

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Adoption of the National School)
Lunch Program and an Income-based) Docket No. 040604-TL
Criterion at or below 135% of the Federal)
Poverty Guidelines as Eligibility Criteria)
For the Lifeline and Link-up Programs)

**REBUTTAL TESTIMONY OF
DAVID L. KASERMAN**

**ON BEHALF OF
FLORIDA COMPETITIVE CARRIERS ASSOCIATION/COMPETITIVE CARRIERS
OF THE SOUTH, INC., AT&T COMMUNICATIONS OF THE SOUTHERN STATES,
LLC, MCIMETRO ACCESS TRANSMISSION SERVICES, LLC,
MCI WORLDCOM COMMUNICATIONS, INC.
AND FLORIDA DIGITAL NETWORK, INC. D/B/A FDN COMMUNICATIONS**

DECEMBER 17, 2004

1 **I. QUALIFICATIONS AND PURPOSE OF TESTIMONY**

2
3 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS FOR THE RECORD.**

4 A. My name is David L. Kaserman. My business address is the Department of Economics,
5 203 Lowder Business Building, Auburn University, Auburn, Alabama, 36849.

6
7 **Q. WHAT IS YOUR CURRENT POSITION?**

8 A. I am currently the Torchmark Professor of Economics at Auburn University
9

10
11 **Q. WOULD YOU PLEASE SUMMARIZE YOUR QUALIFICATIONS?**

12
13 A. Yes. I hold a Ph.D. degree in Economics from the University of Florida (1976). My
14 principal field of interest is industrial organization, which encompasses the subject areas
15 of antitrust economics and the economics of regulation. I have approximately thirty years
16 of experience as a professional economist. During that time, I have held positions both in
17 government agencies (e.g., the Federal Trade Commission) and in academic institutions.

18 My primary research interests involve application of microeconomic and
19 industrial organization analysis to public policy issues, and those interests are reflected in
20 my ongoing research and publications. Over the course of my career, I have published
21 over a hundred articles in professional economic journals. Twenty-five of these have
22 dealt directly with public policy issues in telecommunications. These papers have
23 appeared in the American Economic Review, the Review of Economics and Statistics, the
24 Journal of Law and Economics, the Antitrust Bulletin, and numerous other journals. Ten
25 of these papers have been reprinted in edited volumes. In addition, I have co-authored
26 four books -- two textbooks and two research monographs. Most of these publications
27 fall within the areas of antitrust economics, telecommunications, and public policy.

1 During my academic career, I have received more than a dozen research grants and
2 awards.

3 Over the past two decades, I have consulted on numerous antitrust cases and
4 regulatory hearings. The latter have focused upon policy issues in the
5 telecommunications industry. I have been retained by both government agencies and
6 private firms on behalf of both plaintiffs and defendants. I have testified in federal court,
7 before the Federal Trade Commission, the Federal Communications Commission, and
8 more than fifteen state regulatory commissions.

9 A copy of my resume, which documents my education, employment history,
10 publications, and testimony experience, is attached to this testimony as Exhibit DLK-1.

11 **Q. ON WHOSE BEHALF ARE YOU TESTIFYING?**

12 A. Florida Competitive Carriers Association/Competitive Carriers of the South, Inc., AT&T
13 Communications of the Southern States, LLC, MCImetro Access Transmission Services,
14 LLC, MCI WORLDCOM Communications, Inc., and Florida Digital Network, Inc. d/b/a
15 FDN Communications.

16 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

17 A. I would like to respond to some of the issues raised by other parties' experts in this
18 proceeding. Specifically, I will evaluate the merits of the proposals contained in Verizon
19 witness Dr. Danner's and the Small LECs witness Mr. McCabe's direct testimonies. In
20 particular, I will focus on: (1) the proposal to establish a state-level universal service
21 fund; and (2) the proposal (advanced by Mr. McCabe only) to require all
22 telecommunications providers to contribute to such a fund.
23

1 I conclude that the rather modest changes to the Lifeline service eligibility requirements
2 are unlikely to create the need for a universal service fund in this state. I also conclude
3 (in agreement with Dr. Danner) that, if such a fund were instituted, contributors should be
4 limited to local exchange customers only.

