



# **IPU Advanced Cost Allocation and Rate Design Course**

**November 28-December 1, 2023  
INSTITUTE OF PUBLIC UTILITIES**

**MICHIGAN STATE  
UNIVERSITY**

# About the IPU-MSU

- Institute of Public Utilities
  - ▶ Serving the regulatory policy community since 1965
  - ▶ Thousands of domestic and international program alumni
  - ▶ A national network of experienced experts in regulation
  - ▶ Financially self-sustaining at Michigan State University
- IPU's mission
  - ▶ To support informed, effective, and efficient economic regulation of electricity, natural gas, water, and broadband
- Integrative educational programs and research
  - ▶ A principled approach to regulatory practice
  - ▶ An empirical approach to regulatory analysis
  - ▶ A reasoned approach to regulatory reform
- We teach the “ideal” of economic regulation in the public interest
  - ▶ Interdisciplinary theory, regulatory institutions and culture, and critical thinking
  - ▶ Commitment to lifelong learning and appreciating what we do not know
  - ▶ Our purpose is not to formulate answers – but to help form good questions
  - ▶ Objective – but not unopinionated

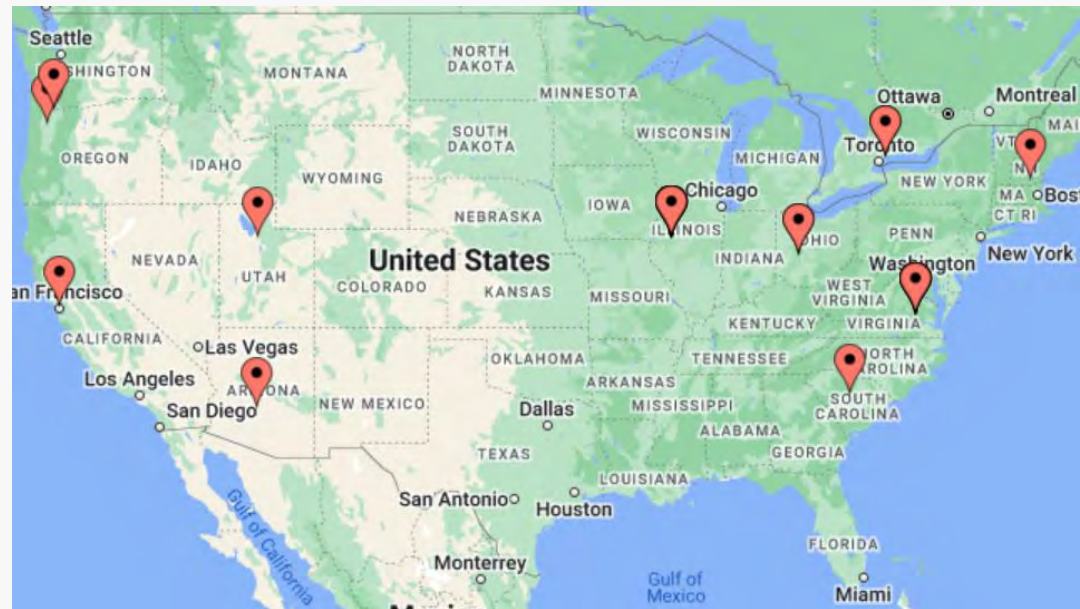


# Welcome!

- Welcome to this live online learning experience
  - ▶ Thanks for being part of our community and joining us today
  - ▶ We recommend closing other screens and turning off notifications
  - ▶ Enjoy the relaxed dress code and remember to stretch, stand, and hydrate!
- We hope to give you a positive and interactive experience
  - ▶ Feel free to raise your hand to ask a question (clarifying or otherwise) at any time
  - ▶ Use the chat function for questions or comments during the program
  - ▶ For help, contact Erin West via the Q&A, [erinwest@msu.edu](mailto:erinwest@msu.edu), or 517-355-1876
- A few program notes
  - ▶ Accessing course materials
  - ▶ Polls and practical exercises
  - ▶ Certificates of attendance
  - ▶ Course evaluation forms
  - ▶ Continuing education credits
  - ▶ Opening code word: \_\_\_\_\_
- Schedule
  - ▶ Today from 2 pm to 5 pm; Wednesday – Friday 10 am to 5 pm Eastern Time Zone
  - ▶ Four 80-min. modules with lunch from 1-2 pm and 20-min. breaks at 11:20 and 3:20

## Poll 1: Where do you work?

- State commissions and agencies
- Federal commissions and agencies
- Consumer and environmental advocates
- Public utility providers – investor-owned
- Public utility providers – public or cooperative
- Law and consulting firms
- Universities
- Other



Q. Use the **chat** function to introduce yourselves – who and where are you?

## Poll 2: What is your role?

- Commissioner
- Accountant or financial analyst
- Economist or policy analyst
- Engineer or technical analyst
- Attorney or law judge
- Manager
- Advisor
- Consultant
- Educator
- Other

# Program learning objectives

- To review the core principles and concepts of cost allocation and rate design for public utilities
- To learn the generally accepted methods of cost allocation and rate design
- To compare and contrast ratemaking practices in the water, electricity, and natural gas sectors
- To gain a detailed understanding through examples and interactive exercises
- To consider contemporary ratemaking objectives and policy issues

Q. Use the **chat** function to tell us what you hope to learn – what is your “burning issue” when it comes to utility ratemaking?

# Introduction to the course

- **Tuesday, November 28** | 2:00 pm – 5:00 pm (Eastern)
  - Overview (Jan Beecher)
  
- **Wednesday, November 29** | 10:00 am - 5:00 pm (Eastern)
  - Cost Allocation and Rate Design **Water** (Andy Burnham)
  
- **Thursday, November 30** | 10:00 am - 5:00 pm (Eastern)
  - Cost Allocation **Electricity and Natural Gas** (Carl Peterson)
  
- **Friday, December 1** | 10:00 am – 5:00 pm (Eastern)
  - Rate Design **Natural Gas** (Carl Peterson)
  - Rate Design **Electricity** (Jay Zarnikau)

# Program faculty

- About the instructors and our community of participants
  - ▶ Janice Beecher, Ph.D., Professor and IPU Director, Michigan State University
  - ▶ Andy Burnham, V.P. Management & Technology Consulting, Stantec Consulting Services
  - ▶ Carl Peterson, Ph.D., Professor, University of Illinois Springfield
  - ▶ Jay Zarnikau, Ph.D., Sr. Lecturer & Res. Fellow, Dept. of Economics, Univ. of Texas at Austin

