MCR

Fundamentals of Ratemaking Training

This dynamic course from MCR's experts will prepare your team for success—from those who are new to the ratemaking process to seasoned professionals needing a refresh.

Course Highlights

- Course content covers the following:
  - ✓ Fundamentals of regulatory history and rates
  - ✓ Strategic implications of the ratemaking process
  - ✓ The rate case cycle and key steps in the ratemaking process
  - ✓ Development of the revenue requirement
  - ✓ Cost of service studies
  - ✓ Class and functional allocators and their impact on the cost of service study
  - ✓ The principles and the art of rate design
  - ✓ Alternative ratemaking mechanisms and their benefits and drawbacks
  - ✓ Hot topic issues in the regulatory arena
- The course is a cost-effective, multi-day, onsite training for your team, focused on developing, preparing, and presenting the best positions on behalf of regulated utilities.
- Course instructors blend an academic and policy foundation with pragmatic guidance based on decades of ratemaking practice in multiple jurisdictions.
- The course includes detailed presentation materials, interactive hands-on exercises, and mock rate hearings.

Who Should Participate?

- Professional staff who are relatively new to rates, regulation, and the ratemaking process
- Analysts, accountants, attorneys, engineers, economists, and others who support rate case preparation
- Experienced staff who could benefit from a comprehensive review of the ratemaking process and insightful analysis of leading-edge issues

Course Overview

Sessions	Topics	What You Will Learn
Introduction to Ratemaking	• A Basic History of Regulation • Rates 101 • Strategic Implications of Ratemaking	• The history of regulation and development of current methods • Economic and regulatory fundamentals • Understanding how these fundamentals affect rate design • How to use the ratemaking process to achieve stakeholder objectives, establish goals, and ensure corporate alignment, communicate key messages, influence customer and competitor behavior, implement risk management and profit strategies, reward and penalize performance, and change rates and revenues
Rate Cases and Cost of Service	• The Rate Case Cycle • Determining Revenue Requirements • Cost of Service	• Deciding whether to file for new rates • Determining revenue requirements and revenue deficiencies, including weighted average cost of capital and wrate base adjustments • Needed data for cost of service • Functionalization, classification, and allocation • Typical class and functionalized allocators and different cost of service models and studies • Corporate allocation manuals
Rate Design	• Traditional Rate Design • Alternative Ratemaking Mechanisms	• Revenue allocation, ratemaking principles, and banding • How to create and identify rate classes • Rate components and rate design steps • Formula rates, performance based rates, multi-year rate plans, and cost recovery mechanisms
Hot Topics	• Custom Topics	• Specialized and customized training based on the hot topics in rate design today, such as cost allocation in a carbon-free world, green tariff design, and electric vehicle rates
The Van Go Exercise	• Calculating Rate Base and Return • Calculating Cost of Service • Designing Rates	• Apply and practice principles from previous lessons through a practical, hands-on group exercise
Mock Rate Hearings	• Hands-On Exercise	• How to effectively present ratemaking concepts in rate case proceedings

Why MCR?

MCR is uniquely positioned to train your team on the fundamentals of ratemaking as well as current issues and challenges. Our seasoned facilitators bring:

- An in-depth understanding of utilities, including operations, cost of service, rate design, and regulatory policy. We effectively engage and guide the nation's leading utilities in cost allocation, finance, capital structure, cost of capital, rate of return, O&M and capital budgeting, infrastructure replacement, rate and rider design, tariff language, and rate case preparation and presentation.
- Deep knowledge of the regulatory environment, ensuring that class participants are well prepared to be effective in any regulatory setting.
- Extensive experience with developing and leading superior rate, regulatory, and witness effectiveness programs, utilizing proprietary tools and approaches developed over many years, clients and jurisdictions.
- A dynamic teaching approach that clearly conveys complex information, facilitates productive interaction, and dives deeply into key topics.

Our experience and approach ensure that participants will be confident in their ability to understand and manage the ratemaking process while leading to successful regulatory results.

Course Facilitators

Cindy Menhorn: Cindy is Vice President of Regulatory Services at MCR. She has more than 40 years of rates and regulatory experience. Cindy's expertise includes work on over 100 rate cases and testimony before numerous state commissions. She directed a multifunctional rate department by managing all aspects of electric rate case development, including revenue requirements, cost of service studies, revenue allocation and rate design, rate case strategy, testimony development, and interrogatory response development. She graduated magna cum laude with an MBA from Indiana University of Pennsylvania and magna cum laude with a BBA with a concentration in Finance from Seton Hill University. cmenhorn@mcr-group.com • 724-244-5333

Dave Thompson: Dave is Vice President of Financial Planning and Analysis at MCR. With over 20 years of management consulting experience to utilities, he has developed significant expertise in crafting innovative business solutions and sophisticated analytics in connection with strategic planning, risk management, and financial planning initiatives. Dave is an industry expert in the areas of financial and revenue requirements forecasting. He led the development of MCR's Financial and Regulatory Strategy Tool (FRST™), a leading forecasting and planning model used across the industry, and MCR's Cost of Service Tool (COST™), a flexible Excel-based tool for conducting cost of service studies. dthompson@mcr-group.com • 612-382-5742

Matt Larkin: Matt is a Director in the Regulatory Services practice at MCR. His 17+ years of experience in the regulated utility industry include various roles in the Regulatory Affairs and Finance departments at Idaho Power Company, most recently as the Revenue Requirement Senior Manager. His experience spans a broad array of regulatory areas, including revenue requirement development, class cost-of-service studies, and rate design. He has also sponsored testimony before the Idaho Public Utilities Commission and the Public Utility Commission of Oregon. Matt graduated magna cum laude with a BBA and an MBA from the University of Oregon. mlarkin@mcr-group.com • 208-869-6408

Other MCR Training

Other MCR training programs include **Becoming a More Effective Witness™,** which helps teams develop and refine their communication skills through classroom instruction, workshop activities, and mock hearing experiences. This course covers the theory, application, and practice of effective witness skills and techniques; provides practical guidance for preparing and presenting each phase of testimony; and focuses on the unique challenges of presenting testimony before a regulatory body. Contact us to learn more about how your team can benefit.

About MCR

MCR is a national management consulting firm specializing in energy matters. We were founded in 1999 on the principle that our clients deserve the industry's best insights delivered through the highest quality, most innovative solutions. We are a boutique consulting firm with seasoned professionals providing specialized advice in areas such as rates and regulatory matters, energy efficiency, financial forecasting, risk management, and strategic and capital planning.

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