

# ADVANCED RATE SETTING AND SUBSIDY DESIGN STRATEGIES FOR UTILITIES AND REGULATORY AUTHORITIES

## ONLINE COURSE

A TRAINING COURSE • OCTOBER 10 — NOVEMBER 21, 2007



### COURSE HIGHLIGHTS:

- Enhance your skills in calculating rates and analyzing utility financial information
- Learn advanced techniques in cost of service, asset usefulness and demand profiling
- Learn the key principles of subsidy design and compare different methods to reduce the financial burden of implementing subsidies
- Learn transitional strategies for cost-recovery
- Participate in online group discussions with peers and experts worldwide
- Develop your own *Action Plan* to plan for a tariff structuring/subsidy design
- Network and build professional relationships with your fellow participants and leading regulatory specialists, commissioners, and financiers
- Take this course from your home or business on your schedule and at your pace

### REGISTER ONLINE!

[www.ip3.org](http://www.ip3.org)

*“Understanding the options and techniques of tariff setting and subsidy design is essential to make any service and capital investment sustainable.”*

*David Jankofsky  
Regulatory Advisor, IP3*

Course Sponsor



THE INSTITUTE FOR  
PUBLIC-PRIVATE PARTNERSHIPS



Visit Our Website: [www.ip3.org](http://www.ip3.org)

## COURSE LEARNING OBJECTIVES

Setting rates is probably the most important function of a regulator and utility 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 on 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 modules, each module conducted over a one-week period of time. Participants will be responsible for completing reading assignments, analyzing case studies, actively participating in discussion boards and chat rooms with fellow participants and the course instructor, and completing an action plan.

Participants will need access to a computer with Internet connectivity. Course work is approximately 5-6 hours per module.

### COURSE CONTENT

#### Module I: 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

#### Module II: The Cash-Needs Approach

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

#### Module III: Rate of Return Approach and Analysis

- Determination of revenue requirements: rate base; income and expenses; cost of capital
- Use of and adjustments to financial statements
- Strengths and weaknesses to the ROR method
- Allocation and distribution of costs
- Rate design and the impact of rate-of-return

#### Module IV: 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

#### Module V: Revenue Cap Approach and Analysis

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

#### Module VI: Rate and Subsidy Design Strategies

- Are subsidies justified?
- Identifying existing subsidies and identifying targets for future subsidies
- Willingness and ability to pay
- Economically efficient mechanisms to structure subsidies
- Developing subsidy reduction strategies

Case Study Analysis and Action Planning Process in Every Module

### 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

Project Officers and Staff of Bilateral and International Organizations

### DATES & COST

DATES: OCTOBER 10 - NOVEMBER 21, 2007

TUITION: \$750

COURSE CODE: 1720-OL

CEUs EARNED: 3.0 CEUs

## LEARN MORE ABOUT ONLINE TRAINING AT IP3!

Visit our interactive demo at [www.ip3.org/training/t\\_e\\_learning.htm](http://www.ip3.org/training/t_e_learning.htm)! Learn how IP3's online courses can deliver high performance training at very low costs for your organization. See participant testimonials!

## INSTITUTE FOR PUBLIC-PRIVATE PARTNERSHIPS (IP3)

The Institute for Public-Private Partnerships, Inc. (IP3) is an international training and consulting firm that focuses on advancing public-private partnership programs and opportunities, regulation operations and management initiatives, and competitive utility management reform in the environmental (waste/sanitation and solid waste), energy, transportation, technology, municipal service, health, and education sectors. Since 1994, we have trained over 20,000 professionals from over 150 countries worldwide.

### For More Information and to Register:

The Institute for Public-Private Partnerships, Inc. (IP3)

Global Training Services

1010 Wisconsin Avenue, NW

Suite 250

Washington, D.C. 20007, USA

Tel: 1-202-466-8930

Fax: 1-202-466-8934

E-mail: [training@ip3.org](mailto:training@ip3.org)

Register Online at: [www.ip3.org](http://www.ip3.org)

**Contact us about Professional Certification Programs!**