



**Jonathan Lesser and Leonardo Giacchino,  
Bates White Partners, publish new book:**

## Fundamentals of Energy Regulation

**\*\*Now Available\*\***

Energy regulation experts, Jonathan Lesser, PhD, and Leonardo Giacchino, PhD, have teamed up to produce an important new reference guide for regulators, attorneys, rate analysts, economists, accountants, and students interested in this dynamic field.

In Part I, the authors of *Fundamentals of Energy Regulation* begin by explaining fundamental economic and regulatory concepts used in ratemaking and regulatory oversight worldwide. They explain how the revenue requirement concept underlies all forms of regulation, from traditional “cost-of-service” regulation to various types of “incentive” and performance-based regulation that are increasingly used in the United States and internationally. Using clear examples and case studies, the authors guide readers through the ways practitioners perform key—and often controversial—calculations that establish the baseline of revenues that regulated firms require to operate successfully. The authors carefully explain the methods used to measure and verify costs, determinations of the prudence of regulated investments, the role and calculation of depreciation costs, and the methods used to estimate regulated rates of return.

Drs. Lesser and Giacchino then tackle issues surrounding cost allocation, focusing especially on the methods used to allocate “joint and common” costs among different customer groups, as well as how those groups are themselves determined. The authors address the differences between short-run and long-run marginal costs, which often determine the overall structures of regulated rates and tariffs; conflicts between pricing for efficiency and pricing for equity, as well as broader “social policy” price goals; the establishment of “ready-to-serve” charges; the use of multipart price tariffs; and different methods to estimate tariffs. They conclude Part I by discussing different “pass-through” mechanisms that allow regulated companies to automatically adjust rates in response to changes in cost components over which they have no control.

In Part II, the authors present a wide range of topics, including the practical aspects of new regulatory structures, as well as a host of issues that have become increasingly critical, including: evaluation and prevention of market power in newly deregulated markets; the growing importance of environmental regulation, including regulation designed to address global climate change; investment decisions that can cope with increasingly volatile energy markets; methods to ensure reliable electric systems; and emerging issues in international energy regulation.

*Fundamentals of Energy Regulation* is available now at a special introductory price from the publisher, Virginia-based, Public Utilities Reports, Inc.: [http://www.pur.com/view\\_news.cfm?id=66](http://www.pur.com/view_news.cfm?id=66).

# Fundamentals of Energy Regulation

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## Table of Contents

### Part I: Principles

#### Chapter 1: A Brief History

Introduction

#### Chapter 2: Economic Concepts of Regulation

Introduction

The Fundamental Economic Goal of Regulation

The Competitive Ideal

Factors that Preclude a Competitive Outcome

Profit Maximization Under Monopoly

The Contestability of Markets

The Regulator's Pricing Challenge

Other Complicating Factors

How Deregulation Can Lead to More Regulation

Chapter Summary

#### Chapter 3: The Role of the Revenue Requirement

Introduction

Meeting the Regulatory Challenge

Key Regulatory Principles

Why Revenue Requirements Underlie All Regulatory Schemes

Revenue Requirement Components

Depreciation

Taxes

Return on Capital Assets

Other Issues

Chapter Summary

#### Chapter 4: Alternative Regulatory Structures

Introduction

Common Aspects of Regulatory Structures

Cost Differences and Operating Environments

Cost of Service

Performance-Based Regulation

Yardstick Competition

Comparing Different Regulatory Regimes to Set Tariffs

Chapter Summary

#### Chapter 5: Cost Measurement

Introduction

Why Regulators Measure Costs

Estimating and Regulating Operating Cost

Estimating and Regulating the Rate Base

Deferred Costs and Regulatory Assets

Chapter Summary

Appendix: Depreciation Mechanics

#### Chapter 6: Cost Allocation

Introduction

Cost Functionalization

Cost Classification

Cost Allocation

Chapter Summary

#### Chapter 7: Rate Setting Principles and Procedures

Introduction

Billing Determinants

Tariff Design

Alternative Design Structures

Tariff Setting Methods

Pricing and Social Policy

Electric Restructuring and Default Service

Chapter Summary

#### Chapter 8: Rate and Tariff Adjustment Mechanisms

Introduction

Pass-Through Mechanisms

Inflation Adjustments

An Alphabet Soup of Adjustment Factors

Shared-Savings and Off-Ramps

Chapter Summary

#### Chapter 9: Market Power in the Electric and Natural Gas Industries

Introduction

Defining Market Power

Dominant Firms

Horizontal and Vertical Market Power

Remedies for Market Power

Withholding of Generation Resources

The Essential Facilities Doctrine

Chapter Summary

### Part II: Extensions and Applications

#### Chapter 10: Dealing With Uncertainty

Introduction

Key Issues

Making Investment Decisions Under Uncertainty

Measuring Price Volatility

Market and Nonmarket Uncertainties

Chapter Summary

#### Chapter 11: Environmental Regulation of the Energy Industry

Introduction

Environmental Costs and Environmental Externalities

Regulatory Responses

Measuring Environmental Costs and Benefits

Environmental Costs and Energy Prices

Externality Adders

Current Regulatory Policies: Renewable Energy and Global Climate

Change

Chapter Summary

#### Chapter 12: Regulating the Electric System Reliability

Introduction

Direct Current Circuits

Alternating Current Circuits

Defining Reliability

Reliability and Installed Capacity Markets

International Capacity Markets

Chapter Summary

#### Chapter 13: Regulation and Reform in International Markets

Introduction

Transition Mechanisms

Alternative Privatization Arrangements

Establishing the Regulatory Framework

Renegotiation and Change

International Arbitration

Chapter Summary

#### Chapter 14: The Future of Economic Regulation in the Electric and Natural Gas Industries

Introduction

The Regulatory Clash of Politics and Economics

The Future of U.S. Regulation

Concluding Thoughts

