ELECTRIC INDUSTRY

NATURAL GAS: LDC’s
PROGRAM OUTLINE

ELECTRIC INDUSTRY

SUNDAY, MAY 9
6:30 to 8:00 p.m.: Registration and Reception.

INSTRUCTORS

MONDAY, MAY 10
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:
Doug Gegax
- 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
10:15 – 12:15 Introduction (continued)
Doug Gegax
1:15 – 3:15 Overall Cost of Service/Revenue Requirements
Bill Steele
- 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
3:30 – 4:30 Overall Cost of Service/Revenue Requirements
4:45 – 5:15 Set up and Start Revenue Requirements Problem
Steele/Gary Duncan

TUESDAY, MAY 11
8:00 – 11:15 Revenue Requirements Problem: Enchantment Electric Co.
Steele/Duncan
11:15 – 12:00 Discussion of Revenue Requirements Problem
Doug Gegax
1:15 – 5:15 Total System and Class-Specific Load Characteristics
Doug Gegax
- Load Curves, Load Factor, Coincidental Peak Demand
- Non-Coincidental Peak Demand, Average-Excess Demand
- Overview of Class Cost-of-Service (COS) Studies
- COS Studies: Cost Functionalization
- COS Studies: Cost Classification

WEDNESDAY, MAY 12
8:00 – 9:30 COS Studies: Cost Allocation Across Jurisdictions
Doug Gegax
9:30 – 12:00 Components of a Tariff and Criteria for a Sound Rate Design
Larry Blank
- Billing Determinants & Customer, Energy and Demand Charges (Rates)
- Class Rate Design Alternatives: Determining Rate Elements by Class
1:15 – 7:00 p.m. Trip to Santa Fe (optional)

THURSDAY, MAY 13
8:00 – 10:00 Base Rates vs. Riders or Trackers
Larry Blank
- Issues Surrounding Fixed-Cost Recovery through the Energy Charge
- Metering Issues, Monthly Billing Demand and Demand Ratchets
- Block Rate Design and Time-of-Use Rates
10:15 – 12:00 Renewable Portfolio Standards, Renewable Energy Credits and Net Metering
Larry Blank
- Feed-in Tariffs
1:15 – 2:30 Integrated Resource Planning
Tim Scanlon
2:30 – 3:00 Demand-Side Management (DSM) & Demand Response
3:30 – 5:15 DSM (continued)
Tim Scanlon
- Revenue De-Coupling: What is it; Where and Why is it Used?

FRIDAY, MAY 14
8:00 – 11:00 Step-by-Step Process and Procedures of a Rate Case: The Utility Application,
Blank/Steele/Duncan
- Building the Record, Discovery, Written Testimony and Cross Examination,
- Settlement vs. Contested Hearing, The Final Order and Grounds for Appeals,
- Open Meeting Laws, Ex Parte Communication
# PROGRAM OUTLINE

## NATURAL GAS INDUSTRY

**SUNDAY, MAY 9** 6:30 to 8:00 p.m.: Registration and Reception

### INSTRUCTORS

**MONDAY, MAY 10**

<table>
<thead>
<tr>
<th>Time</th>
<th>Topic</th>
<th>Instructor</th>
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<tbody>
<tr>
<td>8:30 – 12:00</td>
<td>Overview of the Natural Gas Industry Technology</td>
<td>Olenick</td>
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<td>Moving Gas from the Wellhead to the Burner Tip</td>
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<td>Segments and Players of the Natural Gas Industry</td>
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<td>Federal and State Rate Regulation</td>
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<td>Federal Jurisdiction - The Federal Energy Regulatory Commission</td>
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<td>State Jurisdiction - State Regulatory Commissions</td>
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<td>Local Distribution Companies</td>
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<td>Role of the LDC</td>
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<td>LDC’s and Pipelines</td>
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<td>LDC’s and the FERC</td>
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<td>Gas Procurement</td>
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<td>Procuring Gas</td>
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<td>Interstate Pipeline Services</td>
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<td>Storage</td>
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<td>1:30 – 3:00</td>
<td>Gas Cost Recovery</td>
<td>Olenick</td>
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<td>Automatic Adjustments</td>
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<td>Performance Based Rates</td>
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<td>Gas Cost Hedging</td>
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<td>Financial Hedges</td>
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<td>3:30 – 5:00</td>
<td>Key Issues Facing Gas Utilities and State Public Utility Commissions</td>
<td>Costello</td>
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<td>Gas supply planning and the role of regulators</td>
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<td>Energy efficiency</td>
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<td>The future natural gas market</td>
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### TUESDAY, MAY 11