5
6 **Q. WHAT ISSUES IDENTIFIED IN THE COMMISSION'S ORDER DOES YOUR**
7 **TESTIMONY ADDRESS?**

8 A. Issues 4 and 6A.

9
10 **II. UNIVERSAL SERVICE AND THE LIFELINE PROGRAM**

11 **Q. FROM AN ECONOMICS PERSPECTIVE, WHAT IS THE POLICY GOAL OF**
12 **UNIVERSAL SERVICE?**

13 A. While policy makers have adopted a variety of definitions of the concept of universal
14 service over time, the economic definition of this term has remained constant.¹ To an
15 economist, the goal of universal service is to achieve maximum household subscription to
16 the public switched telecommunications network. That is, universal service would be
17 fully realized in an area if 100 percent of the households in that area are connected to the
18 local exchange.

19 As a practical matter, of course, 100 percent subscription is unlikely to ever be achieved
20 for a variety of reasons. As a result, economists have modified the goal to reflect this
21 fact. Accordingly, universal service policies have been implemented that are intended to
22 encourage the maximum rate of subscription that is practically feasible.

23

¹For a brief history of how the definition of this term has evolved, see David L. Kaserman and John W. Mayo, "The Quest for Universal Telephone Service: The Misfortunes of a Misshapen Policy," in Telecommunications Policy: Have Regulators Dialed the Wrong Number? Donald L. Alexander, editor, Praeger, Westport, CT, 1997.

1 **Q. WHAT IS THE STANDARD ECONOMIC JUSTIFICATION FOR THE POLICY**
2 **GOAL OF UNIVERSAL SERVICE?**

3 A. The goal of expanding telephone subscription rates beyond the level that would ordinarily
4 be observed in the absence of a universal service program is generally justified
5 economically by the so-called network externality.² That externality is thought to exist
6 because the value of telephone service to an individual customer is believed to increase
7 with the number of subscribers connected to the network.³ That increased value is
8 termed an externality because each customer fails to take it into account when deciding
9 whether or not to purchase telephone service. Due to this external benefit of increased
10 subscribership, unaided market forces will result in a socially suboptimal level of
11 subscription. Public policy, then, may (in theory) increase overall social welfare by
12 adopting measures to raise subscription rates beyond those that result from unimpeded
13 market forces.

14
15 **Q. IS THAT YOUR UNDERSTANDING OF THE PURPOSE OF FLORIDA'S**
16 **LIFELINE PROGRAM?**

17 A. I believe that is the general economic purpose of that program. Of course, other, non-
18 economic policy reasons may also exist that support this objective. Specifically, as the
19 Florida Public Service Commission has ordered new pricing policies that are designed to
20 be more compatible with emerging competition in local exchange markets, concerns have
21 arisen that these policies (e.g., reduced carrier access charges and increased local rates)

²For a discussion of the economics of the universal service objective, see Michael H. Riordan, "Universal Residential Telephone Service," Chapter 10 in the Handbook of Telecommunications Economics, Vol. 1, Martin E. Cave, Sumit K. Majumdar, and Ingo Vogelsang, editors, Elsevier, Amsterdam, 2002.

³For a critical evaluation of the network externality argument, see A.H. Barnett and David L. Kaserman, "The Simple Welfare Economics of Network Externalities and the Uneasy Case for Subscription Subsidies," Journal of Regulatory Economics, Vol. 13 (May 1998), pp. 245-254.

1 might cause residential subscription rates to decline below acceptable levels. To provide
2 a safeguard against such a decline, the Commission is relying upon this program which
3 allows qualifying customers to purchase local exchange service at subsidized rates.

4 **Q. HAS THE LIFELINE PROGRAM FULFILLED THIS PURPOSE?**

5 A. Yes, observed subscribership rates suggest that it has been successful.⁴ As Dr. Danner's
6 direct testimony demonstrates, residential local exchange subscribership rates in Florida
7 have been and continue to be reasonably high in comparison with other states.⁵
8 Specifically, as Dr. Danner reports, household subscription was 93.9 percent in Florida in
9 1995. That figure is equal to the national average in that year. The subscription rate in
10 this state has risen to 95.1 percent in 2003, which is within a half a percentage point of
11 the national average of 95.5 percent. Thus, the objective of the Lifeline program appears
12 to have been achieved.

