

33RD INTERNATIONAL TRAINING PROGRAM ON UTILITY REGULATION AND STRATEGY

JANUARY 14 - 25, 2013
GAINESVILLE, FLORIDA

A COLLABORATION BETWEEN
THE PUBLIC UTILITY RESEARCH CENTER (PURC)
AT THE UNIVERSITY OF FLORIDA
AND THE WORLD BANK



Whether you're a regulator or industry representative, you'll take home problem-solving techniques and best practices you can implement immediately.

You'll learn:

- **Why countries are reforming their utility sectors and the basic approaches**
- **How competition affects tariff rebalancing, cross-subsidization, and funding of social obligations**
- **How to conduct price reviews**
- **How to determine the cost of capital and assess the projects, particularly in countries with scarce or unreliable cost information**
- **What incentive rules promote competition, efficiency, and innovation**
- **What the effective regulatory strategies are for monitoring performance and enforcing compliance**
- **Where competitive forces can be introduced or strengthened**
- **What the key considerations are in rate design**
- **What the key considerations are for the establishment and functioning of regulatory institutions**
- **How the regulatory process can promote legitimacy and credibility of regulatory decisions**

UF UNIVERSITY of
FLORIDA

www.purc.ufl.edu

Introduction

Recent decades have seen a worldwide shift in the provision of electricity, telecommunications, water, and gas utility infrastructure. Greater private participation, commercialization, and liberalization have led countries to place new emphasis on their ability to establish sustainable regulatory arrangements that carry credibility with investors, are perceived as legitimate and fair in the eyes of the public, and deliver greater efficiency for the economy as a whole.

Many countries are responding to these challenges by creating utility regulatory agencies or adapting existing institutions so they function more effectively. Newly appointed regulators play a critical role in this new environment: their ability to effectively perform regulatory functions at the interface among government, the private sector, the public, and other interest groups is a key factor influencing the implementation of reforms and the sustainability of regulatory arrangements. At the same time, the introduction of new functions has increased the demand for professional training for utility regulators.

The World Bank and the Public Utility Research Center (PURC) at the University of Florida are collaborating to deliver a two-week international training program for a select group of mid- to senior-level utility regulators and regulatory strategy staff from utility operators. This course offering provides an exciting opportunity to learn problem-solving techniques while facilitating an international exchange of ideas and experiences. It offers an international forum for the dissemination of relevant best practices and research and is specifically tailored to the professional requirements of utility regulators and service provider regulatory strategy staff. The course is designed to enhance the economic, technical, and policy skills required for implementing policies and managing sustainable regulatory systems for infrastructure sectors.

Participants

The training program is designed for a select group of about 70 mid- to senior-level utility regulators from the Organization for Economic Cooperation and Development (OECD) and non-OECD countries, plus about 15 regulatory strategy executives from utility companies in the telecommunications, electricity, gas, and water industries who are currently undertaking infrastructure reforms.

- The overall number of participants is limited in order to give individuals substantial opportunities to interact with faculty and peers during lectures and small group discussions.
- Participants will be selected according to their experience and with the goal of achieving sectoral and regional balance (see the Application and Payment section for deadlines and notification).
- A Certificate of Completion will be presented to all participants recognizing their training experience and commitment to continued learning.

Program Format and Teaching Method

The training program involves 10 full days of lectures, sector-specific case studies, practical exercises, and discussions with leading utility experts. A typical training day starts at 8:30 in the morning and finishes before dinner at 6:30 in the evening, featuring a combination of three to four plenary presentations and one to two break-out sessions for case studies and sector-specific applications. Short breaks between sessions as well as meal times provide additional opportunities for participants to share expertise and experience with one another.

The course features approximately 50 different teaching modules. Topics are presented in a manner that emphasizes their interrelationships. Lessons are drawn from cross-sectoral comparisons and national experiences.

Lectures: Plenary presentations will be used to illustrate fundamental principles in utility regulation and pro-competitive sector policies, showing the strengths and limitations of alternative approaches. A wide range of country and sectoral examples will highlight the experience in different regulatory jurisdictions. Active involvement by participants is encouraged.

Sector-specific sessions: Parallel break-out sessions for electricity, telecommunications, water, and gas give participants the opportunity to apply principles and techniques to sector-specific situations. Some sessions involve presentations by sector experts. Others are highly interactive and involve discussions to examine cross-country experiences.

