
■ The Prime Group ■

Course Title: *Getting the Most Out of Cost of Service Studies*

Target Audience: Utility managers, Board members, key accounts, marketing , accounting and financial personnel

Objectives: For many utility personnel, a cost of service study is a seldom used document gathering dust on a shelf. This course provides an in-depth look at what is contained in a cost of service study and shows how to get the most out of your cost of service study by exploring its many possible uses. We will be doing calculations to demonstrate these uses so bring a calculator.

Description: A cost of service looks back at historic cost and plant data from a recent 12 month period and provides the data necessary to determine “where we are now” from a financial perspective and “where will we be” after including known and measurable changes. A cost of service study provides detailed information about the cost of serving each class of customers, such as operations and maintenance expenses, purchased power costs, plant investment, operating margin and rate of return. It is the basis for developing cost based rates for utility service. However, a cost of service study has many other uses. The first part of this course will thoroughly review cost of service concepts and the information contained in a cost of service study using a sample cost of service study. The second part of this course will show how to utilize a cost of service study to:

- a. Develop revenue requirements
- b. Adjust existing rates
- c. Unbundle rates
- d. Develop rates for prospective customers
- e. Target economic development
- f. Develop line extension policies
- g. Benchmarking – cost comparisons with other utilities
- h. Develop performance measures
- i. Price non-standard services
- j. Analyze carrying costs for economic analysis of alternative capital projects
- k. Provide cost elements for special services
- l. Respond to customer rate inquiries and debates
- m. Perform “what-if” sensitivity analysis on rates to complement financial forecasts

Time: One day course

Cost: \$175 per person which includes a copy of all course materials and lunch

■ The Prime Group ■

Instructor

Dr. Marty Blake is a Principal of The Prime Group. As a Prime Group Principal, Dr. Blake has assisted utility clients in developing and supporting rate requests, developing strategic plans, conducting individual customer profitability analyses, developing marketing programs and developing menus of pricing options that help to provide utilities with the tools necessary for developing cost effective energy solutions for their customers. Dr. Blake has made numerous presentations on these topics to utility Boards of Directors and has testified before numerous state regulatory commissions regarding cost of service, rate and planning issues.

Prior to joining The Prime Group, Dr. Blake worked for Louisville Gas and Electric Company (LG&E) where he was responsible for all utility marketing programs for electricity and natural gas, utility strategic planning, and all matters regarding state and federal regulation, including the development of rates and tariffs. In this capacity, he frequently testified in both state and federal regulatory proceedings.

Dr. Blake was a member of the off-system sales team that formulated and implemented LG&E's off-system sales strategy, assessed target markets and established wholesale pricing guidelines. He has served on the Interregional Transmission Coordination Forum, the General Agreement on Parallel Paths, and the group developing the Midwest ISO. He is currently serving as a member of the MISO Transmission Owner's Committee and is also serving as the Chairman of the MISO Finance Subcommittee and has served as Chair of the Transmission Owner's Tariff Working Group. He was a member of a number of Edison Electric Institute committees including the Economics and Public Policy Executive Advisory Committee; Strategic Planning Executive Advisory Committee; Transmission Task Force; and Power Supply Policy Technical Task Force.

Dr. Blake served a four-year term as Commissioner and Chairman of the New Mexico Public Service Commission. In this capacity he made policy and adjudicatory decisions regarding rates, terms of service, financing, certificates of public convenience and necessity and complaints for electric, natural gas, water, and sewer utilities. He served as Chairman of the Western Conference of Public Service Commissioners Electric Committee and as Chairman of the Committee on Regional Electric Power Cooperation.

He has a Ph.D. in Agricultural Economics and a M.A. in Economics from the University of Missouri – Columbia. He was a Professor in the Department of Agricultural Economics at New Mexico State University and was an Adjunct Professor in the Department of Economics at the University of Louisville teaching mathematical economics and econometrics. For thirteen years, he served as an instructor teaching ratemaking for electric utilities at the National Association of Regulatory Utility Commissions (NARUC) Annual Regulatory Studies Program at Michigan State University. Marty is a frequent presenter at NRECA conferences, CFC conferences and CoBank conferences.

■ The Prime Group ■

Getting the Most Out of Cost of Service Studies

This one-day course is entitled ***Getting the Most Out of Cost of Service Studies***. The course provides an in-depth look at what is contained in a cost of service study and shows how to get the most out of your study by exploring its many possible uses. The course will run from 9:00 AM to 4:00 PM and includes lunch and course materials.

The course is open to all utility personnel of electric cooperatives and municipal utilities. Please include the location and date of the class in which you plan to attend. A list of scheduled classes and their locations are posted at www.theprimegroupllc.com.

Please register the following participant for the 2012 ***Getting the Most Out of Cost of Service Studies*** Course:

Name: _____

Utility: _____

Address: _____

City: _____ State: _____ Zip: _____

Telephone: _____ Fax: _____

E-Mail: _____

Date of Class: _____ Location: _____

Or you can register by calling Eric Blake at (502) 241-4405 or by e-mailing Eric at eablake@insightbb.com.

The cost of the conference is \$175 per participant. Make return checks payable to "***The Prime Group LLC***" and return the completed form and your payment to:

The Prime Group LLC
P.O. Box 837
Crestwood, Kentucky 40014-0837

Thank you and we look forward to seeing you!