13 **Q. ARE YOU AWARE THAT THE LIFELINE PROGRAM HAS A RELATIVELY**
14 **LOW RATE OF PARTICIPATION?**

15 A. Yes. I have been informed that only about 14 percent of all eligible customers have
16 subscribed to this service.

17 **Q. IN YOUR OPINION, DOES THAT LEVEL OF PARTICIPATION PRESENT A**
18 **PUBLIC POLICY PROBLEM?**

19 A. No. In fact, the low program participation rate in conjunction with the continued high
20 residential telephone subscription rates are consistent with the well-known economic
21 characteristics of this industry. Specifically, as Dr. Danner points out in his direct
22

⁴Of course, this evidence alone is not sufficient to demonstrate that the Lifeline program has had any perceptible effect, because we do not know what would have happened in the absence of this program.

⁵See the Direct Testimony of Carl R. Danner on Behalf of Verizon Florida, Inc., November 17, 2004, pp. 5-6

1 testimony in this proceeding, the price elasticity of demand for local exchange access is
2 extremely low.⁶ That is, local exchange customers are generally insensitive to the price
3 of basic local exchange service. As a consequence, it is simply not necessary to subsidize
4 many customers in order to maintain high rates of subscription. Moreover, because any
5 subsidy program necessarily creates economic inefficiencies of its own, universal service
6 programs should be kept at the minimum levels necessary to sustain reasonable
7 subscribership rates. That is, unless the low Lifeline participation rate results in
8 unacceptable levels of telephone subscribership (which it has not done) it does not appear
9 to present a genuine public policy issue.⁷

10
11 **Q. DO YOU HAVE AN OPINION OF WHY THE PARTICIPATION RATE FOR**
12 **THE LIFELINE PROGRAM IS SO LOW?**

13 A. I have not conducted a study regarding this issue, so my opinions must be based upon
14 more general considerations. Nonetheless, there are at least three standard economic
15 reasons given for low participation in subsidized programs. First, customers may not be
16 aware of the availability of the subsidized service -- an information problem. Second,
17 the qualification/sign-up requirements maybe overly burdensome -- a transaction cost

⁶See Danner Direct, p. 10. A number of econometric studies support this conclusion.

⁷Participation by low income consumers in government sponsored benefits programs is often quite low, even when such programs offer substantially greater benefits than those available from Florida's Lifeline initiative. Sheila Zedlewski, analyst for the prestigious Urban Institute, remarks that, "Despite the potential value of food stamps, many eligible families do not enroll in the program.", and later, "...government estimates show that 54 percent of eligible households participated in food stamps during 1999-2000 (the latest data available)." (Zedlewski, "Recent Trends in Food Stamp Participation", Urban Institute Publication 8867, Washington, D.C., <http://www.urban.org/url.cfm?ID=310995>). Thus, the low participation rate observed for Florida's Lifeline program is unsurprising, particularly when it is noted that the benefits Lifeline provides are, in both relative and absolute senses, modest compared to similar programs offering substantial assistance with food costs, heating, and electric power.

1 problem. And third, some customers may simply prefer to buy the unsubsidized service
2 to avoid a perceived stigma associated with receiving a form of welfare assistance.

3 From the information available at this time, I cannot draw a conclusion about which, if
4 any, of these potential explanations accounts for this phenomenon. The only thing that is
5 clear is that the low rate of participation is not attributable to the eligibility requirements
6 themselves. Indeed, if the eligibility standards were the binding constraint, the observed
7 participation rate would approach 100 percent. The observed low participation must be
8 due to other causes, such as those described above.

