

**Rutgers University, School of Management**  
**Center for Research in Regulated Industries**  
**Advanced Workshop in Regulation and**  
**Public Utility Economics**  
**Ninth Annual Western Conference**

Catamaran Hotel, San Diego, California  
Wednesday, July 10 to Friday, July 12, 1996

**APPLICATION PROCEDURES**

Please complete the attached application form and return it by **May 15, 1996**. Applications received after this date will be accepted on a space available basis. The fee for the Conference is **\$710** per person. This includes learning materials, receptions, coffee breaks, dinner on July 10; it does not cover other food and lodging which are to be paid directly to the hotel by the participant. For participants affiliated with governmental and regulatory organizations, there is a reduced rate of **\$375** per person.

**HOTEL RESERVATIONS**

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

**CONFERENCE FACULTY AND STAFF**

*Linda S. Brennan*, Administrative Assistant, Center for Research in Regulated Industries, Graduate School of Management, Rutgers University

*Michael A. Crew*, Professor of Economics, Graduate School of Management, Rutgers University

*William E. Kovacic*, Professor, George Mason University School of Law

*Robert H. Patrick*, Associate Professor of Economics, Graduate School of Management, Rutgers University

*Frank Wolak*, Associate Professor, Department of Economics, Stanford University

For further information, please contact:

Michael A. Crew  
Center for Research in Regulated Industries  
Graduate School of Management  
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THE STATE UNIVERSITY OF NEW JERSEY  
**RUTGERS**  
School of Management

**CENTER FOR RESEARCH IN REGULATED INDUSTRIES**  
180 University Avenue • Newark, NJ 07102 • (201) 648-5049 • (201) 648-1348 (fax)

PROGRAM FOR THE:

**Advanced Workshop in Regulation  
and Public Utility Economics**

**NINTH ANNUAL  
WESTERN CONFERENCE**

including the

***Analytical Foundations Module***

**July 10-12, 1996**

**Catamaran Hotel  
San Diego, California**

The *Center for Research in Regulated Industries* 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's **Journal of Regulatory Economics** is an international scholarly bimonthly intended to provide a forum for the highest quality research in regulatory economics.

NINTH ANNUAL WESTERN CONFERENCE

Wednesday, July 10, 1996

4:30 - 6:00 *Welcome to Conference*—Michael Crew  
**William E. Kovacic:** Regulation and the Law: The Year in Review

6:00 - 9:00 *Cocktail Hour, Dinner & Speech*  
**Fred John,** Senior Vice President of Public Policy and Law, Pacific Enterprises

Thursday, July 11, 1996

8:45 - 10:30 *Concurrent Sessions:*  
**Cross Subsidy**  
 Chair: James Lechtenberg  
 Discussants: Laurna Hansen and Michael H. Lee  
**Steven G. Parsons:** A Review & Critical Analysis of the Cross-Subsidy Literature for Regulated Industries  
**Thomas J. Makarewicz:** How Consumers Would Benefit From More Efficient Telecommunications Pricing  
**Dennis Weller:** Market Mechanisms For Determining Universal Service Support

**Regulatory Issues**  
 Chair: David Pitcher  
 Discussants: Larry Schelhorse and Dennis L. Weisman  
**Jasmin Ansar, Paul Cantor & Roger Sparks:** Cost-based Monopoly Regulation Meets the Efficiency-Wage Hypothesis  
**Brenda Kahn:** Local Market Entry Experiences of RBOC Competitors  
**Timothy J. Sullivan and John L. Scadding:** Performance-Based Rate Making for Energy Utilities: Implementing Change within a Bureaucracy

10:30 - 10:45 *Coffee Break*

10:45 - 12:15 *Concurrent Sessions:*

**Stranded Assets**  
 Chair: Dewey Seeto  
 Discussants: Barry B. Douglas, Robert Levin, and Winifred Walters  
**John W. Mayo & Thomas P. Lyon:** Incomplete Contracts Regulation and Investment Behavior: Evidence from the Electric Utility Industry  
**Gary A. Stern:** Implementation of Stranded Cost Recovery in California's Restructured Electricity Industry  
**Timothy J. Brennan:** Stranded Costs Takings and the Law and Economics of Implicit Contracts

**Law, Regulation & Competition**  
 Chair: Saikat Sen  
 Discussants: Arthur McGrath and John Sumpter  
**Barbara Cherry:** Public Policy Analysis of Limitations of Liability Provisions of Telecommunications and Electrical Utilities  
**Christopher Garbacz:** Now Showing, FERC's "Ozarkian Fantasy," Staring DRI on DCF's State Two  
**Mark A. Jamison:** Controlling Cross-Subsidization during Telecommunications' Transition to Competition