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<tr>
<th>Time</th>
<th>Topic</th>
<th>Instructor</th>
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<tbody>
<tr>
<td>8:30 – 12:00</td>
<td>The Process of Determining Revenue Requirements</td>
<td>McFadden</td>
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<td>Rate Base, Expenses, Taxes, Depreciation and Net Operating Income</td>
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<td>Determining the Components of the Rate of Return</td>
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<td>The Test-Year, Adjusted Revenues at Present and Proposed Rates</td>
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<td>1:30 – 5:00</td>
<td>Revenue Requirements or the Total Cost of Service</td>
<td>Aldridge</td>
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<td>Revenue Requirements Problem</td>
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### WEDNESDAY, MAY 12

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<tr>
<td>8:30 – 12:00</td>
<td>Assigning Costs to Various Customer Classes</td>
<td>Gieseking</td>
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<td>What is a Class Cost-of-Service Study?</td>
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<td>Steps Involved in a Class Cost-of-Service Study:</td>
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<td>Functionalization</td>
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<td>Class Cost-of-Service Problem</td>
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<td>1:00 – 7:00</td>
<td>Trip to Santa Fe (optional)</td>
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### THURSDAY, MAY 13

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<tbody>
<tr>
<td>8:30 – 10:00</td>
<td>Cost-of-Service Study (Continued)</td>
<td>Gieseking</td>
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<td>10:30 –12:00</td>
<td>The Final Step: Rate Design-- Recovering Assigned Costs</td>
<td>Blatter</td>
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<td>from Various Customer Classes</td>
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<td>What is Rate Design?</td>
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<td>Criteria Used to Determine Rates</td>
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<td>Components Found in a Tariff</td>
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<td>Types of Rate Designs Used by LDC’s Today</td>
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<td>Rate Design Problem</td>
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<td>1:30 – 3:00</td>
<td>Rate Design (continued)</td>
<td>Blatter</td>
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<td>3:30-5:30</td>
<td>New Rate Designs Under Consideration</td>
<td>Costello</td>
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### FRIDAY, MAY 14 (Combined Session for Gas and Electric)

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<tr>
<td>8:00 – 11:00</td>
<td>Step-by-Step Process and Procedures of a Rate Case: The Utility Application, Building the Record, Discovery, Written Testimony and Cross Examination, Settlement vs. Contested Hearing, The Final Order and Grounds for Appeals, Open Meeting Laws, Ex Parte Communication</td>
<td>Blank/Steele/Duncan</td>
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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, engineers, attorneys, 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 regulation. It is essential, therefore, for the employee not only to be able to understand these issues but also to be provided with an integrated framework that shows the interrelationships of the topics and how they fit together. This course will give the attendees the analytical skills necessary to be more productive in the changing utility environment.

FACULTY

Randi Aldridge, Manager/Revenue Requirements, Southwest Gas Corporation
Larry Blank, Economist, CPU, New Mexico State University
Ray Blatter, Regulatory Supervisor, Pacific Gas and Electric
Ken Costello, Principal, National Regulatory Research Institute
Gary Duncan, Utility Rate Analyst, Montana Public Service Commission
Doug Gegax, Director, CPU, New Mexico State University
Ed Gieseking, Director, Pricing and Tariffs, Southwest Gas Corporation
Mike McFadden, McFadden Consulting, Inc.
John Olenick, Senior Manager of Gas Purchases and Transportation, Southwest Gas Corporation
Tim Scanlon, Principal Senior Analyst, Economic Valuation Consulting
David Smith, Director Emeritus, CPU, New Mexico State University
Bill Steele, Principal Financial Analyst, Colorado Public Utilities Commission