9
10 **Q. IF THE LOW LIFELINE PARTICIPATION RATE IS NOT ATTRIBUTABLE TO**
11 **THE ELIGIBILITY CRITERIA, IS IT LIKELY THAT A MODEST**
12 **RELAXATION OF THOSE CRITERIA SUCH AS THAT PROPOSED HERE**
13 **WILL RESULT IN A SIGNIFICANT EXPANSION OF THAT PROGRAM?**

14 A. No. If only 14 percent of eligible customers currently subscribe to Lifeline service,
15 increasing the population of eligible recipients by expanding the maximum household
16 income criterion from 125 to 135 percent of the Federal Poverty Guidelines is unlikely to
17 increase the program's participation substantially. Because the group of customers to
18 whom the new eligibility standard applies have, by definition, higher incomes than the
19 current population that is eligible, it is likely that they will: (1) have a higher pre-existing
20 rate of subscribership to local exchange service; and (2) be even less likely to choose to
21 participate in the Lifeline program. Therefore, the proposed liberalization of the
22 eligibility criteria is unlikely to promote effectively the goal of universal service. Nor is
23 it likely to increase significantly the costs of maintaining the Lifeline program.

24

1 **Q. IF THERE IS NO SUBSTANTIAL EXPANSION OF THE LIFELINE PROGRAM,**
2 **IS THERE A NEED TO CREATE A STATE-LEVEL UNIVERSAL SERVICE**
3 **FUND?**

4 A. No. If the current costs of maintaining the Lifeline program are not creating undue
5 burdens or causing obvious market distortions, then the small incremental costs
6 associated with the proposed revisions to the eligibility criterion are unlikely to create a
7 need for such a fund. In my opinion, creation of a state-level universal service fund
8 would represent a needless expansion of the regulatory burdens affecting this industry
9 and, frankly, would run the risk of creating more problems than it would solve.

10

11 **Q. IS IT POSSIBLE THAT YOU ARE WRONG – THAT, CONTRARY TO YOUR**
12 **OPINION, THE NEW ELIGIBILITY REQUIREMENTS WILL GREATLY**
13 **EXPAND THE PROGRAM’S PARTICIPATION RATE AND ITS ASSOCIATED**
14 **COSTS?**

15

16 A. Of course that outcome is possible. My point is simply that it is unlikely and, therefore,
17 does not require the creation of any sort of state-level universal service fund at this time.

18

19 **Q DO THE OTHER WITNESSES APPEAR TO AGREE WITH YOUR**
20 **ASSESSMENT OF THIS ISSUE?**

21

22 A. Apparently not. Both Dr. Danner and Mr. McCabe seem to think that the proposed
23 changes are likely to expand program participation substantially. Dr. Danner’s testimony

1 appears to be somewhat inconsistent on this subject. On the one hand, he believes that
2 the Lifeline program is generally inconsequential and, therefore, one would think that no
3 new action would be required. But, at the same time, he appears to be concerned that the
4 costs of this program are poised to expand greatly. Similarly, Mr. McCabe is concerned
5 that Lifeline program costs will grow. As a result, both witnesses propose the creation of
6 a state-level universal service fund. Mr. McCabe's proposal is particularly troubling in
7 that he recommends that all providers of telecommunications services be required to
8 contribute to that fund.

9
10 **Q. WHY DO YOU OBJECT TO MR. MCCABE'S PROPOSAL TO REQUIRE ALL**
11 **TELECOMMUNICATIONS PROVIDERS TO CONTRIBUTE TO A**
12 **UNIVERSAL SERVICE FUND?**

13
14 A. From an economic standpoint, there are at least four reasons that this proposal should be
15 rejected. First, if the underlying justification for the Lifeline program is the network
16 externality argument described above, the direct beneficiaries of that program are the
17 other (unsubsidized) residential local exchange customers. Theoretically, recall, the
18 value of their telephone service is increased by the additional subscribership encouraged
19 by the Lifeline rates. Under the principle of cost causation, then, it is these unsubsidized
20 local exchange customers who should bear the costs of the subsidy program.

21 Second, channeling funding obligations through a myriad of telecommunications
22 providers that are constantly entering and exiting particular markets and that each face
23 different demand conditions and technological and market constraints is certain to

1 increase the administrative costs of operating the program. It is also likely to magnify the
2 market distortions that invariably accompany subsidy programs.

3 Third, as Dr. Danner explains, shifting the funding burden to other telecommunications
4 services that exhibit relatively higher price elasticities of demand increases the overall
5 social welfare losses caused by funding the subsidy.⁸ The welfare effects of the reduction
6 in consumption of those services may well exceed the welfare gain achieved from any
7 increase in subscribership.

