

Advanced Workshop in Regulation and Competition:

MEETING THE COMPETITIVE CHALLENGES IN NETWORK INDUSTRIES

18th Annual Conference

Newport Marriott, Newport, Rhode Island • May 26–28, 1999

UPDATED PROGRAM: 5/25/99!

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

- **Responsiveness to Competition**
- **Transmission Pricing and Regulation**
- **Stranded Assets**
- **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 the study of regulation by research 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 almost twenty years of experience providing research, instruction, conferences, courses, seminars and workshops in the 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.

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School of Management • 180 University Avenue • Newark, NJ 07102
973-353-5049 • 973-353-1348 (fax)

EIGHTEENTH ANNUAL CONFERENCE

Wednesday, May 26, 1999

3:30 Registration *East Foyer*
4:00 - 6:00 **Welcome to Conference** *Salon IV*
—Michael Crew
Andrew N. Kleit: Selecting Time
Inconsistent Policy: Modeling the
Legislature's Choice
Sangjoon Ka: Political Control over
Public Utility Commissions
6:00 - 9:00 **Cocktail Hour, Dinner & Speech:** *Atrium*
John G. Graham, President, Utilities Mutual Insurance

Thursday, May 27, 1999

7:00 Breakfast *Atrium*
8:45 - 10:30 **Concurrent Sessions**
NEW TECHNOLOGY *Freedom*
Chair: Herbert Gilbert
Discussants: E. Rand Costich and Colin J.
Loxley
Gilles LeBlanc and Olivier Bomsel:
The "Unlocking" of the U.S. Telecom
Industry: Analysis of Technical,
Industrial, and Regulatory Process in
U.S. Telecom 12:30 - 1:45
1:45 - 3:30
Sandy Marble and Jiong Gong: The
Emerging Wholesale Markets for Telecom
Services & the Competitive Provision of
International Services
M.J.W. van Twist and J.A. de Bruijn:
Tradable Licenses in the
Telecommunications Sector
THE NEW ELECTRICITY *Weatherly*
REGULATION
Chair: Richard W. Steeves
Discussants: Andrew E. Huemmler,
Jonathan Lesser, and Marc A. Smith
Shimon Awerbuch, Michael Crew,
and Paul Kleindorfer: Independent
Transmission Companies in a Deregulated
Industry: Economic and Pricing
Considerations
Carl Pechman: Regulation of
Competitive Electric Markets
10:30 - 10:45 Coffee Break
10:45 - 12:30 **Concurrent Sessions**
TELECOMMUNICATIONS *Freedom* 3:30
Chair: Peter A. Peschosolido
Discussants: Christopher Garbacz,
Richard Simnett, and Yiwen Yu
Paul Hinton and Stella Penso: The
Welfare Impact of Local Competition

John C. Garrett: How Raising
Residential Phone Rates Can Benefit the
Poor and Elderly

**Agustin J. Ros and Aniruddha
Banerjee:** Telecommunications
Privatization and Tariff Rebalancing:
Evidence from Latin America

WHOLESALE PRICES *Weatherly*

Chair: Shimon Awerbuch
Discussants: Robert Levin, James Savitt,
and Robert Whitaker

**Joseph A. Doucet and Corinne
Chaton:** Uncertainty, Investment, and
Electricity Exports: The Case of
Hydro-Quebec

Timothy Mount and Robert Ethier:
Estimating the Volatility of Spot Prices in
Restructured Electricity Markets and the
Implications for Optimal Values

Michael J. Quinn: Disappearing
Differentials: Linking Location-Specific
Gas Prices to the Value of Pipeline
Capacity in the Post-636 Environment

Lunch *Atrium*

Concurrent Sessions

PRODUCTIVITY *Freedom*

Chair: Saikat Sen
Discussant: David Pitcher

Shin Cho and Nakil Sung: The Change
in Governance Structure, Competition,
and Productivity: A Case of Korean
Telecommunications Market

Stephen M. Friedlander: The Use of
Productivity Studies In Price Cap
Regulation: What Do the FCC's X-Factor
Calculations Really Measure?

