

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

**Catamaran Hotel, San Diego, California  
Wednesday, July 5 to Friday, July 7, 1995**

**APPLICATION PROCEDURES**

Please complete the attached application form and return it by **May 15, 1995**. Applications received after this date will be accepted on a space available basis. The fee for the Conference is **\$690** per person. This includes learning materials, receptions, coffee breaks, dinner on July 6; 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 **\$365** 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  
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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)

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

**EIGHTH ANNUAL  
WESTERN CONFERENCE**

including the new

**Analytical Foundations Module**



**July 5-7, 1995**

**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.

⊛ The *Center for Research in Regulated Industries* is pleased to be the recipient of *The Hermes Award, 1992*, awarded by the European Express Organization.

**EIGHTEENTH ANNUAL WESTERN CONFERENCE**

Wednesday, July 5, 1995

4:30 - 6:00 **Welcome to Conference**—Michael Crew  
**Carl Pechman:** The Regulator and Anti-Competitive Behavior  
**William E. Kovacic:** Improving the Quality of Appointments to Regulatory Commissions

6:00 - 9:00 **Cocktail Hour, Dinner & Speech**  
**Warren I. Mitchell,** President, Southern California Gas Company

Thursday, July 6, 1995

8:45 - 10:30 **Concurrent Sessions:**  
**Real-Time Pricing** Chair: Ralph Carlson  
 Discussants: Dennis M. Keane and Richard Simnett  
**Peter Schwarz & Thomas Taylor:** Real-Time Pricing and Advance Notice  
**Dewey Seeto & Chi-Keung Woo:** Load Factor Rates versus Time-of-Use Rates Under Competition  
**Riaz Siddiqi:** Retail Market Management—Spot Pricing and Product Design in the Electricity Markets

**Market Changes—Risk & Response** Chair: James Lechtenberg  
 Discussants: Milan Cuc and Carl Silsbee  
**Patrick Hager, Stan Perry & Bart Jones:** The Effect of Regulatory Reform on Risk in the Marketplace  
**William M. Takis and Catherine M. Stanmeyer:** Financial Effects of Direct Access and Industry Restructuring Proposals  
**Robert A. Levin:** The Economic Welfare Consequences with a Restrictive Pool Mechanism in the Electricity Market: Focus on Forward Contracting Versus Spot Market Contracting

10:30 - 10:45 **Coffee Break**

10:45 - 12:15 **Concurrent Sessions:**  
**Electric Industry—The Future** Chair: Susan Schneider  
 Discussants: Jasmin Ansar and Michael Robinson  
**John L. Jurewitz:** Differences Between the Electricity and Natural Gas Industries and Their Implications for Electricity Industry Restructuring  
**Cliff Rochlin:** Electricity Industry—CIRCA 2005  
**Robert J. Michaels:** Retail Electricity Competition: Its Likely and Unlikely Futures

**Telecommunications** Chair: Stephen Levinson  
 Discussants: Barbara Cherry, Charles Goldfarb, and Mark Jamison  
**Dennis L. Weisman:** Incentives of the Vertically Integrated Firm: The Case of RBOC Entry and InterLATA Long Distance  
**Frank A. Wolak:** Can Universal Service Survive in a Competitive Telecommunications Environment? Evidence from the Consumer Expenditure Survey  
**Steve G. Parsons & Alexander C. Larson:** Building Block Cost Methods for Pricing and Unbundling Telecommunications Services: Implications for Law and Regulatory Policy

12:15 - 1:45 **Lunch Break**

1:45 - 3:30 **Concurrent Sessions:**  
**Electricity-Future Markets** Chair: David Pitcher  
 Discussants: Robert Adkins and Kevin P. O'Meara  
**Eric Woychik:** Electricity Restructuring Options: More or Less Competition?  
**Paul D. Nelson:** Overhead Cost Allocation with Industry Restructuring  
**Gary Stern:** The Competitive Transition Charge or How to Recover Costs While Entering a Brave New World

**Social Programs & Ratemaking** Chair: Mark P. Sweeney  
 Discussants: John Colias, Kent Currie, and Laurna Hansen  
**Fred L. Curry:** Rate Design and Social Programs  
**Kerrie Evans:** Ratepayers' Deep Pockets and Education's Telecommunications Needs  
**Christopher Garbacz:** Assessing FCC and State Lifeline and Link-up Programs

3:30 **Exercise Break**

Friday, July 7, 1995

9:00 - 10:50 **Concurrent Sessions:**  
**Electricity Pricing** Chair: Arthur McGrath  
 Discussants: Susan Schneider and Robin J. Walther  
**Abdul Khan:** Pricing Strategies for Non-Standard Electric Utility Services in a Semi-Deregulated Environment  
**Jeremy A. Bloom:** Strategic Assessment of the Role of Distributed Resources in Electric Power Systems  
**G.A. Comnes, T.N. Belden, and E.P. Kahn:** The Price of Electricity in Wholesale Electric Power Markets: Descriptive and Statistical Analysis of Medium- and Long-Term Contracts

