

Cost of Service Workshop: Implementation and Applications

Recommended CEUs 1.3/PDHs 13/CPEs 15

Field of Study: Specialized Knowledge and Applications

Wednesday

8:30 a.m. Introductions

- Instructor and participant introductions
- Course overview and expectations
- Learning objectives

9:00 a.m. Roles of Rates and a Cost of Service Study

9:45 a.m. Break - Importance of a Rate Study

10:30 a.m. Concepts of Rate Design (Cookie Rate Group Exercise)

11:30 a.m. Cost of Service Process and Approach

Noon Lunch (on your own)

1:00 p.m. Study Preparation

1:30 p.m. COS Model Introduction (Exercise 1 and 2)

2:30 p.m. Revenue Requirements (Exercise 3)

3:00 p.m. Break - Functionalization of Expenses and Ratebase

4:00 p.m. Classification Procedures

5:00 p.m. Adjourn for the Day

Thursday

8:30 a.m. COS Model Classification and Minimum System (Exercise 4)

9:00 a.m. Develop Allocation Factors

10:15 a.m. Break - Load Data Development

- 11:30 a.m.** **Load Factor and COS Model** (Exercise 5)
- Noon** **Lunch** (on your own)
- 1:00 p.m.** **Allocation Techniques**
- 2:30 p.m.** **COS Model Set-up Allocators** (Exercise 6)
- 3:00 p.m.** **Break - Summarizing Results**
- 4:00 p.m.** **COS Model Summaries**
- 4:30 p.m.** **Rate Design and Quiz Review**
- 4.45 p.m.** **Closing Remarks, Course Evaluation, and Q&A**
- Recap and Q&A
 - Course evaluation
- 5:00 p.m.** **Course Adjourns**

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

1. Explain the role of rates and a cost of service study
2. Define and understand common Cost of Service terminology
3. Understand how to identify, collect, and organize costs
4. Explain how to functionalize utility assets and expenses
5. Outline how utility assets and expenses are classified
6. Develop and apply cost allocation factors
7. Define how customer allocation factors are determined
8. Identify methods used to collect load research data
9. Utilize utility load data to properly assign customer costs
10. Outline how to determine monthly customer facilities & billing costs
11. Explain cost components of your utility
12. Describe bundled and unbundled primary cost components
13. Specify cost components related to monthly customer charge
14. Implement rate adjustments based on study results
15. Utilize a functional cost of service model
16. Summarize study results for end user, Board, Commission or Council
17. Understand the limitations of a traditional cost-of-service model

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, P.E.
Rates Manager
Utility Financial Solutions, Grand Haven, Michigan

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 light, power cost adjustments, line extensions and developing financial targets to help ensure the utilities current and future financial health.