12:15 - 1:45

*Lunch Break*

1:45 - 3:30

**PBR**

*Concurrent Sessions:*

Chair: Mark P. Sweeney  
 Discussants: Gordon Hester and Michael M. Schneider  
**Robin J. Walther:** Incorporating Emissions Trading in Generation PBR: An Evaluation of Alternative Approaches  
**John L. Jurewitz:** Using Performance-Based Ratemaking for Generation as a Transitional Bridge in Electric Industry Restructuring  
**Glenn Booth:** Incentive Settlements: The Canadian Pipeline Experience

**Transmission Pricing**

Chair: Doug Van Cook  
 Discussants: James Boothe, Cliff Rochlin, and Carl Silsbee  
**Hung-po Chao & Stephen Peck:** Markets for Electricity Transmission: Theory  
**Lewis T. Evans, Stephen Burnell & Shuntian Yao:** Network Games: The Optimal Network Contract and the Efficiency of Bypass in Oligopolistic Network Industries Under Light Regulation  
**Kevin P. O'Meara:** Transco IGO or RTG?

3:30

*Exercise Break*

Friday, July 12, 1996

9:00 - 10:50

**Mergers**

*Concurrent Sessions:*

Chair: Stephen B. Levinson  
 Discussants: Fred L. Curry, Bert Hansen, and Lon L. Peters  
**Robert J. Michaels:** Mergers and Market Power in the Post-Epact Electricity Industry  
**Robert D. Adkins & George M. McCollister:** Retail Electric Competition: Which Model Benefits Customers Most?  
**Wesley W. Wilson:** Mergers Deregulation and Cost Savings Under Rail Deregulation

**Pricing**

Chair: Ralph Carlson  
 Discussant: Kent Currie, Dennis M. Keane, and Michael Robinson  
**Robert H. Patrick & Frank A. Wolak:** Estimating Consumer Electricity Demands Under Alternative Nonlinear Pricing Options  
**Akbar Jazayeri & Stephen A. Keehn:** Competitive Pressures and Changes in the Pricing of Electricity  
**Michael Ward:** Prices Productivity and Industry Structure: Evidence from the Long Distance Industry

10:50 - 11:10

*Coffee Break*

11:10 - 12:55

Chair: John Dura  
 Discussants: Janie Chermak, Hethie Parmesano & Richard Simnett  
**Andrew N. Kleit:** Did Open Access Integrate Natural Gas Markets? An Arbitrage Cost Approach  
**Dennis L. Weisman & David S. Sibley:** Competitive Incentives of Vertically Integrated Local Exchange Carriers  
**Michael A. Crew & Paul R. Kleindorfer:** Stranded Assets and Access Pricing

12:55 - 1:00

*Closing Remarks*—Michael Crew

# Center for Research in Regulated Industries

The Center's programs include:

## Advanced Workshop in Regulation and Public Utility Economics

The Workshop brings together typically over 60 practicing economists from industry and regulatory commissions. It meets three times a year in Newark, NJ, (November, January, and April) and also includes the Annual Conference held in the Northeast and the Annual Western Conference held in California. Presentations at the Workshop and Conferences are geared toward practicing economists and are made both by industry researchers and by academics.

### Postal Program—1996 Postal Conference: Monterey, California, USA, May 22-25, 1996

The Center's first conferences on postal economics and policy were held in July 1990 in Rugby, England and in March 1992 in La Londe les Maures, France. The Center has been honored for its work in the area of postal and delivery economics by the European Express Organization with their Hermes Award for 1992. The first Workshop in Postal Economics was held in Daun, Germany in June 1993. A conference was held in Stockholm, Sweden, in May 1994; and workshops were held in Hakone, Japan, in June 1994, and Naantali, Finland, in June 1995. Sponsors of previous conferences and workshops include: British Post Office and Royal Mail, Coopers-Lybrand, Deutsche Bundespost Postdienst, European Commission, European Express Organization, Federal Express, Finland Post, Institute for Posts and Telecommunications (Japan), the International Express Carriers Conference, La Poste, Ministère de l'Industrie des Postes et Télécommunications, New Zealand Post, Price Waterhouse, PTT Post International, Sweden Post, TNT World Wide Express, United Parcel Service, United States Postal Rate Commission, United States Postal Service, and WIK.

