

Slide- intro run through

1 title why pass go – we passed go 100 years ago

2 Berra quote – Theory versus practice

In theory there is no difference between theory and practice. In practice there is.

Yogi Berra - Born: May 12, 1925

3 board - we passed go 100 years ago- but we come around the board again....

4 early monopolists -were the happy?

5 what did they do?

6 why did they disappear?

7 who replaced them?

8 what do they do now? Railroads and Utilities

9 how big is the Monopoly – Electric system – but also recognize its subterranean sister system the natural gas – but look at this photo every customer connecting to the NA grid comes in thru – A monopoly!

10 So - yes they were happy.

Speaking notes – check against delivery

When I was asked to present on this issue I couldn't recall the last time an industry was declared a monopoly. Indeed the tide has for some time run in the other direction where, as Chairman Grieve noted, existing monopolies of suffered from being "nibbled to death around their edges". Although arguably losing generation and retail took more than a nibble.

However in the last few months we have seen a US regulator declare the Internet to be a monopoly, the Ontario government attempting to come to grips with the "Beer Store" as a monopoly and the CRTC pronounce its intentions to treat basic cable TV – almost-as though it were a monopoly.

I doubt very much the dinner table discussion in most houses in North America revolves around the acts or omissions of the "invisible hand" as it performs its job of guiding the marketplaces and so too am I confident few households discuss the myriad intricacies and workings of the monopolies to which they are subject. Further I hate to break it to this crowd I very much doubt the phrase "what is the regulator up to now" ever regularly surfaces at the dinner table.

So even with respect to the most established monopolies, here I am thinking of electrical distribution or natural gas distribution; I doubt if many consumers give it a second thought.

As the old poem about the common man says –

“Was he free? Was he happy? The question is absurd: Had anything been wrong, we should certainly have heard.” W. H. Auden

But if the monopoly as a concept appears to be well and sound -what about the bite marks? Why are functioning monopolies being nibbled to death and does it matter to their customers?

This is hard to judge as few customers have ever spoken up in defence of a monopoly ---
---- cross reference to John Oliver’s net neutrality rant crashing of the FCC website?

Monopoly: Greek – Single Seller

Should customers bemoan loss of a monopoly; the complaint would probably land in the wrong call centre – but there is no snappy Greek word for “sorry you’ve reached the wrong call centre”

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Theory vs reality

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Intuitive extension of the theory is a natural monopoly should be static – it has no competitors

In practice - It does succumb to predators and like any living thing – old age or the passage of time.

- Erosion of the monopoly -natural – evolution of the function [or technology] facilitates change.
- Erosion of the monopoly -legislated – change of the law causes evolution.

What does this mean to customer?

My concern is a lack of clarity at core can result in greater uncertainty at the edges – here I use the term - self stoking cycle?

Unusual behavior tends to produce estrangement in others which tends to further the unusual behavior and thus the estrangement in self-stoking cycles...

Robert Pirsig Zen and the Art of Motorcycle Maintenance

If consumers cannot understand the purpose of the monopoly they will be confused:

Old adage – I forget its source Confusion – breeds margin!

What does it mean to the regulator?

Well the confused are always with us- we in the regulatory community should not promote the confusion.

We must be clear on the line between what service is a monopoly and what is not.

Beyond being a mandated change the obvious place where a Monopoly stops is where real choice begins –here we frequently see the term “Subscribe”.

Where a customer can subscribe for a truly different level of service- I submit this differs from current state of gas and retail non regulated contracting where the only major difference appears to be price.

Subscription is more often seen in a telecom mobile contract where different levels of band-width or throughput or calling hours or text message volume are sold.

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