

Advanced Workshop in Regulation and Competition

COMPETITIVE CHALLENGE IN NETWORK INDUSTRIES

13th Annual Western Conference

The Doubletree Hotel Monterey, California „ July 5–7, 2000

The Conference features some of the latest developments in 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 *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 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.

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

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THIRTEENTH ANNUAL WESTERN CONFERENCE

Wednesday, July 5, 2000

3:00 - 4:00 Registration
 4:00 - 4:30 Welcome to Conference—Michael Crew *Bonsai*
Dennis Weisman: [The Efficient Component Pricing Rule: Friend or Foe?](#)
 4:30 - 6:00 **William Kovacic:** [The Microsoft Case: Its Implications for Network Industries](#)
 6:00 - 9:00 **Cocktail Hour, Dinner & Speech:** *Portola*
Kurt E. Yeager
 President, EPRI

Thursday, July 6, 2000

8:00 - 9:45 *Concurrent Sessions* *Bonsai I/II*
TELRIC *I*
 Chair: Steve Levinson
 Discussants: Kent Currie and John Waller
Fred Barney: [Options for Statistical Evaluation of Parity Models](#)
David Mandy: [Telric Pricing with Vintage Capital](#)
Edward Fagerlund: [Beyond the TELRIC Cost Model](#)
ROLE OF DISTRIBUTION COMPANY *II*
 Chair: Michael Ambrosio
 Discussants: Larry Blank, Colin Loxley, and Anne Selting
Steven Ostrover: [The Role of Distribution within Competitive Power Markets: Evidence from International Utility Sales](#)
Eric Ackerman, Michael A. Crew and Paul Kleindorfer: [Strategic Positioning For Utility Distribution Companies](#)
Robert Michaels: [Default Supply in Restructured Electricity Markets](#)
 9:45 - 10:00 Coffee Break
 10:00 - 11:45 *Concurrent Sessions* *Bonsai I/II*
MARKET STRUCTURE I *I*
 Chair: Ray Williams
 Discussants: Cliff Rochlin, Gary Stern, and Robin Walther
Dan Berry: Market Power Mitigation in Electricity Load Pockets
Lewis Evans and Terence Arnold: [The Law and Economics Basis of Enforcing Governance of Private Joint Venture Network Markets: the Case of NZEM](#)
Hung Po Chao and Charles R. Plott: A Competitive Mechanism for the Distribution of Electric Power through a Network and the Determination of Network Capacity

Distribution Pricing/Unbundling *II*

Chair: Art Ekholm
 Discussants: Stathis Kostopoulos and Johannes Van Lierop
Glenn Vail and Akbar Jazayeri: Pricing the Wires Business: Post Rate Freeze in California Electric Industry Restructuring
David Croyle and Larry Schelhorse: The Relevance and Estimation of Long Run Marginal Costs in the Emerging California Retail Market for Revenue Cycle Services

Martin Collette and Ronald van der Leeden: Alternative Methodologies for Determining Marginal Costs

11:45 - 1:00 Lunch Break

1:00 - 2:30 *Concurrent Sessions* *Bonsai I/II*

LOCAL TELEPHONE COMPETITION *I*

Chair: John Sumpter
 Discussants: Richard Simnett, Christopher Garbacz, and Bob Kargoll

Esther Gal-Or: [Transition to Competition in Local Telephone Markets and Appendix](#)

Gary Biglaiser and Patrick DeGraba: [The Economics of BOC Long Distance Entry when Access Rates are Above Costs](#)

Michael Ward, Glenn A. Worocho and Fariza Ahmad: Do Wireless and Wireline Service Compete

PUBLIC POWER *II*

Chair: Dewey Seeto
 Discussants: Steve Keehn, Chris Mayer, and Kevin O'Meara

Lon Peters: An Economic Analysis of Municipal Tax-Exempt Debt in Electrical Power Industry

Carl Pechman: The Economics of Distribution Competition

John Kelly: Some Essential Facts for Assessing the Public Roll and Economic Effectiveness of Public Enterprise in the Electric Utility Industry

2:30 - 4:00 *Concurrent Sessions* *Bonsai I/II*

MARKET STRUCTURE II *I*

Chair: Debi Le Vine
 Discussants: Robert Graniere, Nainish Gupta, and Pradeep K. Sircar

