

Advanced Workshop in Regulation and Competition

COMPETITIVE CHANGE IN NETWORK INDUSTRIES

14th Annual Western Conference

The Hyatt Islandia, in San Diego, California, on June 27–29, 2001

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

- %Future of Distribution
- &Innovations in Pricing and Technology
- %Market Structure
- &Strategies under Competition and Deregulation
- %Incentive Regulation

Who should attend:

- &Industry Economists
- %Marketing and Regulatory Managers
- &Regulatory Commission Staff

CENTER FOR
RESearch IN
REGULATED
INDUSTRIES

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 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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14th Annual Western Conference of the Advanced Workshop in Regulation and Competition

Wednesday, June 27, 2001		
3:00 - 4:00	Registration	<i>Islands Anti Room</i>
4:00 - 4:30	Welcome to Conference	<i>Islands Room</i>
	Michael A. Crew	
4:30 - 6:00	William Kovacic: Regulation and the Law: The Year in Review	
6:00 - 9:00	Cocktail Hour, Dinner & Keynote Speech:	<i>Regency A Ballroom</i>
	Michael Shames, Executive Director of Utility Consumers Action Network (UCAN)	

Thursday, June 28, 2001		
8:00 - 9:45	<i>Concurrent Session</i>	<i>Islands A/B</i>
	PRICING	<i>B</i>
	Chair: Gregory M. Duncan	
	Discussants: Carl Linvill & Amar A. Khalifeh	
	Robert Earle: The Optimal Setting of Price Caps as a Transitional Mechanism	
	Carl Silsbee: California Wholesale Supplier Withholding Incentives	
	Stuart McMenamin: Profiling and Forecasting in Retail Electricity Markets	
	TELECOMMUNICATIONS TECHNOLOGY	<i>A</i>
	Chair: David Pitcher	
	Discussants: Julie Kelly & Sandy Marble	
	Dale Lehman: Does Regulatory Policy Affect Competitive Entry?	
	Christian Dippon: Competitive Pricing Methodologies for Wholesale Broadband Services?	
9:45 - 10:00	Coffee Break	
10:00 - 11:45	<i>Concurrent Sessions</i>	<i>Islands A/B</i>
	CUSTOMER ISSUES	<i>B</i>
	Chair: Chris Garbacz	
	Discussants: Jeremy Bloom, Nainish Gupta & Eric Airriess	
	Ahmad Faruqui and Kelly Eakin: Is Price-Discrimination a Barrier to Market Based Pricing of Electricity?	
	Michael Crew and Paul R. Kleindorfer: The Default Service Obligation in the Context of Deregulation of Network Industries	
	David Mandy and David E.M. Sappington: Incentives for Sabotage in Vertically-Related Industries	
	TELECOM REGULATORY	<i>A</i>
	Chair: John Sumpter	
	Discussants: Fred Curry, David Korn & Kent Currie	
	Yasuji Otsuka: A Recent Development in Telecommunications Demand Estimation and Forecasting	
	Steve Parsons, et al.: Pricing Network Elements and Interconnection under the Telecommunications Act of 1996 and the July of 2000 Decision of the 8 th Circuit Court of Appeals	
	Richard E. Schuler, Jr., et al.: Changes in Telecommunications Industry Equity Risk Since the Telecommunications Act of 1996	

11:45 - 1:00	Lunch Break	
1:00 - 2:30	<i>Concurrent Sessions</i>	<i>Islands A/B</i>
	MARKET POWER I	<i>B</i>
	Chair: Chris Garbacz	
	Discussants: Colin Loxley & Burk Kalweit	
	Diana Moss: Market Structure in the U.S.	
	Electricity Industry: The Effects of M&A Activity	
	Robert Michaels: Competitive Power Markets: What Economics have Regulators Learned	
	Timothy J. Brennan: Vertical Market Power as Oxymoron: Getting Convergence on Mergers Right	
	PIPELINE	<i>A</i>
	Chair: Richard E. Burdette, Jr.	
	Discussants: Bernard Pelletier	
	Cliff Rochlin: Rate Design Arbitrage: The Case for Value-Based Peaking Services	
	Jesse David and Alan J. Cox: Competitive Analysis in the Oil Pipeline Industry	
	Fred Barney, et al.: Three Case Studies of Operationalizing of Sampling Theory in Regulated Gas Distribution Companies	
2:30 - 4:00	<i>Concurrent Sessions</i>	<i>Islands A/B</i>
	MARKET POWER II	<i>B</i>
	Chair: Pete Ewen	
	Discussants: David Gamson & Lon L. Peters	
	Gary Stern: Market Power Mitigation Measures and Their Impact on the California Electricity Market	
	Richard Clarke: Why Telecom Interconnection Rate Levels Really Matter	
	Edward P. Kahn, et al.: Anatomy of the California Electricity Market Meltdown	
	TRANSMISSION	<i>A</i>
	Chair: Marc Sweeney	
	Discussants: Barry N. Huddleston & Thomas-Olivier Leautier	
	Carl Silsbee: A Benefit-Cost Framework for Unbundled Transmission Grid Expansion	
	Hung-po Chao: Transmission Rights and Forward Markets for Electricity	
4:00	Exercise Break	

