Present

The Basics

PRACTICAL REGULATORY TRAINING

Electric Industry
or
Natural Gas Local Distribution (LDC) Industry

May 17-22, 2015

Sheraton Uptown
Albuquerque, New Mexico

Each separate, concurrent course is specifically designed to capture the nuances of that industry and includes the following topics...and more! (Look inside for full agenda)

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

ELECTRIC INDUSTRY

SUNDAY, MAY 17
6:30 to 8:00 Registration and Reception

MONDAY, MAY 18

8:00 – 8:15 INSTRUCTORS
Welcome and Overview of Course
Doug Gegax

8:15 – 10:00 INSTRUCTORS
Introduction to the Technology, Institutions and History of the Electric Industry:
• 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
Doug Gegax

10:15 – 12:00 INSTRUCTORS
Introduction (continued)
Doug Gegax

1:30 – 3:15 INSTRUCTORS
Overall Cost of Service/Revenue Requirements:
• 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 and Proposed Rates
Gary Duncan

3:30 – 4:30 INSTRUCTORS
Overall cost of Service/Revenue Requirements (continued)
Gary Duncan

4:30 – 5:15 INSTRUCTORS
Set up and Start Revenue Requirements Problem: “Enchantment Electric Co.”
Bill Steele

TUESDAY, MAY 19

8:00 – 11:00 INSTRUCTORS
• Work on and discuss Revenue Requirements Problem
Steele/Duncan/Gegax

11:00 – 12:00 INSTRUCTORS
Total System and Class-Specific Load Characteristics:
• Average Demand
• Coincidental Peak Demand
• Non-Coincidental Peak Demand
• Average – Excess Demand
Doug Gegax

1:30 – 3:15 INSTRUCTORS
Total System and Class-Specific Load Characteristics (continued)
Doug Gegax

3:30 – 5:15 INSTRUCTORS
Overview of Class Cost of Service (CCOS) Studies:
• Cost Functionalization
• Cost Classification
Doug Gegax/Steele

WEDNESDAY, MAY 20

8:00 – 8:45 INSTRUCTORS
CCOS Studies (continued)
• Cost Allocation
Bill Steele

8:45 – 9:15 INSTRUCTORS
Set up CCOS Problem
Doug Gegax

9:15 – 11:00 INSTRUCTORS
CCOS Problem
Doug Gegax/Steele

11:00 – 12:00 INSTRUCTORS
Rate Design:
• Development of base rates for different customer classes
• Billing Determinants
• Customer, Energy and Demand Charges
Larry Blank

1:00 – 7:00 INSTRUCTORS
Trip to Santa Fe (optional)

THURSDAY, MAY 21

8:30 – 10:15 INSTRUCTORS
Rate Design (continued)
Larry Blank

10:30 – 12:00 INSTRUCTORS
Rate Design Alternatives:
• Block Rate Design
• Time-of-Use Rates
• Interruptible Rates
• Demand Response Options
• Demand Ratchets
Larry Blank

1:30 – 2:30 INSTRUCTORS
Riders & Trackers:
• Tariff Terms & Conditions of Service and non-base rates
Larry Blank

2:30 – 3:00 INSTRUCTORS
Energy Efficiency Mandates:
• Issues with Fixed-Cost Recovery via the Energy Charge
Tim Scanlon

3:30 – 5:00 INSTRUCTORS
Decoupling vs. Lost Revenue Adjustments
• Profit-Incentive Issues
• Cost-Effectiveness Tests
Tim Scanlon

6:00 – 8:00 INSTRUCTORS
Farewell Reception

FRIDAY, MAY 22 (Combined Session for LDC and Electric)

8:00 – 11:00 INSTRUCTORS
Step-by-Step Process and Procedures of a Rate Case:
• 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 and Ex Parte Communication
Larry Blank/Mark Garrett
Program Outline

NATURAL GAS LOCAL DISTRIBUTION ("LDC") INDUSTRY

SUNDAY, MAY 17  
6:30 to 8:00  Registration and Reception

MONDAY, MAY 18  
8:30 – 12:00  Overview of the Natural Gas Industry:
• Moving Gas from the Wellhead to the Burner Tip
• Interstate Pipeline Technology

Local Distribution Companies:
• Role of the LDC – structure, regulation, technology, and system operations
• Relationship with Interstate Pipelines and the FERC

State Jurisdiction – State Regulatory Commissions

1:15 – 3:15  Gas Procurement and Gas Cost Recovery  
John Olenick
• Interstate Pipeline Services
• PGA Recovery
• Automatic Adjustments
• Performance Based Rates

