

## FOURTH ANNUAL WESTERN CONFERENCE

The Western Conference aims to provide the same blend of high technical quality and relevance achieved by the previous Workshops and Annual Conferences. While the general theme of the Western Conference will be the same as that of the Tenth Annual Conference, the papers presented will be different and will be drawn mainly from the western United States.

## WESTERN CONFERENCE ORGANIZING COMMITTEE

Manuel Alvarez (California Energy Commission)  
Joel Balbein (Southern California Gas)  
Douglas Clark (Southwestern Bell Telephone)  
Michael Crew (Rutgers University)  
Fred Curry (California Public Utilities Commission)  
John Jurewitz (Southern California Edison)  
Dennis Keane (Pacific Gas & Electric)  
Christina Kirschner (Costal Gas Markets)  
Alexander Larson (Southwestern Bell Telephone)  
James Lechtenberg (Pacific Bell Telephone)  
Ken Pelzel (U.S. West)  
Larry Schelhorse (San Diego Gas and Electric)  
Dennis Weller (GTE Service Corporation)  
Evan White (Oregon Public Utilities Commission)

*For further information* regarding the Workshop or any of the programs of the Center for Research in Regulation, please contact:

Dr. Michael A. Crew  
Center for Research in Regulated Industries  
Graduate School of Management  
Rutgers University  
180 University Avenue  
Newark, New Jersey 07102  
Phone: 201-648-5049 (office)  
201-221-0524 (home)  
201-648-1348 (fax)



**Graduate School of Management**  
*Center for Research in Regulated Industries*

**ADVANCED WORKSHOP IN REGULATION  
AND PUBLIC UTILITY ECONOMICS  
1990-1991**

**Engelhard Hall  
92 New Street  
Newark, New Jersey**

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 quarterly intended to provide a forum for the highest quality research in regulatory economics.

## FACULTY

The workshop faculty are all active in regulatory economics. Michael A. Crew and Paul R. Kleindorfer will coordinate the activities of the workshop with Keith J. Crocker. Brief biographies are given below.

**Michael A. Crew:** Professor of Economics, Graduate School of Management Rutgers University; Ph.D. (University of Bradford, England). Dr. Crew has published articles in the fields of industrial organization, applied microeconomics and public utilities in the major economic journals. His current research is in the areas of pricing under regulation and alternative systems of regulation.

**Paul R. Kleindorfer:** Universal Furniture Professor of Economics and Decision Sciences, University of Pennsylvania; Ph.D. (Carnegie-Mellon University). Dr. Kleindorfer has published articles in the fields of systems, management science, and public utilities. His current research is in the areas of public utility pricing and regulation with stochastic demand, alternative systems of regulation, the theory of incentives and labor-managed firms. His book, *The Economics of Public Utility Regulation*, (with M.A. Crew), M.I.T. Press, 1986, is background reading for the workshop.

**Keith J. Crocker:** Associate Professor of Economics, Pennsylvania State University; Ph.D. (Carnegie-Mellon University). Dr. Crocker has published in the areas of the New Institutional Economics, regulation and risk analysis in such journals as the *American Economic Review* and *Journal of Political Economy*.

### Associated Rutgers University Faculty

*Thomas A. Abbott, III*, Asst. Professor of Economics, Graduate School of Management

*James Bicksler*, Professor of Finance, Graduate School of Management

*Michael R. Frierman*, Asst. Professor of Economics, Graduate School of Management

*Michael Rothkopf*, Professor of Operations Research, School of Business

## CALL FOR PAPERS

Persons interested in submitting papers are invited to submit abstracts not exceeding two double-spaced pages for consideration for either of the two conferences. Abstracts for the Fourth Annual Western Conference are due **November 19, 1990** and those for the Tenth Annual Conference are due **December 14, 1990**. Please indicate the conference for which you are applying or whether you would present the paper at either one. Abstracts may be faxed to 201-648-1348.

The Workshop Organizing Committee is responsible for the selection of the Tenth Annual Conference program. The Western Committee is responsible for selection of the Western Conference program. Decisions on the papers will be conveyed promptly. Copies of the completed papers are due by April 15, 1991.

All persons presenting papers must register for the conference at the reduced enrollment fee of \$550 (govt. \$275) for the Eastern and \$590 (govt. \$315) for the Western Conference, provided that completed application forms are received by February 14, 1991. After this date the full conference fee will apply. In the case of faculty of colleges and universities selected for the program, an honorarium plus full support for registration and lodging may be available.

