

2004 The MICHIGAN FORUM

ON TELECOMMUNICATIONS AND ENERGY REGULATORY POLICY

REGULATORY FEDERALISM: NATIONAL, REGIONAL, AND STATE DEVELOPMENTS

FEBRUARY 6, 2004

KELLOGG CENTER, MSU



ABOUT THE FORUM

The 2004 Michigan Forum on telecommunications and energy regulatory policy will be held this year on February 6, 2004 at the Kellogg Center on the campus of Michigan State University. The Forum is a one-day conference designed specifically by the Institute of Public Utilities for the Michigan Public Service Commission, the Michigan State Legislature, the Offices of the Governor and Attorney General, consumer advocates, utility industry representatives, and other stakeholders interested in Michigan regulatory policy. The program is developed in collaboration with the Michigan PSC Commissioners and staff members.

This year's Forum will focus on the effects of regulatory federalism on Michigan regulators and utility service providers. In particular, how are the policies of the Federal Communications Commission (FCC) and the Federal Energy Regulatory Commission (FERC) affecting the roles and responsibilities of the Michigan PSC? How are Michigan and other states in the region responding to current policy developments? What new tools and approaches are emerging? More broadly, what are the implications of regulatory federalism for the Michigan economy and the consumers and producers of vital utility services?

Forum attendees will hear presentations by knowledgeable and objective sector experts, followed by roundtable discussions that include Michigan stakeholders from various regulatory, consumer, and industry perspectives.

REGISTRATION

Registration for the Forum is complimentary for the public sector and \$25 for the private sector; breaks and lunch are included with the registration fee. Space is limited, so please register early. To register, please contact IPU Program Coordinator Margie Gray at 517.355.1876 or graym@msu.edu.

ABOUT THE INSTITUTE

The Institute of Public Utilities supports informed, effective, and efficient utility regulation by providing integrative, interdisciplinary, and balanced educational programs and applied research to the regulatory policy community. The Institute is an independent, nonprofit educational and research unit of Michigan State University and affiliated with several academic colleges.

CONTACT INFORMATION

Visit the [Kellogg Center](#) for location information.

To register and for more information, contact the Institute:

517.355.1876 phone ☎ 517.355.1854 fax ☎ ipu.msu.edu ☎ beecher@msu.edu

INSTITUTE OF PUBLIC UTILITIES

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PRELIMINARY AGENDA

- 9:00 to 9:10 am **Introduction and Welcome**
Perspectives on Regulatory Federalism
Dr. Janice A. Beecher, Director IPU
The Hon. Peter Lark, Chairman, MI PSC
- 9:15 to 10:30 am **Developments in Telecommunications Policy**
"Telecom Issues," Prof. Johannes Bauer, Quello Center & IPU, MSU
"Cooperative Federalism in Telecom," The Hon. Robert Nelson, MI PSC
- 10:45 to 12:15 pm **Telecommunications Roundtable**
Prof. Peter Yu, MSU-DCL College of Law, Moderator
Mr. Orjiakor Isiogu, Telecommunications Division Director, MI PSC
Ms. Robin Gleason, Vice President Regulatory Affairs, SBC Michigan
Mr. Link Hoewing, Assistant Vice President, Verizon
Mr. Richard Wolfe, Director of Regulatory Affairs, Comcast Cable
Mr. Kevin Schoen, President, ACD.Net
Ms. Jessica Zufolo, Senior Policy Director, Medley Global Advisors
- 12:15 to 1:15 pm **Lunch at the Kellogg Center**
- 1:15 to 2:30 pm **Developments in Energy Policy**
"Electricity Issues," Dr. Kenneth Rose, IPU
"Natural Gas Issues," Ms. Pamela Prairie, IPU
- 2:45 to 4:15 pm **Energy Roundtable**
The Hon. Peter Lark, Chairman, MI PSC, Moderator
Mr. Terry Harvill, Director of Regulatory Strategy, DTE Energy
Dr. Mick Hiser, Director of Competitive Energy, Michigan PSC
Mr. Bill Smith, Executive Director, Organization of MISO States
Dr. Martin Kushler, Utilities Program Director, ACEEE
Prof. Kenneth Boyer, Department of Economics, MSU
- 4:15 to 4:30 pm **Discussion and Closing Remarks**
The Hon. Peter Lark, Chairman, MI PSC
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SPEAKER BIOGRAPHIES