**INNOVATIONS IN ELECTRICITY
MARKETING** *Weatherly*

Chair: James Cuccaro
Discussant: Steve Sunderhauf

**Paul R. Kleindorfer and Christian
Hogendorn:** An Economic Analysis of
Green Tagging

Menahe Spiegel: Some Economic
Considerations of: The Comprehensive
Electricity Competition Act

Exercise Break

Friday, May 28, 1999

7:00	Breakfast	<i>Atrium</i>
8:45 - 10:30	Concurrent Sessions	
	REGULATORY FINANCE	<i>Freedom</i>
	Chair: Fred Grygiel	
	Discussants: John G. Graham and Peter M. Schwarz	
	Karyl Leggio and Don Lien: Futures Trading by a Utility Firm	
	Richard E. Schuler, John R. Norsworthy, Irvin Morgan, Olga Collanzos, Wolfgang Bessler, and Sarin Karaisithirin: Changes in Telecommunications Industry Equity Risk Since the Telecommunications Act of 1996	
	Joseph C. Schuh: Defined Benefit vs. Defined Contribution Pension Plans: A Comparative Institutional Assessment	
	STRANDED FACILITIES	<i>Weatherly</i>
	Chair: Paul Mauceri	
	Discussants: Malcolm C. Harris and Donald C. Ryan	
	John Mayo, T. Randolph Beard, and David L. Kaserman: Regulation, Competition, and the Optimal Recovery of Embedded Costs	
	Susan McMaster: Number Pooling: Is It Worth the Cost?	
	Herbert G. Thompson: An Alternative Solution to Nuclear Stranded Costs: Nuclear Incentive Regulation	
10:30 - 10:50	Coffee Break	
10:50 - 12:35	CLOSING SESSION	<i>Salon IV</i>
	Chair: Michael A. Crew	
	Discussants: Tom Frantz, Wayne B. Hallard, and Lori Megdal	
	Marty Kanner: Aggregation Aggravation: Achieving the Benefits of Retail Competition	
	Marshall Kolin: Know Your Customer: Your Customer's Target?	
	David C. Loomis and Eric Malm: Measures of Market Competitiveness in Deregulating Industries	
12:35 - 12:40	Closing Remarks—Michael Crew	
12:40	Lunch	<i>Atrium</i>

WORKSHOP ORGANIZING COMMITTEE

Shimon Awerbuch
Kent Currie (Ameritech)
Michael Crew (Rutgers University)
William Deehan (Gen. Vermont Pub. Serv.)
Christopher Garbacz (Mississippi Public Utilities Staff)
Wayne B. Hallard (Bell Atlantic)
Brenda Kahn (AT&T)
Robert A. Levin (NY Mercantile Exchange)
Colin Loxley (Public Service Electric & Gas)
Robert Patrick (Rutgers University)
David Pitcher (Bell Atlantic)
Mark Reeder (NY Pub. Service Comm.)
Joseph Schuh (Rutgers University)
Richard Schuler (NY Pub. Service Comm.)
Richard Simnett (Bellcore)
Marc Smith (U.S. Postal Service)
J. Douglas Zona (NERA)

CONTACTING CRR I

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or 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, e-mail, fax, and telephone. Please confirm telephone registrations by sending in a completed and signed registration form. The deadline for registrations is April 15, 1999. Registrations received after April 15, 1999, will be admitted on a space available basis.

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

Payment Information: Make checks payable to "Rutgers University" and mail to Linda Brennan at the above address. Credit cards (VISA/MC) are now accepted for payment of registration fees. Fees include prescribed learning materials, receptions, and coffee breaks, but do not include lodging and meals. The government rate registration fee is available to government employees.

HOTEL RESERVATIONS

Sufficient rooms are reserved at the Newport Marriott Hotel for all of the Conference participants. Participants should register for the conference by returning the registrations form. Hotel reservation forms will be sent to participants after their registration forms have been received.

