecking
1:00 – 7:00	Trip to Santa Fe (optional)	

THURSDAY, MAY 17

8:30 – 10:00	Cost-of-Service Study (Continued)	Giesecking
10:30 – 12:00	The Final Step: Rate Design - Recovering Assigned Costs from Various Customer Classes <ul style="list-style-type: none">• What is Rate Design?• Criteria Used to Determine Rates• Components Found in a Tariff• Types of Rate Designs Used by LDC's Today• Rate Design Problem	Ray Blatter
1:30 – 3:00	The Final Step: Rate Design (continued)	
3:30 - 5:30	New Rate Designs Under Consideration	John Fernald

FRIDAY, MAY 18 (Combined Session for LDC and Electric)

8:00 – 11:00	Step-by-Step Process and Procedures of a Rate Case: <ul style="list-style-type: none">• The Utility Application, Building the Record, Discovery, Written Testimony• Cross Examination, Settlement vs. Contested Hearing• The Final Order and Grounds for Appeals• Open Meeting Laws, <i>Ex Parte</i> Communication	Larry Blank Bill Steele Karen White
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WHO SHOULD ATTEND

Attendees with less than one year's experience in the regulatory arena and anyone wishing to obtain a basic understanding of the principles involved should attend this course. Commissioners, economists, rate analysts, accountants, attorneys, engineers, public information officers, administrative law judges, consultants, and consumer advocates will all benefit from the basic skills acquired in this course.

WHY EMPLOYEES SHOULD ATTEND THIS PROGRAM

The issues confronting Electric and Natural Gas Industries can be very complex and confusing to the employee with newly acquired responsibilities in the area of rates and regulation. These two separate courses will give attendees practical analytical skills needed to understand the topics covered as well as an integrated framework showing how they fit together. Through a combination of lectures, discussion and integrated problems, these courses will give the attendees the analytical skills necessary to be more productive in the changing utility environment.

Each week-long course covers the basics of industry technology, industry structure and regulation, revenue requirements, cost allocation, rate design and rate-case procedures. The electric course is applicable to both vertically integrated utilities, as well as distribution-only electric companies, and the natural gas course is focused on local distribution companies (LDCs).

FACULTY

The Center for Public Utilities is fortunate to have outstanding course instructors, with each having many years of practical experience in the regulatory arena. Not only are these instructors experts in their fields, but they have extensive teaching experience and are extremely approachable. Many of these instructors have been with the Center for Public Utilities for over 15 years. The CPU course instructors work collectively as a team and are continually re-evaluating and refining their individual set of materials as well as the overall organization and flow of the entire course. Each member is fully aware of how their own set of materials fits into the overall picture of the course. In this way, each of the week-long courses is truly integrated, which results in the best possible product for the attendees.

Randi Aldridge, Manager/Revenue Requirements, Southwest Gas Corporation

Larry Blank, Associate Director, CPU, New Mexico State University

Ray Blatter, Senior Regulatory Specialist, Pacific Gas and Electric

Ken Costello, Principal, National Regulatory Research Institute

Gary Duncan, Utility Rate Analyst, Montana Public Service Commission

John Fernald, Director of Regulatory Affairs, New Mexico Gas Co.

Doug Gegax, Director, CPU, New Mexico State University

Ed Giesecking, Director, Pricing and Tariffs, Southwest Gas Corporation

Mike McFadden, McFadden Consulting, Inc.

John Olenick, Senior Manager of Gas Purchases and Transportation, Southwest Gas Corporation

Bill Steele, Principal Financial Analyst, Colorado Public Utilities Commission

Karen White, Esq., Staff Attorney, Air Force Utility Law Field Support Center



THE CENTER FOR PUBLIC UTILITIES



<http://cpu.nmsu.edu>

The Center for Public Utilities (CPU) has been housed in the College of Business at New Mexico State University (NMSU) and has been conducting training courses since 1978. The National Association of Regulatory Utility Commissioners (NARUC) officially sanctions the programs offered by the CPU. The CPU:



- Produces practical training courses, instruction/training materials and out-reach programs directed towards the needs of professional staff at federal and state commissions, utility companies and other stakeholders in the Electricity and Natural Gas LDC and Gas Pipeline Industries;
- Produces issues conferences directed towards the needs of upper management and professional staff at federal and state commissions, utility companies and other stakeholders in the Electricity, Natural Gas, Telecommunications and Water Industries;
- Is completely self-funded through the conference fees it charges for its programs and by industry sponsorships;
- Averages about 450 conference attendees per year, who come from all 50 states as well as many foreign countries.

For further information regarding CPU activities, please feel free to contact the following CPU staff members.