JOHANNES M. BAUER, Professor, Department of Telecommunication, Information Studies and Media, Michigan State University; and Executive Director, James H. and Mary B. Quello Center for Telecommunications Management and Law, MSU. Dr. Bauer is a former director of the Institute of Public Utilities. His research interests include the economics and regulation of public utility and infrastructure industries, the design of regulatory incentives and institutions, the globalization of network-based industries in the energy and telecommunications sectors, the economics of public enterprise, and the processes of regional economic integration in North America, Europe, and Asia. He has published more than 40 journal articles and book contributions and is the co-author of five books, including *Telecommunications Politics: Ownership and Control of the Information Highway in Developing Countries*. He is currently working on a book on infrastructure policy and is a frequent speaker at national and international conferences and professional meetings. Dr. Bauer has served in various positions as an advisor to foreign governments and the European Community, has consulted for several public enterprises while working in Europe, and testified for North American regulatory agencies. Dr. Bauer holds an M.A. and Ph.D. (economics), Vienna University of Economics and Business Administration, Vienna, Austria.

JANICE A. BEECHER, Director, Institute of Public Utilities, Michigan State University. Dr. Beecher has twenty years of experience in the field of public utility regulation. Prior to joining the IPU, Dr. Beecher was principal of an independent consulting firm specializing in the structure and regulation of the water industry. She also held senior research positions at the Center for Urban Policy and the Environment, School of Public and Environmental Affairs (SPEA), Indiana University and the National Regulatory Research Institute (NRRI) at The Ohio State University, and was a policy advisor to the Chairman of the Illinois Commerce Commission. She frequently makes presentations at professional and academic meetings and has authored and coauthored numerous research reports and other publications. She has testified before the U.S. Congress on water infrastructure needs. Dr. Beecher's areas of interest and expertise include regulatory theory, decision-making, and policy and comparative utility industry analysis. Her recent research focuses on structural and institutional change, regulatory federalism, innovative regulatory techniques, utility infrastructure needs, privatization and globalization, impacts of deregulation, performance benchmarking, goal-oriented pricing, equity and affordability, and integrated and strategic planning. Dr. Beecher has a B.A. in Economics, Political Science, and History from Elmhurst College and an M.A. and Ph.D. in Political Science from Northwestern University.

KENNETH D. BOYER, Professor of Economics, Michigan State University. Dr. Boyer's primary research interests are in the economics of transportation and the economics of regulation. He is a 1979 winner of the Michigan State University teacher-scholar award and has taught at the Sino-American Training Center in Shanghai, China and the University of Michigan as well as at Michigan State University. He has done research on regulation and transportation in Western Europe, and is currently a member of two committees of the National Academy of Sciences: Committee To Study size and weights of commercial vehicles, and the Committee To Review the Corps's Upper Mississippi-Illinois Waterway Navigation Systems Feasibility Study. His textbook, *Principles of Transportation Economics*, was published in 1997. Dr. Boyer is the former Chair of the Transportation and Public Utilities Group of the American Economic Association. Dr. Boyer has a B.A. (economics) from Amherst College and a Ph.D. (economics) from the University of Michigan.

TERRY S. HARVILL, Director of Regulatory Strategy for DTE Energy Company in Detroit, Michigan, a leading energy and energy technology provider. Prior to assuming his current position, Mr. Harvill was a Commissioner of the Illinois Commerce Commission, appointed on May 14, 1998, by Governor Jim Edgar. As the state's public utility commission, the agency oversees several financial and service aspects of investor-owned electric, gas, telephone, water and sewer utilities. Prior to assuming this position, Mr. Harvill served as Illinois Governor Jim Edgar's Assistant for Business and Economic Development. Mr. Harvill has also served as the Senior Policy Advisor to the Chairman of the Illinois Commerce Commission and a Senior Economist in the Rate Design Department of the Public Utilities Division of the Illinois

Commerce Commission. Mr. Harvill was awarded the Crain's Chicago Business 40 Under 40 Award in 1998, and in 2000, he was selected as one of twenty US participants in the European Union Visitors Program. Mr. Harvill is a past member of the Board of Advisors of the Institute for Regulatory Policy Studies at Illinois State University and is a member of the Harvard Electricity Policy Group. Mr. Harvill received a BS and MS (economics) from Illinois State University. Mr. Harvill has completed all coursework and has been admitted to candidacy for his doctorate in Economics from the University of Illinois at Chicago.

