

# IPU ONSITE: BASICS OF UTILITY REGULATION AND RATEMAKING

MICHIGAN STATE UNIVERSITY ■ INSTITUTE OF PUBLIC UTILITIES REGULATORY RESEARCH AND EDUCATION

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## Basics of Utility Regulation and Ratemaking (Dr. Janice Beecher)

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Morning	120 min	<b>Introduction to Economic Regulation and Ratemaking</b> <ul style="list-style-type: none"><li>- Economic and legal basis of regulation</li><li>- Regulatory process and burden of proof</li><li>- Standards of review (prudence, used and useful, just and reasonable, etc.)</li><li>- Ratebase/rate-of-return method</li><li>- Components of revenue requirements</li><li>- Above the line and below the line</li><li>- Regulatory incentives: lag, prudence, and returns</li></ul>
	60 min	<b>Cost Knowledge and Accounting Basics</b> <ul style="list-style-type: none"><li>- GAAP, regulatory accounting, and international standards</li><li>- Uniform systems of accounts</li><li>- Balance sheet</li><li>- Income statement</li><li>- Financial reporting and auditing</li><li>- NARUC Ratecase Audit Manual</li></ul>
Afternoon	120 min	<b>Introduction to Cost Allocation and Rate Design</b> <ul style="list-style-type: none"><li>- Pricing and efficiency, sustainability, equity, and affordability</li><li>- Principles of utility ratemaking: causation and matching</li><li>- Price and income elasticity of demand</li><li>- Cost concepts in rate design</li><li>- Types of charges (customer, capacity/demand, commodity)</li><li>- Metering and billing</li><li>- Sales, profits, and revenue assurance mechanisms (decoupling)</li><li>- Goal-oriented ratemaking</li><li>- Evolution of rate design</li><li>- Criteria for evaluating rates</li><li>- Rates, revenues, and risks</li></ul>
pm	60 min	<b>Regulatory Evolution and Adaptation</b> <ul style="list-style-type: none"><li>- Advantages and disadvantages of traditional regulation</li><li>- Perceptions of regulatory risk</li><li>- Regulatory evolution, flexibility, and adaptation</li><li>- Adjustment and assurance mechanisms</li><li>- Alternative models for regulating utilities</li><li>- Value of economic regulation in the contemporary context</li><li>- Roundtable on issues and controversies</li></ul>

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**Janice Beecher** ([beecher@msu.edu](mailto:beecher@msu.edu), 517-355-1987). Dr. Beecher is a Professor and Director of the Institute of Public Utilities at Michigan State University. Joining MSU in 2002, she has nearly thirty years of experience in public utility regulation and is responsible for Institute development, program management, and interdisciplinary research in support of the IPU's mission of service to the regulatory policy community. Dr. Beecher's appointment is in the College of Social Science at MSU, where she has taught graduate courses in public policy and regulation. Her areas of interest include regulatory theory, institutions, and policy; comparative industry analysis; and utility pricing and rate design. She has particular expertise in the structure, economics, and regulation of the water industry. Dr. Beecher is a frequent lecturer and the author of several research reports and other publications; she has also testified before regulatory and legislative bodies on policy issues. Her work has been recognized through a number of research grants and special appointments. Prior to joining the IPU, Dr. Beecher was an independent policy consultant and held senior research and adjunct faculty positions at The Ohio State University and Indiana University. She also worked as a staff policy advisor to the chairman of the Illinois Commerce Commission. She has a B.A. in Economics, Political Science, and History from Elmhurst College and a M.A. and Ph.D. in Political Science from Northwestern University, where she completed a dissertation on public utility regulation.