Case study teams: Participants are grouped into small, cross-sectoral and cross-regional teams. These teams work on specific regulatory assignments and develop recommendations.

Financial techniques: Participants learn how to get the right financial information, determine the cost of capital, adjust financial statements, and assess the financial effects of regulatory policies. The purpose, content, enforcement, analysis, and confidentiality of utility reports are emphasized.

Policy implementation skills: Participants explore how regulatory institutions can enhance the credibility and legitimacy of regulatory commitments. Effective regulation involves a well-defined rule-making process, identifying data requirements, collecting information, auditing information for accuracy and relevance, organizing hearings and consultations, establishing effective communication with the public on regulatory issues, and, where applicable, resolving disputes among stakeholders.

Agency management: The effective management of regulatory institutions requires careful attention to internal procedures, including team management, staff development, funding, and contracting out of agency functions. Experienced regulators share their knowledge of effective administrative procedures with participants. Leadership experts explain how to help organizations and stakeholders adapt to new circumstances and policies.

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Monday, January 14	Tuesday, January 15	Wednesday, January 16	Thursday, January 17	Friday, January 18
Session 1 8:30-10 Welcome and Overview I. Market Reform: Fundamentals of Regulatory Systems	Session 7etw 8:30-10 I. Market Reform: Sectoral Experiences in Reform	Session 13 8:30-10 III. Financial Techniques: Rate of Return Tools	Session 17 8:30-10 IV. Incentive Regulation: Risk Mitigation Strategies	Session 22 8:30-10 IV. Incentive Regulation: Case Study in How to Conduct a Price Review
Session 2 10:15-11:45 I. Market Reform: Global Patterns in Infrastructure Policy	Session 8etw 10:15-11:30 I. Market Reform: Establishing Regulatory Policies	Session 14 10:15-11:45 III. Financial Techniques: Determining Cost of Capital	Session 18 10:15-11:30 IV. Incentive Regulation: Price Cap Regulation	Session 23 10:30-11:45 e & w - IV. Incentive Regulation: Techniques for Improving Utility Efficiency t - I. Market Reform: Conclusion of Interconnection Simulation
Session 3 1:15-1:45 I. Market Reform: Case Study on Choosing Regulatory Priorities	Session 9etw 1:45-12:45 I. Market Reform: Issues in Sectoral Reforms	Session 15 1-2:45 III. Financial Techniques: Case Study and Analyzing Financial Statements	Session 19 12:45-2 IV. Incentive Regulation: Additional Elements of Price Cap Regulation and Hybrid Regulatory Plans	Session 24 1-2:30 e & w - V. Non-Price Issues: Performance Standards and Social Considerations t - I. Market Reform: Cost Models for Interconnection
Session 4 1:45-3 I. Market Reform: Reform and Regulation of State-Owned Utilities	Session 10etw 2-3:15 I. Market Reform: Practices in Sectoral Reforms	Session 16 3-4:30 IV. Incentive Regulation: Rate of Return Problem	Session 20etw 2:15-3:15 IV. Incentive Regulation: Sector Cases	Session 25 2:45-4 VII. Managing the Regulatory Process: Personal Leadership
Session 5 3:15-4:30 I. Market Reform: Strategies and Imperatives in Utility Reforms	Session 11etw 3:30-4:45 II. Competition: Economics of Market Structure	Afternoon Activities: •Campus Tour and/or •Trip to Shopping Center	Session 21 3:30- 5:15 IV. Incentive Regulation: Case Study in the Design and Implementation of Hybrid Systems	Session 26 4:15-5:30 VII. Managing the Regulatory Process: Leading Others
Session 6etw 4:45-6 I. Market Reform: Options in Market Reform	Session 12etw 5-6:15 II. Competition: Cases in Market Reform			