Gas Cost Hedging
• Physical and Financial Hedges

3:30 – 5:00  The Process of Determining Revenue Requirements  
Mike McFadden
• Rate Base, Expenses, Taxes, Depreciation and Net Operating Income
• Components of the Rate of Return
• The Test-Year
• Adjusted Revenues at Present and Proposed Rates

TUESDAY, MAY 19  
8:30 – 10:15  The Process of Determining Revenue Requirements (continued)  
Mike McFadden
10:30 – 3:00  Assigning Costs to Various Customer Classes  
Ed Gieseking
What is a Class Cost-of-Service Study?
Steps Involved in a Class Cost-of-Service Study:
• Functionalization
• Classification
• Allocation

Class Cost-of-Service Problem

WEDNESDAY, MAY 20  
8:30 – 11:00  Class Cost-of-Service (continued)  
Ed Gieseking
11:00 – 12:00  The Final Step: Rate Design - Recovering Assigned Costs from Various Customer Classes  
Ray Blatter
• What is Rate Design, and What Criteria are Used to Determine Rates?
• Components Found in a Tariff
• Types of Rate Designs Used by LDC’s Today
• Rate Design Problem

1:00 – 7:00  Trip to Santa Fe (optional)

THURSDAY, MAY 21  
8:30 – 12:00  The Final Step: Rate Design (continued)  
Ray Blatter
1:00 – 2:30  Key Issues Facing Gas Utilities and State Public Utility Commissions  
Ken Costello
• Gas Line Extensions
• Energy Efficiency
• Lost and Unaccounted for Gas

3:00 – 4:00  Energy Efficiency Incentives & Rates  
Jerrad Hammer / L. Blank
4:00 – 5:30  Gas Infrastructure Replacement Riders  
Jerrad Hammer / L. Blank

6:00 – 8:00  Farewell Reception

FRIDAY, MAY 22 (Combined Session for LDC and Electric)  
8:00 – 11:00  Step-by-Step Process and Procedures of a Rate Case:  
Larry Blank
• 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 and Ex Parte Communication
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 16 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.

Christy Berger, Manager of Rates & Regulatory Analysis, Southwest Gas Corporation
Larry Blank, Associate Director, CPU, New Mexico State University
Ray Blatter, Regulatory Manager, Gas Rates, Pacific Gas & Electric
Ken Costello, Principal, National Regulatory Research Institute
Gary Duncan, Utility Rate Analyst, Montana Public Service Commission
Mark Garrett, Esq., President, Garrett Group, LLC
Doug Gegax, Director, CPU, New Mexico State University
Ed Gieseking, Director, Pricing and Tariffs, Southwest Gas Corporation
Jarred Hammer, Director, Rates and Regulatory, Sourcegas, LLC
Mike McFadden, Principal, McFadden Consulting, Inc.
John Olenick, Senior Manager of Gas Purchases & Transportation, Southwest Gas Corporation
Tim Scanlon, Principal, Economic Valuation Consulting
Bill Steele, Consultant, Steele & Associates

Speaker substitutions are possible
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 outreach programs directed towards the needs of professional staff at federal and state commissions, utility companies and other stakeholders in the Electric, Natural Gas LDC, Natural Gas Pipeline and Water 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 30 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 Local Distribution “LDC” Basics Course Administrator**

Larry Blank has over 20 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 CPU Sponsors provide invaluable support to the Center. A Center Sponsor assists in covering expenses associated with conducting courses and conferences. As a sponsor, a designee of their company becomes a member of the CPU Advisory Council; and, they are given the opportunity to provide input on the topics and agenda for the Current Issues conference. If you are interested in becoming a Center Sponsor or would like more information, please contact Jeanette Walter at jeawalte@nmsu.edu

We wish to thank our Center Sponsors listed below.

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ITC Holdings Corp.          UNS Energy Corporation
Itron                      US Telecom Association
KRJ Resources, Inc.         Verizon Communications
Lone Star Transmission

HOTEL INFORMATION

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

CONFERENCE HOTEL RATES (includes full breakfast):
• $150 single and $165 double.
• Reservations cut-off date: April 23, 2015

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 "Regulatory Training Courses" or go directly to our room block for the Sheraton Uptown at: https://www.starwoodmeeting.com/Book/NMSUMay2015

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.
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:
Registration and payment online is preferred.
To reserve a space choose one of the following:
- Online at http://www2.nmsu.edu/cpu
- Call 575-646-4876
- Fax registration form to 575-646-6025
- E-mail registration form to cpustaff@nmsu.edu

FOR MORE INFORMATION CONTACT:
The CPU at 575-646-4876 cpustaff@nmsu.edu or cblume@nmsu.edu