## SCHEDULE & LOCATION

The Workshop will consist of:

(a) Three one-day meetings held in Engelhard Hall, Rutgers University, Graduate School of Management, Newark, NJ, beginning at 10:00 a.m. and ending at 4:00 p.m. The dates of these meetings are: November 16, 1990; January 18 and April 19, 1991

(b) *The Tenth Annual Conference of the Advanced Workshop* which is a residential meeting to be held at the Otesaga Hotel, Cooperstown, New York, 4:00 p.m. Wednesday, May 29, through 2:00 p.m., Friday, May 31, 1991.

(c) *The Fourth Annual Western Conference of the Advanced Workshop*, also a residential meeting, to be held at the Catamaran Hotel, San Diego, California, 4:00 p.m. Wednesday, July 10, through 2:00 p.m., Friday, July 12, 1991.

## FEES

The enrollment fees for the workshop are:

**Workshop I:** Includes the three Newark meetings *only*.  
\$495 (government rate: \$250)

**Workshop II:** Includes the three Newark meetings and *one* conference:  
Tenth Annual Conference *or* Fourth Annual Western Conference  
\$785 (government rate: \$390)

**Workshop III:** Includes the three Newark meetings and both conferences  
\$1045 (government rate: \$525)

**Conference only:** Tenth Annual Conference: \$550\* (govt. rate: \$275\*)  
Fourth Annual Western Conference: \$590\* (govt. rate: \$315\*)

The enrollment fees are per person and include prescribed learning materials, meals at the Newark meetings, all receptions, and coffee breaks. The enrollment fees do not include the cost of overnight lodging and meals at the residential meetings, which is to be paid directly by participants to the hotels. However, *all fees for the Western Conference include the dinner/cruise* in San Diego. There are a limited number of government rate rooms available on a first-come-first-served basis at the Otesaga Hotel for the Tenth Annual Conference. Early registration is advised.

The **government rate** is available to government employees and to employees of non-profit organizations. There is a **volume discount** of 5% on second and subsequent applications received in the same envelope or made at the same time over the phone. If applications for different Workshop packages arrive together, the discount will be taken off the least expensive packages.

## APPLICATION PROCEDURES

Utilities, regulatory commissions, consulting companies and others are encouraged to propose candidates currently active in research in public utility economics and regulation. Consideration should be given to the candidate's potential for development within the company or commission.

To apply for the workshop, please complete and return the attached application form. All registrations received by telephone should be confirmed by sending in a completed and signed application form. Applications may be faxed to 201-648-1348. The deadline for Workshop applications is October 31, 1990.

\* Rates apply to applications received by December 31, 1990, only. After this date rates for the Tenth Annual Conference are \$595 (\$300) and Fourth Annual Western Conference, \$635 (\$335).

**P** The following organizations have sent at least one representative to past Workshops:

**A Gas & Electric Utility Companies**

**R** Atlantic Electric Company  
**T** Baltimore Gas & Electric Company  
**I** Boston Edison Company  
**C** Brooklyn Union Gas Company  
**I** Central Hudson Gas & Electric Company  
**P** Central Vermont Public Service Corp.  
**A** Consolidated Edison of New York  
**T** Costal Gas Markets  
**I** Duke Power Company  
**N** Elizabethtown Gas Company  
**G** Gas Company of New Mexico  
**O** Georgia Power Company  
**R** GPU Service Corporation  
**G** Jersey Central Power & Light Company  
**A** Louisiana Power & Light Company  
**N** Long Island Lighting Company  
**I** Middle South Services  
**O** Mississippi Power & Light Company  
**R** Montana Power Company  
**G** New England Power Services Corporation  
**A** New York State Electric & Gas Company  
**N** Niagara Mohawk Power Corporation  
**I** Northeast Utilities Service Company  
**Z** Orange and Rockland Utilities  
**A** Pacific Gas and Electric Company  
**T** Public Service Company of Colorado  
**I** Public Service Electric & Gas Company  
**O** Rochester Gas & Electric Company  
**N** San Diego Gas and Electric Company  
**S** Southern California Edison  
Southern California Gas Company  
Southern Connecticut Gas Company  
Texas Utilities

