

SIXTH ANNUAL WESTERN CONFERENCE

The Western Conference aims to provide the same blend of high technical quality and relevance achieved by the previous Workshops and Annual Conferences. While the general theme of the Western Conference will be the same as that of the Twelfth Annual Conference, the papers presented will be different and will be drawn mainly from the western United States.

WESTERN CONFERENCE ORGANIZING COMMITTEE

Douglas Clark (Southwestern Bell Telephone)
Michael Crew (Rutgers University)
Fred Curry (California Public Utilities Commission)
James Hendrix (Southern California Gas)
John Jurewitz (Southern California Edison)
Dennis Keane (Pacific Gas & Electric)
Alexander Larson (Southwestern Bell Telephone)
James Lechtenberg (Pacific Bell Telephone)
Larry Schelhorse (San Diego Gas and Electric)
Dennis Weller (GTE Service Corporation)

For further information regarding the Workshop or any of the programs of the Center for Research in Regulation, please contact:

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THE STATE UNIVERSITY OF NEW JERSEY
RUTGERS

Graduate School of Management
Center for Research in Regulated Industries

ADVANCED WORKSHOP IN REGULATION AND PUBLIC UTILITY ECONOMICS 1992-1993

Newark Meetings
November 20, 1992 • January 15, 1993 • April 16, 1993

12th Annual Conference
Cape Cod, Massachusetts • May 26-28, 1993

6th Annual Western Conference
Monterey, California • July 7-9, 1993

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 quarterly 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.

P The following organizations have sent at least one representative to past
A Workshops:

T **Gas & Electric Utility Companies**

Atlantic Electric Company • Baltimore Gas & Electric Company • Boston Edison Company • Brooklyn Union Gas Company • Central Hudson Gas & Electric Company • Central Vermont Public Service Corp. • Consolidated Edison of New York • Costal Gas Markets • Duke Power Company • Elizabethtown Gas Company • Gas Company of New Mexico • Georgia Power Company • GPU Service Corporation • Jersey Central Power & Light Company • Louisiana Power & Light Company • Long Island Lighting Company • Michigan Consolidated Gas • Middle South Services • Mississippi Power & Light Company • Montana Power Company • New England Power Services Corporation • New York State Electric & Gas Company • Niagara Mohawk Power Corporation • Northeast Utilities Service Company • Orange and Rockland Utilities • Pacific Gas and Electric Company • Public Service Company of Colorado • Public Service Electric & Gas Company • Rochester Gas & Electric Company • San Diego Gas and Electric Company • Southern California Edison • Southern California Gas Company • Southern Company • Southern Connecticut Gas Company • Texas Utilities • Wisconsin Electric Power

Telephone Companies

Ameritech Services • AT&T • AT&T Communications • Bell Atlantic • Bell Canada • Bell Communications Research • Bell of Pennsylvania • Bell South • Chesapeake & Potomac Telephone • Diamond State Telephone • Edmonton Telephones Corp. • General Telephone Company of California • GTE Corporation • GTE Laboratories • Illinois Bell Telephone Company • Indiana Bell Telephone Company • Michigan Bell Telephone Company • Mountain Bell Telephone Company • New England Telephone Company • New Jersey Bell Telephone Company • New York Telephone Company • Northwestern Bell Telephone Company • NYNEX Corporation • NYNEX Service Company • Ohio Bell Telephone Company • Pacific Bell Telephone Company • Pacific Northwestern Bell Telephone Company • Pacific Telecom • Rochester Telephone • Southern Bell Telephone Company • Southern New England Telephone Company • Southwestern Bell Telephone Company • United Telephone Systems • US Sprint • US West, Incorporated

