

# **Institute of Public Utilities**

**DIVISION OF RESEARCH  
GRADUATE SCHOOL  
OF  
BUSINESS ADMINISTRATION**

**Michigan State  
University**

East Lansing, Michigan

**EPPLEY CENTER: GRADUATE SCHOOL OF BUSINESS ADMINISTRATION**





The Institute of Public Utilities, which was established in July, 1965, is the outcome of a cooperative endeavor carried out by the joint effort of the public utility industry (energy and communications) and the Graduate School of Business Administration, Michigan State University.

The Graduate School of Business Administration at Michigan State University is universally recognized as one of the leading schools in the country. Its seventy-six distinguished faculty members have attained an international reputation for research and scholarship. Original research and scholarly writing are fostered by the presence within the school of one of the country's foremost Bureaus of Business and Economic Research. The Bureau has a large publication program including books and monographs in the areas covered by the Graduate School. It also publishes a quarterly journal, *Business Topics*, presenting articles of national and international interest to both the scholar and the businessman. The Bureau is now a part of the recently founded Division of Research, which also includes the newly formed Institute for International Business Management Studies. The Institute of Public Utilities is the most recent addition to the Division of Research.

For over a year, representatives of the electric, gas, and telephone industries have met with members of the administration and faculty of the Graduate School to discuss the formation of an institution devoted to the non-technological problems of public utilities firms. The result is now an actuality. Its structure and purpose are here briefly described; as flexibility in approaching industry problems is a basic concept, these initial working formulations are subject to change in the course of the Institute's life.

## THE ADVISORY COMMITTEE

The Advisory Committee is composed of the following representatives from industry and from the Graduate School of Business Administration.

## INDUSTRY MEMBERS

- A. H. Aymond  
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Organization Planning  
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New York, New York

E. Wallace Wilkinson  
Vice President and Treasurer  
Allegheny Power System, Inc.  
New York, New York

John P. Williamson  
Vice President of Finance  
The Toledo Edison Company  
Toledo, Ohio

## FACULTY MEMBERS

\*Alfred L. Seelye  
Professor of Marketing  
Dean

\*Leo G. Erickson  
Professor of Marketing  
Director, Division of Research

\*Robert F. Lanzillotti  
Professor of Economics  
Chairman, Department of Economics

\*Reed Moyer  
Associate Professor of Marketing

Edward W. Smykay  
Professor of Transportation

\*Harold H. Wein  
Professor of Management

\*Member of Executive Committee

\*Ex-officio Member

## THE SPONSORING COMPANIES

As the Institute inaugurates its first year, nineteen companies have already agreed to sponsor it for the initial five-year period. During that term it will receive the support of the industry through subscriptions, and its counsel through the Advisory Committee. At the end of this period, its accomplishments will be rigorously reviewed and objectively evaluated. It may then be terminated, or, if its Director and Advisory Committee see fit, it may continue in those fields of endeavor in which it has proved its value.

## THE OBJECTIVES

The immediate objectives of the Institute are as follows :

1. *To encourage and support research and to publish the results.*

Preliminary discussion by the Advisory Committee of possible research areas of interest resulted in the following broad list of topics considered worthy of investigation. The list is by no means exhaustive.

The effectiveness of the regulatory process for public utilities

Rate-of-return concepts in regulation

Pricing

Management efficiency

Forecasting demand and supply

Competition

Marketing and promotion

International implications

Grants to professors in this and other universities will relieve them of their normal teaching assignments for varying periods, in order that they may devote full time to research and the development of monographs on some of the problems suggested.



There will also be fellowships and grants for advanced doctoral research on projects in similar fields. Grants of this nature will vary in accordance with the length of time required and the amount of travel involved.

The monographs or other papers that arise from this sponsored research will be reviewed by the Institute prior to publication. It is altogether likely that some views expressed in these papers will not necessarily coincide with the views of every sponsor of the Institute, since there is a well-recognized divergence of opinion even among officials of public utility companies. It is proposed that an *ad hoc* committee will review the monographs prior to publication. It is further visualized that individual members of the Advisory Committee will be able to append comments to the document as published indicating disagreement with the point of view expressed by the author. A precedent for this type of review and practice is the highly successful research and publication procedure followed by the Committee for Economic Development (CED).

2. *To sponsor seminars and conferences on the Michigan State University campus.*

Seminars and conferences will offer top industry men an opportunity for discussions in depth in one of the areas already described, or in some entirely new one inviting exploration. The seminars will give people within the industry a chance to engage in dialogue among themselves and with scholars on problems affecting the public utilities industries. The university maintains a hotel (190 double rooms) on the campus with dining facilities and various size conference rooms suitable for this purpose.

3. *To promote the establishment and broadening of university courses in the utilities industries.*

Not only is there need for undergraduate and graduate courses specifically concerned with the study of the public utility field, but specific re-

search materials are notably lacking. It is envisaged that some of the research projected above may lead to improvement of this situation.

## FURTHER INFORMATION

All Advisory Committee members welcome inquiry from interested firms and individuals in the public utility field. A formula for annual contributions approved by the Advisory Committee and based upon 1963 operating revenues of the participant companies is:

Less than \$75 million	\$ 750
Over \$75 million but less than \$150 million	\$1,500
Over \$150 million but less than \$300 million	\$2,500
Over \$300 million	\$3,500

Companies interested in further information regarding the Institute of Public Utilities should write to any of the Advisory Committee members or to Dean Alfred L. Seelye, Graduate School of Business Administration, Michigan State University, East Lansing, Michigan 48823.