

Advanced Workshop in Regulation and Competition

COMPETITIVE CHALLENGE IN NETWORK INDUSTRIES

19th Annual Conference

The Sagamore, Lake George, Bolton Landing, New York May 24–26, 2000

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

- & Responsiveness to Competition
- % Transmission Pricing and Regulation
- & Universal Service
- % Regulatory Reform

Who should attend:

- & Industry Economists
- % Marketing and Regulatory Managers
- & Regulatory Commission Staff



CENTER FOR RESEARCH IN REGULATED INDUSTRIES

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 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.

crri@andromeda.rutgers.edu

<http://www.rci.rutgers.edu/~crri>

School of Management 180 University Avenue Newark, NJ 07102-1897
973-353-5761 973-353-1348 (fax)

NINETEENTH ANNUAL CONFERENCE

Wednesday, May 24, 2000

10:45 - 12:30 *Concurrent Sessions*

- 3:00 Registration
- 4:00 - 6:30 **Welcome to Conference**—Michael A. Crew
- Joseph Kalt and Amy Bertin Caldwell:** Open Access for Railroads? Implications for a Non-Hub, Congestible Network Industry
- David Salant:** Simultaneous Multiple Auctions: The Application of the FCC Spectrum Auction format to PPAs in Alberta
- 6:00 - 9:00 **Cocktail Hour, Dinner & Speech:**
- Howard J. Read,** Managing Partner, Read and Laniado

UNIVERSAL SERVICE

Chair: Saikat Sen
Discussants: Richard Simnett, Christopher Garbacz, and Dale Schoenberger

David Sapper and Christopher Klein: Universal Telephone Service in Tennessee: A Pre-Competition Assessment

Timothy Tardiff: Universal Access to Telephone Service: Theory and Practice

ALTERNATIVE ENERGY SOURCES

Chair: Richard Steeves
Discussants: Anoop Kapoor, Colin Loxley, and Ming Mui

Timothy Brennan: “Green” Preferences as Regulatory Policy

Joseph Doucet and Stefan Ambec: Decentralized Operation of Hydroelectric Resources in the Context of Competitive Electricity Markets

Herbert Thompson: Bypassing the Wires: The Impact of Ownership and Regulation of the Development of New Technologies

12:30 - 1:45 Lunch Break

1:45 - 3:30 **PRICING**

Chair: Herbert Gilbert
Discussants: Michael Ainspan and Stephen Sunderhauf

Richard E. Schuler, Sr. and Richard E. Schuler Jr.: Predicting Prices in Deregulated Utility Markets

David Kathan and Anne Selting: Economically-Efficient Shopping Credits: A Review Of Practice And Evaluation Of Alternatives From An Economic Perspective

3:30 Exercise Break

6:00 - 9:00 **Cocktail Hour & Dinner**

Thursday, May 25, 2000

- 7:00 Breakfast
- 8:45 - 10:30 *Concurrent Sessions*
- UNBUNDLING & INTERCONNECTION**
Chair: David Pitcher
Discussants: Steve Friedlander, Don Laub, and Yiwen Yu
- Andy Banerjee and Augustin Ros:** Interconnection Rules and Inter-Carrier Compensation: Implications for Carrier Incentives and Economic Welfare
- Christian Dippon:** The Cost of Local Telephony Where Are the Customers?
- PEAK LOADING PRICING**
Chair: Michael A. Crew
Discussant: Bill Flynn
- Timothy Mount, Yumei Ning & Hyungna Oh:** An Analysis of Price Volatility in Different Spot Markets for Electricity in the United States
- Peter Schwarz and Thomas N. Taylor:** Industrial Response to Real-Time Hourly Prices for Electricity Short Run and Long Run
- Michael Sedmak:** The Economists and Value of Metered Data v. Statistical Load Profiling for Retail Electric Transactions Settlements
- 10:30 - 10:45 Coffee Break

Friday, May 26, 2000

7:00 Breakfast

8:45 - 10:30 **Concurrent Sessions**

VALUATION ISSUES

Chair: Donald Ryan

Discussants: Thompson and Tom Frantz

William Deehan, James Cater & Shimon

Awerbuch: The Economics of a Nuclear Power Plant Sale

Stratford Douglas and Vladimir Starkov:

Why are U.S. Electric Utilities Selling Their Power Plants?

Joseph Schuh: Regulating Hybrid Pension Plans

BEHAVIOR

Chair: Wayne Hallard

Discussant: Rand Costich

Malcolm Ainspan: "Who Should Regulate What?" a Good Club Proposal for Electricity Regulation

Jan Yngve Sand, Oystein Foros and Bjorn

Hansen: Semi-Collusion in the Market for Mobile Telephone Services

Martín Kuit, E.F. ten Heuvelhof, and M.J.W.

van Twist: Strategic Behavior of Incumbents and Entrants in Liberalization of Public Utility Industries

10:30 - 10:50 Coffee Break

10:50- 12:35 **CLOSING SESSION: MERGERS**

Chair: Howard Spinner

Discussants: Joseph Oates and Mark Reeder

David Hunger: Gas and Electric Convergence Mergers: A Supply Curve is Worth a Thousand Words

Andrew Kleit and Malcolm B. Coate: Let's Make a Deal: Modeling the Settlement Process in FTC Merger Cases

