Advanced Workshop in Regulation and Competition

24th Annual Eastern Conference

Skytop Lodge
Skytop, Pennsylvania, May 18–20, 2005

The Conference features some of the latest developments in the telecommunications and energy sectors, including:

- Strategies under Competition and Regulation
- Governance
- Shareholder/Investor Issues
- Risk & Uncertainty
- Market Response & Dynamics
- Market Innovation

Who should attend:

- Industry Economists
- Marketing and Regulatory Managers
- Consultants
- Regulatory Commission Staff

Dinner Speakers:

CRRI is happy to welcome Wendell Holland (Chairman – Pennsylvania Public Utility Commission) and Michael Kelleher (Senior Vice President, National Grid USA)

The Center for Research in Regulated Industries, located at Rutgers University, aims to further study of regulation in economics, finance, and institutions. Its publications, seminars, workshops, and courses make available the latest advances to academics, managers, and regulatory commission staff. The Center has over twenty-five years of experience providing research, instruction, conferences, courses, seminars, and workshops in economics of network industries. The Center’s Journal of Regulatory Economics is an international scholarly bi-monthly publication intended to provide a forum for the highest quality research in regulatory economics. Other research from the Center’s programs has been published in the book series Topics in Regulatory Economics and Policy.

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www.crri.rutgers.edu

Rutgers Business School ~ 180 University Avenue ~ Newark, NJ 07102-1897
973-353-5761 ~ 973-353-1348 (fax)
**Wednesday, May 18, 2005**

<table>
<thead>
<tr>
<th>Time</th>
<th>Activity</th>
<th>Location</th>
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<tr>
<td>3:00 - 4:00</td>
<td>Registration</td>
<td>Pine Room</td>
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<tr>
<td>4:00 - 6:00</td>
<td>Welcome to Conference: Michael A. Crew</td>
<td>West Evergreen Ballroom</td>
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<tr>
<td><strong>John Mayo &amp; David L. Kaserman:</strong> The Role of Antitrust in a De-Regulating Telecommunications Industry - the Economic Fallacies of Trinko</td>
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<td>6:00 - 9:00</td>
<td>Cocktail Hour</td>
<td>South Porch</td>
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<tr>
<td>Dinner Speech</td>
<td>Wendell F. Holland, Chairman – Pennsylvania Public Utility Commission</td>
<td>Dinner Westwindsor</td>
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**Thursday, May 19, 2005**

<table>
<thead>
<tr>
<th>Time</th>
<th>Concurrent Sessions</th>
<th>Location</th>
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<tbody>
<tr>
<td>8:00 - 9:40</td>
<td><strong>DEMAND RESPONSE</strong> West Evergreen</td>
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<tr>
<td>Chair:</td>
<td>George Campbell</td>
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<tr>
<td>Discussants:</td>
<td>John Kelly &amp; George Pleat</td>
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<tr>
<td><strong>James W. Brown:</strong> Impact of DSM Expenditures on Cost and Availability of Capital</td>
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<td><strong>William J. Deehan:</strong> Long Term Demand Response and Administration of Marginal Cost Time-Differentiated Pricing</td>
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<td><strong>Catherine McDonough, Chuck Goldman, &amp; Bernard Neenan:</strong> How Customers Adapt to Default RTP Service</td>
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<td>9:40 - 10:00</td>
<td>Coffee Break</td>
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<td>10:00 - 11:40</td>
<td><strong>TRANSMISSION</strong> West Evergreen</td>
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<td>Chair:</td>
<td>Colin Loxley</td>
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<td>Discussants:</td>
<td>Marija Ilic</td>
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<tr>
<td><strong>Andrew N. Kleit &amp; James Reitzes:</strong> Build Transmission or Build Generation? The Case of the New England ISO</td>
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<td><strong>Timothy J. Brennan:</strong> Inadequate Transmission Capacity: Vertical Separation as Cure or Cause?</td>
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<td><strong>Robert A. Levin:</strong> Recent Developments in Energy Trading Markets</td>
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<td>11:40 - 1:00</td>
<td>Lunch Break</td>
<td>Main Dining Room</td>
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<td>1:00 - 2:30</td>
<td><strong>CONSUMER PREFERENCE</strong> West Evergreen</td>
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<td>Chair:</td>
<td>R. J. Riley Allen</td>
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<td>Discussants:</td>
<td>Colin Loxley &amp; George Pleat</td>
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<td><strong>Timothy J. Brennan:</strong> Consumer Preference Not to Choose: Methodological and Policy Implications</td>
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<td><strong>Richard Schuler, Jr.:</strong> Comparison of Retail Customer Switching Behavior</td>
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<td><strong>Michael Plunkett &amp; Jessica Dauer:</strong> Acquisition Mail and the Lifetime Customer Value</td>
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<td>2:30 - 4:00</td>
<td><strong>WHOLESALE RESTRUCTURING</strong> West Evergreen</td>
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<td>Chair:</td>
<td>Rajnish Barua</td>
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<td>Discussants:</td>
<td>Craig Glazer &amp; Howard Spinner</td>
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<tr>
<td><strong>Sheldon Switzer &amp; Mary M. Straub:</strong> The Benefits of Electric Industry Restructuring - It's not Your Grandfather's Utility</td>
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<td><strong>Jonathan Lesser, David DeRamus, &amp; Guillermo Israilevich:</strong> Assessing Vertical Market Power in Electricity Markets</td>
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<td><strong>Gary Newell:</strong> Assessing the Success of the PJM RTO by Using the Experiences of Wholesale Customers as a Guide</td>
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<td>4:00</td>
<td>Exercise Break</td>
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<td>6:00 - 9:00</td>
<td>Cocktail Hour</td>
<td>South Porch</td>
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<td>Dinner &amp; Keynote Speech: Michael J. Kelleher, Senior Vice President, National Grid USA</td>
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**Surveillance in Telecom** Central Evergreen