Public and Regulatory Agencies

Alabama Public Service Commission • Bonneville Power Administration • California Energy Commission • California Public Utilities Commission • Colorado Department of Law • Connecticut Division of Public Utility Control • Connecticut Office of Policy and Management • Delaware Office of the Public Advocate • District of Columbia Public Service Commission • Florida Public Service Commission • Idaho Public Utility Commission • Illinois Commerce Commission • Iowa State Utilities Board • Los Angeles Department of Water & Power • Maryland Public Service Commission • Massachusetts Department of Public Utilities • Minnesota Department of Public Service • Montana Public Service Commission • Nevada Public Service Commission • New Hampshire Public Utilities Commission • New Jersey Board of Public Utilities • New Jersey Dept. of Environmental Protection • New Jersey Public Advocate • New Mexico Public Service Commission • New York State Consumer Protection Board • New York State Department of Law • New York State Energy Office • New York State Public Service Commission • Ohio Public Utility Commission • Oregon Public Utility Commission • Public Power Council • Sacramento Municipal Utility District • Tennessee Public Service Commission • Texas Public Utilities Commission • U.S. Department of Energy • U.S. Federal Communications Commission • U.S. Federal Energy Regulatory Commission • U.S. Postal Rate Commission • V.A. Medical Center • Vermont Public Service Commission • Virginia State Corporation Commission • Washington Utilities & Transportation Commission

Other Organizations

American Gas Association • Analysis Group • Applied Economic Analysis • Barakat & Chamberlin • Brattle Group • Cambridge Systematics • Charles River Associates • Christensen Associates • Coopers & Lybrand • Department of Veteran's Affairs • Economic Studies, Inc. • Electric Power Research Institute • Energy Management Association • Hackensack Water Company • Institute for Defense Analysis • International Express Carriers Conference • Korean Information Society Development Institute • Metering Services, Inc. • National Economic Research Associates • National Exchange Carriers Association • National Regulatory Research Institute • Paul, Weiss, Rifkind, Wharton & Garrison • Peat Marwick • Price Waterhouse • PSI Energy • Reason Foundation • Regional Economic Research • Resources for the Future • Small, Craig and Werkenthin • Synergic Resources Corp. • Telesector Resources Group • United States Postal Service • United Water Resources • WIK Institute • Xenergy

WORKSHOP ORGANIZING COMMITTEE

Kent Bjornstad (Bell Atlantic)
Lawrence J. Cataldo (Bell Communications Research)
Joel Charkow (Consolidated Edison)
Lawrence P. Cole (GTE Laboratories)
Michael Crew (Rutgers University)
William Deehan (Central Vermont Public Service)
James Green (Southern New England Telephone)
Brenda Kahn (AT&T)
Michael J. Kelleher (Niagara Mohawk Power)
John Kling (Michigan Bell Telephone)
Alexander Larson (Southwestern Bell Telephone)
Arthur W. McGrath (New York Telephone)
Carl Pechman (New York State Public Service Commission)
Mark Reeder (New York State Public Service Commission)
Joseph Schuh (Rutgers University)
Richard Simnett (Bell Communications Research)
Dennis Weller (GTE Service Corporation)

TOPICS OF THE 1992-1993 WORKSHOP

November 20, 1992

“Peak-Load Pricing: a Survey of Theory and Practice”

Michael A. Crew, Graduate School of Management, Rutgers University

Paul R. Kleindorfer, The Wharton School, University of Pennsylvania

“State Action as a Defense in Federal Suits: Regulation versus Antitrust”

William E. Kovacic, George Mason University Law School

January 15, 1993

“Transforming Power Markets”

Carl Pechman, New York Public Service Commission

Eugene Meehan, Energy Management Associates

“FCC Regulation of Telecommunications and CATV”

James Green, Southern New England Telephone Company

Richard Simnett, Bellcore

April 16, 1993

“Incentive Regulation and Electric Utilities”

Warren Myers, New York Public Service Commission

“Total Factor Productivity and Regulation”

Arthur W. McGrath, New York Telephone

Symposium of Privacy

“Introduction”

Lawrence Cataldo, Bellcore

“Legal Issues”

William E. Kovacic, George Mason School of Law

“Privacy Issues, Regulation and Utilities”

Daniel J. Collins, Bellcore

FACULTY

The workshop faculty are all active in regulatory economics. Michael A. Crew and Paul R. Kleindorfer will coordinate the activities of the workshop with Keith J. Crocker and William Kovacic. Brief biographies are given below.

Michael A. Crew: Professor of Economics, Graduate School of Management Rutgers University; Ph.D. (University of Bradford, England). Dr. Crew has published articles in the fields of industrial organization, applied microeconomics and public utilities in the major economic journals. He is Editor of the *Journal of Regulatory Economics*. His current research is in the areas of pricing under regulation and alternative systems of regulation.

