

# Advanced Workshop in Regulation and Competition 17<sup>th</sup> Annual Western Conference

Hyatt Islandia, in San Diego, California, on June 23–25, 2004

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

- % Market Power  
& Innovations in Pricing and Technology
- % Resource Adequacy  
& Elasticity
- % Risk and Reliability  
& Investment in Transmission

Who should attend:

- & Industry Economists
- % Marketing and Regulatory Managers
- & 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*, 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-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*.

[crri@andromeda.rutgers.edu](mailto:crri@andromeda.rutgers.edu)  
[www.crri.rutgers.edu](http://www.crri.rutgers.edu)

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

**Wednesday, June 23, 2004**

3:00 - 4:00	Registration	<i>Islands Ante Room</i>
4:00 - 6:00	Welcome to Conference: Michael A. Crew <b>Cliff Rochlin:</b> The Economic Disconnect <b>Richard Simnett:</b> Disruptive Business Models and New Technologies – Lessons from Telecom	<i>Islands</i>
6:00 - 9:00	Cocktail Hour Dinner & Keynote Speech: <b>The Honorable Michael R. Peevey</b> President of the California Public Utilities Commission	<i>Regency Patio Mission BC</i>

**Thursday, June 24, 2004**

8:00 - 9:40	<i>Concurrent Sessions</i>	<i>Islands A/B</i>
	<b>COST OF SERVICE</b> <i>A</i> Chair: Keith Switzer Discussants: John Kelly and Tom Frantz <b>Michael Alexander and Daniel E. Huston:</b> Utility Cost Allocation – Embedded vs. Scaled Long Run Marginal Cost Pricing <b>Christian Dippon:</b> Utopia in Telecommunications: Modeling - a Forward Looking Network without Looking Backward <b>Ron Knecht:</b> Utility Cost of Capital: Long-term Perspective, Trends and Refinements	<b>RELIABILITY</b> <i>B</i> Chair: Gillian Wright Discussants: Kevin Coughlan and Paul Nelson <b>Robert Entriken:</b> Agent-Based Simulation as a Tool for Market Design <b>Michael Crew, Paul Kleindorfer &amp; Menahem Spiegel:</b> Optimal Electricity Reliability after August 14, 2003
9:40 - 10:00	Coffee Break	
10:00 - 11:40	<i>Concurrent Sessions</i>	<i>Islands A/B</i>
	<b>RESOURCE ADEQUACY</b> <i>A</i> Chair: Karen Meehan Discussants: Colin Loxley <b>Kevin Woodruff:</b> California's Emerging 'Resource Adequacy Requirement' <b>Michael Jaske:</b> Resource Adequacy Requirements: Balancing Competing Policy Objectives <b>Stephen Keehn:</b> Resource Adequacy – A Practical Approach	<b>REGULATORY POLICY I</b> <i>B</i> Chair: John Sumpter Discussants: Fred Curry and Bob Lane <b>David Salant:</b> Auctions for Transmission Capacity Rights <b>Christopher Garbacz &amp; Herbert Thompson:</b> Information Technology and Productivity: A Global View <b>Robin Walther &amp; Phillip W. McLeod:</b> The On-Going California Experiment with Direct Access – What Is Being Learned?
11:40 - 1:00	Lunch Break	
1:00 - 2:30	<i>Concurrent Sessions</i>	<i>Islands A/B</i>
	<b>ELASTICITY I</b> <i>A</i> Chair: Pete Ewen Discussants: Barbara Alexander and Anne-Marie Bellard <b>Gary Stern:</b> Evidence of Manipulation of the California Energy Markets During 2000-2001 <b>Frank Harris:</b> Circuit Level TOU Data and Electricity Ratemaking <b>Richard Schuler:</b> Self-Regulating Electricity Markets	<b>REGULATORY POLICY II</b> <i>B</i> Chair: Carl Danner Discussants: Stephen Levinson and Christian Dippon <b>Michael Crew and Paul Kleindorfer:</b> Outsourcing in Regulated Industries <b>Victor Glass:</b> The Universal Service Fund under Pressure <b>Hal Singer, Robert Crandall &amp; Allan Ingraham:</b> Do Unbundling Policies Discourage CLEC Facilities-Based
2:30 - 4:00	<i>Concurrent Sessions</i>	<i>Islands A/B</i>
	<b>SIMULATION &amp; RISK</b> <i>A</i> Chair: Richard Burdette Discussants: Paul Hunt <b>Art Altman:</b> A Tractable Model of Energy Price Movements <b>Jasmin Ansar Richard Aslin &amp; Victor Niemeyer:</b> How "Adequate" is Enough? Using Stochastic Process Models to Estimate Load and Hydro Uncertainty <b>Jeremy Bloom:</b> Market Forecasting and Modeling for Electric Power Systems of the Future	<b>TRANSMISSION</b> <i>B</i> Chair: Richard Clarke Discussants: Colin Loxley <b>Dan Berry:</b> Merchant Plants, Transmission Owners and Regulators: Playing the Odds in Las Vegas <b>Robert Michaels:</b> The Economics of Participant-Funded Transmission