14th Annual Western Conference of the Advanced Workshop in Regulation and Competition**Friday, June 29, 2000**8:45 - 10:40 *Concurrent Sessions* *Islands A/B***DISTRIBUTION** *B*

Chair: John Waller

Discussants: Dan Berry & Thomas Taylor

John Kelly: Scale Economies in Electricity Distribution Service: Is Bigger Necessarily Better?**Brenda Kahn:** Monopoly Power Over the Last 100 Years**Sherri Petro:** Fall-out: The Summer of 2000 High Electric Prices in San Diego**FUTURE STRATEGIES** *A*

Chair: Steve Levinson

Discussants: Joseph E. Nash & Burk Kalweit

Amar A. Khalifeh and Robert D. Adkins: Impact of Internet and E-Commerce on US Electricity Consumption**Pamela Lesh:** Creating a New Regulatory Framework: Workable Competition in the Electric Distribution Sector**Eric Helland and Michael Sykuta:** Deregulation and Board Composition: Evidence on the Value of the Revolving Door

10:40 - 11:00 Coffee Break

11:00- 12:55 **AUCTION DESIGN** *Islands Room*

Chair: Robert A. Levin

Discussants: Art Altman, Larry Blank & Carl Pechman

Shmuel S. Oren: Market Design for Competitive Electricity: Experiences, Flaws and Remedies**Timothy Mount, et al.:** Testing the Performance of Uniform Price and Discriminatory Auctions**David Salant:** Recent Developments in Auctions Replacing Regulation