**Telephone Companies**

**S** Amentech Services  
AT&T  
AT&T Communications  
Bell Atlantic  
Bell Canada  
Bell Communications Research  
Bell of Pennsylvania  
Bell South  
Chesapeake & Potomac Telephone  
General Telephone Company of California  
GTE Corporation  
GTE Laboratories  
Illinois Bell Telephone Company  
Indiana Bell Telephone Company  
Michigan Bell Telephone Company  
Mountain Bell Telephone Company  
New England Telephone Company  
New Jersey Bell Telephone Company  
New York Telephone Company  
Northwestern Bell Telephone Company  
NYNEX Corporation  
NYNEX Service Company  
Ohio Bell Telephone Company  
Pacific Bell Telephone Company  
Pacific North western Bell Telephone Company  
Pacific Telecom  
Rochester Telephone  
Southern Bell Telephone Company  
Southern New England Telephone Company  
Southwestern Bell Telephone Company  
United Telephone Systems

**Public and Regulatory Agencies**

Alabama Public Service Commission  
Bonneville Power Administration  
California Energy Commission  
California Public Utilities Commission  
Connecticut Division of Public Utility Control  
Connecticut Office of Policy and Management  
Delaware Office of the Public Advocate  
District of Columbia Public Service Commission  
Florida Public Service Commission  
Idaho Public Utility Commission  
Illinois Commerce Commission  
Iowa State Utilities Board  
Los Angeles Department of Water & Power  
Maryland Public Service Commission  
Massachusetts Department of Public Utilities  
Minnesota Department of Public Service  
Montana Public Service Commission  
Nevada Public Service Commission  
New Hampshire Public Utilities Commission  
New Jersey Board of Public Utilities  
New Jersey Dept. of Environmental Protection  
New Jersey Public Advocate  
New Mexico Public Service Commission  
New York State Consumer Protection Board  
New York State Department of Law  
New York State Energy Office  
New York State Public Service Commission  
Ohio Public Utility Commission  
Oregon Public Utility Commission  
Public Power Council  
Tennessee Public Service Commission  
Texas Public Utilities Commission  
U.S. Department of Energy  
U.S. Federal Communications Commission  
U.S. Federal Energy Regulatory Commission  
Vermont Public Service Commission  
Virginia State Corporation Commission  
Washington Utilities & Transportation Commission

**Other Organizations**

American Gas Association  
Analysis Group  
Applied Economic Analysis  
Barakat & Chamberlin  
Cambridge Systematics  
Charles River Associates  
Christensen Associates  
Coopers & Lybrand  
Department of Veteran's Affairs  
Economic Studies, Inc.  
Electric Power Research Institute  
Hackensack Water Company  
Institute for Defense Analysis  
Korean Information Society Development Institute  
Metering Services, Inc.  
National Exchange Carriers Association  
National Regulatory Research Institute  
Paul, Weiss, Rifkind, Wharton & Garrison  
Peat Marwick  
Price Waterhouse  
Reason Foundation  
Regional Economic Research  
Resources for the Future  
Small, Craig and Werkenthin  
Synergic Resources Corp.  
United States Postal Service

**WORKSHOP ORGANIZING COMMITTEE**

Jeremy Bloom (GPU Service Corp.)  
Lawrence J. Cataldo (Bell Communications Research)  
Joel Charkow (Consolidated Edison)  
Michael Crew (Rutgers University)  
Joseph Gatto (AT&T Communications)  
James Green (Southern New England Telephone)  
Elizabeth Jurman (Southern Connecticut Gas Company)  
John Kling (Michigan Bell Telephone)  
Alexander Larson (Southwestern Bell Telephone)  
Calvin Monson (Illinois Commerce Commission)  
Carl Pechman (New York State Public Service Commission)  
Mark Reeder (New York State Public Service Commission)  
Joseph Schuh (Orange & Rockland Utilities)  
Richard Simnett (Bell Communications Research)  
Dennis Weller (GTE Service Corporation)

**TOPICS OF THE 1990-1991 WORKSHOP**

The topics for the meetings are:

**November 16, 1990: Regulatory Commitment and Capital Recovery**

"Commitment in Regulation: Lessons from Defense Contracting and Applications to Price Caps"

*William Kovacic*, George Mason University

"Capital Recovery in Regulated Industries with Competitive Entry"

*Michael Crew*, Rutgers University

*Paul Kleindorfer*, University of Pennsylvania

**January 18, 1991: Infrastructure and Economic Development: Who Bears the Risk?**

"Introduction and Illustration from Telecommunications"

*James Green*, Southern New England Telephone

"The Role of Regulation in the Development of Personal Communications in the U.S."

