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/Winter2019/SyllabusPublicUtility.Rmd)

Almost all the slides will also be on github. (https://github.com/woodsjam/Course-Public-Utility-Economics/tree/Winter2019)

- 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 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.
  - ETO External Review Board
- Former:
  - [illegible]

Key Dates

- Midterm: Feb 6th
- Final Exam: March 21st, 12:30-12:20

Contact Information

- My office is in CH 241-O.
- Drop in office hours are Monday 2:30-3:30 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://woodsj.youcanbook.me/. I will make a limited number of 20 minute slots available each week.

Meetings can be via phone or even the hangout function in your pdx.edu email.

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://utilityeconw19.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 @jamie_woods
- Provide full text of the question you are working on.

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

- Rants and bellyaching put you at the bottom of the queue or off the queue.
- Night before the exam? You are on your own.
- Set Do Not Disturb times.
  - Defaults to 10pm -8am
  - You may miss notification of class cancellation.

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 (30%)
- Regulatory or Utility Topic Presentation (10%)

Homework

- Homework may also take the form of an in-class presentation on a course topic.

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.

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.