

# Syllabus EC437/537 Winter 2017

*James Woods*

## Course Description

The official description of the course is:

Examines the rationale, economic principles and institutions of historic economic regulation. Contemporary theory of the firm and microeconomic pricing are analyzed. Technological changes suggest that to achieve economic efficiency it may no longer be necessary or appropriate to subject energy and telecommunications firms to traditional utility regulation. There is academic enthusiasm for displacing economic regulation with competition. Deregulation and restructuring are explored with emphasis on contemporary issues in Oregon, the Pacific Northwest, and the nation. In particular, difficulties in transformation to the marketplace will be examined. Expert guest lecturers from the utility and regulatory communities will be scheduled, and contemporary scholarly literature will be reviewed.

Since I am teaching this course for the first time, there will be changes from previous terms and I will be making official changes in description and prerequisites during the year.

This is a companion course to EC 438/538 which will address the development of energy markets. The order of the courses has changed to reflect the evolving nature of the field.

## Prerequisites

The undergraduate section has only the introductory economics courses listed as prerequisites. The graduate section requires only graduate standing.

As with most economics courses, the more background you bring to the class, the more get from the class. For this class, it means bringing a background in microeconomic theory and econometrics. Not all students will have a background in both and many of the graduate students from outside of economics will have neither. Any technical skills that students are missing will be supplemented with in-class tutorials. Sometimes this will mean learning about constrained optimization or breaking out laptops for a tutorial on running regressions in R.

## Key Dates

- Last day to drop or change grade option: XX
- Holidays: XX

## Contact Information

The best ways of contacting me, in decreasing order of effectiveness:

- IM/hangout: woodsj@pdx.edu
- Phone/text: (503) 465-4883
- Email: woodsj@pdx.edu (Answered only on M W and F)
- D2L email: Do not use. I will not respond.

You are encouraged to use the IM function of your PSU email account, or text, rather than email. This will allow me to get back to you more quickly and more conversationally. Please be aware that I will likely not reply till the next day if you IM me after 5pm or on the weekend.

Office Hours:

- My office is in CH 241-O.
- Drop in office hours are XXX through the last week of class. There is no need to make an appointment for these hours – just come.
- If you can't attend regular office hours, please check my calendar <https://woods.j.youcanbook.me/>. I will make a limited number of 20 minute slots available each week.

## Textbook and Other Resources

The main text for the course is Lesser, Johnathan A. & Leonardo R. Giacchino. Fundamentals of Energy Regulation, ed 2. Public Utilities Fortnightly, 2013. It was chosen undergraduates in mind and illustrates many of the concepts they learned in EC 311/415.

This text will be heavily supplemented with journal articles and books available electronically through the library.

## Assessments and Grade Policy

## Topics and Readings

Do not let this section alarm you. We will only address part of this outline in the class. As with most of my upper-division courses, we will complete a small subset at the start of the class and then vote on each succeeding topic. Each topic will have an assignment, usually working with real data or using a model from the readings.

Each topic has some readings that both undergraduates and graduate students will read and some that are specific to each. Note that some of these modules will be shared with the Public Utility Economics course and I will be adding optional topics and supplementary readings throughout the term.

- Required Topics
  - Economic Regulation
    - \* Introduction. Ch 10, Viscusi, W. Kip, Joseph E. Harrington, and John M. Vernon. Economics of regulation and antitrust. MIT press, 2005. [http://search.library.pdx.edu/PSU:psu\\_library:CP71189149050001451](http://search.library.pdx.edu/PSU:psu_library:CP71189149050001451)
    - \* Lesser & Giacchino, Ch 2
    - \* Efficiency and Technical Progress, Ch 4, Viscusi, et al (2005)
    - \* Theory of Natural Monopoly. Ch 11, Viscusi, et al (2005)
    - \* Public Enterprise. Ch 14, Viscusi, et al (2005)
  - Broadband
    - \* Franchise Bidding and Cable Television, Ch 13, Viscusi, et al (2005)
  - Telecommunications
    - \* Franchise Bidding and Cable Television, Ch 15, Viscusi, et al (2005)
  - Introduction to Electricity and Natural Gas
    - \* Lesser & Giacchino, Ch 1

- \* Natural Monopoly Regulation and Electric Power, Ch 12, Viscusi, et al (2005)
- ROR Regulation and Other Options with Focus on Electricity
  - \* Lesser & Giacchino, Ch 3, 4
- Costs and Cost Allocation with Focus on Electricity
  - \* Lesser & Giacchino, Ch 5, 6
- Rate Setting and Tariff Adjustment with Focus on Electricity
  - \* Lesser & Giacchino, Ch 7, 8

## Other Rules

- Begging for grades will result in an immediate lowering of your course grade by a full letter grade.
- When completing assignments *The work must be authentically and genuinely your own or group. In other words, if you are copying answers you found online, it is not your work.*
- Go to office hours at the first sign of trouble – not as a last resort.
- In this classroom, we support and value diversity. To do so requires that we:
  - Respect the dignity and essential worth of all individuals
  - Promote a culture of respect toward all individuals
  - Respect the privacy, property, and freedom of others
  - Reject bigotry, discrimination, violence, or intimidation of any kind
  - Practice personal and academic integrity and expect it from others
  - Promote the diversity of opinions, ideas, and backgrounds, which is the lifeblood of a university

For additional information, please see the Office of Affirmative Action & Equal Opportunity at <http://www.pdx.edu/diversity/affirmative-action>.

- Accommodations are collaborative efforts between students, faculty, and the Disability Resource Center. If you have a documented disability and require accommodation, you must arrange to meet with the course instructor prior to or within the first week of the term. The documentation of your disability must come in writing from the Disability Resource Center (Faculty letter). Students who believe they are eligible for accommodations but who have not yet obtained approval through the DRC should contact the DRC immediately. Reasonable and appropriate accommodations will be provided for students with documented disabilities. For more information on the Disability Resource Center, please see <http://www.drc.pdx.edu>.
- Academic honesty is expected and required of students enrolled in this course. Suspected academic dishonesty in this course will be handled according to the procedures set out in the Student Code of Conduct.
- I am sympathetic to family emergencies but you must inform me as soon as possible. If the notice is verbal, please email me with your understanding of our agreement. All agreements have to be in writing.

Link to this syllabus <https://github.com/woodsjam/Course-Public-Utility-Economics>. Check branch for this term.