

ELECTRIC UTILITY TRANSMISSION RATEMAKING

January 25-26, 2016

Houston Marriott West Loop by The Galleria
Houston, TX



EUCI is authorized by IACET to offer 1.0 CEUs for the course.



EUCI is authorized by CPE to offer 12.0 credits for this course.

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OVERVIEW

This seminar begins with a discussion of regulatory issues relevant to FERC jurisdictional and non-jurisdictional transmission owners, with emphasis on investor-owned integrated utilities and independent transmission owners subject to FERC rate regulation. The power system functional components (generation, transmission, and distribution) and how they function and relate to the provision of transmission and related ancillary services will be reviewed. Electric utility cost accounting will be discussed, and the process of separating integrated utility costs to identify transmission and related costs will be illustrated and explained. A formula rate for calculation of the transmission service revenue requirement will be presented, and options to tailor the formula to the specific needs of different transmission owners will be discussed. Strategies for collection of the transmission revenue requirement from customers will be addressed. Lastly, a working formula rate in Excel format, populated with realistic data for a mid-size integrated utility, will be manipulated to illustrate intricacies of its workings and results.

This 1.5 day course is intended for the utility rate analyst, lawyer, manager, accountant, regulator, IT person, or other professional who wants or needs a basic understanding of ratemaking for transmission and related services. Attendees do not need to have engineering, accounting, or technical backgrounds to benefit from the course instruction. Participants completing the seminar will be able to return to their organizations with a broad understanding of the transmission ratemaking process in order to make contributions to the organization's strategic business planning and implementation.

WHO SHOULD ATTEND

- Transmission customers with significant transmission rate exposure
- Managers and supervisors of municipal and cooperative utilities
- Analysts and executives that need to understand annual transmission formula rates
- Directors, officers, and managers without previous electric transmission ratemaking experience
- Engineers and non-engineers new to the industry or with limited industry experience including, for example, legal, financial, regulatory, customer care, or community-relations responsibilities (Individuals in other responsibility areas can benefit as well.)
- Investors and financial analysts seeking a better understanding of transmission cost recovery
- Regulatory and legislative personnel dealing with issues related to the electric industry

LEARNING OUTCOMES

- Examine FERC authority to regulate transmission service and rates, including standard filing requirements and alternative (formula) ratemaking rules
- Develop familiarity with the FERC Uniform System of Accounts and FERC Form-1 Report content
- Explain electric systems functional divisions (generation, transmission, and distribution) and the system integrating role of ancillary services
- Discuss basic ratemaking concepts, including functional classification of facilities and costs: generation, transmission, distribution, customer accounting, and customer services
- Recognize the components of rate base (plant and related investments) and expense
- Analyze common costs, e.g., administrative and general (A&G) expenses, taxes, and general and intangible plant costs, how they are functionally separated, and why this step is important
- Identify and discuss components of capital structure (debt and equity), compute weighted average cost of capital (WACC), and discuss typical debt leverage and market cost of equity
- Describe measures required to audit the reasonableness of transmission costs and rates

AGENDA

Monday, January 25, 2016

8:00 – 8:30 a.m. Registration and Continental Breakfast

8:30 a.m. – 5:00 p.m. Course Timing

12:00 – 1:00 p.m. Group Luncheon

FERC Ratemaking Authority Overview

- Standard filing requirements (Section 205)
- Alternative (abbreviated) ratemaking
- Complaint filings (Section 206)

FERC Uniform System of Accounts

- Rate base
- Expenses
- Capital

Electric System Components

- Generation (bulk power)
- Transmission (bulk power delivery)
- Distribution (delivery to consumers)

Transmission Rate Designs for Individual Utilities

- All rolled-in (integrated transmission system rates)
- Direct assignment (distribution and radial transmission)
- Network vs. Point-to-Point Service
- Monthly (12 CP) and annual (1 CP) billing demands vs reserved capacity

Order 1000 Rate Filings for Regional and Inter-regional Transmission Rates

- Regional Transmission Planning and Cost Allocation filings (October 11, 2012)
- Inter-regional Planning and Cost Allocation filings (April 11, 2013)

A Formula Rate for Transmission Cost of Service

- Retrieving costs from the FERC Form-1
- Rate base components
- Expense components
- Common costs
- Costs that require more detailed accounting input
- Allocating costs to the transmission function

“

Great class! Material was clear and very informative. This was a very helpful class for my knowledge and business.”

– Consultant, EnerVision, Inc.

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AGENDA

Monday, January 25, 2016 (CONTINUED)

The Weighted Average Cost of Capital (WACC)

- Long-term debt
- Short-term debt
- Preferred stock
- Common equity

Income Taxes

Tuesday, January 26, 2016

8:00 – 8:30 a.m. **Continental Breakfast**

8:30 a.m. – 12:00 p.m. **Course Timing**

Credits for Other Transmission Revenues

Credits for Regional Projects

Transmission Ancillary Service – Scheduling, System Control, and Dispatch Service

Network and Point-to-Point Transmission Service Rate Calculations

Calculation Exercises

Course Assessment

“

Instructor very knowledgeable – (best so far that I’ve seen on transmission!)”

