ELECTRIC INDUSTRY
Technology, History, Statutory Foundations, Restructuring
Vertically Integrated vs. Distribution-Only Utilities
Revenue Requirements & Adjustments to Test-Year Data
System/Class Load Characteristics & Class Cost-of-Service Studies
Basic Cost-Based Rate Design, Block Rates & Time-of-Use Rates
Rate-Case Procedures

NATURAL GAS LDC
Technology, Industry Structure, State Regulation
LDC Interaction with Pipelines and the FERC
Gas Procurement, Gas Cost Recovery, and Hedging
Issues Facing Gas Utilities and State Commissions
Outsourcing, Electric-Gas Substitution, Regulatory Oversight of Gas Procurement
Energy Efficiency
Performance Measures to Improve Regulation
The Process of Determining Revenue Requirements
Conducting a Cost-of-Service Study
Designing Rates for LDC Customers
New Rate Designs Under Consideration
Legal Procedures of a Rate Case

Stay the Weekend of Oct. 2-3, 2010 for the Albuquerque International Balloon Fiesta
(see details under General Information Section)

SEPTEMBER 26 - OCTOBER 1, 2010
SHERATON UPTOWN
Albuquerque, NM
PROGRAM OUTLINE

ELECTRIC INDUSTRY

SUNDAY, SEPT 26  6:30 to 8:00 p.m.: Registration and Reception.

MONDAY, SEPT 27
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
10:15 – 12:15  Introduction (continued)
1:30 – 2:15  Introduction (continued)
2:15 – 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 & Proposed Rates
3:30 – 4:45  Overall Cost of Service/Revenue Requirements
4:45 – 5:15  Set up and Start Revenue Requirements Problem: “Enchantment Electric Co.”

TUESDAY, SEPT 28
8:00 – 11:15  Revenue Requirements Problem
11:15 – 12:15  Discussion of Revenue Requirements Problem
1:30 – 5:15  Total System and Class-Specific Load Characteristics
  • 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

WEDNESDAY, SEPT 29
8:00 – 10:15  CCOS Studies: Cost Allocation Across Jurisdictions
CCOS Studies: Cost Allocation to Jurisdictional Rate Classes
10:30 – 12:00  CCOS Problem
1:00 – 7:00  Trip to Santa Fe (optional)

THURSDAY, SEPT 30
8:00 – 10:15  CCOS Problem (continued) and Discussion
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
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
3:30 – 5:15  Block Rate Design and Time-of-Use Rates (continued)
Rate Design Problem

FRIDAY, OCT 1
8:30 – 9:00  Rate Design Problem
9:00 – 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, Ex Parte Communication

INSTRUCTORS

Gegax
Steele
Steele/Duncan
Blank/Steele
Blank
Blank/Steele/Taylor
### PROGRAM OUTLINE

#### NATURAL GAS INDUSTRY

**SUNDAY, SEPT 26**  
6:30 to 8:00 p.m.: Registration and Reception

**MONDAY, SEPT 27**

8:30 – 12:00  Overview of the Natural Gas Industry  
- Technology  
- Moving Gas from the Wellhead to the Burner Tip  
- Segments and Players of the Natural Gas Industry

**Federal and State Rate Regulation**
- Federal Jurisdiction - The Federal Energy Regulatory Commission  
- State Jurisdiction - State Regulatory Commissions

**Local Distribution Companies**
- Role of the LDC  
- LDCs and Pipelines  
- LDCs and the FERC

**Gas Procurement**
- Procuring Gas  
- Interstate Pipeline Services  
- Storage

1:30 – 3:00  Gas Cost Recovery  
- PGA Recovery  
- Automatic Adjustments  
- Performance Based Rates

**Gas Cost Hedging**
- Physical Hedges  
- Financial Hedges

3:30 – 5:00  Key Issues Facing Gas Utilities and State Public Utility Commissions

**TUESDAY, SEPT 28**

8:30 – 12:00  The Process of Determining Revenue Requirements
  - 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

1:30 – 5:00  Revenue Requirements or the Total Cost of Service

**WEDNESDAY, SEPT 29**

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:
    - Functionalization  
    - Classifying  
    - Allocation

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

**THURSDAY, SEPT 30**

8:30 – 10:00  Cost-of-Service Study (Continued)

10:30 – 12:00  The Final Step: Rate Design - Recovering Assigned Costs from Various Customer Classes
  - What is Rate Design?
  - Criteria Used to Determine Rates
  - Components Found in a Tariff
  - Types of Rate Designs Used by LDCs Today

1:30 – 3:00  The Final Step: Rate Design (continued)

3:30 – 5:30  New Rate Designs Under Consideration

**FRIDAY, OCT 1**

(Combined Session for Gas and Electric)

9:00 – 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, Ex Parte Communication
**WHO SHOULD ATTEND**

Employees 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 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, Associate Professor of Economics and Sr. Associate, CPU, NMSU  
Ray Blatter, Regulatory Supervisor, Pacific Gas and Electric  
Ken Costello, Principal, National Regulatory Research Institute  
Gary Duncan, Utility Rate Analyst, Montana Public Service Commission  
John Fernald, Manager of Regulatory Affairs, New Mexico Gas Co.  
Doug Gegax, Professor of Economics and Director, CPU, NMSU  
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  
David Smith, Director Emeritus, CPU, New Mexico State University  
Bill Steele, Principal Financial Analyst, Colorado Public Utilities Commission  
Jeff Taylor, Assistant Attorney General, NM Attorney General’s Office

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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 single/$140 double which includes a full breakfast. To guarantee this rate, you must mention the NMSU Basics Course. Reservations must be received on or before Sept. 10, 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. Please ask for in-house reservations to insure the rate. Reservations may be cancelled up to 48 hours prior to arrival without penalty. For general information about the hotel, please call 505-881-0000.

TRANSPORTATION TO HOTEL: The airport is approximately 9 miles from the Sheraton. Sunport Shuttle Service provides transportation to all major hotels. Information and reservations can be found at http://www.sunportshuttle.com/ Cab fare is approximately $30 one way.

COST: The registration fee is $1295 for company representatives; $1095 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 approved by numerous states on an individual basis for this course. Each individual requesting CLE and CPE credits should contact their state board individually prior to the course. If there are special requirements in addition to the certificate of completion you will receive at the end of the course, please let us know in advance.

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.

ALBUQUERQUE INTERNATIONAL BALLOON FIESTA OCT. 2-10, 2010: The Albuquerque International Balloon Fiesta is a world-renowned attraction and destination for kids of all ages. The first week in October brings the beautiful, magical moving picture show of hot air balloons sailing through the air. From Oct. 2 to Oct. 10, the skies are painted as hundreds of balloons lift off from Albuquerque’s Balloon Fiesta Park. There’s something for everyone to enjoy... whimsical special shapes filled with equal parts of hot air and wonder, and Balloon Glows that create a magical night landscape for spectators to enjoy. No matter who you are, the Albuquerque International Balloon Fiesta will leave you awestruck and wanting more. See http://www.balloonfiesta.com/ for more information. As Balloon Fiesta is a prime time in Albuquerque and all hotels increase their room rates substantially, the Sheraton has agreed to offer our participants a discounted rate of $169 for Friday and Saturday night if you wish to stay. Breakfast is not included in the rate.

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: 575-646-6025, E-Mail: jeawalte@nmsu.edu or cpustaff@nmsu.edu
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