

# FUNDAMENTALS OF UTILITY TARIFFS: DETERMINING REVENUE NEEDS AND STRUCTURING RATES *ONLINE COURSE*

A TRAINING COURSE • APRIL 2 — MAY 16, 2008



## *SIX MODULES OVER SIX WEEKS*

### **COURSE HIGHLIGHTS:**

- Understand the principles of developing rates
- Understand financial analysis techniques
- Understand the process of determining revenue needs for infrastructure services from the regulatory perspective
- Learn the principles behind designing rates
- Learn about the emerging trends in tariff setting and utility finance
- Participate in online group discussions with peers and experts from around the globe
- Develop your own *Action Plan* to implement on-the-job
- Take this valuable and pioneering "Introductory to Rate Setting" course right from your home or business, on your schedule and at your pace

### **REGISTER ONLINE!**

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

*"Preparing and analyzing tariffs scenarios is a very politically-charged process. This course will give participants the tools to understand the process to determining utility revenues and structuring rates and an appreciation of the issues from the perspective of both regulator and utility."*

*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 a critical function of regulators and utilities and serves as a key factor in the success or failure of utility operations. IP3 has designed an introductory online training course to address these important issues. In this course, *Fundamentals of Utility Tariffs: Determining Revenue Needs and Structuring Rates*, participants will explore strategies and policies of rate development and setting as well as explore through online discussion examples that illustrate how rates are calculated in different sectors and countries.

This course contains six modules, each module conducted over a six-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: Current Trends of and Introduction to Rate Development

- Learning the basic tools
- Rate setting for state-owned and privately-owned utilities: Are there differences?
- Strategies to transition to cost-recovery models
- Integrating government policies into the design of rates

### Module II: Financial Analysis: Planning Requirements for Utilities

- Using financial statements: the balance sheet, income statements and statement of changes in cash condition
- The use of ratio analysis to compare utilities' performance
- Using trend analysis to track a company's progress

### Module III: Setting the Revenue Requirement

- Review of options: price-cap; rate-of-return (ROR); cash-needs; revenue cap
- Understanding the strengths and weaknesses of each approach
- Determining utility input requirements and establishing the revenue requirement

### Module IV: Designing Rates: Strategies and Techniques

- The function of individual rates
- Establish rate design objectives
- Options for improving affordability and reducing subsidies
- Categorizing costs: customer costs, volumetric and demand/capacity costs

### Module V: The Rate Change Process

- Designating the entity responsible for changing rates: options and impacts
- Establishing the frequency of rate changes
- Ensuring transparency in the process
- Developing modalities for public/stakeholder participation

### Module VI: Emerging trends in Regulation and Rate Setting

- Understanding the drivers of change
- Performance/incentive-based regulation: What is it and how can it be applied?
- Determining the impacts on different customer classes

### Case Study Analysis and Action Planning in All Six Modules

## WHO SHOULD ATTEND

Government, utility, regulatory, private sector, university, donor, nonprofit, and banking industry professionals who have:

- Limited experience with tariff structuring and financial analysis
- Computer/typing skills and with reliable Internet connectivity (56K modem or higher)

## DATES & COST

DATES: APRIL 2 - MAY 16, 2008

TUITION: \$750

COURSE CODE: 1809-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, telecommunications, technology, municipal service, health, and education sectors. Since 1994, we have trained over 25,000 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)**

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