PURC WELCOMES NEW DIRECTOR OF ENERGY STUDIES

Paul M. Sotkiewicz has joined PURC as the new Director of Energy Studies (MA University of Minnesota, 1995; currently a PhD candidate). He comes to UF from the Federal Energy Regulatory Commission, where he worked on the staff of the Chief Economic Advisor. At FERC his duties included monitoring electricity markets and conducting applied research on electricity market design for energy and ancillary service markets. He focused particularly on New York and California independent system operator markets. His areas of expertise are energy and environmental economics, public economics, and applied microeconomics which he taught while at the University of Minnesota.


Paul will greatly add to PURC's outreach capabilities in the Florida and U.S. energy industry. He will also participate in future PURC/World Bank International Training Programs on Utility Regulation and Strategy. He can be contacted at 352-392-7842; e-mail: sotkiepm@dale.cba.ufl.edu
Calendar of Events for 2001

PURC Annual Conference - February 22-23, 2001 - UF Hotel and Conference Center, Gainesville
"Alternative Futures for Energy and Telecommunications"
For more than 25 years PURC’s conferences have brought together representatives from regulatory commissions, government agencies, universities, consulting organizations, telecommunications suppliers, and energy firms. Leading experts address utility issues confronting Florida and the nation. Keynote speakers help us understand the technological, economic, and political forces that complicate decision making by executives and regulators. The first day is highlighted by our traditional roundtable discussion of regulatory issues by Florida Public Service Commissioners. On Friday, concurrent sessions offer the opportunity for smaller groups to share their ideas about developments in energy and telecommunications.

Registration information will be mailed in January 2001

Ninth PURC/World Bank International Training Program on Utility Regulation and Strategy
January 15-26, 2001 - UF Hotel and Conference Center, Gainesville

Contact: Pascale Parker or Virginia Hessels
352-392-2655

PURC and the World Bank deliver a two-week program on utility regulation and strategy for countries undertaking infrastructure reforms in electricity, gas, telecommunications, and water utilities. It has successfully trained nearly 700 participants from 98 nations. In addition, short-term study visits to PURC are organized for international agencies whose members are unable to attend the longer program.

Projects and Activities

PURC Reference CD-ROM for Internal Training

Thanks to funding from the International Center for Automated Information Research, PURC has expanded its web and electronic information capabilities. A CD-ROM was developed containing regulatory materials to be used in conjunction with on-site training. In addition, PURC collaborated with the University of Wyoming’s Public Utility Research and Training Institute to create a search engine and database for research summaries of articles on regulatory topics from 20 top tier journals. Further plans include the creation of an Internet-based forum in which regulators and government policy makers may conduct discussions on line (at www.purc.org) across international boundaries.

Communications Competitiveness Research Initiative

The Communications Competitiveness Research Initiative (CCRI) is involved in several projects. CCRI Principal Investigator Mark Jamison serves as academic advisor to Julia Johnson for Governor Bush’s task force itFlorida.com. He and UF students Eric Chang, Jason Mills, and Eileen Pun hosted workshops, conducted research on how states support technology businesses, assisted subgroups working on infrastructure and business development, and prepared data for the task force web site.

Additional CCRI projects include a study of how regulatory policies affect the development of telecommunications competition in the U.S., a cross-country comparison of U.S. and European policies, Internet backbone connectivity and Internet mergers. Mark also collaborates with colleagues from other UF departments. He and Professor Sylvia Chan-Olmsted (Telecommunication) are conducting studies of global strategies for telecommunications and media companies. Professor Rhonda Phillips (Urban and Regional Planning) is preparing information on ISPs and Internet backbone availability in Florida.
Industry Structure and Pricing: The New Rivalry in Infrastructure

Mark Jamison’s new book (Nov. 1999) extends current economic models by incorporating effects of actual and potential rivalry in markets outside the markets of immediate interest. Focusing on the contestable model, Jamison shows how diverse patterns of actual and potential rivalry, called multilateral rivalry, affect the appropriateness of many regulatory policies. Many conclusions of the contestability literature are overly generous to firms that might want to protect or extend their monopoly positions. While this book’s refinement to existing economic theory gives strong results, it is still based on static production functions and demands, integrated to provide a dynamic view of multilateral rivalry. It can be ordered from Kluwer Academic Publishers at: kluwer@wkap.com (ISBN 0-7923-7708-7).

“Developments in Best-Practice Regulation: Principles, Processes, and Performance”

Sanford Berg provides an overview of developments in best-practice regulation. The paper identifies issues that investors and executives consider when determining infrastructure activities in emerging markets. The focus is on regulatory governance: how new regulatory agencies need to be insulated from ongoing political pressures while utilizing processes that promote participation, transparency, and predictability. The Electricity Journal, July 2000.

Marshall M. Criser Chair
Established at UF

William H. Page will join the Fredric G. Levin College of Law as the Criser Eminent Scholar in Electronic Communications and Administrative Law. He is one of the nation’s top experts on antitrust laws and how they should apply to the Internet and the new information economy. He has published numerous articles on the government’s recent antitrust case against Microsoft.

Former UF President Marshall Criser (1984-’89) and his wife, Paula, initiated the Criser Chair through a $600,000 gift; which was enhanced by state funds.

Research

Graduate Student Success

Luis Gutierrez (PhD May ’00), a former PURC research affiliate, focused on Latin American telecommunications reform. His dissertation stressed the effects of privatization on performance, the importance of regulatory framework, the features of agencies that promote efficiency.

Maria Corten (MA May ’00) researched benchmarking techniques and estimated cost functions for the water sector in Peru that provided useful information for regulators and investors.

Publications

“More is Less? Regulation in a Rent Seeking World”

James Dewey (Bureau of Economic and Business Research, UF) examines competition between two interest groups that engage in strategic lobbying to influence regulatory decisions. He shows that technological change can be detrimental to all parties. The circumstances under which this might occur, along with several applications including the decision to deregulate, are considered. It is also shown that a simultaneous increase in both groups’ marginal lobbying costs benefits the low-cost group and harms the high-cost group. Forthcoming in the Journal of Regulatory Economics.

“The Impact of Derivative Usage on Firm Value in the Utilities Industry”

Andy Naranjo (Finance) and Larry Pauver (U Miami) received PURC funding to research the effects of derivative usage on firm excess value. They also investigate the interactions among derivative usage, product diversification, geographic diversification, and firm excess value for firms in the utilities industry. Data is gathered from over 100 utility firms in the U.S. from 1991 to 1995. They find that utility firms that use derivative instruments are more valuable than firms that do not use them; the value gain is greater for focused firms than for diversified firms.
Appointments

Sanford V. Berg, Director of PURC and the Florida Public Utilities Professor, was appointed by Governor Bush to the Florida Energy 2020 Study Commission. The objective of the Commission is to develop recommendations for a comprehensive statewide energy policy that will serve the state over the next twenty years. The issues which will be considered include the reliability of Florida’s electric and natural gas supply, emerging energy supply and delivery options, industry competition, environmental impacts, energy conservation, and the fiscal impacts of energy supply options on taxpayers and energy providers. Berg welcomes suggestions for references and discussion topics. Technical Advisory Groups and monthly meetings assist the Commission in gathering information.