## Friday, June 25, 2004

8:45 - 10:40 *Concurrent Sessions**Islands A/B***ELASTICITY II***A*

Chair: Paul Nelson

Discussants: Ed Fong and Brian Prusnek

**Ahmad Faruqui & Stephen George:** Estimating the Impact of Time-varying Electricity Prices in California**John C. Martin:** California Adventure: Making the Case for Wide-scale Electric Demand Response**Glenn Vail:** Price Elasticity of Electricity Demand: SCE's Experience with Large and Rapid Price Changes**INVESTMENT***B*

Chair: Kevin Coughlan

Discussants: Prescott Hartshorne and John Kelly

**Timothy Mount & Xiaobin Cai:** Incentives for Investment in New Generating Capacity in Deregulated Markets for Electricity**Ralph Zarumba:** The Economics of Developing Coal-Fired Electric Generation in the Midwest**Gregory Duncan:** The Economics of Municipal Entry into Broadband

10:40 – 11:00 Coffee Break

11:00 - 12:55 **MARKET POWER***Islands*

Chair: James Crawford

Discussants: Rand Costich and Ron Helgens

**Hung-Po Chao & Robert Wilson:** Resource Adequacy and Market Power Mitigation via Option Contracts**Peter C. Flynn & Ying Li:** Power Price in Deregulated Markets**Emanuele Giovannetti & Cristiano A. Ristuccia:** Estimating Market Power in the Internet backbone. Using the I.P. Transit Band-X database

12:55 - 1:00 Concluding Remarks – Michael A. Crew

**SPEAKERS DISCUSSANTS & CHAIRS**

**Barbara J. Alexander**, Senior Manager, Cornerstone Research  
**Michael S. Alexander**, Manager of Energy Projects, Southern California Edison  
**Art M. Altman**, Program Manager - Asset & Risk Management, EPRI  
**Jasmin Ansar**, Manager, Operations Revenue Requirements, PG&E  
**Anne-Marie Bellard**, Regulatory Economist, Public Utilities Commission of Nevada  
**Dan Berry**, Dan Berry Consulting  
**Jeremy A. Bloom**, Manager, EPRI  
**Richard E. Burdette**, Director and Energy Advisor to Governor Guinn, Nevada State Office of Energy  
**Hung-Po Chao**, Area Manager-Policy and Risk Analysis, EPRI  
**Richard Clarke**, Director of Economic Analysis, AT&T  
**Emmett Rand Costich**, Attorney, Office of Consumer Advocate, U.S. Postal Rate Commission  
**Kevin Coughlan**, Advisor to Commissioner Michael Peevey, California Public Utilities Commission  
**James Crawford**, Marketing Specialist, United States Postal Service  
**Michael A. Crew**, Director – CRRRI, Rutgers University  
**Fred Curry**, Chief, Water Advisory Board, California Public Utilities Commission  
**Carl Danner**, Director, Wilk & Associates and LECG, LLC  
**Christian M. Dippon**, Senior Consultant, NERA  
**Gregory M. Duncan**, University of California, Berkeley  
**Robert Entriken**, Manager Policy Analysis, EPRI  
**Pete Ewen**, Manager-Forecasting, Pinnacle West Capital  
**Ahmad Faruqui**, Vice President, Charles River Associates  
**Peter C. Flynn**, Poole Chair in Management for Engineers, University of Alberta  
**Ed Fong**, Director – Measurement and Meter Reading, SDG&E  
**Tom Frantz**, Director – Electric Division, New Hampshire Public Utilities Commission  
**Christopher Garbacz**, Director, Economics & Planning Division, Mississippi Public Utilities Staff  
**Emanuele Giovannetti**, Project Coordinator for the CoCombine Research, University of Cambridge  
**Victor S. Glass**, Director of Demand Forecasting and Rate Development, National Exchange Carrier Association, Inc.  
**Frank Harris**, Financial Analyst, Southern California Edison  
**Prescott C. Hartshorne**, Vice President, Lexecon, An FTI Company  
**Ron Helgens**, Principal Analyst, PG&E  
**Paul Hunt**, Manager of Regulatory Finance and Economics, Southern California Edison  
**Michael R. Jaske**, California Energy Commission

