

IRPS NEWSLETTER

INSTITUTE FOR REGULATORY POLICY STUDIES

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From the Executive Director, David G. Loomis



The Institute has three main purposes—(1) support the Master's Program at ISU, (2) conduct conferences on relevant public policy issues and (3) perform industry-focused research.

We have five first-year graduate students who are a

part of the sequence in Electricity, Natural Gas and Telecommunications Economics and who will be interning at member institutions.

On November 30, 2006, the Institute held its Fall Energy Conference titled, "Moving Toward Greater Reliance on Wholesale Energy Markets." Over 140 people attended the one-day conference at the Springfield Crowne Plaza Hotel. Nora Brownell, former Commissioner at FERC, was one of the presenters. The agenda and presentation slides are available on the Institute website.

On May 10, the Institute will sponsor its Spring Energy Conference at the President

Abraham Lincoln Hotel in Springfield, IL (see next story).

The Institute is working with Lt. Gov. Pat Quinn and the Illinois Department of Commerce and Economic Opportunity to conduct a study of Broadband Access in Illinois. In addition, the Institute's graduate research associates are working on two working papers. Our first working paper looks at competition in natural gas markets. For more details, see page 2.

None of these activities would be possible without the support of our member institutions.

Thank you for partnering with us!

Energy Conference, May 10, 2007

The Institute will host a one-day Energy Conference titled, "Transforming the Electricity Market," at the President Abraham Lincoln Hotel, Springfield, IL on May 10, 2007. Registration information and the conference agenda are available on the Institute website at <http://www.irps.ilstu.edu>

Confirmed speakers include:

- Mary Lou Grzenia, Senior Rate Analyst, *NICOR Gas*
- Terry Harvill, Vice President, National Regulatory Affairs, *Constellation NewEnergy*
- Henry Henderson, Senior Director, Midwest Regional Office, *Natural Resources Defense Council*
- Val Jensen, Director, San Francisco Office, *ICF Consulting*
- Sonny Popowsky, Consumer Advocate of Pennsylvania, *Pennsylvania Office of Consumer Advocate*
- Anthony Star, Director of Policy & Evaluation, *Community Energy Cooperative*

Upcoming Events

- ENERGY CONFERENCE: *TRANSFORMING THE ELECTRICITY MARKET*, MAY 10, 2007, PRESIDENT ABRAHAM LINCOLN HOTEL, SPRINGFIELD, IL. REGISTER ONLINE AT WWW.IRPS.ILSTU.EDU OR CALL 309-438-8625 FOR MORE INFORMATION

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New Working Paper Series



Dr. Lon Carlson, Director of Outreach

The Institute for Regulatory Policy Studies has always worked to maintain an objective, non-biased educational and research program. To achieve this goal, the Institute has begun an ambitious new program of research led by graduate students in the Master's Degree Program. The first working paper is titled "The State of Competition in the Natural Gas Industry," by Josh Clancy. In the introduction, Josh states, "Over the past fifty years the natural gas industry has undergone dramatic changes as it has

attempted to transition from being a non-competitive and highly regulated industry to a more competitive less regulated industry. While quite a bit of research has been done, many questions remain unanswered. Have the changes in regulation been successful? How is the industry changing today? How will the industry change in the future? These are all important questions that need to be answered when analyzing the state of competition in the natural gas industry.

This paper will start by presenting the history of natural gas regulation since the creation of the Natural Gas Act in 1938 (Figure 1). It will then analyze the competitiveness of each natural gas sector using concentration ratios and the Herfindahl-Hirschman Index. These sectors include exploration and extraction, pipeline transportation, distribution, and marketing. Finally, conclusions will be drawn and policy recommendations made."

The full paper is available at <http://www.irps.ilstu.edu/wp/>

Illinois Broadband Mapping Project



Dr. Rajeev Goel, Director of Research

In June, 2006, the Institute received a grant from the Illinois Department of Commerce and Economic Opportunity to develop the first state-wide map of broadband services. Working in conjunction with Lieutenant Governor Pat Quinn's Illinois Broadband Deployment Council, the Institute has fielded two surveys to request information. The first survey was sent to local government officials to obtain a comprehensive list of broadband providers in the state. The second survey was sent to broadband providers to request information about the services that they provide and where they provide those services in the State of Illinois.