Paul R. Kleindorfer: Universal Furniture Professor of Economics and Decision Sciences, University of Pennsylvania; Ph.D. (Carnegie-Mellon University). Dr. Kleindorfer has published articles in the fields of systems, management science, and public utilities. His current research is in the areas of public utility pricing and regulation with stochastic demand, alternative systems of regulation, the theory of incentives and labor-managed firms. His book, *The Economics of Public Utility Regulation*, (with M.A. Crew), M.I.T. Press, 1986, is background reading for the workshop.

Keith J. Crocker: Associate Professor of Economics, Pennsylvania State University; Ph.D. (Carnegie-Mellon University).

William Kovacic: Associate Professor of Law, George Mason University, School of Law; J.D. (Columbia University School of Law).

Robert H. Patrick: Visiting Scholar, Stanford University, and Visiting Project Manager, EPRI; Ph.D. (University of New Mexico).

Associated Rutgers University Faculty

Thomas A. Abbott, III, Asst. Professor of Economics, Graduate School of Management
Michael Rothkopf, Professor of Operations Research, School of Business

CALL FOR PAPERS

Persons interested in submitting papers are invited to submit abstracts not exceeding two double-spaced pages for consideration for either of the two conferences. Abstracts for the Sixth Annual Western Conference are due **November 16, 1992** and those for the Twelfth Annual Conference are due **December 18, 1992**. Please indicate the conference for which you are applying or whether you would present the paper at either one. Abstracts may be faxed to 201-648-1348.

The Workshop Organizing Committee is responsible for the selection of the Twelfth Annual Conference program. The Western Committee is responsible for selection of the Western Conference program. Decisions on the papers will be conveyed promptly. Copies of the completed papers are due by **April 15, 1993**, for the Eastern Conference and **May 15, 1993**, for the Western.

All persons presenting papers are required to register for the conference at the reduced enrollment fee of \$580 (govt. \$290) for the Eastern and \$620 (govt. \$325) for the Western Conference, provided that completed application forms are received by February 17, 1993. After this date the full conference fee will apply. In the case of full-time faculty of colleges and universities selected for the program, an honorarium plus full support for registration and lodging may be available.

SCHEDULE & LOCATION

The Workshop will consist of:

(a) Three one-day meetings held in Engelhard Hall, Rutgers University, Graduate School of Management, Newark, NJ, beginning at 10:00 a.m. and ending at 4:00 p.m. The dates of these meetings are: November 20, 1992; January 15 and April 16, 1993.

(b) *The Twelfth Annual Conference of the Advanced Workshop* which is a residential meeting to be held at Ocean Edge, Cape Cod, Massachusetts, 4:00 p.m., Wednesday, May 26, through 1:00 p.m., Friday, May 28, 1993.

(c) *The Sixth Annual Western Conference of the Advanced Workshop*, also a residential meeting, to be held at the Monterey Marriott, Monterey, California, 4:00 p.m. Wednesday, July 7, through 2:00 p.m., Friday, July 9, 1993.

FEES

The enrollment fees for the workshop are:

Workshop I: Includes the three Newark meetings *only*.
\$535 (government rate: \$270)

Workshop II: Includes the three Newark meetings and *one* conference:
Twelfth Annual Conference *or* Sixth Annual Western Conference
\$835 (government rate: \$420)

Workshop III: Includes the three Newark meetings and both conferences
\$1105 (government rate: \$560)

Conference only: Twelfth Annual Conference: \$595* (govt. rate: \$300*)
Sixth Annual Western Conference: \$635* (govt. rate: \$340*)

The enrollment fees are per person and include prescribed learning materials, meals at the Newark meetings, all receptions, and coffee breaks. The enrollment fees do not include the cost of overnight lodging and meals at the residential meetings, which is to be paid directly by participants to the hotels. However, *all fees for the Western Conference include the dinner on July 7, 1993* in Monterey. There are a limited number of government rate rooms available on a first-come-first-served basis at the conference sites for the Eastern and Western Conferences. Early registration is advised.

The **government rate** for the conference fee is available to government employees and to employees of non-profit organizations. There is a **volume discount** of 5% on second and subsequent applications received in the same envelope or fax or made at the same time over the phone. If applications for different Workshop packages arrive together, the discount will be taken off the least expensive packages.

APPLICATION PROCEDURES

Utilities, regulatory commissions, consulting companies and others are encouraged to propose candidates currently active in research in public utility economics and regulation. Consideration should be given to the candidate's potential for development within the company or commission.