Monday, January 21	Tuesday, January 22	Wednesday, January 23	Thursday, January 24	Friday, January 25
Session 27 8:30-10 VII. Managing the Regulatory Process: Political Economy of Regulation	Session 31etw 8:30-10 VI. Rate Structure: Sector Issues: Basic Techniques	Session 35 8:30-9:45 e- Energy Tour t- Open Mobile Access w- Cost Structure	Session 40 8:30-10 VII. Managing the Regulatory Process: Independent Management Issues in Regulation	Session 45 8:30-10 VII. Managing the Regulatory Process: Public Communications: How to Get Your Message Across Effectively
Session 28 10:15-11:45 VI. Rate Structure: Pricing Objectives and Options in Network Industries	Session 32etw 10:30-12:15 VI. Rate Structure: Sector Issues in Rate Design	Session 36 10:15 -11:45 VII. Managing the Regulatory Process: Revitalizing the Regulatory Agency	Session 41 10:15 -12 VII. Managing the Regulatory Process: Strategic Concepts and Preparation for Negotiations	Session 46 10:15-12 VII. Managing the Regulatory Process: Working with the Media/Public Communications Strategies
Session 29 1:15-2:45 VI. Rate Structure: Pricing Objectives and Options in Network Industries – Contin.	Session 33etw 1:30-3 VI. Rate Structure: Sector Issues in Rate Design - Contin.	Session 37 1-2:15 VII. Managing the Regulatory Process: Legal Basis for Reform	Session 42 12:15-3:30 VII. Managing the Regulatory Process: Harborco Negotiation Exercise Session 43 VII. Managing the Regulatory Process: Application of Strategic Negotiation to Utility Restructuring	Session 47 1:30 -2:45 VII: Managing the Regulatory Process: Exercise in Public Communication: Conducting a Press Conference
Session 30etw 3-4:30 VI. Rate Structure: Sector Issues in Rate Design	Session 34etw 3:15-4:30 VI. Rate Structure	Session 38 2:30-3:30 VII. Managing the Regulatory Process: Conflicts of Interest, Case Study Teams	Session 44 3:45-5 VII. Managing the Regulatory Process: Case Study in Managing the Political Environment	Session 48 3-4 VII. Key Lessons from the Program and Action Plans
		Session 39 3:45-5 VII. Managing the Regulatory Process: Thinking Strategically		

International Faculty

The international faculty has been assembled from regulatory institutions, The World Bank, leading universities, infrastructure companies, financial institutions, and other international organizations. Presenters are selected on the basis of expertise, experience, and communication skills.

Faculty for past programs include:

- Dr. Rajnish Barua, Executive Director, Organization of PJM States, Inc. (OPSI)
- Dr. Sanford Berg, Director, Water Studies, Public Utility Research Center, University of Florida
- Ashley Brown, Executive Director, Harvard Electricity Policy Group
- Franklin Brown, Economic Advisor, Public Utilities Commission, Bahamas
- Sir Ian Byatt, Chairman, Water Industry Commission for Scotland, former Director General of Water Services, United Kingdom
- Araceli Castaneda, International Educator of the Year, University of Florida
- Dr. Joisa Dutra, Center for Regulation Fundação Getulio Vargas
- Dr. Anton Eberhard, University of Cape Town and former Board Member, National Energy Regulator, South Africa
- Daniel W. L. Fessler, S.J.D., former Partner, Holland & Knight
- Dr. Vivien Foster, Lead Economist, The World Bank
- Dr. Raul Garcia, former President, Ente Nacional Regulador de Gas, Argentina
- Dr. Katharina Gassner, Senior Economist, The World Bank
- Leonardo Giacchino, Partner, Bates White, LLC
- Lila Jaber, Practice Leader and Shareholder, Gunster, Yoakley & Stewart, P.A.
- Dr. Mark Jamison, Director, Public Utility Research Center, University of Florida
- Dr. Lawrence Kaufmann, Partner, Pacific Economics Group
- Theodore J. Kury, Director, Energy Studies, Public Utility Research Center, University of Florida
- Steven Martina, President & CEO, Fatum Caribbean
- Patrick Masambu, former Chief Executive, Uganda Communications Commission
- Zia Mian, Director General, Office of Utilities Regulation, Jamaica
- J. Paul Morgan, former Director General, Office of Utilities Regulation, Jamaica
- Ernest C. A. Ndukwe, former CEO and Executive Vice Chairman, Nigerian Communications Commission
- Dr. Paul Nounba Um, Lead Infrastructure Specialist, The World Bank
- Jorge Ivan Ramirez, General Manager, Intratransforming Consultants
- Afonso Santos, former Secretary of Energy, Brazil
- Dr. David Sappington, Professor, University of Florida
- Dr. Don Stockdale, former Economist, Federal Communications Commission
- Rauf Tan, Commissioner, Energy Regulatory Commission, Philippines
- Mostafa Terrab, former Director General, National Telecommunications Regulatory Agency, Morocco
- Dr. Robert E. Thomas, Associate Professor, Department of Management and Legal Studies, University of Florida
- Sophie Tremolet, Economist and Institutional Specialist, Tremolet Consulting
- Tim Ward, Vice President, Intermedia Communications
- Sudharma Yoonaidarma, Associate Professor/former Commissioner, National Telecommunications Commission of Thailand

PURC/WORLD BANK Graduates' Endorsements

This two-week intensive program delivered every January and June has trained over 2,500 government and private infrastructure professionals from 149 nations since 1997.

