Proposed Changes to the Master of Arts in Economics with an Option in Public Utility Policy and Regulation
November 2009

The regulatory economics faculty members respectively request the following changes to the Master of Arts in Economics with an option in public utility policy and regulation:

1. The proposal is to change the prefix, number and course description for each of the following courses:

   a. Change ECON 585 “Public Utilities Regulation” to ECON 571 “Regulatory Policy and Industry Analysis: Electricity I”

   b. Change AEEC 555 “Seminar in Public Utilities Regulation” to ECON 573 “Regulatory Policy and Industry Analysis: Electricity II”

   c. Change AEEC 554 “Advanced Public Utility Regulation” to ECON 574 “Advanced Seminar in Regulatory Policy & Industry Analysis”

   **JUSTIFICATION:**
   a) The changes allow for focus and continuity of the lectures as well as a logical sequence of courses. Also, industry separation allows us to better serve the graduate students in electrical engineering (EE) in that they would be exposed to all the electricity lectures and only the electricity lectures. These EE students take our courses in order to obtain a minor in electric utility economics.

   b) Currently some of the regulatory economics courses have the ECON prefix and some have the AEEC prefix. This causes confusion for the students and, particularly, prospective employers who review the students’ transcripts. Such employers are ignorant as to the meaning of AEEC.

   c) The four regulatory economics classes will be offered with a certificate option. Sequencing the regulatory economics numbers, along with the ECON prefix, is more efficient and makes for a clear bundled list of courses for those students who desire a standalone certificate curriculum but may not desire a full-blown degree.

   d) Current course descriptions do not reflect the current course material.

2. Eliminate the following courses (both have historically been cross-listed with ECON 585 – *proposed ECON 571*):

   a. MGT 455 “Public Utilities Regulation”

   b. MGT 585 “Public Utilities Regulation”

   **JUSTIFICATION:**

   The MGT cross-listed courses are relics from the past that never benefited the Management Department. When the regulatory economics program was first established, the cross-listed MGT courses were created in order to attract EE students from the “Electric Utility Management Program” housed in the Engineering College. The EE notion of management is different from the business college variety. The current relationship between the EE program and our program is currently very strong and, therefore, the extra MGT classes have outlived their usefulness. They only serve to create four different rosters for the same class.
3. Keep ECON 455 “Public Utilities Regulation” which also has historically been cross-listed with ECON 585 – proposed ECON 571

**JUSTIFICATION:**

ECON 455, along with ECON 335 (Business and Government) serve useful recruiting “pipelines” into the graduate. However, one cross-listed class is more than sufficient.

4. Change the following statements in the graduate catalog

   **Statement in 2009 – 2010 Graduate Catalog**

   “All students in the program must successfully complete the following core classes: AEEC 501, AEEC 502, and AEEC 540. For the option in regulatory economics, students must also complete 24 credits from the following: ECON 585, ECON 457, AEEC 554, AEEC 555, and AEEC 594 (3-6 credits)."

   **CHANGE TO:**

   “All students in the program must complete a minimum of 30 credits including the successful completion of the following core classes: AEEC 501, AEEC 502, and AEEC 540. For the option in Public Utility Policy and Regulation, students must also complete ECON 571, ECON 572, ECON 573, and ECON 574.”

   **JUSTIFICATION:**

   This will make the graduate catalog language consistent with the above changes.

   **Regulatory Option Classes (new course descriptions)**

   **FALL**

   **ECON 571 Regulatory Policy & Industry Analysis: Electricity I**

   Regulatory policy and economic analysis related to the Electric industry. Topics include: characteristics of a utility and legal justification for regulation; characteristics and functions of a regulatory commission; history and structure of the industry; technology and network design; revenue requirements; cost allocation; and basic retail rate design.

   (Old number = ECON 585)

   **ECON 572 Regulatory Policy & Industry Analysis: Natural Gas & Water (existing class)**

   Regulatory policy and economic analysis related to the Natural Gas and Water industries. Topics include: history and structure of the industry; technology and network design; revenue requirements; cost allocation; and retail rate design.

   **SPRING**

   **ECON 573 Regulatory Policy & Industry Analysis: Electricity II**

   Regulatory policy and economic analysis related to the Electric industry. Topics include: optimal generation mix; ancillary services; environmental policies; rate case procedures and strategies for effective testimony; advanced retail rate design; wholesale exchanges; unbundled transmission tariffs; market institutions and how different markets function; state and federal deregulation policies; Federal Energy Regulatory Commission orders and policies; demand-side management; and regulatory treatment of non-traditional retail services.
ECON 574 Advanced Seminar in Regulatory Policy & Industry Analysis; (Offered every Spring Semester/ must have completed Econ 571)

Advanced seminar and writing course specializing in regulatory policy and regulatory casework. Topics include: special policy & regulatory issues in telecommunications, electricity, natural gas, and water; preparation of written testimony; expert witness effectiveness including cross-examination; and contested case management. This course involves extensive reading and writing assignments.

(Old number = AEEC 554)