

# Advanced Workshop in Regulation and Competition

## 22<sup>nd</sup> Annual Eastern Conference

Skytop Lodge  
Skytop, Pennsylvania, May 21–23, 2003

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

**C**ENTER FOR  
**R**ESearch IN  
**R**EGULATED  
**I**NDUSTRIES

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 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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Updated May 20, 2003

## Wednesday, May 21, 2003

- 3:00 - 4:00 Registration  
4:00 - 6:00 Welcome to Conference: Michael A. Crew  
**Thomas P. Lyon and John Mayo:** Regulatory Opportunity and Investment Behavior: Evidence from the U.S. Electric Utility Industry  
**Timothy J. Brennan:** Preventing Monopoly or Discouraging Competition? The Perils of Price-Cost Tests for Market Power in Electricity  
6:00 - 9:00 Cocktail Hour, Dinner, and Keynote Speech:  
**Laurence M. Downes**  
Chairman & CEO, New Jersey Resources Corporation

## Thursday, May 22, 2003

- 7:15 - 8:15 Breakfast  
8:15 - 10:00 *Concurrent Session*  
**DEMAND RESPONSE**  
Chair: David Kathan  
Discussants: William Deehan & Joseph Schuh  
**C. William Uhr:** Demand Response Pricing in a Regulated Utility  
**Schlegel, Coleman, Frantz, & Sirois:** The Effect of Rates and Energy Efficiency Policies on Electricity Demand  
**Steve Sunderhauf:** The Market Role of Demand Response within the PJM Electricity Market  
**REGULATION & COMPETITION**  
Chair: Saikat Sen  
Discussants: Stephen Friedlander, Christian Hogendorn & Dale Schoenberger  
**Timothy Tardiff and William Taylor:** Aligning Price Regulation with Telecommunications Competition  
**Sarah B Eckenrod:** Regulatory Reform and Consumer Welfare: An Analysis of Local Exchange Telecom  
**Richard E. Schuler Jr.:** New York Local Telecommunications Market Share Dynamics  
10:00- 10:15 Coffee Break  
10:15 - 12:00 *Concurrent Sessions*  
**MARKET MANIPULATION**  
Chair: Craig Glazer  
Discussants: Joseph Doucet & Christian Hogendorn  
**J. Douglas Zona:** Trading Strategies and Market Manipulation  
**David E. Hunger:** Manipulation of Natural Gas Price Indices: Causes, Effects and Solutions  
**Michael J. Quinn:** Gas Commodity Trading and the California Meltdown  
**MANAGING RISK**  
Chair: Colin Loxley  
Discussants: Seth Cohen, David Meshki, & Vincent Kaminski  
**Thomas-Olivier Leautier:** Capturing the value from risk management in the electric power and natural gas industry  
**Paul R. Kleindorfer and Lide Li:** Portfolio Optimization in the Electric Power Sector  
**John Cita, Soojong Kwak & Donald Lien:** Designing Natural Gas Utility Hedge Programs With Call Options

- 12:00 - 1:00 Lunch Break  
1:00 - 2:30 *Concurrent Sessions*

### MARKET DESIGN

- Chair: James Cater  
Discussants: Martin Ringo & Ralph Zarumba  
**George Campbell:** What Happens if FERC Opens a Market and Nobody Comes?  
**Andrew Kleit and James Reitzes:** Transaction Costs Across Electricity Markets: Does Restructuring Matter?  
**David S. Saal:** The Introduction of Competition to Former State Owned Network Industries: Lessons from the British Experience

### COST & PRODUCTIVITY

- Chair: Thomas Sharkey  
Discussants: Chris Schlegel & Menahem Spiegel  
**Subhendu Roy:** Effect of Incomplete Information on Using Cost Proxy Models in Telecommunications  
**David M. Mandy:** Toward Dynamic Proxy Costing and Pricing of Network Elements and Interconnection: A Report to the FCC  
**Christopher Garbacz & Herb Thompson:** Telecommunications and Productivity: A World View