MICK HISER, Director, Competitive Energy Division, Michigan Public Service Commission. Mr. Hiser is responsible for managing the States retail choice programs for energy and natural gas. His responsibilities also include: assisting the Commission with federal energy intervention strategies; development of renewable energy and energy efficiency programs; and administration of the State's \$45 million "Low Income and Energy Efficiency Fund". In recent years, Mick has been extensively engaged in efforts to restructure the state's electric industry. As a 25-year member of the Commission Staff, Mick's regulatory responsibilities have embraced policy, planning, and operational issues for all industries regulated by the Commission (electric, gas, telephone, and trucking). Mick has also participated as a speaker at many professional conferences and workshops. Mick's energy and regulatory expertise has been called upon for national energy committee assignments including service as: a member of the U. S. Department of Energy Commercialization Ventures Advisory Committee for Renewable Energy and Energy Efficiency Technologies; a participant on the National Air Quality and Electric Restructuring Dialogue sponsored by the Center for Clean Air Policy; Chairman of the National Regulatory Research Institute's Research Advisory Committee; and delegate to the Republic of Georgia to assist with energy restructuring efforts. Mick has edited a book on Wood Energy and written numerous articles and professional papers. He received his B.A. and M.S. degrees from Michigan State University and earned his Ph.D. in economics from Cornell University.

LINK HOEWING, Assistant Vice President, Internet and Technology Issues, Verizon. Verizon is the country's largest telecommunications provider, formed through the merger of Bell Atlantic and GTE. Mr. Hoewing is responsible for identifying and assessing emerging issues, developing corporate positions on Internet and technology industry issues, and developing relationships with high technology industry members, interactive technology associations, and research institutes and think tanks. He speaks frequently on high technology issues and has written articles on using the Internet in the public policy process. Mr. Hoewing began his career in 1977 in the U.S. Senate as a legislative aide. He worked for almost eight years on Capitol Hill, serving as a legislative aide and eventually deputy staff director on the Senate Governmental Affairs Committee with wide ranging responsibilities. In 1985, Mr. Hoewing took a position in Bell Atlantic, where he helped develop and manage the company's issues management and strategic issues planning processes. He progressed to increasingly significant positions in the company through 1997, including responsibilities for government relations and public affairs, the launch of Telecom New Zealand as a public company and later, corporate relations and governmental relations programs back in the U.S. Mr. Hoewing earned a liberal arts degree at Carthage College in Wisconsin and successfully completed a masters program in Public Administration at the American University in Washington, D.C.

ORJIAKOR N. ISIOGU, Director of the Telecommunications Division, Michigan Public Service Commission. He assumed current position in June of 2003. Mr. Isioгу was appointed Assistant Attorney General for the State of Michigan in 1989. He served under three Attorneys General – Frank J. Kelley, Jennifer M. Grahlm and Michael A. Cox. He received a B.A. Degree and J.D. (Law Degree) from Wayne State University.

MARTIN KUSHLER, Director of the Utilities Program for the American Council for an Energy Efficient Economy (ACEEE), a national non-profit research and policy organization. While at ACEEE, Dr. Kushler has directed several national studies of utility and public benefits funded energy efficiency policies and programs. Prior to joining ACEEE, he was Supervisor of Evaluation at the Michigan Public Service Commission for nearly ten years. He has been involved directing research and evaluation regarding utility policies and programs for over two decades, has been widely published, and has been a consultant to numerous states and the federal government.

J. PETER LARK, Chairman, Michigan Public Service Commission. J. Peter Lark most recently served as Assistant Attorney General in charge of the Special Litigation Division of the Michigan Attorney General's office where he served since 1979. The Special Litigation Division advocated on behalf of the Attorney General before the Michigan Public Service Commission, the Federal Energy Regulatory Commission, the Federal Communications Commission, and federal and state trial and appellate courts. Mr. Lark headed the Special Litigation Division under three Attorneys General. While at the Attorney General he has served on the Litigation Advisory Board and the Opinion Review Board. He has tried cases in the federal and Michigan courts, and has argued numerous cases in the state and federal appellate courts, including the Michigan

Supreme Court and the U.S. Court of Appeals. In 2003, Mr. Lark was appointed by Governor Granholm to serve on both the Electric System Working Group and the Nuclear Working Group for the Joint United States - Canada Energy Task Force established by President George W. Bush and Prime Minister Jean Chrétien to investigate the causes of the August 2003 blackout. Lark also serves on the National Association of Regulatory Utility Commissioners Subcommittee on Nuclear Issues. Since 1985 he has been an adjunct professor at the Thomas M. Cooley Law School teaching advocacy, trial workshop, and advanced trial workshop. Before joining the Attorney General's Office, he served as an Assistant Prosecuting Attorney in Wayne County, Michigan. Lark received a law degree from Western New England College School of Law in 1976, and earned an undergraduate degree, with honors, from Boston College in 1973.