### Research Seminar—1996 Research Seminar: May 3, 1996

The Research Seminars are funded by area utilities and structured as two one-day seminars held in Newark, one in the fall and one the following spring. Five papers are presented at each seminar by academics and industry researchers and are then published in a volume. Although the subject matter may be technical, presentations at the Seminars are designed for a general audience of professionals and regulators. Sponsors of the Research Seminar 1996 are: Public Service Electric & Gas Company, AT&T, New Jersey Bell Telephone Company, Jersey Central Power & Light, Atlantic Electric, Hackensack Water Company, New York Telephone Company, NYNEX, United Telephone of New Jersey, New Jersey—American Water Company, Elizabethtown Gas Company, and New Jersey Natural Gas Company.

### Health Economics and Regulation Program—Annual Conference: May 29-31, 1996

The Center held its third Workshop on Health Care Policy and Regulation Workshop in 1996. The Workshop provides a forum for individuals from a wide range of disciplines and interests to meet and discuss health care policy and regulation; and how reforms affect their organizations, institutions, and society at large. Two forms of interacting regulations which are discussed: price regulations and quality regulations. Workshop participants include representatives from national, state, and local government and regulatory agencies, the academic community (health and regulatory economists, health care policy analysts, etc.), health care industry (pharmaceutical, health insurance, hospitals, and physicians), and non-profit health care organizations. The Workshop is funded by the Robert Wood Johnson Foundation, New Jersey Department of Health, Pfizer, Inc., and Miles Inc.

## Journal of Regulatory Economics

The *Journal of Regulatory Economics* serves as a high quality forum for the analysis of regulatory theories and institutions by developing the rigorous economic foundations of regulation. Both theoretical and applied work, including experimental research, are encouraged. Research in all aspects of regulation is of interest, including the traditional problems of natural monopoly, deregulation, and new policy instruments, health and safety regulation, environmental regulation, insurance and financial regulation, hazardous and solid waste regulation, and consumer product regulation. The *JRE* provides researchers, policy-makers, and institutions with current perspectives on the theory and practice of the economics of regulation. While there are a number of journals and magazines that include the study of regulation, *JRE* is unique in that it fills a gap in the market for a high quality journal dealing solely with the economics of regulation. The *JRE* is sponsored by Ameritech, AT&T, Electric Power Research Institute, Ford Motor Company, GTE Laboratories, NERA, New York Mercantile Exchange, NYNEX, Pacific Gas & Electric, San Diego Gas & Electric, Southern California Gas, and Southwestern Bell Foundation.

For more information or to be added to the Center's mailing list, please call (201) 648-5761, fax (201) 648-1348, or e-mail: lbrennan@gsmack.rutgers.edu.

## SPEAKERS, DISCUSSANTS, AND CHAIRPERSONS

Robert D. Adkins, Director—Corporate Forecasting, Utilicorp United/Energy One  
Jasmin Ansar, Senior Strategic Planner, Pacific Gas & Electric  
Glenn Booth, Manager—Regulatory Economics, National Energy Board, Canada  
James Boothe, Commissioner's Advisor, California Public Utilities Commission  
Timothy J. Brennan, Professor of Policy Sciences and Economics, University of Maryland  
Ralph Carlson, Rates Manager, Los Angeles Department of Water and Power  
Hung-Po Chao, Program Manager, Electric Power Research Institute  
Janie Chermak, Assistant Professor of Economics, University of New Mexico  
Barbara Cherry, Director—Issues Analysis, Ameritech  
Kent Currie, Manager—Economic Analysis, Ameritech  
Fred L. Curry, Chief—Water Branch, California Public Utilities Commission  
Barry B. Douglas, Director of Operations Support & Forecasting, Pacific Gas & Electric  
John Dura, Manager—Economic Analysis and Number Services, Bellcore  
Lewis T. Evans, Professor of Economics, Victoria University of Wellington  
Christopher Garbacz, Director, Economics & Planning Division, Mississippi Public Utilities Staff  
Bert Hansen, Power Systems Planner, Southern California Edison Company  
Laurina Hansen, Research Staff Member, Institute for Defense Analysis  
Gordon Hester, Project Manager, Electric Power Research Institute  
Mark A. Jamison, Manager, Regulatory Policy & Coordination, Sprint  
Akbar Jazayeri, Rate Analysis Supervisor, Southern California Edison  
John L. Jurewitz, Manager—Regulatory Policy, Southern California Edison  
Brenda Kahn, District Manager—Local Cost Studies, AT&T  
Dennis M. Keane, Senior Consultant, Freeman, Sullivan & Company  
Stephen A. Keehn, Tariff Analyst, Southern California Edison  
Andrew N. Kleit, Associate Professor, Louisiana State University  
James Lechtenberg, Director—Marketing Financials, Pacific Bell  
Michael H. Lee, Bureau Chief—Economics, Montana Public Service Commission  
Robert Levin, Senior Vice President, New York Mercantile Exchange  
Stephen B. Levinson, Government Affairs—Regulatory Policy, AT&T  
Thomas P. Lyon, Visiting Associate Professor, University of Chicago  
Thomas J. Makarewicz, Area Manager—Access Planning, Southwestern Bell Telephone

