

**SGA**  
**The Ratemaking Process**  
May 21 – 22, 2008  
CenterPoint Energy - Houston, Texas

Room 1360-65

<b>AGENDA</b>
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**Wednesday May 21**

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| 1:00 p.m.   | <b>Welcome and Introductions</b><br><b>Course Overview and Objectives</b><br>Larry Jensen, Director, Regulatory Affairs, Williams Midstream <ul style="list-style-type: none"><li>• Terminology</li><li>• Current Practices</li><li>• Regulatory Environment</li></ul>   |
| 1:30        | <b>Ratemaking – A Strategic Perspective</b><br>Mark Caudill, Vice President, MCR Performance Solutions <ul style="list-style-type: none"><li>• Touching Stakeholders</li><li>• Corporate Alignment</li><li>• Risk Management and Profit Strategies</li></ul>   |
| 2:30        | Break  |
| 2:45        | <b>Cost Allocation &amp; Rate Design Issues: LDC Perspective</b><br>David Carpenter, Managing Director, Regulatory Affairs, Piedmont Natural Gas <ul style="list-style-type: none"><li>• Allocation Procedures</li><li>• Customer Classification and Types</li><li>• Rate Design Goals</li><li>• Typical Rate Case Timetable</li><li>• Definition and Terms</li></ul> <b>Cost of Service</b><br>David Carpenter <ul style="list-style-type: none"><li>• Definition and Terms</li><li>• Revenue Requirement Concepts</li><li>• Rate Base Components</li></ul> |
| 4:15 - 4:30 | Review/Q&A<br><br>Adjourn  |

**Thursday May 22**

8:00 a.m. Continental breakfast

8:30 **Cost Allocation and Rate Design Issues: Pipeline Perspective**

Mark Caudill

- Cost of Service Principles
- Allocation Procedures
- Customer Classification and Types

9:30 Break

9:45 **Revenue Decoupling Mechanisms and Trends**

Mark Caudill

10:45 **Ratemaking Exercise: The Van Go Transportation Company**

Larry Jensen, Williams Midstream

- Rate Base Computation
- Cost of Service Calculations
- Cost Classifications - fixed or variable?

11:45 Lunch

12:45 p.m. **The Ratemaking Game: Mock Rate Case Exercise and Case Studies**

Mark Caudill and Friends

The afternoon session will consist of two case studies based on actual rate cases filed by a natural gas company. Participants will be divided into role-playing groups comprised of:

- decision-making commissioners
- the LDC applicant
- commission staff
- interveners from consumer advocacy groups

Each group will perform their respective roles in a courtroom setting which will allow for issue position presentations, witness cross examination, rebuttal arguments, commission deliberation of the positions presented by the various parties, concluding with a decision/vote by the commissioners.

2:15 Break

2:30 **Mock Rate Case resumes**

The results of the rate cases will be discussed and revealed along with the commission's rationale for reaching their decision.

3:45 **Review and Summary**

4:00 p.m. Adjourn