

**Advanced Workshop in Regulation and Competition:**

# NETWORK INDUSTRIES IN TRANSITION

## **17th Annual Conference**

**Basin Harbor Club, Vergennes, Vermont • May 27-29, 1998**

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

- **Responsiveness to Competition**
- **Restructuring**
- **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)

# SEVENTEENTH ANNUAL CONFERENCE

Wednesday, May 27, 1998

- 3:30 Registration
- 4:00 - 6:00 **Welcome to Conference**—Michael Crew  
**Timothy J. Brennan:** Comparing Stranded Costs Arguments in Telecommunications and Electricity  
**Dale Lehman:** Back to the Future
- 6:00 - 9:00 **Cocktail Hour, Dinner & Speech:**  
**Christopher L. Dutton,** President & CEO, Green Mountain Power

Thursday, May 28, 1998

- 7:00 Breakfast
- 8:45 - 10:30 **Concurrent Sessions**  
**Deregulation and Restructuring**  
Chair: John G. Graham  
Discussants: William J. Deehan and Marshall Kolin  
**Andrew N. Kleit and M. Dek Terrell:** The Efficiency Effects of Electricity Deregulation in Louisiana  
**Fred Barney:** The Stock Market's View of the Five New York Restructuring Settlements  
**Karyl Leggio:** Takeovers in a Deregulating Environment: The Electric Utility Industry

## Competition in Local Telecom

Chair: Saikat Sen  
Discussants: Kent Currie, Eugene Floyd, and Don Laub

**Stephen M. Friedlander:** Competition, Natural Monopoly, and the Pricing of Basic Telephone Service

**Melinda Butler and Yiwen Yu:** Evaluating Competition in the Basic Local Exchange Market

**Eric Helland, Brian K. Staihr, Michael Sykuta:** Assessing the Competitive Impact of the Pass-Through of the New Universal Service Obligations

10:30 - 10:45 Coffee Break

10:45 - 12:30 **Concurrent Sessions**

## Strategies for Competition in Electricity

Chair: Lori Megdal  
Discussants: Robert Levin and Richard Steeves

**Robert D. Adkins:** What Does It Take to Create a Competitive Retail Electricity Market?

**James Forcier and Alan Cox:** New Product Development and Pricing for Competitive Electricity Markets

**Wesley W. Wilson and David E. Hunger:** The Adoption of Energy Saving Technologies: Qualifying Facility Entry in the Electric Industry

## Interconnection

Chair: Brian K. Staihr  
Discussants: Herbert Gilbert and Dennis Weller

**Carolyn Gideon:** Interconnection Pricing for Competing Networks

**Jiong Gong:** Role of Intermediaries in Electronic Commerce

Lunch

12:30 - 1:45

1:45 - 3:30

## Concurrent Sessions

### Regulation

Chair: Joseph C. Schuh  
Discussants: Marc Smith

**Menahem Spiegel, Moshe Kim, and Michael Podolsky:** The Interaction Between Regulations in the Electric Utility Industry

**John R. Norsworthy, Wolfgang Bessler, Raj Addepali, and Richard E. Schuler:** The Impact of Regulatory Events on the Cost of Equity Capital in Increasingly Deregulated Utility Industries

## Stranded Assets

Chair: Lawrence J. Cataldo  
Discussants: Negendra Subbkrishna

**Timothy Considine:** Suboptimal Capital in Electric Power

**Glenn Meyers:** Electric Utility Stranded Costs and Nuclear Responsibilities

Exercise Break

3:30

6:00 - 9:00

**Cocktail Hour & Dinner**

Friday, May 29, 1998

- 7:00 Breakfast
- 8:45 - 10:30 **Concurrent Sessions**
- Responses to Restructuring**  
Chair: Christopher Garbacz  
Discussants: Colin J. Loxley and Donald C. Ryan  
**Jonathan Lesser and Charles D. Feinstein:** Electric Utility Restructuring, Regulation of Distribution Utilities and the Fallacy of the "Avoided Cost" Rule  
**Thomas Paynter:** Bidding into New York's ISO  
**Howard M. Spinner:** Potential Impacts of Load Profiling vs. Actual Metering on Electric Industry Restructuring Outcomes
- Evolving Telecommunications**  
Chair: David Pitcher  
Discussants: George Ford, Wayne B. Hallard, and Frank Pampush  
**Agustin J. Ros:** Does Ownership Matter?: The Effects of Telecommunications Reform on Network Expansion  
**Richard E. Schuler and Richard E. Schuler, Sr.:** Market Power Dynamics in the Increasingly Deregulated Telephone Industry  
**J. Douglas Zona:** The Ability to Compete and Service Quality
- 10:30 - 10:50 Coffee Break
- 10:50 - 12:35 Chair: Lawrence J. Cataldo  
Discussants: Jonathan Lesser and Richard Simnett  
**Joseph C. Schuh:** Should Government Regulate Retirement Income Security  
**Frank Cronin and Herbert G. Thompson:** Picking Winners and Losers: Light Versus Heavy Regulation  
**Michael A. Crew and Paul Kleindorfer:** Governance Structures for Regulated Monopolies with Competitive Entry
- 12:35 - 12:40 Closing Remarks—Michael Crew
- 12:40 Lunch