*Larrie Sutcliffe*, Bell Communications Research

*Roger Woock*, Bell Communications Research

"Environmental Dispatch vs. Economic Dispatch of Power Generating Systems"

*Carl Pechman*, New York State Public Service Commission

"Evaluating the Effects Regulatory Policy on Infrastructure"

*Mark Reeder*, New York State Public Service Commission

*Robert Whitaker*, New York State Public Service Commission

**April 19, 1991: Contingent Valuation and Contracts**

"Contingent Valuation and Application to Utilities: A Primer"

*Paul Kleindorfer*, University of Pennsylvania

"Economic Analysis of Contracts with Special Reference to Utilities"

*Michael Crew*, Rutgers University

*Keith Crocker*, Pennsylvania State University

Advanced Workshop in Regulation and Public Utility Economics 1990-1991  
APPLICATION

Number \_\_\_\_\_

Information:  
Document enclosed  
Send invoice to participant at above address  
Send invoice to: \_\_\_\_\_

Please specify the Workshop package for which you are enrolling:  
Workshop I (\$495): Newark sessions ONLY  
Workshop II (\$785): Newark sessions and ONE conference:  
 Tenth Annual Conference (New York, May-June 1991)  
 Fourth Annual Western Conference (San Diego, July 1991)  
Workshop III (\$1045): Newark sessions and BOTH conferences  
Tenth Annual Conference ONLY (\$550): New York, May-June 1991  
Fourth Annual Western Conference ONLY (\$590): California, July 1991

Rate: Members of non-profit organizations may apply for the following reduced fees: Workshop I: \$250; Workshop II: \$390; Workshop III: \$545; Tenth Annual Only: \$275; and Fourth Annual Western Conference Only: \$315.  
I would like to apply for the government rate for my Workshop fee.

Amount: Second and subsequent applications received in the same envelope or fax or same time by phone will receive a 5% volume discount.

Reservations: You may register for the Conference by telephone (201-648-5049), your call should be followed up by a completed signed application form.  
Application form confirms a telephone reservation.

**APPLICATION POLICY:** Until October 31, 1990 cancellation is allowed without refunds will be allowed in full. After this date the indicated fee is due in full not the participant actually attends. Substitutions may be made at any time.  
Participant:

Completed application form by October 31, 1990\* to:  
C. Brennan, Rutgers University, Graduate School of Management, 180 University Avenue, Newark, NJ 07102 or fax your application to 201-648-1348!  
Applications received after October 31, 1990 will be admitted on a space available basis.

Advanced Workshop in Regulation and Public Utility Economics

The increasing need to apply economic analysis to many of the economic and regulatory problems of public utilities has resulted in an increase in the number of professional economists employed by utility companies and regulatory agencies. Considerable economic research is being undertaken by commissions and companies into problems of public utility pricing, investment, competition, and regulation. During the ten workshops held between 1980 and 1990, several hundred economists, commission staff members, and managers have participated in the Advanced Workshop and Conferences.

**OBJECTIVE:** The general objective of the workshop is to promote economic research and improve understanding of current issues facing regulators, regulated industries, and consumers. To this end, the workshop attempts to develop the individual's research capacity in the field of public utility economics and regulation. Thus, the workshop has direct benefits for the individual's employer and offers career development opportunities for the participants.

**APPROACH:** For the first six years, the Workshop was organized annually as three one-day meetings combined with a two-day conference. Beginning in 1987-1988, a second two-day conference was offered on the West Coast. This year the Workshop will again offer two conferences in addition to the three one-day meetings. The meeting format is designed to allow for both presentation of recent research and the open discussion of new ideas.

Some examples of research topics that are examined in the workshop include pricing policy of public utilities, equity and efficiency in regulation, regulation and incentives, developments in demand analysis and forecasting in utilities, conflicts in state and federal regulation, the interaction of antitrust and regulation, economics of multiproduct utilities, cross subsidy issues, cost allocation, capital recovery, phase-ins and nuclear plants, effects of energy price changes on electric and gas utilities, mandatory and voluntary wheeling of power, and the implications of diversification for utilities. Where relevant, instruction is provided in areas where economists need at least background knowledge, but often lack formal training; for example, economic theory of contracts, depreciation and capital recovery, bidding, fairness, and the role of financial models in regulation.

Participants should be active in public utility economics or regulation. Since the approach of the workshop is to create open discussion of ideas, members will be encouraged to produce a paper which is intended as a contribution to knowledge or provide comments and discussion of the papers presented.

**BENEFITS:** The workshop will provide the following benefits to participants and their employers:

- Instruction in relevant topics.
- Interaction among academic researchers, industry managers, and staff of regulatory commissions, and opportunities for better communication and exchange of ideas.
- Improved awareness by industry and commissions of research developments at universities that may be relevant to solving current problems.
- Opportunities to contribute and improved access to the literature of regulatory economics.
- An atmosphere that encourages participants to grow as researchers.