– Engineer, MPSC

INSTRUCTOR

Dennis Bethel / President / Bethel Electric Rate Consulting LLC

Dennis Bethel has over 35 years of experience with electric utilities. Recently retired from American Electric Power, he held positions of increasing responsibility culminating as the Managing Director, Regulated Tariffs, where he led the Division of AEP Regulatory Services and guided all aspects of cost of service analysis, rate design, and related regulatory case preparation and presentation for 11 regulated electric utilities. Prior positions at AEP include Manager and Director, Transmission and Interconnection Services; Senior Engineer, Interconnection Agreements; and Senior Rate Analyst, Rate Research and Design Division. Before joining AEP, Dennis served as a senior rate analyst and commercial and industrial services engineer with Indiana Michigan Power Company. He is often called upon as an expert witness in complex cases involving transmission, rate setting, and cost of service. He holds a bachelor of science in electrical engineering from the University of Evansville, is a graduate of the AEP Business Management program at The Ohio State University, and is a licensed professional engineer in Ohio and Indiana.

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INSTRUCTIONAL METHODS

Case studies, PowerPoint presentations, and classroom exercises will be used for this course.

REQUIREMENTS FOR SUCCESSFUL COMPLETION OF PROGRAM

Participants must sign in/out each day and be in attendance for the entirety of the course to be eligible for continuing education credit.

IACET CREDITS



EUCI has been accredited as an Authorized Provider by the International Association for Continuing Education and Training (IACET). In obtaining this accreditation, EUCI has demonstrated that it complies with the ANSI/IACET Standard which is recognized internationally as a standard of good practice. As a result of their Authorized Provider status, EUCI is authorized to offer IACET CEUs for its programs that qualify under the ANSI/IACET Standard.

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EUCI is registered with the National Association of State Boards of Accountancy (NASBA) as a sponsor of continuing professional education on the National Registry of CPE Sponsors. State boards of accountancy have final authority on the acceptance of individual courses for CPE credit. Complaints regarding registered sponsors may be submitted to the National Registry of CPE Sponsors through its website: www.learningmarket.org.

Upon successful completion of this event, program participants interested in receiving CPE credits will receive a certificate of completion. EUCI is authorized by CPE to offer 12.0 credits for this program.

EVENT LOCATION

A room block has been reserved at the Houston Marriott West Loop by The Galleria, 1750 W Loop S Fwy Houston, TX 77027, for the nights of January 24-25, 2016. Room rates are \$175 single or double, plus applicable tax. Call 1-713-960-0111 for reservations and mention the EUCI program to get the group rate. The cutoff date to receive the group rate is December 24, 2015, but as there are a limited number of rooms available at this rate, the room block may close sooner. **Please make your reservations early.**

REGISTER 3 SEND 4TH FREE

Any organization wishing to send multiple attendees to these conferences may send 1 FREE for every 3 delegates registered. Please note that all registrations must be made at the same time to qualify.

PROCEEDINGS

The proceedings of the course will be published, and one copy will be distributed to each registrant at the course.

REGISTRATION INFORMATION

EVENT LOCATION

Mail Directly To:

Electric Utility Consultants, Inc. (EUCI)
4601 DTC Blvd., Ste. 800
Denver, CO 80237

WWW.EUCI.COM
P: 303-770-8800
F: 303-741-0849

OR, scan and email to: conferences@euci.com

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PLEASE REGISTER THE FOLLOWING

- ELECTRIC UTILITY TRANSMISSION RATEMAKING**
JANUARY 25-26, 2016: US \$1395
EARLY BIRD ON OR BEFORE JANUARY 15, 2016: US \$1195

ENERGIZE WEEKLY

EUCI's Energize Weekly e-mail newsletter compiles and reports on the latest news and trends in the energy industry. Newsletter recipients also receive a different, complimentary conference presentation every week on a relevant industry topic. The presentations are selected from a massive library of more than 1,000 current presentations that EUCI has gathered during its 28 years organizing conferences.

- Sign me up for **Energize Weekly**.

How did you hear about this event? (direct e-mail, colleague, speaker(s), etc.)

Print Name

Job Title

Company

What name do you prefer on your name badge?

Address

City

State/Province

Zip/Postal Code

Country

Telephone

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List any dietary or accessibility needs here

CREDIT CARD

Name on Card

Account Number

Billing Address

Billing City

Billing State

Billing Zip Code/Postal Code

Exp. Date

Security Code (last 3 digits on the back of Visa and MC or 4 digits on front of AmEx)

OR Enclosed is a check for \$ _____ to cover _____ registrations.

All cancellations received on or before December 25, 2015 will be subject to a US \$195 processing fee. Written cancellations received after this date will create a credit of the tuition (less processing fee) good toward any other EUCI event or publication. This credit will be good for six months. In case of event cancellation, EUCI's liability is limited to refund of the event registration fee only. For more information regarding administrative policies, such as complaints and refunds, please contact our offices at 303-770-8800. EUCI reserves the right to alter this program without prior notice.



EUCI
4601 DTC Blvd., Suite 800
Denver, CO 80237

WWW.EUCI.COM
P: 303-770-8800
F: 303-741-0849