



Ratemaking: Fundamentals of Tariffs and Cost of Service

May 15 - 19, 2017 | Washington, DC (3.0 CEUs)

Course Description

Although ratemaking has evolved into a complex science involving many useful and creative methodologies, the essence of tariff design is a thorough understanding of how to establish a revenue requirement for a regulated utility, how to translate that overall revenue requirement into a rate design that customers will pay, and how to use a cost of service study that will aid participants in translating the former into the latter. Accomplishing this requires an understanding of how to determine reasonable investments and costs in providing service.

This course, designed by the Institute for Public-Private Partnerships, A Tetra Tech Company (IP3), will review various ways to design tariffs over a week-long period. Case studies will demonstrate how regulated service providers and their regulators have used Cost of Service Studies and other methodologies to design effective tariffs.

Participants will work in groups to develop a revenue requirement and design tariffs based on a hypothetical set of facts. Participants will also see an example of a Cost of Service Study and its uses and limitations. The course will conclude by having participants play the roles of regulators, service providers and other stakeholders in a “mock rate hearing”.

Learning Outcomes

- Setting a revenue requirement
- Translating a revenue requirement into a tariff design
- Understanding the role of a Cost of Service Study in translating a revenue requirement into a rate design
- Analyzing the role of the regulator in the tariff-setting process, methodologies, and relationships with service providers
- Determining the role of the service provider in collecting and analyzing data to reduce costs and improve service
- Comparing case study experiences on how to determine and adjust prices and the implications
- Decoupling tariff policies from social and political objectives
- Calculating, analyzing, and adjusting tariff structures

Course Offering

Dates: May 15 - 19, 2017

Location: Washington, DC

Code: 2712-WA

CEUs: 3.0

Tuition: \$3,750

Become a Specialist

IP3 is an authorized provider of Continuing Education Units (CEUs) as sponsored by the International Association for Continuing Education and Training (IACET)

Successful completion of this course will award 3.00 CEUs.



Who Should Attend

- Directors and key staff of regulatory authorities
- Directors and key managers of state owned enterprises and investor-owned utilities that are subject to regulation
- Officials from ministries of finance, energy, water, and telecommunications
- Staff of bilateral and international organizations
- Managers and staff of business and trade associations

Course Tuition Includes

- All training sessions/materials
- Presentations
- New computer for each participant
- Web-based course content/software
- High-speed internet access
- Receptions and tours
- Daily refreshments and lunch voucher
- Enrollment in professional certification program
- Professional certification counseling

Course Contents



Principles of Ratemaking

- Basic principles and methodologies, as employed by regulators and service providers, in various countries and sectors
- The historic development and use of various methodologies in ratemaking
- The pros and cons of alternative ratemaking principles and methodologies

The Role of the Regulator in Tariff Design and Evaluation

- Regulatory objectives with respect to tariff design
- Regulatory frameworks and functions
- Regulatory responsibilities and authority

Data Collection and Analysis

- Typical practices in data collection and analysis by service providers and regulators
- Auditing by the regulator of financial and operating data, and of management performance
- The uses of cost and investment data in ratemaking procedures including decisions regarding proprietary information

Analyzing Cost Data to Achieve More Cost-Efficient Service

- The trade-offs between “least cost” and “best cost”
- The concept of prudently incurred costs

Preparing and Presenting a Sample Rate Case

- Groups of participants will work together in the roles of regulator, service provider, and various stakeholder groups
- Mock Rate Hearing: led by participants with interventions from the instructor, open discussion, and analysis of outcomes

About the Institute for Public-Private Partnerships

The Institute for Public-Private Partnerships, A Tetra Tech Company (IP3), is a leading, global provider of PPP consulting and capacity building services. IP3 provides institutional support to public and private sector entities engaged in PPP projects around the world, helping mobilize private sector expertise and resources to enhance the quality and availability of infrastructure for public services.

IP3 has trained more than 35,000 officials from over than 175 countries on PPP programs and opportunities, regulation operations and management initiatives, competitive utility management reform, and public policy and good governance.

Our experts have worked with more than 600 government agencies, ministries, and organizations, including some of the world’s most influential institutions.



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