



**Courses, presentations and webinars
offered by Utility Financial Solutions**

Determining Utility Revenue Requirements

(How much you should recover from customers in the rates charged by the Utility)

Determining revenue requirements is the most important financial target a utility can establish but often the least understood. Revenue requirements determine the amount and timing of rate adjustments which are often influenced by social and political factors. The utility's ability to achieve the needed revenue requirements is dependent on a number of factors including:

1. The rationale and foundation revenue requirements are determined
2. How rate adjustments are communicated to the governing body
3. Training and education provided to the governing body
4. Identifying the consequences of forgoing needed rate adjustments
5. What three financial factors are considered in determining rate adjustments
6. How are revenue requirements determined and what methods are appropriate
7. Why looking at cash flows and cash reserves can lead to negative consequences for the utility