James Hendry: Electric Restructuring in California - Two Years Later

David Sosa and John H. Landon: Explaining Merger Benefits in Newly Deregulated Network Industries

Rudi Hakvoort: [Liberalization of the Power Sector: What does it Mean?](#)

DISTRIBUTION COMPETITION II

Chair: Pete Ewen
 Discussants: Jasmin Ansar and David Gamson

Wendy Keilani and Michael Schneider:
 Distributed Generation: How Customers and
 Utilities Benefit from Distributed Generation -
 Overcoming the Barriers

Dennis Keane: Emerging Distribution
 Competition in California

Ahmad Faruqi and Kelly Eakin: [Bundling
 Value-Added Services with Electricity
 Commodity in Retail Product Design](#)

4:00 Exercise Break

Friday, July 7, 2000

8:45 - 10:40 *Concurrent Sessions* **Bonsai I/II**

BROADBAND I

Chair: David Pitcher
 Discussants: Bob Jacob, Julie Kelly,
 and Tim Sullivan

Eric Helland: [Regulated Prices as Collective
 Goods: The Case of New York Cable Systems](#)

Sandy Marble: [The New Bandwidth Markets:
 Dealing with Basic Issues in a Low-Regulation
 Environment](#)

Tim Brennan: [Policy Federalism and
 Regulating Broadband Internet Access](#)

STRATEGIES II

Chair: Michael Schneider
 Discussants: Carl Danner and Bob Lane

Mark Sweeney: Communication Opportunities
 for Energy Companies

Burk Kalweit, Terry Kades and Gary Cook:
[An Innovative Approach to Building Business
 Strategy for the Evolving Energy Enterprise](#)

Jeremy Bloom: Positioning EPRI for
 Effectiveness in the Deregulated Energy
 Industry: A New Business Venture

10:40 - 11:00 Coffee Break

11:00- 12:55 **INCENTIVE REGULATION** *Bonsai*

Chair: Howard Alenier
 Discussants: Fred Curry, Yasuji Otsuka
 and Jutta Shaw

Gregory Duncan: [Performance Parity
 Incentives for Competitive Local
 Telecommunications Markets](#)

Michael Crew and Paul R. Kleindorfer: *Regulate* DoubleTree Hotel - Monterey

Terry Schroepfer: Performance Measures and
 Telecommunications Competition

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

ORGANIZING COMMITTEE

- Jasmin Ansar (Pacific Gas and Electric)
- Jeremy Bloom (EPRI)
- Jerry Brooks (Pacific Bell)
- 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 Edison)
- Dennis Keane (Pacific Gas & Electric)
- Carl Pechman (Power Economics)
- Cliff Rochlin (Southern California Gas)
- David Salant (LECG)
- Larry Schelhorse (Sempra Energy)

CONTACTING CRII

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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, 2000. Registrations received after May 15, 2000, 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 **Center for Research in Regulated Industries** at the above address.

HOTEL RESERVATIONS

Sufficient Rooms are reserved at the Doubletree Hotel for all of the Conference participants. Participants should register for the conference by returning registration forms to DoubleTree Hotel. Reservations must be received by June 5, 2000. Hotel reservation forms can be downloaded from the internet at: <http://www.rci.rutgers.edu/~crr/DoubletreeReservation.html>

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 Two Portola Plaza
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SPEAKERS, DISCUSSANTS, AND CHAIRS

