

## Basic Cost of Service: Concepts and Rate Planning

Recommended CEUs .6/PDHs 6/CPEs 7.2

Field of Study: Specialized Knowledge

### **Monday**

**8:30 a.m. Section One**

- Course Introduction and Overview
- Discussion of Learning Objectives
- Definition of Cost of Service and Objectives
- Information Gathering for a COS
- Defining Revenue Requirements

**10:00 a.m. Break**

**10:15 a.m. Section Two**

- Key Financial Targets
- Detailed Calculations
- Setting Minimums and Industry Standards

**Noon. Lunch (*on your own*)**

**1:30 p.m. Section Three**

- Cost of Service Terminology
- Overview of Functionalization, Classification and Allocation
- Basic COS Results
- Using COS Results
- Current Rate Structures Compared to COS results

**3:00 p.m. Break**

**3:15 p.m. Section Four**

- Rate Adjustments Assessments
- Best Practices
- How to Explain rate changes to End User and Board and Council

**4:30 p.m. Adjourn**

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### Upon completion of this course, participants will be able to successfully:

1. Recognize the objectives of a cost of service (COS) study
2. Identify data needed for a COS and how it is used
3. Outline revenue requirements
4. Identify and calculate key financial targets that help determine rate changes
5. Define and understand common Cost of Service terminology
6. Classify Functionalization, Classification, and Allocation methods
7. Utilize COS results to identify rate structure applications to your utility
8. Develop best rate practices
9. Explain rate changes to the end user, Board, or Council