8 Fourth, and perhaps most important, Mr. McCabe's proposal would require the
9 imposition of what is, in effect, a tax on emerging telecommunications technologies, such
10 as voice-over-the-internet. Such a tax is likely to retard the growth of these new and
11 other yet-unseen technologies that, ultimately, hold the promise of breaking the
12 longstanding local exchange monopoly. Any policy that stifles such growth inflicts
13 substantial **harm on consumers**.

14
15 **III. SUMMARY**

16 **Q. WOULD YOU PLEASE SUMMARIZE YOUR TESTIMONY?**

17 A. Yes. The Florida Public Service Commission has proposed a relatively small change in
18 the eligibility requirements associated with its Lifeline program. That program is
19 intended to preserve universal service in a more competition-friendly pricing
20 environment. Despite a relatively low participation rate (14 percent), that program
21 appears to have achieved its objective of preventing reduced subscribership rates under
22 the new, more efficient pricing regime.

⁸See Danner Direct, pp. 25-27.

1 The modest changes proposed for the program's eligibility requirements appear unlikely
2 to create a need for a state-level universal service fund. In my opinion, creation of such a
3 fund would not be justified on cost/benefit grounds. Moreover, proposals to institute
4 such a fund and to require all telecommunications carriers to contribute to it is a distinctly
5 bad idea on economic grounds.

6
7 **Q. DOES THAT CONCLUDE YOUR TESTIMONY?**

8 A. Yes.

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II. Education

August 1970 B.S., Economics, The University of Tennessee

March 1976 Ph.D., Economics, The University of Florida

Fields: Industrial Organization, International Trade, Econometrics

Dissertation: "An Economic Analysis of the Home Mortgage
Default Insurance Market"

III. Employment

Torchmark Professor of Economics, Auburn University, Auburn, AL 1988-present.

Professor and Head of Economics, Auburn University, Auburn, AL 1987-1988

Professor of Economics, Auburn University, Auburn, AL 1986-1987

Associate Professor of Economics, University of Tennessee, Knoxville, TN, 1983-1986

Visiting Associate Professor of Economics, University of Florida, Gainesville, FL, 1982-1983

Associate Professor of Economics, University of Tennessee, Knoxville, TN, 1981-1982

Assistant Professor of Economics, University of Tennessee, Knoxville, TN, 1979-1981

Economist, Energy Division, Oak Ridge National Laboratory, Oak Ridge, TN, 1977-1979

Economist, Bureau of Economics, Federal Trade Commission, Washington, D.C., 1976-1977

Economist, Office of Policy Development and Research, U.S. Department of Housing and Urban Development, Washington, D.C., 1974-1976

IV. Research Interests

Applied Microeconomics, Industrial Organization, Antitrust, Regulation

V. Grants and Awards

Auburn Utility Research Center Grant, Auburn University, Summer, 1992.

Auburn Utility Research Center Grant, Auburn University, Summer, 1990.

College of Business Outstanding Faculty Research Award, Auburn University, 1990.

Department of Economics Research Grant, Auburn University, Summer, 1989.

College of Business Faculty Research Grant, University of Tennessee, Summer, 1985.

College of Business Outstanding Research Award, University of Tennessee, 1984.

Beta Gamma Sigma Distinguished Faculty Member and Honorary Initiate, 1984.

College of Business Faculty Research Grant, University of Tennessee, Summer, 1984.

Bid Price, Ask Price, and Time on the Market: A Search Model of Housing Prices, funded by the U.S. Department of Housing and Urban Development, Summer - Fall, 1983.

College of Business Faculty Research Grant, University of Tennessee, Summer, 1983.

Participant in Emory University Law and Economics Center's "Legal Analysis for Economists" clinic held at Dartmouth University, New Hampshire, Summer, 1983.

An Economic Analysis of the Automatic Fuel Adjustment Clause, funded by Resources for the Future, Fall - Summer, 1982.

College of Business Outstanding Research Award, University of Tennessee, 1981.

College of Business Faculty Research Grant, University of Tennessee, Summer, 1981.

