# PURC International Training

## Measuring Telecom Provider Costs

**A Course in the PURC Advanced International Practices Program**  
**By the Public Utility Research Center**  
**University of Florida**

**August 7-10, 2011**  
**Gainesville, Florida USA**

**Sunday, August 7th**

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<tr>
<th>Times</th>
<th>Sessions</th>
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| 1:00 pm - 8:00 pm| **Registration – Lobby of Conference Center**  
**Hilton University of Florida Conference Center, Gainesville**  
**1714 Southwest 34th Street, Gainesville, Florida**  
Participants will receive their registration and program materials. |
| 2:00 pm - 3:30 pm| **Cost and Financial Concepts for Decision-Making**  
**1st Floor – Dogwood Room**  
- Incremental Analysis  
- Project Analysis  
- Real Options  
- Risk Assessment  
Mark Jamison, University of Florida |
| 3:30 pm - 4:00 pm| **Break**                                                                 |
| 4:00 pm - 5:00 pm| **Back of the Envelope Costing**  
- Interpreting Financial Statements  
- Estimating Service and Incremental Costs from Financial Data  
Mark Jamison, University of Florida |
| 6:00 pm - 8:00 pm| **Welcome Reception – Conference Center**  
Participants are encouraged to attend this informal reception to meet the course faculty, PURC staff, and their fellow participants. |
### Monday, August 8th

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<th>Time</th>
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| 7:30 am – 8:30 am | Breakfast  
Albert’s Restaurant, Florida Room  |
| 8:30 am – 9:30 am | Session 1: **Role of Costing in Telecommunications Regulation**  
- Why costs matter  
- Concepts and Options for Estimating Costs  
- Using costs for determining  
  - Interconnection prices  
  - Subsidies  
  - Retail rate restrictions  
Mark Jamison, University of Florida |
| 9:30 am – 10:15 am | Introduction: *How to use your Kindle Reader*  
Eric Hanna, University of Florida IT Department |
| 10:15 am – 10:30 am | Group Photo and Break |
| 10:30 am – 12:00 pm | Session 2: **Pricing for Universal Service and Universal Access**  
- Purposes and features of universal service and access policies  
- Identifying affordable prices  
- Determining and managing subsidies  
Mark Jamison, University of Florida |
| 12:00 pm – 1:00 pm | Lunch  
Albert’s Restaurant, Florida Room |
| 1:00 pm – 2:30 pm | Session 3: **Interconnection: Principles and Exercises in Pricing One-Way and Two-Way Interconnection**  
- Principles for efficient prices  
- Typical approaches for regulating interconnection prices  
- Other options for interconnection pricing  
- Key costing issues in interconnection  
- Problems and exercises  
Mark Jamison, University of Florida |
| 2:30 pm – 2:45 pm | Break |
| 2:45 pm – 4:30 pm | Session 4: **Introduction to Cost Models**  
- Objectives and motivations costing  
- Bottoms up cost models  
- Key assumptions and parameters  
  **Cost Simulation Exercise**  
- Roles assigned for universal service/access exercise and for interconnection exercise  
[Evening reading: Study Role Sheets]  
Mark Jamison, University of Florida |
| 7:00 pm – 9:00 pm | Dinner  
Albert’s Restaurant, Florida Room |
**Tuesday, August 9th**

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<th>Time</th>
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| 7:30 am – 8:30 am | **Breakfast**  
Albert’s Restaurant, Florida Room |
| 8:30 am – 10:15 pm | **Session 5: Interconnection Cost Models: Issues and Demonstration**  
- Cost modeling issues and how they are addressed  
  - Network architecture, technology, utilization, depreciation, operating expenses, and cost of capital  
  - Demonstration  
Jim Stegeman, CostQuest |
| 10:15 am – 10:30 am | **Break** |
| 10:30 am – 12:00 pm | **Session 6: Exercise and Simulation in Applying Cost Models in Interconnection**  
- Hands-on development of cost estimates  
- Determining key assumptions  
- Strategic decision making  
Jim Stegeman, CostQuest |
| 12:00 pm – 1:00 pm | **Lunch**  
Albert’s Restaurant, Florida Room |
| 1:00 pm – 2:30 pm | **Session 7: Implementing Interconnection Cost Modeling**  
- How regulators use cost model results  
- Presenting and defending cost information  
- How cost estimates impact negotiations  
- Regulatory decision making  
Mark Jamison, University of Florida and Jim Stegeman, CostQuest |
| 2:30 pm – 2:45 pm | **Break** |
| 2:45 pm – 4:30 pm | **Session 8: Experiences in InterconnectionCosting and Negotiations**  
- Industry practitioner describes experiences in developing cost information and using it in negotiations and regulatory proceedings  
Jim Stegeman, CostQuest |
| 7:00 pm – 9:00 pm | **Dinner**  
Albert’s Restaurant, Florida Room |
**Wednesday, August 10th**

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<tr>
<th>Time</th>
<th>Session</th>
<th>Location</th>
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<tbody>
<tr>
<td>7:30 am –</td>
<td>Breakfast</td>
<td>Albert’s Restaurant, Florida Room</td>
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<tr>
<td>8:30 am –</td>
<td><strong>Session 9:</strong> Universal Service/Access Cost Models</td>
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<tr>
<td>10:15 am</td>
<td>▪ Cost model parameters</td>
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<td>8:30 am –</td>
<td>▪ Issues of technology, deployment, and markets</td>
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<tr>
<td>10:15 am</td>
<td>▪ Key lessons</td>
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<td>10:15 am –</td>
<td><strong>Break</strong></td>
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<td>10:30 am –</td>
<td><strong>Session 10:</strong> Exercise in Applying Cost Models for Universal Service and Access</td>
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<tr>
<td>12:00 pm –</td>
<td>▪ Development of cost estimates</td>
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<tr>
<td>1:00 pm –</td>
<td>▪ Determining key assumptions</td>
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<tr>
<td>1:00 pm –</td>
<td>▪ Strategic decision making</td>
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<td>1:00 pm –</td>
<td><strong>Lunch</strong></td>
<td>Albert’s Restaurant, Florida Room</td>
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<td>1:00 pm –</td>
<td><strong>Session 11:</strong> Applying Cost Information in Universal Service and Access</td>
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<td>2:30 pm –</td>
<td>▪ Participants engaged in a simulated universal service proceeding where costing is an issue and a tool for decision making</td>
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<td>2:45 pm –</td>
<td><strong>Break</strong></td>
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<td>2:45 pm –</td>
<td><strong>Session 12:</strong> Taking Costing to the Next Level</td>
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<td>6:30 pm –</td>
<td>▪ What role will costing play in the future?</td>
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<td>9:30 pm</td>
<td>▪ What are the emerging issues?</td>
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<td>6:30 pm –</td>
<td>▪ How can stakeholders maintain integrity in the system?</td>
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<td>9:30 pm</td>
<td><strong>Reception and Awards Dinner at the Thomas Center</strong></td>
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<td><strong>Bus leaves at 6:30pm</strong></td>
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