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- El Paso Electric
- Entergy
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- First Energy
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- Moultrie Independent Tel. Co.
- National Association of Water Companies
- NCTA
- Northwestern Energy
- Oklahoma Gas and Electric
- ONCOR
- Pepco Holdings, Inc
- Public Service of New Mexico
- Southwest Gas Corp
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• Scott Sapperstein, Executive Director, State Government Affairs, AT&T
• Tim Scanlon, Principal, Senior Analyst Economic Valuation Consulting
• Curt Stamp, President, Independent Telephone and Telecommunications Alliance
• David Stippler, Indiana Utility Consumer Council
• Allan Thoms, Verizon
• Aldie Warnock, VP, External Affairs, Alleghany Energy
• Mack Wathen, VP, Regulatory Affairs, Pepco Holdings, Inc.
**GENERAL INFORMATION**

**LOCATION and HOTEL RESERVATIONS:** The conference will be held at the newly renovated Sheraton Uptown, Albuquerque, NM. A block of rooms has been reserved at a special rate of $125 which includes a full breakfast. To guarantee this rate, you must mention the NMSU Center for Public Utilities Course. Reservations must be received on or before April 23, 2010, and all guests should make reservations directly through the hotel’s reservations department, at 505-881-0000, Monday through Friday, 8 AM – 5 PM MST. 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. For general information about the hotel, please call 505-881-0000.

**COST:** The registration fee is $1195 for company representatives; $995 for center sponsors, state commissions and all other Governmental agencies. The fee covers all instructional materials presented, the reception, transportation to Santa Fe, and coffee breaks. The fee does not include travel, hotel accommodations or meals.

**CLE and CPE CREDIT:** While NMSU does not apply to each state as a sponsor, CLE and CPE credits have been given by numerous states on an individual basis. It has been approved in New Mexico for CLE credit. Each individual requesting CLE and CPE credits should contact their state board individually prior to the course and notify the CPU if there are special requirements. You will receive a certificate of completion for this course.

**REGISTRATION:** MUST BE MADE IN ADVANCE. To reserve a space, telephone 575-646-4876 or 575-646-3242, send a fax to 575-646-6025, e-mail to cpustaff@nmsu.edu or mail your completed enrollment form to the address below. You will receive confirmation of your registration prior to the course. Payment by check or credit card with enrollment is preferred.

**CANCELLATION POLICY:** If notice is received more than five working days prior to the meeting, the tuition fee will be refunded in its entirety. Cancellations after that time are subject to a $100 service charge per person. No refunds will be made after the start of the program; however, tuition may be applied to future programs. Substitutions can be made at any time.

**FOR MORE INFORMATION CONTACT:** Center for Public Utilities MSC 3MPD, New Mexico State University, Box 30001, Las Cruces, NM 88003-8001, 575-646-4876 or 575-646-3242, Fax: 505-646-6025, E-Mail: jeawalte@nvmsu.edu or cpustaff@nmsu.edu Website: http://cpu.nmsu.edu

**ENROLLMENT FORM - MAY 2010**

Name ____________________________________________
Title ____________________________________________
Company ________________________________________
Address ________________________________________
City ____________________________________________
State_____________ Zip _________________________
Phone _________________________________________
Fax __________________________________________
Email _________________________________________
Payment enclosed ________________________________
Please Bill PO Number ____________________________
_____ Credit Card _____ MC _____ Visa _____ Discover
# __________________________ Exp _______________

I will attend:
Electric Course_____
Natural Gas Course_____

**REGISTRATION FEE:**
$1195 for Electric, and Natural Gas Companies
$995 for Center Sponsors, Commissions, and all other Governmental Agencies

**MAKE CHECK PAYABLE TO:**
New Mexico State University

**MAIL CHECK AND PAYMENT TO:**
Center for Public Utilities MSC-3MPD
NMSU
P.O. Box 30001
Las Cruces, NM 88003-8001