Public Utility Economics

Plan for the Day

- Walk through the syllabus
- Walk through tools and resources
- Take a pre-test
- Talk a little about microeconomics as time permits

Syllabus

- You can find the syllabus here. (https://github.com/woodsjam/Course-Public-Utility-Economics/blob/master/SyllabusPublicUtility.pdf)
- Almost all the slides will also be on github. (https://github.com/woodsjam/Course-Public-Utility-Economics)
- Download them before each class if you like but they are not a substitute for coming to class.

Course Description

Examines the rationale, economic principles, and institutions of historic economic regulation. Contemporary theory of the firm and regulatory practice with a focus on energy are analyzed. Prerequisites: Ec 311 or Ec 415.

- Fundamental problem is preparation
  - Undergraduate Students
    - Typically had 201 or 311 but not econometrics
    - Often the 311 skills are pretty weak.
  - Graduate Students
    - Typically have no background in economics
    - May have very strong math skills – if they come from engineering.

The Solution

Solution is to teach the microeconomics and econometrics needed to understand the material – but no more than that.

Who Am I?

- Ph.D. Economist, UC Davis
- First generation college, like many of you.
- Background in energy conservation and program evaluation consulting going back to the early 90s.
  - Projects were multidisciplinary. Rarely did a project not involve, economists, engineers and others.
  - I have steel toed boots.
- Former:
  - Oregon HECC commissioner
  - Parkrose School Board Chair
  - Multiple non-profit boards
  - County Budget Committees
  - Legislative Candidate.
- Hobbies: Painfully Stereotypical Portlander

Warnings About Me

- I'm Dyslexic. If you see a slide without a typo – be amazed.
- I have a *very* dark sense of humor.
- I am very direct.

Key Dates

- Midterm: Feb 5th
- Final Exam: *Thursday*, March 19 12:30-14:20.
- Last Day to Withdraw or Change Grade Option: February 23rd.
- Holiday: January 20th

Contact Information

- My office is in CH 241-O.
- Drop in office hours are Monday 3:00 PM - 4:30 and Tuesday 9:00 AM - 10:30 AM through the last week of class.

I will also keep Slack up during office hours to answer questions.

Slack

I avoid email since it is a trash heap and a constant distraction.

- The class will use slack https://utilityeconw20.slack.com
- Handles direct messages, forum style responses.
- You should be able to sign up with your pdx.edu account
- Can access via webpage, apps in Android and iOS.

Hints on Slack

- Prefer #general to direct messaging me.
  - Questions about course material is for #general
  - Questions about your grade or anything private is for @woodsj
- Don't start and end with, "I got 7 but the key shows 245. What did I do wrong?"
  - Show your work. The fix is often a single parameter.
  - Give details about what you tried and how you are interpreting things.
  - Asking for general help, generally results in little help.
  - Get specific.
- Provide full text of the question you are working on.

In short, make it easy for someone to help you.

More Slack Hints

- Don't impute motivation.
- Night before the exam?
  - I'm getting a good nights sleep – you should too.
  - I tend to respond up until 5pm.
- Set personal Do Not Disturb times. It it defaults to 10pm -8am.

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.

- Other material will be available through the library.
- Links are in the syllabus including the other textbook.

Assessments and Grade Policy

Your grade in the class will be based on your performance on homework assignments and two exams.

- Final Exam (30%)
- Midterm (30%)
- Homework (40%)

Homework

- Homework may also take the form of an in-class presentation on a course topic.
- When written, will be due Sunday at 11:59pm on D2L to avoid confusion.

Exams

- Open book and open note. No electronic resources are allowed.
- I will bring copies of the textbooks for you to consult.
- Some questions will be computational and some will require essays.

Please bring a laptop to class on exam day. You will be submitting your exams on a Google doc that you write in class supplemented with paper diagrams and math.

Question from Last Year

1. Suppose a utility has an old, 1910, coal generating plant that is on the historical registry. There are a few like this in real life. Given the cases and regulatory laws you have seen, which of the following actions would be allowed and why.
   - Convert the building from a generator to a substation.
   - Knock down the building a replace it with a modern Combined Cycle Natural Gas plant.
   - The city could seize it, without compensation, for public use as part of a museum.

Lets try the Pre-Test

- We are going to do this one question at a time.
- Brief answers will be given today
- Will guide how much microtheory we do in class.

This Class is Small

- Allows for a lot of customization.
- Lets run the room, get names, and what you intend to get out of the course.
- As time permits, look at the pre-test.