The University of Tennessee Faculty Research Grant, Summer, 1980.

VI. Publications

Articles

“Limits to Altruism: Organ Supply and Educational Expenditures” (with Randolph T. Beard and Richard P. Saba), Contemporary Economic Policy, forthcoming.

“On the Impotence of Imputation” (with Randolph T. Beard and John W. Mayo), Telecommunications Policy, Vol. 27 (Sept.-Oct. 2003), pp. 585-595

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“The Supreme Court Weighs in on Local Exchange Competition: The Meta-Message” (with John W. Mayo), Review of Network Economics, Vol. 1 (September 2002), pp. 66-78.

“The Competitive Effects of Resale Versus Facility-Based Entry: Evidence from the Long-Distance Market” (with Marc Ulrich), Telecommunications Policy, Vol. 26 (2002), pp. 415-424.

“Patent Thickets, Cross-Licensing, and Antitrust” (with T. Randolph Beard), Antitrust Bulletin, Vol. 47 (Summer-Fall 2002), pp. 345-368.

“Markets For Organs: Myths and Misconceptions,” Journal of Contemporary Health Law and Policy, Vol. 18 (2002), pp. 567-581.

“Efficient Telecommunications Policies for the ‘New Economy’: The Compelling Case for Access Charge Reform” (with John W. Mayo), International Journal of Development Planning Literature, Vol. 1 (January-April 2001), pp. 61-78.

“Regulation, Vertical Integration, and Sabotage” (with T. Randolph Beard and John W. Mayo), Journal of Industrial Economics, Vol. 49 (September 2001), pp. 319-333.

“After the Fall: Stock Price Movements and the Deterrent Effect of Antitrust Enforcement” (with John S. Thompson), Review of Industrial Organization, Vol. 19 (November 2001), pp. 329-334.

“Suicide as an Indicator of Quality of Life: Evidence from Dialysis Patients”(with Jon M. Ford), Contemporary Economic Policy, Vol. 18 (October 2000), pp. 440-448.

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“Comment on ‘The Shortage in Market-Inalienable Human Organs: A Consideration of ‘Nonmarket’ Failures’ – Faulty Analysis of a Failed Policy” (with Andy H. Barnett), American Journal of Economics and Sociology, Vol. 59 (April 2000), pp. 335-349.

“Testing for Collusion During Periods of Input Supply Disruptions: The Case of Allocations” (with T. Randolph Beard), Antitrust Bulletin, Vol. 45 (Spring 2000), pp. 213-226.

“Modeling Entry and Barriers to Entry: A Test of Alternative Specifications” (with Mark L. Burton and John W. Mayo), Antitrust Bulletin, Vol. 44 (Summer 1999), pp. 387-420.

“Markets for Organs: The Question of Supply” (with A. Frank Adams, III and A.H. Barnett), Contemporary Economic Policy, Vol. 17 (April 1999) pp. 147-155.

“Regulatory Policies Toward Local Exchange Companies Under Emerging Competition: Guardrails or Speedbumps on the Information Highway?” (with John W. Mayo), Information Economics and Policy, Vol. 11 (1999), pp. 367-388.

“Targeted and Untargeted Subsidy Schemes: Evidence from Post-Divestiture Efforts to Promote Universal Telephone Service” (with Ross C. Eriksson and John W. Mayo), Journal of Law and Economics, Vol. 41 (October 1998), pp. 477-502.

“Dominant Firm Pricing with Competitive Entry and Regulation: The Case of IntraLATA Toll” (with Larry Blank and John W. Mayo), Journal of Regulatory Economics, Vol. 14 (July, 1998), pp. 35-54.

“Telecommunications Policy and the Persistence of the Local Exchange Monopoly” (with John W. Mayo), Business Economics, Vol. 33 (April 1998), pp. 14-19.

“The Simple Welfare Economics of Network Externalities and the Uneasy Case for Subscriber Subsidies” (with A. H. Barnett), Journal of Regulatory Economics, Vol. 13 (May 1998), pp. 245-254.

“Open Entry and Local Telephone Rates: The Economics of IntraLATA Toll Competition” (with John W. Mayo, Larry Blank, and Simran K. Kahai), Review of Industrial Organization, Vol. 14 (1999), pp. 303-319.

