Public Utility Symposium
September 27, 2006
Understanding and Managing the New Reality of Utility Costs

Sponsored by:
FINANCIAL RESEARCH INSTITUTE

Facilitates innovation, understanding, and education in public utility policy issues.

College of Business
University of Missouri-Columbia
Understanding and Managing the New Reality of Utility Costs

Rising utility costs, most prominently those observed in the energy sector, are increasingly challenging industry, regulators and consumers. Not all cost increases can be included in rate adjustments, which can lead to the erosion of industry earned rates of return. Such a situation will have implications regarding the attractiveness of utilities to investors, the degree of merger and acquisition activity, and the ability of utilities to finance capital investment. Regulators are also challenged since years of industry restructuring have left them with fewer tools for controlling the commodity cost increases experienced by electric, gas and water producers. Consumers struggle with affordability issues in the face of market wide increases in the cost of their utility services. This symposium will examine the impact that the new reality of utility costs has upon the way that utilities operate, regulatory and consumer responses to these changes, and the capital market’s reaction. Join us as we gain understanding in managing the new reality of utility cost.

Dr. Stephen Ferris
Director, FRI

SYMPOSIUM PROGRAM

REGISTRATION 8:30 a.m. – 9:30 a.m.

WELCOME 9:30 a.m. – 9:45 a.m.

Dr. Stephen Ferris, Professor of Finance, James Harvey Rogers Chair of Money, Credit and Banking at the University of Missouri–Columbia and Director of the Financial Research Institute (FRI).

Dr. Bruce J. Walker, Lansford Professor of Leadership and Dean, College of Business, University of Missouri–Columbia.

Tim Rush, Director, Regulatory Affairs, Kansas City Power & Light. FRI Advisory Board Chair.

MORNING ADDRESS 9:45 a.m. – 10:20 a.m.

Managing Rising Utility Costs through Efficiency Gains

Commissioner Diane Munns, Iowa Utilities Board. Commissioner Munns has served on the Iowa Utilities Board since 1999 following 15 years of service as a regulatory attorney. She is also the NARUC President through 2006, as well as, serving on many other industry committees. She has been on the FRI Advisory Board since 2005.

PANEL DISCUSSION 1 10:30 a.m. – 11:45 a.m.

Consequences and Causes of Rising Utility Costs

Panel discussion will highlight recent past history and future trends in the cost of energy and water. Discussion issues include the impact on industry of rising costs. What is industry’s ability to sustain a fair earned rate of return to recover costs and generate funds for capital improvements and investment? What kinds of affordability issues arise from these changes in cost? (For example, state/federal programs to help low income individuals and increased interest in efficiency programs).

Moderator: Commissioner Michael Moffet, Kansas Corporation Commission.

Dr. Stephen Ferris
Director, FRI
Panelists:
Chairman Jeff Davis, Missouri Public Service Commission.
Dr. Mark Cooper, Director of Research, Consumer Federation of America.
Cynthia Marple, Director, Rates and Regulatory Affairs, American Gas Association.
Al Owen, Chair, Missouri Industrial Energy Consumers.
Brian Youngberg, Senior Utilities Analyst, Edward Jones.

Luncheon and Comments 12:00 p.m. – 1:15 p.m.
Recreating the Regulatory Compact
Michael G. Morris, chairman, president and CEO, joined American Electric Power Co. Inc. in 2004. From 1997 to 2003, he was chairman, president and CEO of Northeast Utilities, an unaffiliated electric utility. From 1994 to 1997, he was president and CEO of Consumers Power Company and executive vice president and chief operating officer from 1992 to 1994. Mr. Morris received his BS and MS (science) degrees from Eastern Michigan University and a JD from Detroit College of Law.

Panelists:
Robert Burns, Senior Institute Specialist and Attorney, The Ohio State University, National Regulatory Research Institute.
Joyce Davidson, Director, Public Utility Division, Oklahoma Corporation Commission.
Dan Ives, Vice President, Lukens Energy Group.
Mike Oldak, Senior Director, State Competitive and Regulatory Policies, Edison Electric Institute.
Tom Schroedter, Executive Director, Oklahoma Industrial Energy Consumers. Attorney, Hall Estill.

Paneldiscussion II: 1:15 p.m. – 2:30 p.m.
Possible Responses to Rising Utility Costs
Panel discussion will highlight the capital market reaction to rising utility costs. Discussion topics include the challenge of attracting investors, bond ratings, analyst recommendations for investor-owned utilities, impact on merger, acquisition and divestiture activity, regulatory and industry response and what can the consumer do.

Moderator: Commissioner Kevin Wright, Illinois Commerce Commission.

Panelists:
Commissioner Randy Bynum, Arkansas Public Service Commission.
Russell Feingold, Managing Director, Navigant Consulting, Inc.
Lewis Mills, Missouri Office of the Public Counsel.
Kathy Pape, Vice President, Treasurer and Rate Counsel, Aqua America.
Melissa Stanford, Senior Research Specialist, National Regulatory Research Institute.

Closing Comments: 4:00 p.m. – 4:15 p.m.
Dr. Stephen Ferris
Chairman Jeff Davis, FRI Advisory Board Chair 2007

For More Information:
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REGISTRATION FORM

Name: ___________________________________________________________
Title: ____________________________________________________________
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Address: _________________________________________________________
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The University of Missouri–Columbia has a $4 parking fee to park at Turner Avenue Parking Garage (directly across from the Reynolds Alumni Center).

Corporate Participants: ...................... $195
Commission and State Employees: ...... $105
Academics: ........................................... $95
Parking: .................................................. $4

Total Registration Fee: ___________________________________________

☐ Enclosed in my check payable to: University of Missouri, FRI
☐ Please charge my (circle one) MC VISA

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   Register at www.FRI.missouri.edu

2) Fax
   Fax the registration form to:
   573-884-0674

3) Mail
   Complete the attached registration form and mail to:
   FRI
   404 Cornell Hall
   University of Missouri–Columbia
   Columbia, MO 65211-2600

No refunds issued after August 28, 2006.

Accommodation
A limited number of rooms have been reserved at the Holiday Inn Executive Center at a special rate. When booking mention “FRI Conference.” Book early!
Holiday Inn, 2200 I-70 Drive SW, Columbia, MO.
Reservations 1-888-465-4329
http://www.ichotelsgroup.com

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