This course is a must for all involved in utility regulation. It is balanced, well thought out in its content, and presented by an excellent faculty and very experienced consultants. Regulator-Africa

I benefited immensely from interacting with world-class speakers, and enjoyed sharing experiences with attendees from all over the world. If you are involved with utilities and regulation, you can't afford to miss this forum. Executive-Asia

This course puts the most important regulatory issues in perspective and provides excellent background for present and future regulators. Regulator-Europe

For a policy-maker, the seminar provides a rich overview of the challenging requirements of a regulatory environment. It provides principles and practical tools for dealing with the complex demands of the everyday business of a regulatory agency. Regulator-Latin America

The program provides an excellent opportunity for learning regulation techniques. I strongly recommend the program for all who are engaged in the regulatory process. Regulator-Middle East



Program Focus

Based on discussions with representatives from regulatory institutions in more than a 100 countries and a continuous needs assessment, The World Bank and PURC have identified seven broad topics that will be covered during this two-week training course:

- I. Market Reform and Regulation of Network Industries
- II. Financial Analysis for Utility Regulation
- III. Principles and Application of Incentive Regulation
- IV. Non-Price Aspects of Utility Regulation
- V. Managing the Introduction of Competition in and for the Market
- VI. Rate Structure
- VII. Managing the Regulatory Process



A number of topics require a basic understanding of economic and financial analysis, while others present an overview of comparative administrative law and rule-making procedures. Sectoral and country cases are used throughout the course. Please note: The sessions will be conducted in English, so participants must have a good command of this language.

Venue

The training program will be held in Gainesville, Florida. The state of Florida is known worldwide for its beaches, wildlife, warm climate, and attractiveness to national and international business. Gainesville is located in north central Florida about halfway between the Atlantic Ocean and the Gulf of Mexico. The city is close to Orlando (Disney World), Tampa, Jacksonville, and the old Spanish town of St. Augustine.

PURC is part of the University of Florida, one of the largest universities in the nation with 50,000 students and a distinguished faculty of more than 4,000. The training program will be held at the Hilton University of Florida Conference Center Gainesville. The facility includes plenary rooms, break-out rooms, and study areas. Participants will be housed at the hotel for 13 nights.

Cost

The total cost of the program is US \$6,700 for utility regulators and US \$7,900 for staff from private or public infrastructure companies. The fee covers the following:

- Program tuition
- Hotel accommodations for 13 nights (arrival Sunday, January 13, departure Saturday, January 26)
- Most meals (Monday-Friday) breakfast, refreshment breaks, lunches, and six dinners
- Welcome Reception and Awards Dinner
- Reading and classroom material
- Campus tour and transportation to a shopping area
- Basic Economic Training (January 13, 2-5:30 pm)
- Plant visit

Note: A trip to Disney World will be organized during the middle weekend for interested participants. The cost is not included in the program fee.

Application and Payment

To be considered for the course, each applicant must submit a completed application form. The application form can be found on the PURC website www.purc.ufl.edu. The early application deadline is Friday, October 12, 2012. Selection of participants will be made by the program's Admissions Committee. Criteria for selection will be based on the applicant's current position, relevant professional expertise, and on achieving a balanced cross-sectoral, cross-regional, and national representation. Applicants will be informed of their status via e-mail.

Accepted applicants will be sent a notification letter and an information packet. The payment deadline is Friday, November 16, 2012. Full payment must be received by the payment deadline in order to guarantee your seat at the program. If full payment is received *after* the payment deadline and if there are seats available, this may result in alternate hotel accommodations arranged at the discretion of the PURC Program Committee. The cancellation deadline is Friday, December 7, 2012. Cancellations received after this date (in writing) will allow a refund of 70% of the registration fee.