

Advanced Workshop in Regulation and Competition

COMPETITIVE CHANGE IN NETWORK INDUSTRIES

21st Annual Eastern Conference

The Newport Marriott
Newport, Rhode Island, May 22–24, 2002

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

- & 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
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CENTER FOR RESEARCH IN REGULATED INDUSTRIES

The *Center for Research in Regulated Industries* (CRRI), 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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973-353-5761 ˆ 973-353-1348 (fax)

21st Annual Eastern Conference of the Advanced Workshop in Regulation and Competition

Wednesday, May 22, 2002

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|-------------|--|----------------|
| 2:30 - 3:30 | Registration | <i>Salon 3</i> |
| 3:30 - 6:00 | <p>Welcome to Conference—Michael A. Crew</p> <p>Paul R. Kleindorfer, Martin F. Grace, Robert W. Klein & Michael R. Murray: Catastrophe Insurance: Supply, Demand and Regulation</p> <p>Emilio C. Venezian, C.C. Leng & Michael R. Powers: Did Regulation Change Competitiveness in Property-Liability Insurance? Evidence from Underwriting and Investment Income</p> <p>Anping Liu: An Analysis of New York State Electric Wholesale Market - Two Years after Deregulation</p> | |
| 6:00 - 9:00 | <p>Cocktail Hour, Dinner & Speech:</p> <p>Dinner Speaker: Paul J. Halas</p> <p>Vice President – Business Development National Grid USA</p> | |

Thursday, May 23, 2002

| | | |
|---------------|---|--|
| 8:45 - 10:30 | <i>Concurrent Sessions</i> | |
| | <p>WHOLESALE <i>Freedom</i></p> <p>Chair: William J. Deehan</p> <p>Discussants: Michael Ambrosio, Robert Granieri & Colin Loxley</p> <p>William W. Hogan: Financial Transmission Rights Formulations</p> <p>George Campbell: Capacity Market in the New FERC Mandated RTOs</p> <p>David E. Hunger: Defining Wholesale Electricity Markets</p> | |
| | <p>TELECOMMUNICATIONS <i>Weatherly</i></p> <p>Chair: Saikat Sen</p> <p>Discussants: Kent Currie, Aster Rutibabalira & Dale Schoenberger</p> <p>Michael Ward & Yu-Ching Chen: Price Increases from Online Privacy</p> <p>Julian Wright: Access Pricing under Competition: An Application to Cellular Networks</p> <p>Timothy J. Tardiff: Pricing Unbundled Network Elements with the Supreme Court Review Looming: Emerging Economic and Modeling Issues</p> | |
| 10:30 - 10:45 | Coffee Break | |

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|---------------|---|--|
| 10:45 - 12:30 | <i>Concurrent Sessions</i> | |
| | <p>PRICING <i>Freedom</i></p> <p>Chair: William T. Flynn</p> <p>Discussants: Marc Smith & Andy Louis</p> <p>Ahmad Faruqui & Stephen George: Time-of-Use Pricing for Mass Markets: The Next Frontier in Pricing Innovation?</p> <p>Timothy Mount & Shiyong Yoo: Designing Forward Markets for Electricity to Meet the Needs of Customers</p> <p>J. Douglas Zona, Nikolay Moshkin & Kivane Kirgiz: An Analysis of the Gas Transportation Market: During the California Electricity Crisis</p> | |
| | <p>DEFAULT SERVICE <i>Weatherly</i></p> <p>Chair: David Pitcher</p> <p>Discussants: E. Rand Costich & Steve Sunderhauf</p> <p>James D Reitzes & Frank C. Graves: Barriers to Deregulation in Retail Electric Power Markets</p> <p>Menahem Spiegel: Traffic and Network Competition in a Two-Way Communication Network</p> | |
| 12:30 - 1:30 | Lunch Break | |
| 1:30 - 3:15 | <i>Concurrent Sessions</i> | |
| | <p>PUBLIC BENEFITS <i>Freedom</i></p> <p>Chair: Ming Mui</p> <p>Discussants: Howard Spinner & Richard W. Steeves</p> <p>Richard A. Michelfelder: A Comprehensive Approach to Market Transformation</p> <p>Sheldon Switzer: Public Benefits Charges to Fund Resource Acquisition Programs: An Orwellian Tale</p> <p>John Kelly: Cross-Class Subsidies in the Electric Utility Industry: Preliminary Evidence from the Municipal Utility Sector</p> | |
| | <p>RISK <i>Weatherly</i></p> <p>Chair: Mark Beyer</p> <p>Discussants: James Cater & Chris Schlegel</p> <p>Eric T. Ackerman: Risk Measurement Tools For Restructured Electric Utilities</p> <p>James Alleman: Empirical Estimates of Regulatory Distortions in a Dynamic, Uncertain World</p> <p>Thomas-Olivier Léautier: Embracing risk to win in the “new” energy world</p> | |
| 3:15 | Exercise Break | |