Eric T. Ackerman, Manager, Regulatory Policy, Edison Electric Institute
Howard S. Alenier, International Finance Coordinator, United States Postal Service
Michael Ambrosio, Director of Energy & Telecommunications, Deloitte and Touche
Jasmin Ansar, Director, Pacific Gas & Electric
Fred Barney, Econometrician I, NYS Department of Public Service
Dan Berry, Senior Analyst, Regulatory Affairs, California Power Exchange Corp.
Gary A. Biglaiser, Associate Professor, University of North Carolina
Larry Blank, President and Chief Consultant, TAHOEconomics, LLP
Jeremy A. Bloom, Business Unit Manager-Retail Market Tools & Services, EPRI
Timothy J. Brennan, Professor of Policy Sciences and Economics, University of Maryland-Baltimore County
Hung-Po Chao, Area Manager-Policy and Risk Analysis, EPRI
Martin Collette, Senior Economist, Econ One Research
Michael A. Crew, Professor, Rutgers University
Kent Currie, Associate Director, Cost Analysis and Regulatory, SBC Communications
Fred Curry, Chief, Water Advisory Branch, California Public Utilities Commission
Carl Danner, Director - Wilk & Associates/LECG
Gregory M. Duncan, Senior Vice President, National Economic Research Associates
Art Ekholm, Manager - Decision and Regulatory Support Services, TXU Electric & Gas
Lewis Evans, Professor of Economics - Executive Director, Victoria University of Wellington
Pete Ewen, Manager - Forecasting, Pinnacle West Capital
Edward Fagerlund, Economist, Minnesota Department of Commerce
Ahmad Faruqui, Area Manager, EPRI
Esther Gal-Or, Professor of Business Administration and of Economics, University of Pittsburgh
David Gamson, Commission Advisor, California Public Utility Commission
Christopher Garbacz, Director of Economics, Mississippi Public Utilities Staff
Robert Graniere, Senior Economist, National Regulatory Research Institute
Nainish Gupta, Senior Manager, Arthur Andersen, LLP
Rudi Hakvoort, Professor, Delft University of Technology
Eric Helland, Asst. Professor, Claremont McKenna College
James E. Hendry, Formerly Senior Energy Advisor to Commissioner, California Public Utilities Commission
Bob Jacob, Director of Market Analysis and Forecasting, Sprint
Burk Kalweit, Project Manager, EPRI
Bob Kargoll, Regulatory Director, AT&T
Dennis M. Keane, Senior Analyst, Pacific Gas & Electric
Steve Keehn, Analyst, Regulatory Policy & Analysis, Sempra Energy

John Kelly, Director of Economics and Research, American Public Power Association
Julie Kelly, Member-Research Staff, Institute for Defense Analysis
Stathis Kostopoulos, Senior Economist, Southern California Edison
William E. Kovacic, Professor, George Washington University
Bob Lane, Senior Analyst, Division of Strategic Planning, California Public Utilities Commission
Debi Le Vine, Director of Contract and Compliance, California Independent System Operators
Steve Levinson, Senior Economist, AT&T
Colin Loxley, Director-Resource Planning, PSE&G
David M. Mandy, Associate Professor, University of Missouri
Sandy Marble, Member of Technical Staff, Telecordia Technologies
Chris Mayer, Assistant General Manager, Modesto Irrigation District
Robert J. Michaels, Professor of Economics, California State University at Fullerton
Kevin O'Meara, Senior Economist, Public Power Council
Steve Ostrover, Senior Consultant, Econ One Research, Inc.
Yasuji Otsuka, Economist, Nevada Public Utility Commission
Carl Pechman, Managing Director, Power Economics
Lon L. Peters, President, Northwest Economic Research, Inc.
David Pitcher, Chief Economist, Bell Atlantic
Cliff Rochlin, Market Consultant, Southern California Gas Company
Larry Schelhorse, Policy Leader, Sempra Energy
Michael M. Schneider, Director of Business Analysis, San Diego Gas & Electric
Terrence J. Schroepfer, Manager, Southwestern Bell Telephone
Dewey Seeto, Senior Economist, Pacific Gas & Electric
Anne Selting, Consultant, National Economic Research Associates
Jutta Shaw, Economist, National Energy Board
Richard Simnett, Chief Scientist, Telecordia
Pradeep K. Sircar, Manager Resource Analysis, Nevada Public Utility Commission
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Tim Sullivan, Commission Advisor, California Public Utility Advisor
John Sumpter, Pac-West Telecom, Inc.
Mark P. Sweeney, Director of Business Development, Sempra Energy
Glenn Vail, Financial Analyst, Southern California Edison
Johannes Van Lierop, Director of Regulatory and Business Analysis, Southern California Gas Company
John Waller, Rate Analyst, United States Postal Rate Commission
Robin Walther, Project Manager, Southern California Edison
Michael Ward, Associate Professor of Economics, University of Illinois
Dennis Weisman, Professor, Kansas State University
Ray Williams, Manager - Hydro Divestiture, Pacific Gas & Electric

C REGISTRATION FORM: 13th Annual Western Conference

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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 \$425

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CANCELLATION POLICY: Until May 14, 2000 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: _____