

Wisconsin Public Utility Institute

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Advancing understanding of public policy issues in the utility industry through the Wisconsin Idea

EEI Electric Rate Advanced Course: Rates to Meet New Market Opportunities and Constraints

EEI Electric Rate Advanced Course: Rates to Meet New Market Opportunities and Constraints (For EEUI Members Only)

Course Starts at 3:00 pm on Sunday and ends at 2:00 pm on Wednesday

[Course presentations](#)

To register, go to <http://www.eei.org/meetings/meeting.aspx?EEIEventId=AFDC04DC-3F02-4C4C-AFEC-C6F73285E6F4> and click on the register online link. If you have additional questions, please contact Cass Bielski at cbie...@eei.org.

July 28 – 31, 2013 University of Wisconsin Madison Fluno Center for Executive Education Madison, WI

EEI's 2013 Electric Rate Advanced Course teaches students ratemaking tools to meet today's business challenges. This year, the curriculum presents:

- An **overview of ratemaking basics** a review of what the student should know to get the most benefit from the course
- Current ratemaking issues, such as those surrounding the prospective implementation of the **Smart**

Grid

- Rate policies needed to build **sustainable energy efficiency businesses**
- Rate policies (and issues) likely to be encountered in context of policy mandates to promote **renewable resources**
- New technical issues associated with determining the **cost of equity** in today's risk-averse, turbulent capital markets, and related issues of rate case strategy
- New information on **customer attitudes**, and what they mean for the development of effective regulatory and marketing strategies.
- Ratemaking issues associated with alternative regulatory mechanisms to address contemporary operating challenges without chronic underearning or annual rate cases.

EEI's advanced rate course provides a unique opportunity for senior staff to practice developing regulatory strategies to address an increasingly complex set of technical and financial challenges.

Agenda

Sunday, July 28

- **Overview of Rate Basics** – This session will give students an overview of costing and pricing concepts. It is designed to give students a refresher and starting point on embedded cost of service studies and basic rate design.

Monday, July 29

- **Team Assignments** – Students will be assigned to teams that develop and present regulatory strategies as the conclusion of the course. Each team will be presented with a set of real-life issues their strategy must address, and will be instructed to draw on class room presentations to configure their strategies.
- **Regulatory Accounting** – A review of revenue requirements, income statement, balance sheet, rate base, operating expenses, rate of return, and tax treatment concepts.
- **Cost of Capital** – Uncertainty about the cost of debt and equity and the growing challenges of estimating cost of equity with traditional methods (DCF, CAPM).
- **Demand Rate Design Methodology** – Minimum distribution system rate design and applications.
- **Cost Allocation and Marginal Costs** – Review the allocation of costs to generation, transmission, and distribution functions (and the development of cost of service for stand-alone distribution services). Hands-on numeric examples that allow students to practice methods of embedded cost analysis (functionalization, classification, allocation), and marginal cost analysis (the development of incremental and decremental costs).

Tuesday, July 30

- **Customer Trends & Perspectives**– Using customer usage trends and perspectives on energy policy, rates, & pricing options to develop more effective regulatory, pricing, and marketing strategies
 - **Pricing as a Strategy for Helping Customers Adapt to Increasing Costs** – Managing price risk for dynamic pricing. Hedging. Moving to more efficient rates.
 - **Alternative Regulation** – Alternative approaches to regulating traditional vertically integrated utilities and power distributors in an era of increased investment needs and slower demand growth. Includes discussion of multi-year rate plans, revenue decoupling, formula rates, CWIP

- in rate base, accelerated depreciation, and capex trackers.
- **Regulatory Strategy Workshop** – Students break into teams to craft regulatory strategies that respond to scenarios that reflect today’s business conditions. Separate scenarios for traditional vertically integrated utilities and power distributors.

Wednesday, July 31

- **Designing Efficient Rates** – The role of efficient price signals in guiding efficient consumer consumption and industry investment decisions and the drivers for adopting efficient pricing.
- **Application of Efficient Rates** – The design along with examples of time-differentiated (dynamic) rates, and effective pricing for risk management.
- **Energy Efficiency and Renewables** – Rate mechanisms and policies needed to deliver energy efficiency services on a sustainable basis (e.g., DSM trackers, decoupling mechanisms, fixed/variable rate design, business models – shared savings, rate base premium return, virtual power plant, performance contracts), and issues associated with rate policies to encourage renewable resources (e.g., feed in tariffs, net metering, DG interconnection procedures).
- **Summation** – Assigned teams present their results of the regulatory strategy work groups. Concluding with a round-table discussion that encourages students to integrate information from the previous two and one-half days into a strategic perspective on rate making.

Instructors

Larry Blank – Center for Public Utilities, New Mexico State University

John Caldwell – EEI

Bente Villadsen – The Brattle Group

Philip Hanser – The Brattle Group

Larry Vogt – Mississippi Power Company

Eric Ackerman – EEI

Steve Braithwait – Christensen Associates Energy Consulting

Mark Lowry – Pacific Economics Group Research

Registration Information

The registration fee for this course is \$1,900, and includes instruction, course materials, some meals, and receptions. Deadline for registration at the Fluno Center is June 28th (please see below). Deadline for registration with EEI is July 19. However, until registration is full, late registrations will be accepted.

Registration is limited to 35 attendees to assure optimum interaction between participants and the course leaders. Registration withdrawal after July 19 will be subject to a \$500 cancellation fee.

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Continuing Education Credits

The course offers the following continuing education credits for students attending the pre-course workshop.

22 CLE Continuing Legal Education

2.2 CEU Continuing Education Units

22 CPE For Public Accountants

For those students not attending the pre-course workshop the credits are as follows:

19 CLE Continuing Legal Education

1.9 CEU Continuing Education Units

19 CPE For Public Accountants

Dates and Accommodations

The EEI Electric Rate Advanced Course will run from Sunday, July 28 through Wednesday, July 31, 2013 at the University of Wisconsin-Madison in the Fluno Center for Executive Education in Madison, WI. The course is sponsored and developed by the Edison Electric Institute Rates and Regulatory Affairs Committee.

A block of rooms has been reserved at the Fluno Center for Executive Education at the University of Wisconsin-Madison until June 28th. The rate is \$144/night. To ensure the availability of a room, please make your reservations before June 28th by calling [\(877\) 773-5866](tel:877-773-5866), or go on-line: www.fluno.com. Please mention you will be attending the EEI Electric Rate Advanced Course.

The Fluno Center is a short 15-minute taxi ride from the Dane County Regional Airport. The *Financial Times of London* has ranked the Fluno Center in the top 2 worldwide for food and accommodations for custom programs.

[If you would prefer not to receive notices about the Advanced Rate Course in the future, please respond so to this message.]

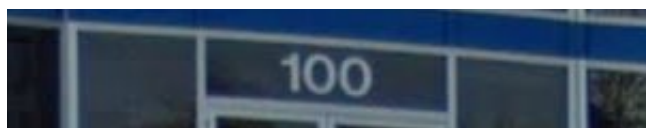
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Upcoming Events

- January 23, 2015:
 - [Combined Heat and Power \(8:30 am\)](#)

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