Chair: John Dura  
 Discussant: Sandra Burns and Barry B. Douglas  
**Art De Vany & W. David Walls:** Arbitrage and Price Dynamics in Natural Gas City Gate Markets  
**Janie M. Chermak & Robert H. Patrick:** Incentives in Pipeline Pricing, Capacity, and Vertical Integration into Exhaustible Natural Resource Production  
**Edward P. Kahn:** The Production Tax Credit for Wind Turbine Powerplants is an Ineffective Incentive

10:50 - 11:10 **Coffee Break**

11:10 - 12:55 Chair: Kenneth C. Bailey  
 Discussants: Larry Schelhorse and Carl Silsbee  
**William J. Goleboski:** Regional Economic Multiplier Impacts of Firm Location Decisions on Utility Net Revenues  
**Michael A. Crew & Paul R. Kleindorfer:** Revenue Caps: Disincentive Regulation for Electric Utilities  
**Brenda Kahn:** LEC Price Caps: Opportunity or Opportunism

# Analytical Foundations of Regulatory Economics

Wednesday, July 5, 1995

The purpose of this module is to introduce participants to the analytical foundations of regulatory economics. This will include some of the relevant developments in information economics and incentives, econometrics and regulatory law. The approach will involve setting out the framework of incentive regulation which will tie together the developments in economic theory, law and econometrics.

The incentive regulation framework and the theory of incentives will be developed by Michael Crew and Robert Patrick. For example, the Revelation Principle, incentive compatibility, and the power of alternative incentive schemes will be contrasted and examined in terms of applicability in various regulatory settings, including implications for partial and total deregulation. The legal developments will be provided by William Kovacic, Esquire. His approach will involve providing a summary of recent developments plus a few recent landmark cases which he will analyze using the Socratic method, along law school lines, but emphasizing the economics implications. Frank Wolak will examine how econometrics may be used in regulatory economics, the econometrics of incentive regulation, including some of the problems, pitfalls, and limits of what can be analyzed using empirical methods.

## Program

10:00-11:25	<i>Incentive Regulation and Underlying Economic Theory—</i> M.A. Crew and R.H. Patrick
11:25-11:35	<b>Coffee Break</b>
11:35-1:00	<i>Legal Foundations—</i> W.E. Kovacic
1:00-2:00	<b>Lunch</b>
2:00-3:30	<i>Empirical Methods and Regulatory Economics—</i> F. Wolak
3:30-4:00	<i>A Unifying Framework—</i> M.A. Crew, W.E. Kovacic, R.H. Patrick, D.L. Weisman, and F. Wolak

## Fee

The registration fee for this is \$250 (\$135 government). However, persons registering for the conference at this time on the enclosed form can obtain this module for an extra \$200 (\$110 government). Lunch is included in the registration fee.

## Faculty

**Michael A. Crew**, Professor of Economics, School of Management, Rutgers University and Director of the Center for Research in Regulated Industries

**William E. Kovacic**, Professor of Law, George Mason University, School of Law  
**Robert H. Patrick**, Associate Professor of Economics, School of Management Rutgers University and Associate Director of the Center for Research in Regulated Industries

**Dennis L. Weisman**, Assistant Professor of Economics, Kansas State University  
**Frank A. Wolak**, Associate Professor of Economics, Stanford University

# 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—1995 Postal Workshop: Naantali, Finland, June 7-10, 1995

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. In 1994, a conference was held in Stockholm, Sweden, in May and a workshop was held in Hakone, Japan, in June. A workshop will be held June 7-10, 1995 in Naantali, Finland. 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—Upcoming Research Seminars: October 20, 1995 and 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 1994 were: Public Service Electric & Gas Company, New Jersey Bell Telephone Company, AT&T, Jersey Central Power & Light, Hackensack Water Company, New York Telephone Company, Atlantic Electric, NYNEX, New Jersey—American Water Company, Elizabethtown Gas Company, New Jersey Natural Gas Company, and United Telephone of New Jersey.

## Health Economics and Regulation Program

The Center held its second Workshop on Health Care Policy and Regulation Workshop in 1994-1995. 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—Starting in 1995: Six Issues per Year

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, BellSouth, the Electric Power Research Institute, Ford Motor Company, GTE Laboratories, 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 or fax (201) 648-1248.