**Stephen A. Keehn**, Regulatory and Legislative Policy Manager, Sempra Energy Utilities  
**John Kelly**, Director of Economics and Research, American Public Power Association  
**Ron Knecht**, Economist, Public Utilities Commission of Nevada  
**Bob Lane**, Advisor on Policy and Planning, California Public Utilities Commission  
**Stephen Levinson**, Independent Consultant  
**Katherine Ying Li**, University of Alberta  
**Colin Loxley**, Manager – Process Standards and Development, PSE&G  
**John C. Martin**, Business and Economic Advisor, SDG&E  
**Karen Meehan**, Economist, United States Postal Service  
**Phillip W. McLeod**, Principal, LECG  
**Robert J. Michaels**, Professor of Economics, California State University at Fullerton  
**Timothy Mount**, Professor of Economics, Cornell University  
**Paul Nelson**, Senior Economist, Southern California Edison  
**Michael R. Peevey**, President of the California Public Utilities Commission  
**Brian Prusnek**, Advisor to Commissioner Kennedy, California Public Utilities Commission  
**Clifford B. Rochlin**, Market Consultant, Southern California Gas Company  
**David J. Salant**, Senior Vice President, NERA  
**Richard E. Schuler, Sr.**, Professor, Cornell University  
**Richard E. Simnett**, Chief Scientist, Telcordia Technologies  
**Hal Singer**, Senior Vice President, Criterion Economics LLC  
**Menahem Spiegel**, Associate Professor and Associate Director – CRRRI, Rutgers University  
**Gary A. Stern**, Director of Market Monitoring and Analysis, Southern California Edison  
**John Sumpter**, Vice President – Regulatory, Pac-West Telecomm, Inc.  
**Keith Switzer**, Manager Special Projects and Rates, Southern California Water Company  
**Herbert Thompson**, Assistant Professor, School of Communication Systems Management, Ohio University  
**Glen Vail**, Financial Analyst, Southern California Edison  
**Robin J. Walther**, Consultant  
**Kevin Woodruff**, Principal, Woodruff Expert Services  
**Gillian Wright**, Director of California Regulatory Affairs, Sempra Energy  
**Ralph Zarumba**, Independent Consultant

## ORGANIZING COMMITTEE

Jasmin Ansar (Pacific Gas and Electric)  
Jeremy Bloom (EPRI)  
Richard Burdette (Public Utilities Commission of Nevada)  
Michael A. Crew (Rutgers University)  
Fred Curry (California Public Utilities Commission)  
Ahmad Faruqui (Charles River Associates)  
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Carl Pechman (Power Economics)  
Cliff Rochlin (Southern California Gas)  
David Salant (NERA)  
John Sumpter (Pac-West Telecomm, Inc.)

## HOTEL RESERVATIONS

Sufficient Rooms are reserved at the Hyatt Islandia for all of the Conference participants. Participants should register for the conference by returning registration forms to Hyatt Islandia. Reservations must be received by June 1, 2004. Hotel reservation can be made online at:

<http://islandia.hyatt.com/groupbooking/rutg>

Hyatt Regency Islandia  
1441 Quivira Road  
San Diego, CA 92109

Phone: 1-619-224-1234

## CONTACTING CRRI

Home Page: <http://crri.rutgers.edu>

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

Phone: 973-353-5761

Fax: 973-353-1348

Email: [mcrew@andromeda.rutgers.edu](mailto:mcrew@andromeda.rutgers.edu) (Michael Crew)  
[crri@andromeda.rutgers.edu](mailto:crri@andromeda.rutgers.edu) (Jeremy Guenter)

## REGISTRATION INFORMATION

**To Register:** Please complete and return the form to CRRI. 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 May 18, 2004. Registrations received after May 18, 2004, 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, dinner on Wednesday night, June 23, all receptions and coffee breaks, but do not include lodging and other meals. The government registration fee is available for government employees.

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### REGISTRATION FORM: 17<sup>th</sup> Annual Western Conference

Name \_\_\_\_\_

Title: \_\_\_\_\_

Company: \_\_\_\_\_

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

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

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

Email: \_\_\_\_\_

### Billing Information:

Payment enclosed \$885.00 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 \$475

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

**CANCELLATION POLICY:** Until May 18, 2004 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: \_\_\_\_\_