Chair: Thomas Sharkey
Discussants: Stephen Friedlander, Mark Lemler & Victor Glass
David J. Roddy: VOIP – Quantitative Economic Analysis of the FCC’s Current Policy Options
Subhendu Roy: How Sustainable Is The Universal Service Fund?
Timothy Tardiff: Prevention and Detection of Price Squeezes Nine Years After the Telecommunications Act

**Cross Subsidy** Central Evergreen

Chair: Michael Plunkett
Discussants: Lorna Greening & Dennis Stevens
John Sawkins & Scott Reid: The Measurement & Regulation of Cross Subsidy – the Case of the Scottish Water Industry
Pradip Chattopadhyay & Maureen Sirois: Cross Subsidy in Electricity Tariffs and Viability – Time-variant Approach
Ralph Zarumba & Carl Peterson: Power Sector Reform in Bosnia and Herzegovina - Tariff Methodology

**Marginal Cost** Central Evergreen

Chair: Jeremy T. Guenter
Discussants: Rand Costich, Chris Graves, & Marc Smith
David J. Salant & Thomas Hazlett: The Marginal Value of New Unlicensed Bands
Debra Aron & Ana C. Danies: The Proper Treatment of Spare Network Capacity in Regulatory Cost Models
Richard Schuler, Sr. and Nodir Adilov: Optimal Market Grain Over Space and Time

**Networks & Demand** Central Evergreen

Chair: Michael A. Crew
Discussants: Victor Glass & Dale Schoenberger
Carolyn Gideon & David Gabel: Retail Prices, Rebalancing, and Facility-Based Entry into the Telecommunications Market
Christopher Garbacz & Herbert Thompson: Demand for Telecommunications Services in Developing Countries
Christiaan Hogendorn & Alain Bourdeau de Fontenay: Entry and Vertical Disintegration in Networks
Friday, May 20, 2005

8:45 - 10:40 PLENARY SESSION
Chair: Bill Bayard
Discussants: John Lesser & Joseph Schuh
Malcolm Ainspan: Feed-in Mechanisms to Foster Competitive Entry - Can These Work
Eric Ackerman: The New Era of Rate Cases
Timothy Mount & Hyungna Oh: Testing the Effects of Holding Forward Contracts on the Behavior of Suppliers in an Electricity Auction

10:40 – 11:00 Coffee Break

11:00 - 12:40 PLENARY SESSION
Chair: Gregory Leonard
Discussants: Malcolm C. Harris, Sr. & Menahem Spiegel
Richard Michelfelder & Peter Jansson: Reliability, Sustainability, and Investment in the U.S. Electric Power System
Chris Schlegel: Along the Forward Curve, and Beyond! Risk in Forward Power Contracts across Time and Space

