PRACTICAL REGULATORY TRAINING

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

Come early and enjoy the Albuquerque International Balloon Fiesta on October 3-11! For event information visit www.balloonfiesta.com
Program Outline

ELECTRIC INDUSTRY

SUNDAY, OCT 11  6:30 to 8:00  Registration and Reception

MONDAY, OCT 12  
8:00 – 8:15  Welcome and Overview of Course  
8:15 – 10:00  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  Introduction (continued)  
1:30 – 3:15  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  Overall cost of Service/Revenue Requirements (continued)  
4:30 – 5:15  Set up and Start Revenue Requirements Problem: “Enchantment Electric Co.”  
             Bill Steele

TUESDAY, OCT 13  
8:00 – 11:00  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  Total System and Class-Specific Load Characteristics (continued)  
3:30 – 5:15  Overview of Class Cost of Service (CCOS) Studies:  
             • Cost Functionalization  
             • Cost Classification  
             Doug Gegax

WEDNESDAY, OCT 14  
8:00 – 8:45  CCOS Studies (continued)  
            • Cost Allocation  
            Bill Steele

8:45 – 9:15  Set up CCOS Problem  
9:15 – 11:00  CCOS Problem  
11:00 – 12:00  Rate Design:  
               • Development of base rates for different customer classes  
               • Billing Determinants  
               Larry Blank

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

THURSDAY, OCT 15  
8:30 – 10:15  Rate Design (continued)  
10:30 – 12:00  Rate Design Alternatives:  
               • Block Rate Design  
               • Time-of-Use Rates  
               • Interruptible Rates  
               • Demand Response Options  
               • Demand Ratchets  
               Larry Blank

1:30 – 2:30  Riders & Trackers:  
2:30 – 3:00  Energy Efficiency Mandates:  
            • Tariff Terms & Conditions of Service and non-base rates  
            • Issues with Fixed-Cost Recovery via the Energy Charge  
            • Decoupling vs. Lost Revenue Adjustments  
            • Profit-Incentive Issues  
            • Cost-Effectiveness Tests  
            Tim Scanlon

3:30 – 5:00  Decoupling vs. Lost Revenue Adjustments  
6:00 – 8:00  Farewell Reception

FRIDAY, OCT 16 (Combined Session for LDC and Electric)  
8:00 – 11:00  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, OCT 11**
6:30 to 8:00 Registration and Reception

**MONDAY, OCT 12**
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
- 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
- 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, OCT 13**
8:30 – 10:15 The Process of Determining Revenue Requirements (continued)

**Revenue Requirements Problem**

**Assigning Costs to Various Customer Classes**
**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, OCT 14**
8:30 – 11:00 Class Cost-of-Service (continued)

**The Final Step: Rate Design - Recovering Assigned Costs from Various Customer Classes**
- 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, OCT 15**
8:30 – 12:00 The Final Step: Rate Design (continued)

**Key Issues Facing Gas Utilities and State Public Utility Commissions**
- Gas Line Extensions
- Energy Efficiency
- Lost and Unaccounted for Gas

**Energy Efficiency Incentives & Rates**
**Gas Infrastructure Replacement Riders**

6:00 – 8:00 Farewell Reception

**FRIDAY, OCT 16 (Combined Session for LDC and Electric)**
8:00 – 11:00 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
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
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.

- AEP—Southwestern Electric Power Co.
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- American Gas Association
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- Duke Energy
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- United Telecom Council
- UNS Energy Corporation
- US Telecom Association
- Verizon Communications

**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: September 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](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/NMSUOctober2015](https://www.starwoodmeeting.com/Book/NMSUOctober2015)

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 canceled. Reservations may be canceled 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
- Mail in completed registration form to address below.

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

REGISTRATION FORM — OCT 11-16, 2015

Name __________________________________________
Title __________________________________________
Organization __________________________________________
Address __________________________________________
City, State, Zip __________________________________________
Phone __________________ Fax __________________
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☐ Payment enclosed    ☐ Invoice - PO # __________________
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I will attend:
☐ Electric Course    ☐ Natural Gas LDC Course
How did you hear about us? ________________________________

REGISTRATION FEE:
☐ $1,325: Company Representatives
☐ $1,125: Center Sponsors and Government Agencies

ONLINE:
Go to: http://www2.nmsu.edu/cpu/ for the CPU registration page
Master Card, Visa, American Express and Discover accepted by NMSU

BY CHECK:
Payable to: New Mexico State University

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