To apply for the workshop, please complete and return the attached application form. All registrations received by telephone should be confirmed by sending in a completed and signed application form. Applications may be faxed to 201-648-1348. The deadline for Workshop applications is **October 31, 1992**.

* Rates apply to applications received by December 31, 1992, only. After this date rates for the Twelfth Annual Conference are \$620 (\$310) and Sixth Annual Western Conference, \$660 (\$350).

**Advanced Workshop in Regulation and Public Utility Economics 1992-1993
APPLICATION**

Name _____
Title _____
Company _____
Address _____
Telephone Number _____
Fax Number _____

Billing Information:

- Payment enclosed
 Send invoice to participant at above address
 Send invoice to: _____

Package: Please specify the Workshop package for which you are enrolling:

- Workshop I (\$535): Newark sessions ONLY
 Workshop II (\$835): Newark sessions and ONE conference:
 Twelfth Annual Conference (Cape Cod, May 1993)
 Sixth Annual Western Conference (Monterey, July 1993)
 Workshop III (\$1105): Newark sessions and BOTH conferences
 Twelfth Annual Conference ONLY (\$595): Cape Cod, May 1993
 Sixth Annual Western Conference ONLY (\$635): California, July 1993

Government Rate: Members of non-profit organizations may apply for the following reduced enrollment fees: Workshop I: \$270; Workshop II: \$420; Workshop III: \$560; Twelfth Annual Conference Only: \$300; and Sixth Annual Western Conference Only: \$340.

- I would like to apply for the government rate for my Workshop fee.

Volume Discount: Second and subsequent applications received in the same envelope or fax or made at the same time by phone will receive a 5% volume discount.

Telephone Reservations: You may register for the Conference 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 October 31, 1992 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: _____

Please return completed application form by **October 31, 1992*** to:

Linda S. Brennan, Rutgers University, Graduate School of Management, 180 University Avenue, Newark, NJ 07102 or *fax your application to 201-648-1348!*

*Applications received after October 31, 1992, will be admitted on a space available basis.

Advanced Workshop in Regulation and Public Utility Economics

The workshop is motivated by the increasing need to apply economic analysis to many of the economic and regulatory problems of public utilities. Considerable economic research is being undertaken by commissions and companies into problems of public utility pricing, investment, competition, and regulation. During the twelve workshops held between 1980 and 1992, several hundred economists, commission staff members, and managers have participated in the Advanced Workshop and Conferences.

OBJECTIVE: The general objective of the workshop is to promote economic research, public policy analysis and improve understanding of current issues facing regulators, regulated industries, and consumers. To this end, the workshop attempts to develop the individual's research capacity in the field of public utility economics and regulation. Thus, the workshop has direct benefits for the individual's employer and offers career development opportunities for the participants.

APPROACH: For the first six years, the Workshop was organized annually as three one-day meetings combined with a two-day conference. Beginning in 1987-1988, a second two-day conference was offered on the West Coast. This year the Workshop will again offer two conferences in addition to the three one-day meetings. The meeting format is designed to allow for both presentation of recent research and the open discussion of new ideas.

Some examples of research topics that are examined in the workshop include pricing policy of public utilities, equity and efficiency in regulation, regulation and incentives, developments in demand analysis and forecasting in utilities, conflicts in state and federal regulation, the interaction of antitrust and regulation, economics of multiproduct utilities, cross subsidy issues, cost allocation, capital recovery, phase-ins and nuclear plants, effects of energy price changes on electric and gas utilities, mandatory and voluntary wheeling of power, and the implications of diversification for utilities. Where relevant, instruction is provided in areas where economists need at least background knowledge, but often lack formal training; for example, economic theory of contracts, depreciation and capital recovery, bidding, fairness, and the role of financial models in regulation.

Participants should be active in public utility economics or regulation. Since the approach of the workshop is to create open discussion of ideas, members will be encouraged to produce a paper which is intended as a contribution to knowledge or provide comments and discussion of the papers presented.

BENEFITS: The workshop will provide the following benefits to participants and their employers:

- Instruction in relevant topics.
- Interaction among academic researchers, industry managers, and staff of regulatory commissions, and opportunities for better communication and exchange of ideas.
- Improved awareness by industry and commissions of research developments at universities that may be relevant to solving current problems.
- Opportunities to contribute and improved access to the literature of regulatory economics.
- An atmosphere that encourages participants to grow as researchers.