

THE STATE UNIVERSITY OF NEW JERSEY
RUTGERS

School of Management

CENTER FOR RESEARCH IN REGULATED INDUSTRIES

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

15TH ANNUAL CONFERENCE

May 29-31, 1996

**Sagamore Hotel
Lake George, New York**

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 bi-monthly intended to provide a forum for the highest quality research in regulatory economics.

FIFTEENTH ANNUAL CONFERENCE OF THE ADVANCED WORKSHOP

Wednesday, May 29, 1996

4:30 - 6:00

Welcome to Conference—Michael A. Crew

Gerald Faulhaber: Voting on Prices: The Political Economy of Regulation

Melinda Butler: An Updated Report on Florida on Florida's Education Facilities Infrastructure Improvement Act.

6:00 - 9:00

Cocktail Hour, Dinner & Speech

Lou Peoples, CEO & Vice Chairman, Orange and Rockland Utilities

Thursday, May 30, 1996

8:45 - 10:30

Concurrent Sessions:

Chair: Garry Brown

Discussants: Malcolm Ainspan, Colin J. Loxley, and Larry R. Spancake

Glenn Meyers: Stranded Investment in the Electric Power Industry

Ralph Zarumba, Edward Bodmer, and Conrad Reddick: A Framework for Evaluating the Prudence of Stranded Investment Recovery Using Measures of Management Performance

H. Dieter Waffel: The Evolution of Risk Assessment in Utility System Operations

Chair: Saikat Sen

Discussants: Rich Clarke and L. Adam Lechman

Johannes M. Bauer and Patricia K. McCormick: Diversification, Regulation, and the Market Value of Telecommunication Service Providers

William E. Taylor, Timothy J. Tardiff, and J. Douglas Zona: An Analysis of Resale in Telecommunications

Dale E. Lehman: Price Rigidities in Communities Networks

10:30 - 10:45

Coffee Break

10:45 - 12:30

Concurrent Sessions:

Chair: Stephen Vanderploeg

Discussants: Don Laub and William M. Newman

David G. Loomis: Regulatory Fairness and Local Competition Pricing

Christopher Vaz, David Gabel, and D. Mark Kennet: The Next Stage in Setting Local Telephone Rates

Larry Blank: The Minimum Subscription Plan: Balancing Efficiency and Universal Service Objectives

Chair: Shimon Awerbuch

Discussants: David Kathan, Wade Martin, and Howard M. Spinner

Christos Constantatos and Joseph A. Doucet: Regulatory Constraints and the Efficiency of Tradeable Emission Permits

Michel Roland: Demand-Side Management Programs, Cross-Subsidies and Transaction Costs: The Case of Self Rationing

Lorna A. Greening, Alan H. Sanstad, and James E. McMahon: Effects of Appliance Standards on Product Price and Attributes: An Hedonic Pricing Model

12:30 - 2:00

Lunch Break

2:00 - 3:15

Concurrent Sessions:

Chair: Stacey Renner

Discussants: William J. Deehan and Ingrid Martin

Miles O. Bidwell and Mark Reeder: Market Clearing Prices on Peak Days

Thomas Paynter: Why are there Aluminum Smelters in New York? Some Consequences of Bounded Rationality

SYMPOSIUM ON AUCTIONS AND REGULATION

Chair: Mark A. Jamison

Discussants: Jiong Gong and Paul R. Kleindorfer

David J. Salant: Carrier of Last Resort Sales

Michael Rothkopf: The Design of the Spectrum Auctions and Computational Limits on Combinatorial Bidding

3:15

Exercise Break

Friday, May 31, 1996

9:00 - 10:45

Concurrent Sessions:

Chair: Victor Glass

Discussants: Lawrence P. Cole and John Garrett

Lawrence J. Cataldo and Richard Simnett: Local Competitive Cost Structures

John Kling and William Newman: Choice of a Single Carrier: What's Left for the LECs

Chair: Glenn Meyers

Discussants: Paul Hollinger, Connie Smyser, and Richard W. Steeves

Christopher C. Klein: Productivity Growth in Telecommunications: The Case of Tennessee

Ravi S. Kuchibhotla: A Comparative Study of the Factors that Influence the Price of Electricity for High and Low Cost States in the Regulated Electric Utility Industry

Richard A. Michelfelder: Price Caps, Revenue Caps, Electric Utility Risk, Shareholder Value and Competition

10:45 - 11:00

Coffee Break

11:00 - 12:55

Chair: Wayne Hallard

Discussants: Kenneth Dunsmore, David Korn, and Arthur McGrath

Padmanabhan Srinagesh: An Economic Analysis of Sender Keep All Interconnection Arrangements