21st Annual Eastern Conference of the Advanced Workshop in Regulation and Competition

Friday, May 24, 2002

- 8:45 - 10:30 Chair: Wayne Hallard *Salon 1*
 Discussants: Steve M. Friedlander, David Saal,
 & Richard Schuler, Jr.
Stéphane Gallon & Olivier Teissier: How Much
 Can Regulatory Reform Bridge the Output Gap
Agustin J. Ros: The Impact of the Regulatory
 Process and Price Cap Regulation in Latin
 American Telecommunications Markets
Karl McDermott & Carl R. Peterson: What
 Makes a Successful Performance-Based
 Regulation Program?
- 10:40 - 11:00 Coffee Break
- 11:00- 12:45 Chair: Ralph Zarumba *Salon 1*
 Discussants: Andy Banerjee & Don Laub
**John W. Mayo, T. Randolph Beard & David L.
 Kaserman:** On the Impotence of Imputation
Thomas P. Lyon & John W. Maxwell:
 NIMBYism, Corporate Citizenship, and
 Astroturfing
Nainish Gupta: Merchant Generation: Strategic
 Foundation and Implication
- 12:45 - 12:50 Closing Remarks—Michael A. Crew

ORGANIZING COMMITTEE

Eric Ackerman (Edison Electric Institute)
 Michael Ambrosio (Deloitte and Touche LLP)
 Michael A. Crew (Rutgers University)
 Kent Currie (SBC)
 William Deehan (Central Vermont Public Service Corp)
 Christopher Garbacz (Mississippi Public Utility Staff)
 Nainish Gupta (FPL Energy)
 Wayne Hallard (Verizon)
 Brenda Kahn (AT&T)
 Paul R. Kleindorfer (University of Pennsylvania)
 Robert A. Levin (New York Mercantile Exchange)
 Colin Loxley (PSE&G)
 David Pitcher (Verizon)
 Mark Reeder (New York State Depart. of Public Service)
 Agustin Ros (NERA)
 Joseph Schuh (Rutgers University)
 Richard Schuler (New York State Depart. of Public Service)
 Richard Simnett (Telcordia Technologies)
 Marc Smith (United States Postal Service)
 Menahem Spiegel (Rutgers University)
 Richard Steeves (Connecticut Office of Consumer Counsel)
 Douglas Zona (Cornerstone Research)

SPEAKERS DISCUSSANTS & CHAIRS

Eric T. Ackerman, Manager, Regulatory Policy, EEI
James Alleman, Professor, University of Colorado and Visiting Professor
 in the Economics and Finance Division at Columbia Business School,
 Columbia University
Michael Ambrosio, Director of Energy & Telecommunications, Deloitte
 and Touche LLP
Andy Banerjee, Vice President, NERA
James Cater, Team Leader – Strategic Analysis, Central Vermont Public
 Service Corporation
George Campbell, Manager—Industrial Marketing, South Carolina
 Electric & Gas Company
E. Rand Costich, Attorney, Office of Consumer Advocate, U.S. Postal Rate
 Commission

SPEAKERS DISCUSSANTS & CHAIRS (CONT)

