Agenda

Cost of Service Workshop: Implementation and Applications

Recommended CEUs 1.3/PDHs 13/CPEs 15
Field of Study: Specialized Knowledge and Applications

Day 1

8:30 a.m. **Introduction**

- Instructor and participant introductions
- Course overview, expectations and learning objectives

9 a.m. **Role of Rates and Cost of Service Studies**

- Importance of a rate study

10 a.m. **Break**

10:15 a.m. **Class Exercise**

- Concepts of rate design

10:15 a.m. **Cost of Service Process and Approach**

Noon **Lunch (on your own)**

1 p.m. **Step 1: Study Preparation**

- COS model introduction
- Exercises 1 & 2

2:30 p.m. **Step 2: Revenue Requirements**

- Exercise 3

3 p.m. **Break**

3:15 p.m. **Step 3: Functionalization of Expenses and Rate Base**

4 p.m. **Step 4: Classification of Expenses and Rate Base**

5 p.m. **Adjourn for the Day**

Day 2

8:30 a.m. **Step 4: Classification of Expenses and Rate Base** (continued)
- Exercise 4

9:00 a.m. **Step 5: Calculate Allocation Factors**

10 a.m. **Break**

10:15 a.m. **Step 5: Calculate Allocation Factors** (continued)
- Load factor and COS model
- Exercise 5

Noon **Lunch** (on your own)

1 p.m. **Step 6: Allocate Expenses & Rate Base**
- Allocation Techniques
- COS Model Set-up Allocators
- Exercise 6

3 p.m. **Break**

3:15 p.m. **Step 7: Summarizing Results**
- COS Model Summaries

4:15 p.m. **Step 8: Rate Design**
- Rate design 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**

Learning Outcomes

Cost of Service Workshop: Implementation and Applications

Recommended CEUs 1.3/PDHs 13/CPEs 15
Field of Study: Specialized Knowledge

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

1. Explain the role of rates and cost of service studies, define common terminology
2. Understand how to identify, collect, and organize costs
3. Explain how to functionalize utility assets and expenses
4. Outline how utility assets and expenses are classified
5. Develop and apply cost allocation factors, and define how customer allocation factors are determined
6. Identify methods used to collect load research data, and how to utilize utility load data to properly assign customer costs
7. Outline how to determine monthly customer facilities and billing costs, and explain cost components of your utility
8. Describe bundled and unbundled primary cost components, and specify cost components related to monthly customer charge
9. Understand how to implement rate adjustments based on cost of service study results
10. Utilize a functional cost of service model, and summarize study results for end user, Board, Commission or Council
11. 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.