Timothy J. Brennan: Industry Parallel Interconnection Agreements

Richard E. Schuler: Times Series Analysis of the New York Interlata Toll Market

12:55 - 1:00

Closing Remarks—Michael Crew

1:00

Conference Ends

SPEAKERS, DISCUSSANTS AND CHAIRPERSONS

Malcolm Ainspan, Rate Analyst, Green Mountain Power
Shimon Awerbuch, Independent Researcher, Nashua, NH
Johannes M. Bauer, Associate Professor and Director, Institute of Public Utilities, Michigan State University
Miles C. Bidwell, Vice President, National Economic Research Associates, Inc.
Larry Blank, Research Economist/Lecturer, National Regulatory Research Institute
Timothy J. Brennan, Professor of Policy Sciences and Economics, University of Maryland
Garry Brown, Regulatory Analyst, Sithe Energies
Melinda Butler, Public Utilities Supervisor, Florida Public Service Commission
Lawrence J. Cataldo, Director—Public Pol. & Reg. Matters, Bell Communications Research
Rich Clarke, Division Manager—Local Service Division, AT&T
Lawrence P. Cole, Manager—Economics and Statistics, GTE Laboratories
William J. Deehan, Assistant Vice President, Central Vermont Public Service
Joseph A. Doucet, Professeur Agregé, Université Laval
Kenneth Dunsmore, Director—Economic Analysis, Ameritech
Gerald Faulhaber, Professor, The Wharton School, University of Pennsylvania
John Garrett, Manager—Demand Analysis, BBS Broadband IBU Pricing
Victor Glass, Group Manager—Demand, National Exchange Carriers Association
Jiong Gong, Member of Technical Staff, Bell Communications Research
Lorna A. Greening, Staff Energy/Environmental Policy Analyst, Lawrence Berkeley Laboratory
Wayne Hallard, Manager, Bell Atlantic
Paul Hollinger, Manager—Economic Analysis, Ameritech
Mark A. Jamison, Manager—Regulatory Policy & Coordination, Sprint
David Kathan, Project Manager, ICF Consulting Group
Christopher C. Klein, Director—Utility Rate Division, Tennessee Public Service Commission
John Kling, Visiting Assistant Professor, Rutgers University
David Korn, Staff Manager, AT&T
Ravi S. Kuchibhotla, Energy Program Manager, IBM Corp.
Don Laub, Senior Manager, MCI
L. Adam Lechman, Research Staff Associate, Institute for Defense Analysis
Dale E. Lehman, Associate Professor of Economics, Fort Lewis College
David G. Loomis, Analyst—Economic Analysis, Bell Atlantic
Colin J. Loxley, General Manager—Resource Planning, Public Service Electric & Gas
Ingrid Martin, Assistant Professor, Boston College
Wade Martin, Associate Professor, Harvard University
Arthur McGrath, Director—Economic & Market Analysis, New York Telephone
Glenn Meyers, Senior Consultant, Economic Studies
Richard A. Michelfelder, Manager of Energy Services, Atlantic Electric
William M. Newman, Vice President, PNR & Associates
Thomas Paynter, Associate Economist, New York Dept. of Public Service
Mark Reeder, Chief of Regulatory Economics, New York State Department of Public Service
Stacey Renner, Assistant Rates & Forecasting Analyst, Central Hudson Gas & Electric
Michel Roland, Assistant Professor, Université Laval
Michael Rothkopf, Professor, School of Business-NB and RUTCOR, Rutgers University
David J. Salant, Principle Member Technical Staff, Charles River Associates, Inc.
Richard E. Schuler, Associate Economist, New York State Department of Public Service
Saikat Sen, District Manager—Government Affairs, AT&T Communications
Richard Simnett, Director—Service Planning & Market Analysis, Bell Communications Research
Connie Smyser, Manager—Market Management, Electric Power Research Institute
Larry R. Spancake, Economist, U.S. Energy Information Administration
Howard M. Spinner, Manager—Economic and Regulatory Analysis,
Padmanabhan Srinagesh, Member Technical Staff, Bell Communications Research
Richard W. Steeves, Finance Specialist, Connecticut Office of Consumer Counsel
Steve Vanderploeg, Manager—Econometric Forecasts, Ameritech
Christopher Vaz, Visiting Instructor, Mount Holyoke College
H. Dieter Waffel, Manager—Market Management, Tennessee Valley Authority
Ralph Zarumba, Senior Pricing Analyst, San Diego Gas and Electric
J. Douglas Zona, Senior Consultant, National Economic Research Associates

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APPLICATION PROCEDURES

Please complete the attached application form and return it by **April 15, 1996**. Applications received after this date will be accepted on a space available basis. The fee for the Conference is **\$670** per person. This includes learning materials, receptions, and coffee breaks; it does not cover food and lodging which are to be paid directly to the hotel by the participant. For participants affiliated with governmental and other non-profit organizations, there is a reduced rate of **\$335** per person.

HOTEL RESERVATIONS

Sufficient rooms are reserved at the Sagamore 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, CRRI, Faculty of Management, Rutgers University

Michael A. Crew, Professor of Economics and Director—CRRI, Faculty of Management, Rutgers University

Paul R. Kleindorfer, Universal Furniture Professor of Economics and Decision Sciences, Wharton School, University of Pennsylvania

William E. Kovacic, Associate Professor, George Mason University School of Law

Robert H. Patrick, Associate Professor of Economics and Associate Director—CRRI, Faculty of Management, Rutgers University

Kathleen Rutledge, Principal Secretary, CRRI/Finance-Economics, Faculty of Management, Rutgers University

For further information, please contact:

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