



Advanced Rate Setting and Subsidy Design Strategies for Utilities and Regulatory Authorities

September 10–October 26, 2018 | Online (3.0 CEUs)

Course Description

Setting rates is an essential function of a regulator and utility manager and is a key factor in the success or failure in the provision of utility services. In this course, participants will explore the latest strategies for rate setting and subsidy design as well as discuss practical examples illustrating how rates are calculated in different sectors and countries.

This course contains six week-long modules. Participants complete reading assignments, analyze case studies, actively participate in discussion boards and chat rooms with fellow participants and the course instructor, and complete an action plan. Participants need access to a computer with internet connectivity. Course work is approximately 5 to 6 hours per module/week.

Course Offering

Dates: September 10–October 26, 2018

Location: Online CEUs: 3.0

Code: 4008-OL Tuition: \$1,100

Learning Outcomes

- Calculating rates and analyzing utility financial information
- Understanding advanced techniques in cost of service, asset usefulness, and demand profiling
- Applying the key principles of subsidy design and comparing methods to reduce the financial burden of implementing subsidies
- Analyzing transitional strategies for cost recovery
- Engaging in online group discussions with peers and experts worldwide
- Building professional relationships with fellow participants and leading regulatory specialists, commissioners, and financiers
- Creating a detailed, personalized strategic action plan to help you apply learning outcomes on the job

About IP3's Online Courses

IP3's online courses deliver high-performance training at very low costs for your organization. IP3 participants appreciate the anytime access to course materials, minimal bandwidth requirements, and global audience reach that our online courses offer.

Participants who successfully complete the course requirements will receive a *Certificate of Achievement*.

Who Should Attend

- Commissioners, directors, and key staff of regulatory authorities, agencies, and commissions
- Directors and key managers of public and private regulated utilities
- Ministry of finance, energy, water, and telecommunication personnel
- Project officers and staff of bilateral and international organizations

Course Tuition Includes

- All training materials
- Industry expert instructor
- 24 hour access to the learning management system
- One year of access to course materials
- ICT help desk
- Enrollment in professional certification
- Professional certification counseling
- International audience reach

Course Contents

The Process of Rate Setting

- Goals and objectives of pricing strategies
- Understanding marginal/incremental costs
- Fixed and variable costs analysis
- Determining revenue requirements
- Rate design options and techniques for water, electricity, telecommunications, and transport

The Cash-Needs Approach

- Determining revenue requirements of the utility
- Comparisons with investor-owned utilities
- Allocation of costs
- Distribution of costs to consumer cases: commercial, residential, and government
- Rate design and impacts on customer classes

Rate of Return Approach and Analysis

- Determination of revenue requirements: rate base, income and expenses, cost of capital
- Financial statements: use and adjustments
- Strengths and weaknesses of the rate-of-return (ROR) method
- Allocation and distribution of costs
- Rate design and the impact of ROR

Price Cap Approach and Analysis

- Defining the price cap structure
- Rate rebalancing strategies
- Defining the baskets
- Determining the X factor
- Setting the productivity factor
- Other potential formula factors

Revenue Cap Approach and Analysis

- Determining the revenue cap
- Differences between price cap and revenue cap
- Differences between ROR and revenue cap
- Rate design

Rate and Subsidy Design Strategies

- Examining whether subsidies are justified
- Identifying existing subsidies and targets for future subsidies
- Determining willingness and ability to pay
- Economically efficient mechanisms to structure subsidies
- Developing subsidy reduction strategies

All six modules include case study analysis and action planning



Benefits for Human Resource Departments

- Dramatic cost savings—no travel or per diem costs while maintaining work productivity
- 24/7 availability of course features—access from any internet connection at any time
- Scalability—one employee or one thousand can be trained at the same time at a low cost
- Collaboration and learning through interactive discussion boards and action planning
- Browser-based platform—no special computer skills needed, and courses work fine in low bandwidth

Benefits for Participants

- Instructor-led online training—flexible enough to be accessed anytime, anywhere, removing all the geographical barrier
- Collaborate and interact with fellow participants from around the world and our course facilitator in easy-to-use discussion boards, email, and chat room communication tools
- Take multiple courses towards professional certification while reducing costs and increasing office productivity



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