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“Is the ‘Dominant Firm’ Dominant? An Empirical Analysis of AT&T’s Market Power” (with Simran K. Kahai and John W. Mayo), Journal of Law and Economics, Vol. 39 (October 1996), pp. 499-517.

“Competition and Asymmetric Regulation in Long Distance Telecommunications: An Assessment of the Evidence” (with John W. Mayo), Comm Law Conspectus, Vol. 4 (Winter 1996), pp. 1-26.

"The Economics and Ethics of Organ Markets" (with Andy H. Barnett and Roger D. Blair), Society, Vol. 33 (September/October 1996), pp. 8-17. Reprinted in Entrepreneurial Economics: Bright Ideas from the Dismal Science, Alexander Tabarrok, editor, Oxford University Press, New York 2002.

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"The 'Rush to Transplant' and Organ Shortages" (with Andy H. Barnett), Economic Inquiry, Vol. 33 (July 1995), pp. 506-515. Reprinted in Price Theory and Its Applications, Bernard Saffran and F.M. Scherer, editors, Edward Elgar Publishing Limited, Cheltenham, UK, 1998.

"Certificate-of-Need Regulation and the Diffusion of New Innovations: A Random Coefficient Model" (with Steven B. Caudill and Jon M. Ford), Journal of Applied Econometrics, Vol. 10 (1995), pp. 73-78.

"Cross-Subsidies in Telecommunications: Roadblocks on 'The Road to More Intelligent Telephone Pricing'" (with John W. Mayo), Yale Journal on Regulation, Vol. 11 (Winter 1994), pp. 119-147. Reprinted in Public Utilities Law Anthology, Allison P. Zabriskie, editor, Vol. 17 (July-December 1994), pp. 899-929.

"A Note on Incentive Incompatibility Under Franchising" (with Roger D. Blair), Review of Industrial Organization, Vol. 9 (1994), pp. 323-330.

"A Diffusion Model of Long-Run State Economic Development," (with Dan M. Berry), Atlantic Economic Journal, Vol. 21 (December 1993), pp. 39-54.

"Inefficient Pricing Can Kill: The Case of Dialysis Industry Regulation" (with A. H. Barnett and T. Randolph Beard), Southern Economic Journal, Vol. 60 (October 1993), pp. 393-404. Reprinted in The Foundations of Regulatory Economics, Vol. III, Part III, Chapter 21, Robert B. Ekelund, editor, Edward Elgar Publishing Limited, Cheltenham, UK, 1998.

"The Shortage of Organs for Transplantation: Exploring the Alternatives" (with A. H. Barnett), Issues in Law and Medicine, Vol. 9 (Fall 1993), pp. 117-137.

"The Medical Community's Opposition to Organ Markets: Ethics or Economics?" (with A. H. Barnett and T. Randolph Beard), Review of Industrial Organization, Vol. 8 (December 1993), pp. 669-678.

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"Modeling Regulatory Behavior: The Economic Theory of Regulation Versus Rules of Thumb" (with Steven B. Caudill and Bae-Geun Im), Journal of Regulatory Economics, Vol. 5 (1993), pp. 252-262.

"A Diffusion Model of Industrial Sector Growth in Developing Countries" (with Don P. Clark and Darrarat Ananatanasuwong), World Development, Vol. 21 (1993), pp. 421-428.

"Horizontal Mergers and the Balance of Trade" (with Francois Melese), Managerial and Decision Economics, Vol. 14 (Jan/Feb 1993), pp. 83-90.

"Improving Organ Donation: Compensation Versus Markets" (with Andy H. Barnett and Roger D. Blair), Inquiry, Vol. 29 (Fall 1992), pp. 372-378.

"Reimbursement Rates and Quality of Care in the Dialysis Industry: A Policy Discussion," Issues in Law and Medicine, Vol. 8 (Summer 1992), pp. 81-102.

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DOCKET NO. 040604-TL
WITNESS: KASERMAN
EXHIBIT NO. ____ (DLK-1)
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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing has been served on the following parties by Hand Delivery and/or U. S. Mail this 17th day of December, 2004.

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