## SPEAKERS, DISCUSSANTS, AND CHAIRPERSONS

*Robert Adkins*, Manager—DSM Planning & Load Forecasting, Utilicorp United

*Jasmin Ansar*, Director, Pacific Gas & Electric

*Kenneth C. Bailey*, Manager, US West Communications

*Jeremy A. Bloom*, Program Manager, Integrated Resource Planning, Electric Power Research Institute

*Sandra Burns*, Team Leader, Pacific Gas & Electric

*Ralph Carlson*, Rates Manager, Los Angeles Department of Water and Power

*Janie M. Chermak*, Assistant Professor, Naval Post Graduate School

*Barbara A. Cherry*, Director—Issues Analysis, Public Policy, Ameritech

*John Colias*, Research Economist, BellSouth Telecommunications

*G. Alan Connes*, Scientific Engineering Associate, Lawrence Berkeley Laboratory

*Milan Cuc*, Senior Economist, National Energy Board, Canada

*Kent Currie*, Manager—Economic Analysis, Ameritech

*Fred L. Curry*, Chief—Water Branch, California Public Utilities Commission

*Arthur DeVany*, Professor, University of California, Irvine

*Barry B. Douglas*, Director of Operations Support & Forecasting, Pacific Gas & Electric

*John Dura*, Manager—Economic Analysis and Number Services, Bellcore

*Kerrie Evans*, Assistant Utilities Engineer, California Public Utilities Comm.

*Christopher Gabacz*, Director, Economics & Planning Division, Mississippi Public Utilities Staff

*Charles Goldfarb*, Senior Policy Advisor, MCI Telecommunications Corp.

*William J. Goleboski*, Assistant Vice President, Applied Energy Group

*Patrick Hager*, Manager, Revenue Requirements, Portland General Electric

*Lauma Hansen*, Research Staff Member, Institute for Defense Analysis

*Mark A. Jamison*, Manager, Sprint

*John L. Jurewitz*, Manager—Energy Policy & Regulation, Southern California Edison

*Brenda Kahn*, Staff Manager, AT&T

*Edward P. Kahn*, Group Leader, Lawrence Berkeley Laboratory

*Dennis M. Keane*, Senior Consultant, Freeman, Sullivan & Company

*Abdul Khan*, Regulatory Economics Analyst, Southern California Edison

*Alexander C. Larson*, Senior Economist, Southwestern Bell

*James Lechtenberg*, Director—Marketing Financials, Pacific Bell

*Robert A. Levin*, Senior Vice President, New York Mercantile Exchange

*Stephen B. Levinson*, Government Affairs—Regulatory Policy Analysis, AT&T

*Arthur McGrath*, Director—Regulatory, New York Telephone

*Robert J. Michaels*, Professor of Economics, California State University at Fullerton

*Paul D. Nelson*, Regulatory Economics Analyst, Southern California Edison

*Kevin P. O'Meara*, Economist, Public Power Council

*Steve G. Parsons*, Area Manager, Southwestern Bell

*Carl Pechman*, Supervisor of Energy & Environmental Economics, New York State Department of Public Service

*David Pitcher*, Manager of Economic Research, Bell Atlantic

*Michael Robinson*, Economist, CENergy

*Cliff Rochlin*, Electric Energy Analyst, Southern California Gas

*Larry Schelhorse*, Principal Economic Advisor, San Diego Gas & Electric

*Susan Schneider*, Manager—Pricing & Regulatory Support, Pacific Gas & Electric

*Peter Schwarz*, Professor, University of North Carolina at Charlotte

*Dewey Seeto*, Senior Rates Analyst, Pacific Gas & Electric

*Riaz Siddiqi*, General Manager of Market Management Service, CENergy

*Carl Silsbee*, Supervisor—Regulatory Economics, Southern California Edison

*Richard Simnett*, Director—Network Economic Research, Bellcore

*Gary Stem*, Supervisor, Resource Strategies, Southern California Edison

*Mark P. Sweeney*, Manager—Strategic & Economic Analysis, Southern California Gas Company

*William Takis*, Economic Consultant, Price Waterhouse

*Thomas Taylor*, Senior Economist, Duke Power Company

*Robin J. Walther*, Senior Economist, Southern California Edison

*Dennis L. Weisman*, Assistant Professor of Economics, Kansas State University

*Chi-Keung Woo*, Principal, Energy & Environmental Economics

*Eric Woychik*, President, Strategy Integration

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

**Analytical Foundations Module:** Wednesday, July 5, 1995. Registration fee with Western Conference Registration is \$200 (\$110 government).<sup>+</sup>

I would like to sign up 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 \$690 per person, including beverages and instructional materials. Food (except dinner on July 5) and lodging are not included.

**Government Rate:** Members of governmental and regulatory organizations may apply for the reduced enrollment fee of \$365 per person.

I would like to apply for the government rate of \$365.

**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, 1995 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, 1995\*\*** 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, 1995 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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