Doug Gegax: Electricity Basics Course Administrator

Doug Gegax is a Professor in the Department of Economics at New Mexico State University – where he has been employed since 1984 – and also serves as the Director with the Center for Public Utilities. Doug teaches graduate and undergraduate economics, econometrics and public utility classes at NMSU. He has over 25 years of extensive experience in the areas of revenue requirements, cost-of-service analysis and rate design as well as integrated resource planning, market structure analysis and electricity restructuring. Doug has provided written and oral testimony for federal and state regulatory agencies, as well as legislative committees, on topics such as electric industry restructuring, cost-of-service analysis and rate design.

Contact Information: dgegax@nmsu.edu, (575) 646-1903

Larry Blank: Natural-Gas Basics Course Administrator

Larry Blank has over 16 years of practical field experience in the area of public utility policy and regulation. He is currently an Associate Professor in the Department of Economics, and Associate Director with the Center for Public Utilities, at New Mexico State University. Larry teaches graduate and undergraduate economics and public utility classes at NMSU. He previously served as the Manager of Regulatory Policy & Market Analysis with the Public Utilities Commission of Nevada (PUCN) and as an Economist with the National Regulatory Research Institute. As a consultant, Larry has served government agencies, utility companies, and utility customer clients. He has helped draft extensive rules and regulations and has served as an expert in over 150 rate cases.

Contact Information: Larryb@nmsu.edu, (575) 642-6148

CENTER SPONSORS



The Center Sponsors provide invaluable financial support to the Center which helps cover expenses associated with conducting courses and conferences. We wish to thank our Center Sponsors listed below. If you are interested in becoming a Center Sponsor or would like more information, please contact Jeanette Walter at jeawalte@nmsu.edu

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HOTEL INFORMATION



Sheraton
Albuquerque
UPTOWN

LOCATION: Sheraton Uptown Albuquerque
2600 Louisiana, NE
Albuquerque, NM

CONFERENCE HOTEL RATES (includes full breakfast):

- \$135 single and \$150 double.
- Reservations cut-off date: April 27, 2012

HOTEL RESERVATIONS:

- **CENTRAL RESERVATIONS** • 1-800-325-3535:

You must mention the NMSU Public Utility Basics

OR

- **RESERVE ONLINE:** A direct link to the Sheraton Uptown's Conference Rate can be found on the CPU website at <http://cpu.nmsu.edu> under the "Upcoming Programs" link. Click on the conference you will be attending or go to the Sheraton Uptown's website at:
<http://www.starwoodmeeting.com/StarGroupsWeb/res?id=1201048021&key=79EF3>

Rates cannot be changed at check-in or checkout time for guests who fail to identify their affiliation at the time the reservation is requested. Rooms will need to be guaranteed to a major credit card at the time the reservation is made. This is for guarantee purposes only; your credit card will not be charged until you check-out. Please be advised that for any reservation, in which there is a no-show, the first night's room rate and tax will be charged to the form of payment and the entire reservation will be cancelled. Reservations may be cancelled up to 48 hours prior to arrival without penalty.

GENERAL INFORMATION

TRANSPORTATION: Albuquerque International Sunport ("ABQ") is approximately 9 miles from the Sheraton Uptown. Sunport Shuttle Service (Fees and reservations at www.sunportshuttle.com), taxis and rental cars are available at the airport.

COST:

- **Company Representatives: \$1,325**
- **Center Sponsors and Government Agencies: \$1,125**

The registration fee covers all instructional materials presented, receptions, transportation to Santa Fe, and coffee breaks. The registration fee does not include travel, hotel accommodations or meals.

CANCELLATION POLICY: Full registration fee refund five days prior to the program, after that time a \$100 service charge will be applied. No refunds will be made after the start of the program. Registration fees may be applied to future programs. Substitutions are accepted at any time.

CLE and CPE CREDIT: It is the responsibility of the individual to apply for CLE or CPE credit in their own state. Attendees must sign in every day and will receive a Certificate of Completion for the course at the end of the week to include in their application packets. Each individual planning to apply for CLE or CPE credits should contact their state board individually prior to the course and notify the CPU if there are special requirements.

REGISTRATION MUST BE MADE IN ADVANCE: To reserve a space choose one of the following:

- Online at <http://cpu.nmsu.edu>
- Call 575-646-4876
- Fax registration form to 575-646-6025
- E-mail registration form to cpustaff@nmsu.edu

Mail in completed registration form to address below. Registration and payment online is preferred.

FOR MORE INFORMATION CONTACT:

The CPU at 575-646-4876
cpustaff@nmsu.edu or cblume@nmsu.edu

REGISTRATION FORM - MAY 13-18, 2012

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REGISTRATION FEE:

- \$1,325: Company Representatives
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<http://cpu.nmsu.edu> under "Upcoming Programs" link on the left.

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