

Advanced Workshop in Regulation and Competition

COMPETITIVE CHANGE IN NETWORK INDUSTRIES

20th Annual Conference

Tamiment Resort and Conference Center
Tamiment, Pennsylvania, May 23–25, 2001

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

- %Lessons of the Past 30 Years
&Regulatory Reform
- &Innovations in Pricing and Technology
- %Restructuring
- &Strategies under Competition and Deregulation
- %Incentive Regulation
- %Market Innovation

Who should attend:

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

CENTER FOR
RESEARCH IN
REGULATED
INDUSTRIES

THE STATE UNIVERSITY OF NEW JERSEY
RUTGERS

CENTER FOR RESEARCH IN REGULATED INDUSTRIES

The *Center for Research in Regulated Industries* (CRRRI), located at Rutgers University, aims to further study of regulation by research in economics, finance, and institutions. Its publications, seminars, workshops, and courses make available the latest advances to academics, managers, consultants, and regulatory commission staff. The Center has 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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<http://www.rci.rutgers.edu/~crri>

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20th Annual Conference of the Advanced Workshop in Regulation and Competition

Wednesday, May 23, 2001

- 2:30 - 3:30 Registration
3:30 - 4:00 Welcome to Conference—Michael Crew
4:00 - 6:00 **Alfred E. Kahn:** The Precarious Balance Between Regulation and Deregulation, 1970-2000 and henceforward
William Kovacic: Regulation and the Law: The Year in Review
Michael A. Crew and Paul R. Kleindorfer: Twenty Years of Regulatory Economics: Lessons for the Future?
- 6:00 - 9:00 **Cocktail Hour, Dinner & Speech:**
Vincent J. Kaminski
Managing Director – Research, ENRON

Thursday, May 24, 2001

- 8:00 - 9:45 **Concurrent Sessions**
- RISK & RELIABILITY**
Chair: John Graham
Discussants: Steve Sunderhauf, Marc Smith, & Richard Steeves
Eric Ackerman: Policies of Choice: A Utility Perspective on Uniform Business Practices
Tim Brennan: Implementing Electricity Restructuring: Background, Issues, Controversies, and Assessment
Jonathan Lesser & John Bampfyld: Assessing the Prudence of Electric Utility Risk Management Decisions
- BROADBAND & INTERNET**
Chair: Saikat Sen
Discussants: Dale Shoenberger & Greg Duncan
Hans Jarle Kind & Øystein Foros: The Broadband Access Market: Competition, Uniform Pricing and Geographical Coverage
Alvaro Gonzalez: Bargaining and Billing Rules for the Development of a Complete Internet Transit Market
Don Laub: Real Options and Competitive Entry and Investment Decisions in the Local Exchange
- 9:45 - 10:00 Coffee Break
10:00 - 11:45 **Concurrent Sessions**
- CASES IN RESTRUCTURING**
Chair: Mark Beyer
Discussants: Larry Spancake, William Deehan, & Doug Short
Joseph Doucet: Electricity Market Restructuring in Alberta: Past, Present and Future
Sheldon Switzer: The Political Economy of Electric Utility Restructuring in Maryland: A Case Study
Howard Spinner & James Cater: Restructuring in a Low-Cost State: The Virginia Experience

INCENTIVE REGULATION

- Chair: David Pitcher
Discussants: Alfredo Garcia & Michael Quinn
Andy Banerjee & Kalyan Dasgupta: Does Incentive Regulation “Cause” Degradation of Retail Telephone Service Quality?
Ingo Vogelsang: Incentive Regulation and Competition in Public Utilities Markets: A 20-Year Perspective
Chris Hogendorn: Constraints, Collusion, and the Role of Price Caps in Infrastructure
- Lunch Break
11:45 - 1:00
1:00 - 2:30 **Concurrent Sessions**

COMPETITION

- Chair: Paul Mauceri
Discussants: Malcolm Ainspan, Rand Costich & John Platt
Toru Hattori & Robert J. Graniere: An Empirical Analysis of Retail Competition in the U.S. Electricity Industry
Steve Friedlander: Competition and Pricing in Network Industries based on Franchise Bidding
Menaheem Spiegel: Market Competition, Bilateral Negotiations and Auctions

INFRASTRUCTURE

- Chair: Catherine McDonough
Discussants: Susan McMaster & Kent Currie
David Loomis & Eric Malm: The Devil in the Details: An Analysis of Default Service and Switching
George Pleat: Revenue Reporting Challenges Facing the New Electric Delivery Service Company
Martijn Kuit, Ernst ten Heuvelhof, & H.D. Stout: Capacity Management in Utility Sectors: Cross-Sectoral Analysis of Regimes for Capacity Management