12:55 - 1:00 Closing Remarks—Michael A. Crew

SPEAKERS DISCUSSANTS & CHAIRS**Eric Airriess:** Rates & Regulatory Affairs, Portland General Electric Company**Art Altman:** Manager of Asset Valuation and Risk Management, EPRI**Fred Barney:** Econometrician I, NYS Department of Public Service**Dan Berry:** Principal, Dan Berry Consulting**Larry Blank:** President and Chief Consultant, TAHOEconomics, LLC**Jeremy Bloom:** Principal – Knowledge Development, Primen**Timothy J. Brennan:** Professor of Policy Sciences and Economics, University of Maryland-Baltimore County**Richard E. Burdette, Jr.:** Manager Resource and Market Analysis, Public Utilities Commission of Nevada**Hung-Po Chao:** Area Manager-Policy and Risk Analysis, EPRI**Richard N. Clarke:** Director of Economic Analysis, AT&T Law and Government Affairs, AT&T**Michael A. Crew:** Professor, Rutgers University**Kent Currie:** Associate Director Cost Analysis and Regulatory, SBC**SPEAKERS DISCUSSANTS & CHAIRS (CONT)****Fred Curry:** Chief, Water Advisory Board, California Public Utilities Commission**Jesse David:** Senior Consultant, NERA**Christian Dippon:** Senior Consultant, NERA**Gregory M. Duncan:** Senior Vice President, NERA**Robert Earle:** Manager, Economic Analysis, California Power Exchange**Pete Ewen:** Manager-Forecasting, Pinnacle West Capital**Ahmad Faruqui:** Area Manager, EPRI**David Gamson:** Advisor to the Commissioner, California Public Utilities Commission**Chris Garbacz:** Director, Economics & Planning Division, Mississippi Public Utilities Staff**Nainish Gupta:** Senior Manager, Arthur Anderson, LLP**Eric Helland:** Assistant Professor of Economics, Claremont McKenna College**Barry N. Huddleston:** Director, State Regulatory Affairs, Dynegy Inc.**Brenda Kahn:** District Manager, Local Services and Access Management, AT&T**Edward P. Kahn:** Vice President, Analysis Group/Economics**John Kelly:** Director of Economics and Research, American Public Power Association**Julie Kelly:** Research Associate, Institute for Defense Analyses**Burk Kalweit:** Project Manager, EPRI**Amar A. Khalifeh:** Senior Forecaster, UtiliCorp United, Inc.**Paul R. Kleindorfer:** Professor, The Wharton School, University of Pennsylvania**David Korn:** Manager, Strategic Pricing, AT&T**William E. Kovacic:** Professor, George Washington University Law School**Thomas-Olivier Leautier:** Consultant, McKinsey & Company, Inc.**Dale Lehman:** Associate Professor of Economics, Fort Lewis College**Pamela Lesh:** Vice President, Rates & Regulatory Affairs, Portland General Electric Company**Robert A. Levin:** Senior Vice President, New York Mercantile Exchange**Steve Levinson:** Senior Economist, AT&T**Carl Linvill:** Office of Governor, State of Nevada**Colin Loxley:** Director-Resource Planning, PSE&G**David M. Mandy:** Associate Professor of Economics, University of Missouri**Sandy Marble:** Economist, Telcordia Technologies**Stuart McMenamin:** Executive Vice President, RER**Robert J. Michaels:** Professor of Economics, California State University at Fullerton**Diana Moss:** Senior Economist, Federal Energy Regulatory Commission**Timothy J. Mount:** Professor, Cornell University**Joseph E. Nash:** Consultant, PricewaterhouseCoopers**Shmuel S. Oren:** Professor, University of California at Berkeley**Yasuji Otsuka:** Economist, Public Utilities Commission of Nevada**Steven Parsons:** President, Parsons Applied Economics, LLC**Bernard Pelletier:** Economist, Applications Business Unit, National Energy Board**Lon L. Peters:** President, Northwest Economic Research, Inc.**Sherri Petro:** Manager, San Diego Gas & Electric**David Pitcher:** Chief Economist, Verizon**Cliff Rochlin:** Market Consultant, Southern California Gas Company**David Salant:** Senior Vice President, NERA**Richard E. Schuler, Jr.:** Associate Economist, NYS Department of Public Service**Michael Shames:** Executive Director of Utility Consumers Action Network**Carl Silsbee:** Manager of Regulatory Economics, Southern California Edison**Richard Simnett:** Chief Scientist, Telcordia Technologies**Gary Stern:** Director for Market Monitoring and Analysis, Southern California Edison**John Sumpter:** Vice President of Regulatory, Pac-West Telecomm**Mark Sweeney:** Vice President of Business Development, Sempra Communications**Thomas Taylor:** Senior Economist, Duke Energy**John Waller:** Senior Rate Analyst, U.S. Postal Rate Commission

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ORGANIZING COMMITTEE

Jasmin Ansar (Pacific Gas and Electric)
 Jeremy Bloom (EPRI)
 Michael A. Crew (Rutgers University)
 Fred Curry (California Public Utility Commission)
 David Gamson (California Public Utility Commission)
 Christopher Garbacz (Mississippi Public Utility Staff)
 John Jurewitz (Southern California Gas)
 Dennis Keane (Pacific Gas & Electric)
 Carl Pechman (Power Economics)
 Cliff Rochlin (Southern California Gas)
 David Salant (National Economics Research Associates)
 Larry Schelhorse (Sempra Energy)

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 May 21, 2001. Hotel reservation forms can be downloaded from the internet at:

<http://www.rci.rutgers.edu/~crrj/WS.htm>

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CONTACTING CRRJ

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REGISTRATION INFORMATION

To Register: Please complete and return the form on the back page. 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 15, 2001. Registrations received after May 15, 2001, 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 27, all receptions and coffee breaks, but do not include lodging and other meals. The government registration fee is available for government employees.

REGISTRATION FORM: 14th Annual Western Conference

Name _____

Title _____

Company _____

Complete Address: _____

Telephone: _____

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Billing Information:

Payment enclosed \$845.00 U.S. Dollars.

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

Send invoice to participant at above address.

I would like to apply for the government rate of \$455

Send invoice to _____

Credit Card: VISA MC Exp. ____/____

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CANCELLATION POLICY: Until May 4, 2001 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: _____