Kent Currie, Manager-Economic Analysis, SBC
William J. Deehan, Vice President, Central Vermont Public Service
 Corporation
William T. Flynn, Senior Market Analyst, Market Monitoring Unit, PJM
 Interconnection
Steve M. Friedlander, Manager – Law and Government Affairs, AT&T
Stéphane Gallon, Head of the Environment liability, risk and insurance,
 Ministry of Environment (France)
Stephen George, Vice President, Charles River Associates
Robert Graniere, Senior Institute Economist, NRRI
Nainish Gupta, Director, FPL Energy
Paul J. Halas, Vice President – Business Development, National Grid USA
Wayne Hallard, Analyst, Verizon
William W. Hogan, Professor, John F. Kennedy School of Government,
 Harvard University
David E. Hunger, Federal Energy Regulatory Commission
John Kelly, Director of Economics and Research, APPA
Kivane Kirgiz, Cornerstone Research
Paul R. Kleindorfer, Professor, University of Pennsylvania
Don Laub, Director of Telecommunications, Maryland Public Service
 Commission
Thomas-Olivier Léautier, Consultant, McKinsey & Company, Inc.
Anping Liu, Associate Economist, New York State Department of Public
 Service
Andy Louis, Consultant, PricewaterhouseCoopers
Colin Loxley, Director-Resource Planning, PSE&G
Thomas P. Lyon, Associate Professor and Bank One Faculty Fellow,
 Indiana University
John W. Mayo, Professor, McDonough School of Business, Georgetown
 University
Ming Mui, Manager, Electric Market Planning, Long Island Power
 Authority
Karl McDermott, Vice President, NERA
Richard A. Michelfelder, President and Chief Executive Officer, Quantum
 Consulting, Inc.
Nikolay Moskin, Associate, Cornerstone Research
Timothy Mount, Professor, Cornell University
David Pitcher, Chief Economist, Verizon
James D Reitzes, Principal, Brattle Group
Agustin J. Ros, Senior Consultant, NERA
Aster Rutibabalira, Economist, Tennessee Regulatory Authority
David Saal, Lecturer in Industrial Economics, Aston Business School, UK
Chris Schlegel, Utility Analyst, New Hampshire Public Utility Commission
Dale Schoenberger, Research Staff, Institute for Defense Analyses
Richard Schuler, Jr., Associate Economist, New York State Department of
 Public Service
Saikat Sen, District Manager - Law & Public Policy, AT&T
Marc Smith, Principal Economist, USPS
Menahem Spiegel, Associate Professor, Rutgers Business School, Rutgers
 University
Howard Spinner, Senior Utilites Analyst, Virginia State Corporation
 Commission
Richard W. 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 &
 Electric Company
Timothy J. Tardiff, Vice President, NERA
Olivier Teissier, Energy Economist, Ministry of Economics, Finance and
 Industry (France)
Emilio C. Venezian, Professor, Rutgers University
Michael Ward, Associate Professor, University of Illinois
Julian Wright, Associate Professor, University of Auckland
Ralph Zarumba, Independent Consultant

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CONFERENCE STAFF

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Conference Chair
 Joseph C. Schuh, Associate Director—CRRI
Conference Co-Chair
 Menahem Spiegel, Associate Professor of Economics
 Jeremy T. Guenter, Administrative Assistant—CRRI,
Conference Administrator

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HOTEL RESERVATIONS

Sufficient Rooms are reserved at the Newport Marriott for all of the Conference participants. Participants should register for the conference by returning registration forms to Newport Marriott must be received by April 31, 2002. Hotel reservation can be made through:

The Newport Marriott
 25 America's Cup Avenue
 Newport, RI 02840

Phone: 401-849-1000 extension 6033
 Fax: 401-849-6490
 http: www.marriotthotels.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 10, 2002. Registrations received after April 10, 2002, 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 Marriott Hotel will be required to pay for meals separately. The government registration fee is available for government employees.

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REGISTRATION FORM: 21st Annual Eastern Conference, Newport, Rhode Island, May 22-24, 2002

Name _____

Title _____

Company _____

Complete Address: _____

Telephone: _____ Fax: _____

Email _____

Billing Information:

Payment enclosed \$810.00 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 \$420.00

Card # _____

CANCELLATION POLICY: Until April 10, 2002 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: _____