Concurrent Sessions

POWER SUPPLY MARKETS

- Chair: William T. Flynn
Discussants: Colin Loxley, Joseph Bowring, & Richard Michelfelder
Jean-Thomas Bernard & Chantal Guertin: Nodal Pricing and Transmission Losses: An Application to a Hydroelectric Power System
George Campbell: Capacity Markets: A Vestige of the Old Centralized Transmission Planners or a Viable Mechanism for Ensuring Adequate Future Generation Supply
Michael H. Rothkopf: Automatic, Narrowly Targeted Control of Market Power in Short-Term Electricity Markets

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TELECOMMUNICATIONS

Chair: Wayne Hallard

Discussants: David Sapper, Richard Simnett,
& Agustin Ros

Karl McDermott: The Efficiency of the
Inefficient Firm Standard in Setting Network
Access Charges

Chris Garbacz & Herb Thompson: A New,
Improved Telephone Demand Model

Tim Tardiff: Valuing the Use of Incumbent
Telecommunications Networks

4:05

Exercise Break

Friday, May 25, 2001

8:45 - 10:30

Chair: Robert A. Levin

Discussants: Ahmed Kaloko, Andrew Kleit
& J. Douglas Zona

Almarin Phillips: Critical Reflections on
Developments in Telecommunications Over
Recent Decades

Jeffrey Leitzinger: Natural Gas Industry
Restructuring: Historical Perspectives

William Hogan: Electricity Market
Restructuring: Reforms of Reforms

10:40 - 11:00

Coffee Break

11:00- 12:45

Chair: Joseph Schuh

Discussants: Tom Frantz, Doug Hale &
Carl Pechman

Thomas Lyon: Capture or Contract? The Early
Years of Electric Utility Regulation

David Hunger: The Impact of NO_x RECLAIM
credits on California Electricity Prices

Don Ryan & Marvin T. Griff: The
Mobile-Sierra Doctrine: Recent Developments

12:45 - 12:50

Closing Remarks—Michael A. Crew

12:50

LUNCH

SPEAKERS DISCUSSANTS & CHAIRS

Eric Ackerman: Manager, Regulatory Policy, Edison Electric Institute

Malcolm Ainspan: Consultant, Deloitte Touche Business Consulting

Andy Banerjee: Senior Consultant, NERA

Jean-Thomas Bernard: Professor, Departement of D'economique, Universite
Laval

Mark Beyer: Manager, Office of the Economist, New Jersey Board of Public
Utilities

Joseph Bowring: Manager of Market Monitoring Unit, PJM Interconnection

Timothy Brennan: Professor of Policy Sciences and Economics, University of
Maryland-Baltimore County

George Campbell: Manager-Power Marketing, SCANA Energy Marketing

Rand Costich: Attorney, Office of Consumer Advocate, U.S. Postal Rate
Commission

Michael A. Crew: Professor of Economics, Center for Research in Regulated
Industries, Rutgers University

Kent Currie: Associate Director Cost Analysis and Regulatory, SBC

Kalyan Dasgupta: Vice President, NERA

William Deehan: Vice President, Central Vermont Public Service Corporation

Joseph Doucet: University of Alberta

Greg Duncan: Vice President, NERA

William T. Flynn: Senior Market Analyst, Market Monitoring Unit PJM
Interconnection

Øystein Foros: Norwegian School of Economics and Business Administration

Steve Friedlander: Manager, Law and Government Affairs, AT&T

Tom Frantz: Chief Economist, New Hampshire Public Utilities Commission

SPEAKERS DISCUSSANTS & CHAIRS (CONT)

Christopher Garbacz: Director, Economics & Planning Division, Mississippi
Public Utilities Staff

Alfredo Garcia: Associate, Brattle Group

Alvaro Gonzalez: Telcordia Technologies

John Graham: General Manager, Utilities Mutual

Wayne Hallard: Manager Embedded Costs, Verizon

Toru Hattori: Research Economist, NRRI, Ohio State University

William Hogan: Professor, John F. Kennedy School of Government, Harvard
University

Chris Hogendorf: Bell Laboratories

David Hunger: Federal Energy Regulatory Commission

Alfred E. Kahn: Robert Julius Thorne Professor of Political Economy,
Emeritus, Cornell University; Special Consultant to NERA

Ahmed Kaloko: Director, Bureau Of Conservation, Economics & Energy
Planning, Pennsylvania Public Utility Commission

Vincent J. Kaminski: Managing Director – Research, ENRON

Hans Jarle Kind: Professor, Norwegian School of Economics and Business
Administration

Paul R. Kleindorfer: Professor, University of Pennsylvania

Andrew Kleit: Professor of Energy, Environmental, and Mineral Economics,
Pennsylvania State University

William Kovacic: Professor, George Washington University Law School

Martijn Kuit: Researcher, Faculty of Technology, Policy, and Management,
Delft University of Technology, Netherlands

Don Laub: Senior Policy Analyst, MCI Worldcom

Jeffrey Leitzinger: President, Econ One Research, Inc.

