

MICHIGAN STATE U N I V E R S I T Y



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, 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: _____

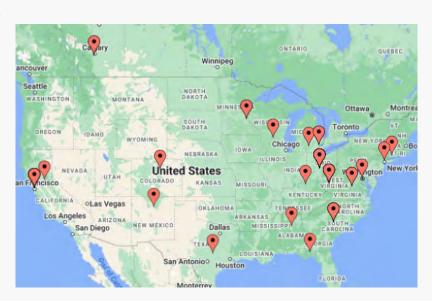
Schedule

- From 10 Noon to 5 pm Eastern Time Zone Tu-Th (ending at 1 pm Thursday)
- 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 understand the core principles, concepts, and methods of ratemaking
- To understand the policies, procedures, and processes that guide ratemaking
- To understand the elements of utility revenue requirements and tariffs
- To understand ratemaking goals and issues from different perspectives
- To understand ratemaking and rate oversight through interactive exercises

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

Utility accounting and ratemaking are challenging

- Our goal is to make ratemaking practice more accessible and understandable by unlocking the secret language of ratemaking
- Course centers on the state regulatory paradigm, but concepts and methods are broadly applicable to and used by locally regulated utilities
- Many important topics, issues, and methods cannot be covered in detail here
- Many issues and methods will make more sense with experience (next time around)
- Ratemaking is not an exact science

Course materials (see links)

- Presentations, spreadsheets, and supplemental materials (including the case)
- All course materials are for use by registered attendees only (not for sharing)
- Materials have been edited original sources should be consulted
- Some slides are designated as primarily for information purposes (j)

The case study

- Why a water case and why York Water?
- Relevance to energy utilities
- Policy and regulatory orientation



Overview

- About the instructors and our community of participants
 - Janice Beecher, Ph.D., Professor and Resident Fellow, IPU-MSU
 - Danny Kermode, CPA, Retired, Washington Utilities and Transportation Commission
- Course modules (half day each)
 - Part 1. Foundations of public utility accounting and ratemaking
 - Part 2. Balance sheet, capital expenditures, and rate base (CAPEX)
 - ▶ Part 3. Income statement, revenues, and operating expenditures (OPEX)
 - ▶ Part 4. Cash flow, debt and equity financing, and revenue requirements
 - ▶ Part 5. Cost allocation, rate design, tariffs, and consumer policies





IPU Advanced Regulatory Studies Program

Advanced Regulatory
Accounting and
Auditing

November 6-8, 2024