The objective of this study is to determine the availability of various broadband options at the five digit zip code level throughout the state of Illinois. A detailed map of Illinois displaying the number of providers will be developed with associated demographic and economic information. No detail on which providers serve which area will be released to ensure confidentiality. The purpose of this study is to provide data and analysis to enable policymakers them to develop strategies to enhance broadband availability to un-served or under-served areas.

A completed map and full report should be available by the summer of 2007.

To obtain a copy of the report when it becomes available, please contact Adrienne Hahn at 309-438-8625 or adhahn@ilstu.edu.

The Institute is available to work on research projects concerning critical public policy questions concerning the electricity, natural gas and telecommunications industries and their related regulatory issues. If you have a research need, please contact David Loomis at 309-438-7979 for further information.

Alumni Spotlight

The Institute supports the Master's Program by providing and funding internships, and Graduate assistantships for the Regulatory Sequence. Bill Peters graduated in 2001 with an MS in Applied Economics from Illinois State University. The degree has taken him from the Midwest to the near-East Coast in Vermont, and to just about

the most remote place on Earth, Hawaii.

Bill completed his internship for the Citizens Utility Board and worked briefly for them before going to the Missouri Public Service Commission as an economic analyst in the Telecommunications area. Bill then moved to the winter wonderland of Vermont to work for the Department

of Public Service as their Telecommunications Policy Analyst. After nine months in Vermont, he was offered his present position as an economist for the Hawaii Public Utilities Commission. It was an offer he couldn't refuse. And after work, Bill can be in the ocean after a ten minute bike ride to the beach!



Bill Peters, class of 2001, Economist, Hawaii Public Utilities Commission

Conference: Moving Toward Greater Reliance on Wholesale Energy Markets Springfield, IL, November 30, 2006





The premier institution for research and education in regulatory economics and public policy

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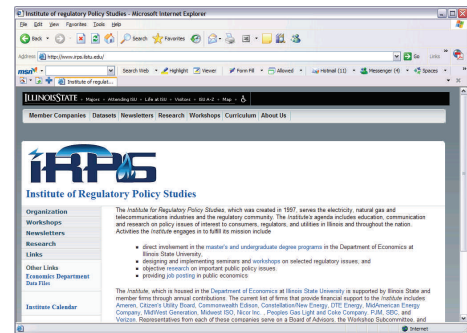
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The *Institute for Regulatory Policy Studies* is the premier institution for research and education in regulatory economics and public policy in the State of Illinois and has a national reputation for excellence in Midwestern regulatory issues. The *Institute* maintains this reputation by:

- Supporting and maintaining the best Master's Program in Electricity, Natural Gas and Telecommunications Economics in the nation.
- Designing and sponsoring statewide, regional and national workshops, conferences and courses to educate external stakeholders.
- Publishing an industry-focused research white paper series and publishing articles and books in peer-reviewed academic outlets.

**We're on the web at
www.irps.ilstu.edu**



How to Become a Member

The *Institute for Regulatory Policy Studies* is a public-private partnership between Illinois State University and the electricity, natural gas and telecommunications industries and the regulatory community. The *Institute* was created in its current form in 1997 from the former Center for Regulatory Studies and is part of the Economics Department of Illinois State University.

The *Institute* is supported by Illinois State University and member institutions through annual contributions. Every full member organization has a seat on

the Board of Advisors, Workshop Committee and Curriculum Committee. Other benefits include:

- Assisting in setting the agenda for conferences, seminars and training sessions
- Discounted registration for the conferences, seminars and trainings sessions
- Eligible for an *Institute*-paid intern for 6 weeks during the summer
- Meeting Commissioners and staff in an informal setting
- Gain input to *Institute*-sponsored research

- First look at Graduate students for future employment

The current list of firms that provide financial support to the Institute includes AARP, Alliance Pipeline, Ameren, Citizen's Utility Board, Commonwealth Edison, Constellation/New Energy, MidAmerican Energy Company, MidWest Generation, Midwest ISO, Nicor Inc. , Peabody Energy, Peoples Gas Light and Coke Company, PJM, SBC, and Verizon.

For more information, please contact David Loomis, Executive Director, at 309-438-7979 or dloomis@ilstu.edu.