Robert A. Levin: Senior Vice President, New York Mercantile Exchange

Jonathan Lesser: Senior Project Manager, Navigant Consulting

David Loomis: Assistant Professor, Illinois State University

Colin Loxley: Director-Resource Planning, PSE&G

Thomas Lyon: Associate Professor and Bank One Faculty Fellow, Indiana
University

Eric Malm: Director of Research, Insights Unlimited

Paul Mauceri: Section Manager - Electric Rate Design, Consolidated Edison
Company of New York

Karl McDermott: Vice President, NERA

Catherine McDonough: Senior Strategic Planner, Niagara Mohawk Power
Corporation

Susan McMaster: Economist, Criterion Economics LLC

Richard A. Michelfelder: President and Chief Executive Officer, Quantum
Consulting, Inc.

Carl Pechman: President, Power Economics

Almarin Phillips: Professor, University of Pennsylvania

David Pitcher: Chief Economist, Verizon

John Platt: Consultant, PricewaterhouseCoopers

George Pleat: Principal Pricing Analyst, Baltimore Gas & Electric Company

Michael Quinn: Senior Consultant, NERA

Agustin Ros: Senior Consultant, NERA

Michael H. Rothkopf: Professor, School of Business, RUTCOR, Rutgers
University

Don Ryan: Principal Consultant, Navigant Consulting

David Sapper: Senior Policy Advisor, Tennessee Regulatory Authority

Dale Schoenberger: Research Staff, Institute for Defense Analysis

Joseph Schuh: Associate Director, Center for Research in Regulated Industries,
Rutgers University

Saikat Sen: District Manager, Law & Public Policy, AT&T

Doug Short: New Energy

Richard Simnett: Chief Scientist, Telcordia Technologies

Marc Smith: Principal Economist, United States Postal Service

Larry Spancake: Economist, Energy Information Administration

Menahe Spiegel: Associate Professor, Rutgers University

Howard Spinner: Senior Utilites Analyst, Virginia State Corporation Comm.

Richard Steeves: Principal Utilities Finance Specialist, Connecticut Office of
Consumer Counsel

Steve Sunderhauf: Manager-Program Design and Evaluation, PEPCO

Sheldon Switzer: Director, Electric Pricing and Tariffs, Baltimore Gas and
Electric Company

Tim Tardiff: Vice President, NERA

Ingo Vogelsang: Professor of Economics, Boston University

J. Douglas Zona: Vice President, Cornerstone Research

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ORGANIZING COMMITTEE

Michael A. Crew (Rutgers University)
Kent Currie (SBC)
William Deehan (Central Vermont Public Service Corp)
Christopher Garbacz (Mississippi Public Utility Staff)
Nainish Gupta (Arthur Anderson, LLP)
Wayne Hallard (Verizon)
Brenda Kahn (AT&T)
Paul R. Kleindorfer (University of Pennsylvania)
Robert A. Levin (New York Mercantile Exchange)
Colin Loxley (PSE&G)
Joseph Oates (Consolidated Edison Company of New York)
David Pitcher (Verizon)
Mark Reeder (New York State Dept. of Public Service)
Agustin Ros (National Economic Research Associates)
Joseph Schuh (Rutgers University)
Richard Schuler (New York State Dept. of Public Service)
Richard Simnett (Telcordia Technologies)
Marc Smith (United States Postal Service)
Menahem Spiegel (Rutgers University)
Douglas Zona (Cornerstone Research)

CONTACTING CRRI

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schuh@andromeda.rutgers.edu (Joseph Schuh)
crrr@andromeda.rutgers.edu (Jeremy Guenter)

HOTEL RESERVATIONS

Sufficient Rooms are reserved at the Tamiment Resort for all of the Conference participants. Participants should register for the conference by returning registration forms to Tamiment. Reservations must be received by March 23, 2001. Hotel reservation forms can be downloaded from the internet at:

<http://www.rci.rutgers.edu/~crrr/WS.htm>

Tamiment Resort & Conference Center
Buskill Falls Road
Tamiment, PA 18371

Phone: 1-800-532-8280

Fax: 1-570-588-9800

<http://dwp.bigplanet.com/tamracc/door/>

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 12, 2001. Registrations received after April 12, 2001, 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.

C REGISTRATION FORM: 20th Annual Conference, Tamiment, Pennsylvania, May 23-25, 2001

Name

Title

Company

Complete Address:

Telephone:

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Billing Information:

Payment enclosed \$800.00 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 \$415.00

Card # _____

CANCELLATION POLICY: Until April 12, 2001 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: _____