

IPU ONSITE: COST ALLOCATION AND RATE DESIGN

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

Cost Allocation and Rate Design (Peterson)

Morning	90 min	Cost-allocation methods <ul style="list-style-type: none">- Cost-of service studies- Role of sales forecasting and volatility issues- Billing determinants- Cost functionalization and classification- Service-related classification- Allocating common and joint costs- Load concepts and factors- Customer-class allocation- Allocation methods (coincident and non-coincident peak methods)
	90 min	Cost-allocation issues <ul style="list-style-type: none">- Jurisdictional- Regulated v. unregulated- Wholesale v. retail- Intrastate v. interstate- Other issues
Afternoon	90 min.	Cost-allocation exercise <ul style="list-style-type: none">- Hands-on spreadsheet exercise
	90 min.	Rate-design roundtable <ul style="list-style-type: none">- Volumetric rates (block rates and conservation rates)- Temporal rates (seasonal, time-of-use rate, and real-time rates)- Other: lifeline, special contract, anti-bypass, economic-development rates- Targeted subsidized rate (flat rate, flat fee, straight fixed-variable rate)



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