## WORKSHOP ORGANIZING COMMITTEE

Lawrence J. Cataldo (Bellcore)  
Lawrence P. Cole  
Kent Currie (Ameritech)  
Michael Crew (Rutgers University)  
William Deehan (Gen. Vermont Pub. Serv.)  
Christopher Garbacz (Mississippi Public Utilities Staff)  
Brenda Kahn (AT&T)  
David Korn (AT&T)  
Robert A. Levin (NY Mercantile Exchange)  
Colin Loxley (Public Service Electric & Gas)  
Richard Michelfelder (Comverge Technologies)  
Robert Patrick (Rutgers University)  
David Pitcher (Bell Atlantic)  
Mark Reeder (NY Pub. Service Comm.)  
Joseph Schuh (Rutgers University)  
Richard Simnett (Bellcore)

## CONTACTING CRR I

Home page:

<http://www.rci.rutgers.edu/~crr1>

Address: School of Management • 180 University Avenue • Newark, NJ 07102

Phone: 973-353-5049 (office) • 973-353-1348 (fax)

E-mail:

lbrennan@andromeda.rutgers.edu (Linda Brennan)  
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, 1998. Registrations received after April 15, 1998, 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 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 Basin Harbor Club 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

**Robert D. Adkins**, Director—Corporate Forecasting, Utilicorp United, Inc.  
**Fred Barney**, Econometrician I, NYS Department of Public Service  
**Timothy J. Brennan**, Professor of Policy Sciences and Economics, University of Maryland-Baltimore County  
**Lawrence J. Cataldo**, Practice Director—Market Strategies, Bell Communications Research  
**Timothy Considine**, Director—Center for Economic and Environmental Risk Assessment, Pennsylvania State University  
**Michael A. Crew**, Professor, Rutgers University  
**Frank Cronin**, Principal, Hagler Bailly  
**Kent Currie**, Manager—Economic Analysis, Ameritech  
**William J. Deehan**, Vice President—Regulatory Affairs, Central Vermont Public Service  
**Charles D. Feinstein**, Professor of Decision and Information Sciences, Santa Clara University  
**Eugene Floyd**, Staff Manager, AT&T  
**James Forcier**, Senior Consultant, National Economic Research Associates  
**George Ford**, Senior Economist, MCI  
**Stephen M. Friedlander**, Manager, Law and Government Affairs, AT&T  
**Christopher Garbacz**, Director—Economics & Planning Division, Mississippi Public Utilities Staff  
**Carolyn Gideon**, Public Policy, Harvard University  
**Herbert Gilbert**, Economist, U.S. Postal Service  
**Jiong Gong**, Member of Technical Staff, Bell Communications Research  
**John G. Graham**, Senior Vice President and Chief Financial Officer, GPU Inc.  
**Wayne B. Hallard**, Manager, Bell Atlantic  
**Eric Helland**, Assistant Professor of Economics, Ball State University  
**David E. Hunger**, University of Oregon  
**Andrew N. Kleit**, Associate Professor, Louisiana State University  
**Marshall Kolin**, Economist, United States Postal Service  
**Don Laub**, Senior Manager, MCI  
**Karyl Leggio**, University of Kansas  
**Dale Lehman**, Senior Economist, Fort Lewis College

**Jonathan Lesser**, Manager—Economic Analysis, Green Mountain Power Corporation  
**Robert Levin**, Senior Vice President, New York Mercantile Exchange  
**Colin J. Loxley**, Director—Resource Planning, PSE&G  
**Lori Megdal**, Owner, Megdal & Associates  
**Glenn Meyers**, Senior Consultant, Economic Studies  
**John R. Norworthy**, Professor of Economics & Management, Rensselaer Polytechnic Institute  
**Frank Pampush**, Director—Economic and Policy Studies, Ameritech  
**Thomas Paynter**, Associate Economist, New York Dept. of Public Service  
**David Pitcher**, Corporate Economist, Bell Atlantic  
**Agustin J. Ros**, Senior Analyst, National Economic Research Associates  
**Donald C. Ryan**, Manager—Power Resources, Eastern Utilities Association  
**Joseph C. Schuh**, Rutgers University  
**Richard E. Schuler**, Associate Economist, NYS Department of Public Service  
**Salkat Sen**, District Manager—Law & Government Affairs, AT&T  
**Richard Simnett**, Director, Bell Communications Research  
**Marc Smith**, Economist, United States Postal Service  
**Menahem Spiegel**, Associate Professor, Rutgers University  
**Howard M. Spinner**, Manager, Economic & Regulatory Analysis, Central Vermont Public Service  
**Brian K. Stalhr**, Manager—Strategic Costing and Pricing, Sprint Corp.  
**Richard Steeves**, Principal Finance Specialist, Connecticut Consumer Counsel  
**Negendra Subbkrishna**, Senior Management Consultant, Resource Management International  
**Michael Sykuta**, Associate Director, Center for Research on Contracts, University of Pittsburgh  
**Herbert G. Thompson**, Director—IRP Division, Maryland Public Service Commission  
**Dennis Weller**, Chief Economist, GTE Telephone Operations  
**Wesley W. Wilson**, Associate Professor, University of Oregon  
**Yiwen Yu**, Research Economist, Florida Public Service Commission  
**J. Douglas Zona**, Senior Consultant, National Economic Research Associates

### REGISTRATION FORM: 17th Annual Conference

Name \_\_\_\_\_  
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 Company \_\_\_\_\_  
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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 \$365.

**CANCELLATION POLICY:** Until April 15, 1998 cancellation is allowed without penalty and refunds will be allowed in full. After this date the fee of \$725 (Government \$365) is due in full whether or not the participant actually attends. Substitutions may be made at any time.

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