John W. Mayo, Associate Professor of Economics, University of Tennessee  
George M. McCollister, Forecast Leader, Utilicorp United, Inc./Energy One  
Arthur McGrath, Director—Regulatory, NYNEX—New York  
Robert J. Michaels, Professor of Economics, California State University at Fullerton  
Kevin P. O'Meara, Senior Economist, Public Power Council  
Hethie Parmesano, Vice President, National Economic Research Associates  
Steve G. Parsons, General Manager—Regulatory and Litigation Support, INDETEC International  
Stephen Peck, Vice President, National Economic Research Associates  
Lon L. Peters, President, Northwest Economic Research  
David Pitcher, Manager of Economic Research, Bell Atlantic  
Michael Robinson, Economist, CInergy  
Cliff Rochlin, Electric Energy Analyst, Southern California Gas  
John L. Scadding, Regulatory Program Specialist, California Public Utilities Commission  
Larry Schelhorse, Principal Economic Advisor, San Diego Gas & Electric  
Michael M. Schneider, Manager—Pricing Services, San Diego Gas & Electric  
Dewey Seeto, Senior Rates Analyst, Pacific Gas & Electric  
Saikat Sen, District Manager—Government Affairs, AT&T Communications  
Carl Silsbee, Supervisor—Regulatory Economics, Southern California Edison  
Richard Simnett, Director—Network Economic Research, Bellcore  
Roger Sparks, Associate Professor of Economics, Mills College  
Gary A. Stern, Supervisor, Resource Strategies, Southern California Edison  
Timothy J. Sullivan, Commissioner's Advisor, California Public Utilities Commission  
John Sumpter, Government Affairs, California Regulatory, AT&T  
Mark P. Sweeney, Manager—Strategic & Economic Analysis, Southern California Gas Company  
Doug Van Cook, Director—Capital Recovery—Valuation, New York Telephone  
Winifred Walters, Director—General Rate Cases, Pacific Gas & Electric  
Robin J. Walther, Senior Economist, Southern California Edison Company  
Michael Ward, Assistant Professor, University of Illinois  
Dennis L. Weisman, Associate Professor of Economics, Kansas State University  
Dennis Weller, Senior Economist, GTE Telephone Operations  
Wesley W. Wilson, Associate Professor, University of Oregon

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Application

Name \_\_\_\_\_  
Title \_\_\_\_\_  
Company \_\_\_\_\_  
Address \_\_\_\_\_  
\_\_\_\_\_  
Telephone Number \_\_\_\_\_  
Fax Number \_\_\_\_\_

**Analytical Foundations Module:** Wednesday, July 10, 1996. Registration fee with Western Conference Registration is \$200 (\$110 government).<sup>†</sup>

I would like to register for the Analytical Foundations Module.

**Billing Information:**

Payment enclosed\*

Send invoice to participant at above address

Send invoice to: \_\_\_\_\_  
\_\_\_\_\_

**Fees:** The fee for the conference is \$710 per person, including beverages and instructional materials. Food (except dinner on July 10) and lodging are not included.

**Government Rate:** Members of governmental and regulatory organizations may apply for the reduced enrollment fee of \$375 per person.

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

**Volume Discount:** Second and subsequent applications received in the same envelope will receive a 5% volume discount.

**Telephone Reservations:** Registrations may be made by telephone (201-648-5049), however, your call should be followed up by a completed signed application form.

This form confirms a telephone reservation.

**CANCELLATION POLICY:** Until May 15, 1996 refunds will be allowed in full. After this date the conference fee is due in full whether or not the participant actually attends the conference. Substitutions may be made at any time.

Signature of Participant: \_\_\_\_\_

Please return completed application form by **May 15, 1996\*\*** to:

Linda S. Brennan, Rutgers University, GSM, 180 University Avenue,  
Newark, NJ 07102 or FAX your application to: (201)648-1348.

\* Make check payable to "Rutgers University." Credit cards are *not* acceptable for payment of conference fees.

\*\* Applications received after May 15, 1996 will be admitted on a space available basis.

+ Fee with Western Conference enrollment; Module alone is \$250 (\$135 government). Analytical Foundations Module will run subject to sufficient minimum enrollment. In the event that the Module is not held, payments for the Module will be refunded.

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