- 2:30 - 4:00 *Concurrent Sessions*

### ENVIRONMENTAL

- Chair: Ralph Zarumba  
Discussants: James Reitzes  
**Eric Helland & Andrew Whitford:** Pollution Incidence & Political Jurisdiction: Evidence from the TRI  
**Menahem Spiegel, Paul Kleindorfer & Shim Sham:** The Impact of Political Borders on Regulated Pollution Trading  
**Shunsuke Managi, Jim Opaluch, Di Jin, and Tom Grigalunas:** Environmental Regulations and Technological Change: Rethinking the Porter Hypothesis

### RESTRUCTURING

- Chair: Martin Ringo  
Discussants: Marc Smith & Howard Spinner  
**Hans de Bruijn & Mark de Bruijne:** Regulating Utility Sectors: Fragmentation or Integration?  
**David Parker:** Electricity Sector Reform in Developing Countries

- 4:00 Exercise Break

- 6:00 - 9:00 Cocktail Hour, Dinner, and Keynote Speech:  
**Hullihen W. Moore**  
Chairman - Virginia State Corporation Commission

## Friday, May 23, 2003

7:30 – 8:30 Breakfast

8:30 - 10:25 **Concurrent Sessions**

Chair: Ming Mui

Discussants: Joseph Doucet & John Graham

**Eric Ackerman & Tim McClive:** Rebuilding the

Distribution Business: An Agenda For Regulatory Reform

**Sheldon Switzer:** Utility Charges for Extensions: Pay us

Now or Pay us Later

**Karl McDermott & Carl Peterson:** Contractibility and

Asset Ownership in the U.S. Natural Gas Industry

Chair: Wayne Hallard

Discussants: E. Rand Costich & Don Laub

**Corinne Chaton & Laurent David:** Bertrand

Competition with entry and asymmetric information

**Scott Reid & Tony Ballance:** Access pricing for network

industries with diminishing returns and opportunities for

supply side substitution

**William C. Miller:** Postal Access Pricing through

Negotiated Service Agreements

10:25 - 10:45 Coffee Break

10:45- 12:40 Chair: Mark Beyer

Discussants: Paul Kleindorfer & Timothy Mount

**Richard Michelfelder & Panayiotis Theodossiou:**

Asymmetric Response of Electric Utility Stock Returns to

Up and Down Markets

**Shmuel Oren & Rajnish Kamat:** Forward & spot prices

in electricity markets: Market power & congestion effects

**Aniruddha Banerjee & Agustin Ros:** Drivers of

Demand Growth for Mobile Telecommunications

Services: Evidence from International Panel Data

12:40 - 12:45 Closing Remarks—Michael A. Crew

12:45 - Lunch

## SPEAKERS DISCUSSANTS & CHAIRS

**Eric Ackerman:** Manager, Regulatory Policy, Edison Electric Institute

**Aniruddha Banerjee:** Vice President, NERA

**Timothy J. Brennan:** Professor of Policy Sciences and Economics, University of Maryland Baltimore County

**George Campbell:** Manager - Power Marketing Group, South Carolina Electric & Gas Company

**James Cater:** Director, Resource Analysis, Central Vermont Public Service Corporation

**Corinne Chaton:** Economist, Gaz de France

**Seth Cohen:** Senior Associate, KPMG

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

**John Cita:** Chief Economist, Kansas Corporation Commission

**Mark de Bruijn:** Delft University of Technology

**Joseph Doucet:** Associate Professor, School of Business, University of Alberta

**William J. Deehan:** Vice President, Central Vermont Public Service Corporation

**Laurence M. Downes:** Chairman & CEO, New Jersey Resources Corporation

**Sarah B Eckenrodt:** University of Wisconsin-Milwaukee

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

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

**Craig Glazer:** Vice President – Government Policy, PJM Interconnection

**John Graham:** Adjunct Professor at Rutgers Law School

**Wayne Hallard:** Independent Consultant

**Eric Helland:** Assistant Professor of Economics, George J. Stigler Center for the Study of the Economy, University of Chicago