ROBERT B. NELSON, Commissioner, Michigan Public Service Commission (MPSC). Commissioner Nelson was originally appointed by Governor John Engler to fill the unexpired term of John Shea on May 10, 1999, until his reappointed for a term ending July 2, 2005. Bob served as President of the Michigan Electric and Gas Association from December 1987 until he was appointment to the Commission. From 1979 to 1987 he was Director of the Office of Regulatory and Consumer Affairs for the Commission, overseeing the legislative, legal, and public affairs and consumer services functions of the Commission. From 1976 to 1979, he served as both Assistant and Deputy Director for the Commission. From 1974 to 1976, he was an Assistant and later Senior Assistant Prosecutor for Ingham County. From 1970 to 1974, he was a Trial Attorney for the Federal Communications Commission. He is co-Vice Chairman of the Telecommunications Committee and serves on Consumer Affairs Committee of the National Association of Regulatory Utility Commissioners (NARUC); and serves on the North American Numbering Council (NANC). Commissioner Nelson holds a B.A. (political science) from Wayne State University and J.D. from the University of Michigan Law School.

PAMELA L. PRAIRIE, Consultant, P.L. Prairie, Ltd. Ms. Prairie is a former Director of the Institute of Public Utilities and currently a Senior Fellow specializing in energy studies. Ms. Prairie also provides consulting services to a variety of energy companies through an independent consulting firm, P. L. Prairie, Ltd., she offers advisement on current strategic business issues, including service unbundling and restructuring for a competitive market, as well as regulatory issues and public policy trends affecting the energy industry. Ms. Prairie has been in the energy industry for more than twenty years during which time she has held various positions of responsibility in: marketing, gas supply, strategic planning, business development, legal, and regulatory relations. Immediately prior to establishing her consulting firm in 1995, Ms. Prairie was an officer with ANR Pipeline Company for five years where she held a number of positions. Prior to joining ANR Ms. Prairie was Executive Director of Gas Supply for Michigan Consolidated Gas Company, one of the largest natural gas distribution companies in the country. She has also practiced energy law with the Washington, DC-based law firm, John, Hengerer & Esposito and was in-house counsel for five years with Iowa Power & Light Company. Ms. Prairie holds a B.A. from SUNY at Buffalo and a law degree from Drake University, and is a member of the Michigan Bar.

KENNETH ROSE, Consultant and Senior Fellow specializing in energy studies at the Institute of Public Utilities. Dr. Rose has been working on energy and regulatory issues for more than eighteen years. He has testified or presented at many legislative and public utility commission hearings, proceedings, conferences and workshops on electric industry issues and has testified before several committees of the U.S. House of Representatives on regulatory matters. Dr. Rose has worked primarily on studies concerning the electric industry and has directed or contributed to many reports, papers, articles and books. Topics include Clean Air Act implementation, environmental externalities of electricity production, competitive bidding for power supply, regulatory treatment of uneconomic costs, market power and market monitoring, and other industry restructuring issues. He is a frequent presenter at conferences and workshops, and is quoted often in The New York Times, The Washington Post, The Wall Street Journal, other newspapers and in trade publications. Dr. Rose lectures for the School of Public Policy and Management at The Ohio State University. Dr. Rose was a Senior Institute Economist at The National Regulatory Research Institute at The Ohio State University from 1989 until October 2002. Prior to NRRI, Dr. Rose worked on many energy related issues at Argonne National Laboratory from 1984 to 1989. Dr. Rose received his B.S. (1981), M.A. (1983), and Ph.D. (1988) in Economics from the University of Illinois at Chicago.