12:45 - 12:55 Concluding Remarks – Michael A. Crew
12:55 - Lunch

SPEAKERS DISCUSSANTS & CHAIRS

Evergreen Ballroom

Main Dinning Room

Chair: Gregory Leonard
Discussants: Malcolm C. Harris, Sr. & Menahem Spiegel

Richard Michelfelder, Assistant Professor of Finance, Rutgers University, School of Business - Camden

Timothy Mount, Professor, Cornell University

Bernard F. Neenan, President, Neenan Associates

Gary Newell, Partner, Thompson Coburn LLP

George Pleet, Regulatory Affairs Manager, Constellation Energy Projects & Services Group, Inc.

Michael Plunkett, Manager, Pricing Strategy, United States Postal Service

David J. Roddy, Managing Director - Telecom Practice, FTI Consulting

Subhendu Roy, Senior Staff Consultant - Financial Planning and Analysis, Verizon

David J. Salant, Special Consultant,

John W. Mayo, Professor of Economics, Georgetown University

Karl A. McDermott, Vice President, NERA

Catherine McDonough, Senior Strategic Planner, Niagara Mohawk Power Corporation

Richard A. Michelfelder, Assistant Professor of Finance, Rutgers University, School of Business - Camden

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David J. Salant, Special Consultant,
ORGANIZING COMMITTEE

Eric Ackerman (Edison Electric Institute)
Michael A. Crew (Rutgers University)
William Deehan (Central Vermont Public Service Corp)
Christopher Garbacz (Mississippi Public Utility Staff)
Julie Kelly (IDA)
John Kelly (APPA)
Paul R. Kleindorfer (University of Pennsylvania)
Greg Leonard (Cornerstone Research)
Colin Loxley (PSE&G)
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Mark Reeder (New York State Dept. of Public Service)
James Reitzes (Brattle Group)
Agustin Ros (NERA)
Joseph Schuh (Rutgers University)
Richard E. Schuler Jr. (New York State Dept. of Public Service)
Marc Smith (United States Postal Service)
Menahem Spiegel (Rutgers University)
Steve Sunderhauf (Pepco Holdings Inc.)
Sheldon Switzer (Baltimore Gas & Electric)

HOTEL RESERVATIONS

Sufficient Rooms are reserved at the Skytop Lodge for all of the Conference participants. Participants should register for the conference by returning registration forms to Skytop Lodge must be received by April 4, 2005. Hotel reservation can be made through:

Skytop Lodge
One Skytop
Skytop, PA 18357-1099
Phone: 1-800-617-2389 or 1-570-595-7401
Fax: 1-570-595-9691
http: www.skytop.com

REGISTRATION INFORMATION

To Register: Please complete and return the form below. Registrations are accepted by mail, email, fax, and telephone. Please confirm telephone registrations by sending in a completed and signed registration form. The deadline for registrations is April 8, 2005. Registrations received after April 8, 2005, will be admitted on a space available basis.

Volume discount: Second and subsequent applications received in the same envelope, fax, email, or made at the same time by phone will receive a 5% volume discount.

Payment Information: Make checks payable to “Rutgers University” and mail to the attention of Jeremy Guenter at the above address. Fees include prescribed learning materials, receptions and coffee breaks, but do not include lodging and meals. All persons that do not stay at the Skytop Lodge will be required to pay for meals separately. The government registration fee is available for government employees.

REGISTRATION FORM: 24th Annual Eastern Conference

Name:
Title:
Company:
Complete Address:
Telephone:        Fax:
Email:

Billing Information:
__ Payment enclosed $885.00 U.S. Dollars.
__ Send invoice to participant at above address.
__ Send invoice to__________________________
__ Credit Card: __ VISA __ MC    Exp. _____/_____

GOVERNMENT RATE: Government employees may apply for reduced enrollment fees.
__ I would like to apply for the government rate of $460.00

Card #__________________________________________________

CANCELLATION POLICY: Until April 8, 2005 cancellation is allowed without penalty and refunds will be allowed in full. After this date, the indicated fee is due in full whether or not the participant actually attends. Substitutions may be made at any time.

Signature of Participant: ________________________________