Menahem Spiegel: Optimal Vertical Integration in a Network Industries

12:35 - 12:40 Closing Remarks—Michael A. Crew

12:40 Lunch

ORGANIZING COMMITTEE

Shimon Awerbuch

Kent Currie (Ameritech)

Michael A. Crew (Rutgers University)

William Deehan (Central Vermont Public Service)

Christopher Garbacz (Mississippi Public Utility Service)

Wayne Hallard (Bell Atlantic)

Brenda Kahn (AT&T)

Robert A. Levin (New York Mercantile Exchange)

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David Pitcher (Bell Atlantic)

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Menahem Spiegel (Rutgers University)

J. Douglas Zona (Cornerstone Research)

CONTACTING CRRI

Home Page: <http://www.rci.rutgers.edu/~crr>

Address: Center for Research in Regulated Industries
Rutgers University, School of Management
180 University Avenue
Newark, NJ 07102-1897

Phone: 973-353-5761

Fax: 973-353-1348

Email: crr@andromeda.rutgers.edu (Jeremy Guenter)
mcrew@andromeda.rutgers.edu (Michael Crew)

REGISTRATION INFORMATION

To Register: Please complete and return the form on the back page. 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 14, 2000. Registrations received after April 14, 2000, 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 Center for Research in Regulated Industries at the above address.

HOTEL RESERVATIONS

Sufficient Rooms are reserved at the Sagamore for all of the Conference participants. Participants should register for the conference by returning registration forms to the Sagamore. Reservation forms can be obtained at our web site.

SPEAKERS, DISCUSSANTS, AND CHAIRS

Malcolm Ainspan, Economist, Tishnay, Ltd.
Andy Banerjee, Senior Consultant, NERA
Timothy J. Brennan, Professor of Policy Sciences and Economics, University of Maryland-Baltimore County
Rand Costich, Staff Attorney, Office of Consumer Advocate, United States Postal Rate Commission
Michael A. Crew, Professor of Economics, CRRRI, GSM, Rutgers University
Kent Currie, Associate Director, Cost Analysis and Regulatory, SBC Communications
William J. Deehan, Vice President, Central Vermont Public Service Corporation
Christian M. Dippon, Economic Consultant, NERA
Joseph A. Doucet, Directeur, Groupe de recherche en economie de l'energie, Universite' Laval
Stratford Douglas, Associate Professor, West Virginia University
Bill Flynn, Market Monitoring Unit, PJM Interconnection
Tom Frantz, Chief Economist, New Hampshire Public Utility Commission
Steve Friedlander, Manager, Law and Government Affairs, AT&T
Christopher Garbacz, Director of Economics, Mississippi Public Utilities Staff
Herbert Gilbert, Economist, United States Postal Service
Fred Grygiel, Senior Economist, New Jersey Board of Public Utilities
Wayne Hallard, Manager, Embedded Costs, Bell Atlantic
David E. Hunger, Economist, Federal Energy Regulatory Commission
Joseph P. Kalt, Ford Foundation Professor of IPE, John F. Kennedy School of Government, Harvard University
Anoop Kapoor, Manager of Supply Market Analysis, GPU Energy
David Kathan, Senior Consultant, NERA
Andrew N. Kleit, Professor of Energy, Environmental, and Mineral Economics; Pennsylvania State University
Martin Kuit Professor, Faculty of Technology, Policy, and Management, Delft University of Technology
Don Laub, Senior Policy Analyst, MCI WorldCom
Colin Loxley, Director of Resource Planning, PSE&G

Timothy Mount, Cornell University
Ming Mui, Director—Electricity Marketing Services, Long Island Power Authority
Joseph P. Oates, Project Manager, Consolidated Edison, Inc.
David Pitcher, Chief Economist, Bell Atlantic
Mark Reeder, Chief of Regulatory Economics, New York Department of Public Service
Donald Ryan, Manager, Power Resources, Eastern Utilities Associates
David Salant, Managing Director, Law and Economics Consulting Group, Inc.
Jan Yngve Sand, NFH, University of Tromso
David Sapper, Tennessee Regulatory Authority
Dale Schoenberger, Member—Research Staff, Institute for Defense Analysis
Joseph C. Schuh, Rutgers University
Richard E. Schuler, Jr., Associate Economist, New York State Department of Public Service
Richard E. Schuler, Sr., Professor, Cornell University
Peter M. Schwarz, Professor of Economics, University of North Carolina at Charlotte
Michael Sedmak, Quantum Consulting
Saikat Sen, District Manager, Law and Government Affairs, AT&T
Richard Simnett, Chief Scientist, Telcordia
Marc Smith, Economist, United States Postal Service
Menahem Spiegel, Associate Professor, Rutgers University
Howard Spinner, Senior Utilities Analyst, Virginia State Corporation Commission
Richard Steeves, Principal Utilities Finance Specialist, Connecticut Office of Consumer Counsel
Stephen Sunderhauf, Manager of Program Design and Evaluation, PEPCO
Timothy J. Tardiff, Vice President, NERA
Herbert G. Thompson, Director—IRP, Division Maryland Public Service Commission
Yiwen Yu, Economist, Florida Public Service Commission
Doug Zona, Vice President, Cornerstone Research

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REGISTRATION FORM: 19th Annual Conference

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CANCELLATION POLICY: Until April 14, 2000 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: _____