**Christiann Hogendorn:** Assistant Professor of Economics, Wesleyan University

**David E. Hunger:** Senior Economist, Federal Energy Regulatory Commission

**Vincent Kaminski:** Senior Vice President, Reliant Resources, Inc.

## SPEAKERS DISCUSSANTS & CHAIRS (CONT)

**David Kathan:** Economist, Federal Energy Regulatory Commission

**Paul R. Kleindorfer:** Anheuser Busch Professor of Management Science and Economics, University of Pennsylvania

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

**David M. Laurent:** Economist, Gaz de France

**Thomas-Olivier Leautier:** Consultant, McKinsey & Company, Inc.

**Lide Li:** Senior Quantitative Analyst, Exelon Power Team

**Colin Loxley:** Director – Resource Planning, PSE&G

**Thomas P. Lyon:** Gilbert White Fellow, Resources for the Future

**Shunsuke Managi:** Assistant Professor, South Carolina State University

**David M. Mandy:** Professor of Economics, University of Missouri

**Karl A. McDermott:** Vice President, NERA

**David Meskhi:** Associate, KPMG

**Richard A. Michelfelder:** Assistant Professor of Finance, School of Business – Camden, Rutgers University

**William C. Miller:** President, Miller & Associates

**Hullihen W. Moore:** Chairman - Virginia State Corporation Commission

**Timothy Mount:** Professor, Cornell University

**Ming Mui:** Manager, Electric Market Planning, Keyspan

**Shmuel S. Oren:** Professor, University of California at Berkeley

**David Parker:** Professor, Aston University

**Michael J. Quinn:** Vice President, Analysis Group / Economics

**Scott Reid:** Associate Director, Regulation and Privatisation Practice, S&W Consultants Limited

**James D. Reitzes:** Principal, Brattle Group

**Martin Ringo:** Economist, Power Economics

**Agustin J. Ros:** Senior Consultant, NERA

**Subhendu Roy:** Specialist – Service Costs, Verizon

**David S. Saal:** Lecturer in Industrial Economics, Aston University

**Saikat Sen:** District Manager - Law and Government Affairs, AT&T

**Chris M. Schlegel:** Utility Analyst, New Hampshire Public Utilities Commission

**Dale Schoenberger:** Research Staff, Institute for Defense Analyses

**Joseph Schuh:** Associate Director – CRRI, Rutgers University

**Richard E. Schuler Jr.:** Associate Economist, New York State Department of Public Service

**Thomas Sharkey:** Manager Government Relations, USPS

**Marc Smith:** Economist, USPS

**Menahem Spiegel:** Associate Professor, Rutgers University

**Howard Spinner:** Director – Division of Economics and Finance, Virginia State Corporation Commission

**Steve Sunderhauf:** Manager-Program Design and Evaluation, PEPSCO

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

**Timothy J. Tardiff:** Vice President, NERA

**Herbert G. Thompson:** School of Communication Systems Management, Ohio University

**C. William Uhr Jr.:** President, UHR Technologies L.P.

**Ralph Zarumba:** Independent Consultant

**J. Douglas Zona:** Vice President, Cornerstone Research

## 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)

Wayne Hallard (Verizon)

Brenda Kahn (AT&T)

Julie Kelly (IDA)

Paul R. Kleindorfer (University of Pennsylvania)

Colin Loxley (PSE&G)

Tim McClive (Edison Electric Institute)

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)

Douglas Zona (Cornerstone Research)

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Updated May 20, 2003

## CONFERENCE STAFF

Michael A. Crew, Director—CRRI  
*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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[crri@andromeda.rutgers.edu](mailto:crri@andromeda.rutgers.edu) (Jeremy Guenter)  
Website: <http://crri.rutgers.edu>

## 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, 2003. 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](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 10, 2003. Registrations received after April 10, 2003, 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: 22<sup>nd</sup> Annual Eastern Conference, Skytop, Pennsylvania, May 21-23, 2003

Name \_\_\_\_\_

Title \_\_\_\_\_

Company \_\_\_\_\_

Complete Address: \_\_\_\_\_

Telephone: \_\_\_\_\_

Fax: \_\_\_\_\_

Email \_\_\_\_\_

#### **Billing Information:**

Payment enclosed \$830.00 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 \$430.00

Card # \_\_\_\_\_

**CANCELLATION POLICY:** Until April 10, 2003 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:** \_\_\_\_\_