

Cost of Service Workshop: Implementation and Applications

Recommended CEUs 1.3/PDHs 13/CPEs 15.6

Field of Study: Specialized Knowledge and Applications

Wednesday, May 7 – Day 1

8:30 a.m.	Introductions, Overview, Agenda Items, Learning Outcomes
9:00 a.m.	Roles of Rates and a Cost of Service Study
9:45 a.m.	Break
10:00 a.m.	Importance of a Rate Study
10:30 a.m.	Concepts of Rate Design (<i>Cookie Rate Group Exercise</i>)
11:30 a.m.	Cost of Service Process and Approach
Noon	Lunch (<i>on your own</i>)
1:00 p.m.	Study Preparation
1:30 p.m.	COS Model Introduction (<i>Exercise 1 and 2</i>)
2:30 p.m.	Revenue Requirements (<i>Exercise 3</i>)
3:00 p.m.	Break
3:15 p.m.	Functionalization of Expenses and Ratebase
4:00 p.m.	Classification Procedures
4:45 p.m.	Recap, Q&A
5:00 p.m.	Adjourn for the Day

Agenda

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Thursday, May 8 – Day 2

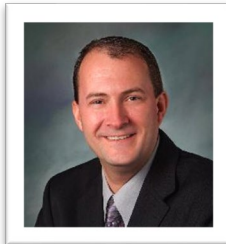
8:30 a.m.	Recap of Day 1; COS Model Classification and Minimum System (Exercise 4)
9:00 a.m.	Develop Allocation Factors
10:00 a.m.	Break
10:15 a.m.	Load Data Development
11:30 a.m.	Load Factor and COS Model (Exercise 5)
Noon	Lunch (<i>on your own</i>)
1:00 p.m.	Allocation Techniques
2:30 p.m.	COS Model Set-up Allocators (Exercise 6)
3:00 p.m.	Break
3:15 p.m.	Summarizing Results
4:00 p.m.	COS Model Summaries
4:15 p.m.	Rate Design
4:45 p.m.	Wrap up, Q&A, Course Evaluation
5:00 p.m.	Course Adjourns

About the Instructors



**Phil Euler, P.E. President
Euler Consulting, Lincoln, Nebraska**

Phil Euler is an independent consultant specializing in financial planning, cost-of-service studies and rate design for publicly owned utilities. Phil's industry experience includes 13 years as the manager of engineering services for NMPP Energy in Lincoln Nebraska and 30 years with the Lincoln Electric System, where he specialized in financial planning, pricing, rate design, load research, forecasting and cost-of-service studies.



**Dan Kasbohm
Rates Manager
Utility Financial Solutions, Grand Haven, Mich.**

Dan Kasbohm is a rates manager for Utility Financial Solutions and has completed financial planning, cost of service, rate designs and presentations to utilities around the nation. Dan has helped a number of communities implement new rate structures including development of coincident demand, time of use, economic development, street lighting, power cost adjustments, line extensions and developing financial targets to help ensure the utilities current and future financial health.

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Field of Study: Specialized Knowledge

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

- Explain the role of rates and cost of service studies, define common terminology
- Outline how to identify, collect, and organize costs
- Explain how to functionalize utility assets and expenses
- Outline how utility assets and expenses are classified
- Develop and apply cost allocation factors, and define how customer allocation factors are determined
- Identify methods used to collect load research data, and how to utilize utility load data to properly assign customer costs
- Outline how to determine monthly customer facilities and billing costs, and explain cost components of your utility
- Describe bundled and unbundled primary cost components, and specify cost components related to monthly customer charge
- Discuss how to implement rate adjustments based on cost of service study results
- Utilize a functional cost of service model, and summarize study results for end user, Board, Commission or Council
- Discuss the limitations of a traditional cost-of-service model

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Handouts will include selected rate schedules <i>submitted by participants</i>	
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Following tabs are for reference and <i>not scheduled to be reviewed during class</i> (<i>feel free to discuss with instructors outside class hours</i>)	
Appendix C - Reference Materials	Appendix B
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