SPEAKERS, DISCUSSANTS, AND CHAIRS

Shimon Awerbuch, Independent Economist, Nashua, NH
Aniruddha Banerjee, Senior Consultant, National Economic Research Associates
Shin Cho, Research Fellow, Rutgers University
E. Rand Costich, Staff Attorney, U.S. Postal Rate Commission
Michael A. Crew, Professor and Director, Center for Research in Regulated Industries, Rutgers University
James Cuccaro, Senior Consultant, GPU Energy
J.A. de Bruijn, Faculty of Technology, Policy, and Management, Delft University of Technology
Joseph A. Doucet, Professeur Agregé, Université Laval
Tom Frantz, Chief Economist, New Hampshire Public Utilities Commission
Stephen M. Friedlander, Manager, Law and Government Affairs, AT&T
Christopher Garbacz, Director—Economics & Planning Division, Mississippi Public Utilities Staff
John C. Garrett, Manager, BellSouth Telecommunications
Herbert Gilbert, Economist, U.S. Postal Service
John G. Graham, President, Utilities Mutual Insurance
Fred Grygiel, Chief Economist, New Jersey Board of Public Utilities
Wayne B. Hallard, Manager, Bell Atlantic
Malcolm C. Harris, Manager of Demand Forecasting and Economic Analysis, U.S. Postal Service
Paul Hinton, Senior Consultant, National Economic Research Associates
Andrew E. Huemmler, Market Specialist, PECO Energy
Sangjoon Ka, Department of Political Science, State University of New York at Stony Brook
Marty Kanner, President, Kanner & Associates
Paul R. Kleindorfer, Professor, University of Pennsylvania
Andrew N. Kleit, Associate Professor, Pennsylvania State University
Marshall Kolin, Economist, U.S. Postal Service
Gilles Le Blanc, Senior Research Fellow, Centre for Industrial Economics at the School of Mines in Paris
Karyl Leggio, Visiting Assistant Professor, University of Kansas
Jonathan Lesser, Senior Project Manager, REED Consulting Group
Robert Levin, Senior Vice President, New York Mercantile Exchange
David C. Loomis, Assistant Professor, Illinois State University
Colin J. Loxley, Director—Resource Planning, Public Service Electric & Gas
Eric Malm, Director of Research, Insights Unlimited

Sandy Marble, Bell Communications Research
Paul Mauceri, Section Manager—Electric Rate Design, Consolidated Edison of New York
John Mayo, Professor of Economics, Georgetown University
Susan McMaster, Economist, PHB Hagler Bailly
Lori Megdal, Owner, Megdal & Associates
Timothy Mount, Office of the Chairman, Cornell University
Carl Pechman, Director—Regulatory Group, Law and Economics Consulting Group
Stella Penso, Senior Analyst, National Economic Research Associates
Peter A. Peschosolido, Director—Telecommunications and Cable, Connecticut Department of Public Utility Control
David Pitcher, Corporate Economist, Bell Atlantic
Michael J. Quinn, Senior Consultant, NERA
Agustin J. Ros, Senior Analyst, National Economic Research Associates
Donald C. Ryan, Manager—Power Resources, Eastern Utilities Associates
James Savitt, Manager of Market Power Monitoring, New York Power Pool
Joseph C. Schuh, Rutgers University
Richard E. Schuler, Associate Economist, New York State Department of Public Service
Peter M. Schwarz, Professor of Economics, University of North Carolina at Charlotte
Penny Sedgley, Principal Research Analyst, Virginia State Corporation Comm.
Saikat Sen, District Manager—Law and Government Affairs, AT&T
Richard Simnett, Director—Strategic Alternatives Analysis, Bellcore
Marc A. Smith, Economist, U.S. Postal Service
Menahem Spiegel, Associate Professor, Rutgers University
Richard W. Steeves, Principal Utilities Finance Specialist, Connecticut Office of Consumer Counsel
Steve Sunderhauf, Manager—Program Design and Evaluation, PEPCO
Herbert G. Thompson, Director—IRP Division, Maryland Public Service Comm.
M.J.W. van Twist, Faculty of Technology, Policy, and Management, Delft University of Technology
Robert Whitaker, Director—Office of Regulatory Economics, New York State Department of Public Service
Yiwen Yu, Planning and Research Economist, Florida Public Service Comm.
J. Douglas Zona, Senior Consultant, National Economic Research Associates

REGISTRATION FORM: 18th Annual Conference

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Billing Information:

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GOVERNMENT RATE: Government employees may apply for reduced enrollment fees.

I would like to apply for the government rate of \$375.

CANCELLATION POLICY: Until April 15, 1999 cancellation is allowed without penalty and refunds will be allowed in full. After this date the fee of \$750 (Government \$375) is due in full whether or not the participant actually attends. Substitutions may be made at any time.

Signature of Participant: _____