KEVIN SCHOEN, President, ACD.NET. Mr. Schoen founded ACD at age 15, and initially started selling floppy disks and supplies to the automotive companies in South East Michigan. ACD later evolved into an assemble of custom computers, and network servers, building five to seven thousand machines a year in the 90's. In 1996 ACD became an Internet Service providers, and 2000 ACD became a licensed CLEC providing DSL and other telecommunications services. During his career, Kevin has provided consulting, started up, and raised venture capital funding several international callback companies, Internet Providers, Fiber optic firms, and software firms. Kevin's has extensive knowledge in the technology industry, and sits

on the technical advisory panels of three publicly traded technology firms, and is a board of director of several private firms.

WILLIAM H. SMITH, JR., Executive Director of the Organization of MISO States. Mr. Smith joined OMS in January 2004. OMS is the regional state committee for states served by the Midwest Independent Transmission System Operator. Previously, he was Government Relations Manager for the Iowa Utilities Board, and coordinated the Board's legislative positions and its representation before federal agencies. He earlier directed the Board's rate and safety staff. Before 1986, Smith served as a legal advisor to commissioners of the Federal Energy Regulatory Commission and practiced energy law in a Washington, D.C. firm. He writes the state regulatory column for Natural Gas, a monthly industry journal. He is a member of the Energy Bar Association and the District of Columbia Bar. He holds a B.A. degree in Economics from Yale University and a J.D. degree from Cornell University.

RICHARD R. WOLFE, Director of Regulatory Affairs - Telephony, for the Midwest Division of Comcast Cable Communications, Inc. Mr. Wolfe acts as Comcast's primary regulatory interface for telecommunications policymakers and regulators in Michigan, Illinois, Indiana, and Minnesota (where Comcast has deployed local telecommunications services) as well as other midwest states where Comcast's presence is currently limited to long distance resale. Rick has worked in the telecommunications industry for more than 26 years, beginning as a central office technician with GTE in California. His 22 year tenure with GTE (and then Verizon) spanned network operations, cost separations, local and toll service pricing, product management, and regulatory policy and business support positions. He left Verizon in late 2000 to join Williams Communications, LLC, a fiber-based provider of wholesale long distance services to carriers, as their Regulatory Affairs Director, with a predominant focus on rights-of-way issues. Rick joined Comcast in January of last year, in the wake of the acquisition by Comcast of the former AT&T Broadband assets, inclusive of 1.4 million facilities-based telephony customers.

PETER K. YU, Assistant Professor of Law and the founding director of the Intellectual Property and Communications Law Program at Michigan State University-DCL College of Law. Professor Yu holds a courtesy appointment in the Department of Telecommunication, Information Studies and Media and is a faculty associate of The James H. and Mary B. Quello Center for Telecommunication Management & Law in the College of Communication Arts & Sciences at Michigan State University. He is also a research associate of the Programme in Comparative Media Law & Policy at the Centre for Socio-Legal Studies, University of Oxford. Prior to joining Michigan State University, he was Acting Assistant Professor of Law, Executive Director of the Intellectual Property Law Program, and Deputy Director of the Howard M. Squadron Program in Law, Media & Society at Benjamin N. Cardozo School of Law, Yeshiva University. Born and raised in Hong Kong, Professor Yu is a leading expert in international intellectual property and communications law. He writes extensively, lectures frequently, is the editor or coeditor of three books, and serves on a number of editorial boards. At Michigan State, he teaches courses in Copyright Law, International Intellectual Property Law, Trademark and Unfair Competition Law, and Cybersecurity. He Professor Yu received his J.D. from Benjamin N. Cardozo School of Law.

JESSICA ZUFOLO, Senior Policy Director for Telecommunications, Media and Technology Issues for Medley Global Advisors, an independent policy research firm that advises institutional investors and financial asset managers. Prior to joining Medley Advisors, Jessica served the National Association of Regulatory Utility Commissioners (NARUC) as the Legislative Director. In this role, she was responsible for managing and directing legislative strategy and policy for all the 50 state commissions. Prior to joining NARUC, Ms. Zufolo worked on Capitol Hill for seven and a half years serving New York Senator Daniel Patrick Moynihan, New York Rep. Charles E. Schumer, and Rep. Peter A. Defazio of Oregon. Working primarily on telecommunications issues, Ms. Zufolo drafted several pieces of consumer protection legislation, including measures addressing telephone slamming, cable television rates, and consumer privacy. During the development and passage of the Telecommunications Act of 1996, Ms. Zufolo served as telecommunications legislative assistant to then-Rep. Schumer, a senior member of the House Judiciary Committee. Jessica Zufolo graduated from the University of Colorado with a B.A. in History and International Affairs and currently lives in Washington, D.C.

