

Restructuring the Rate Base

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Online Appendix

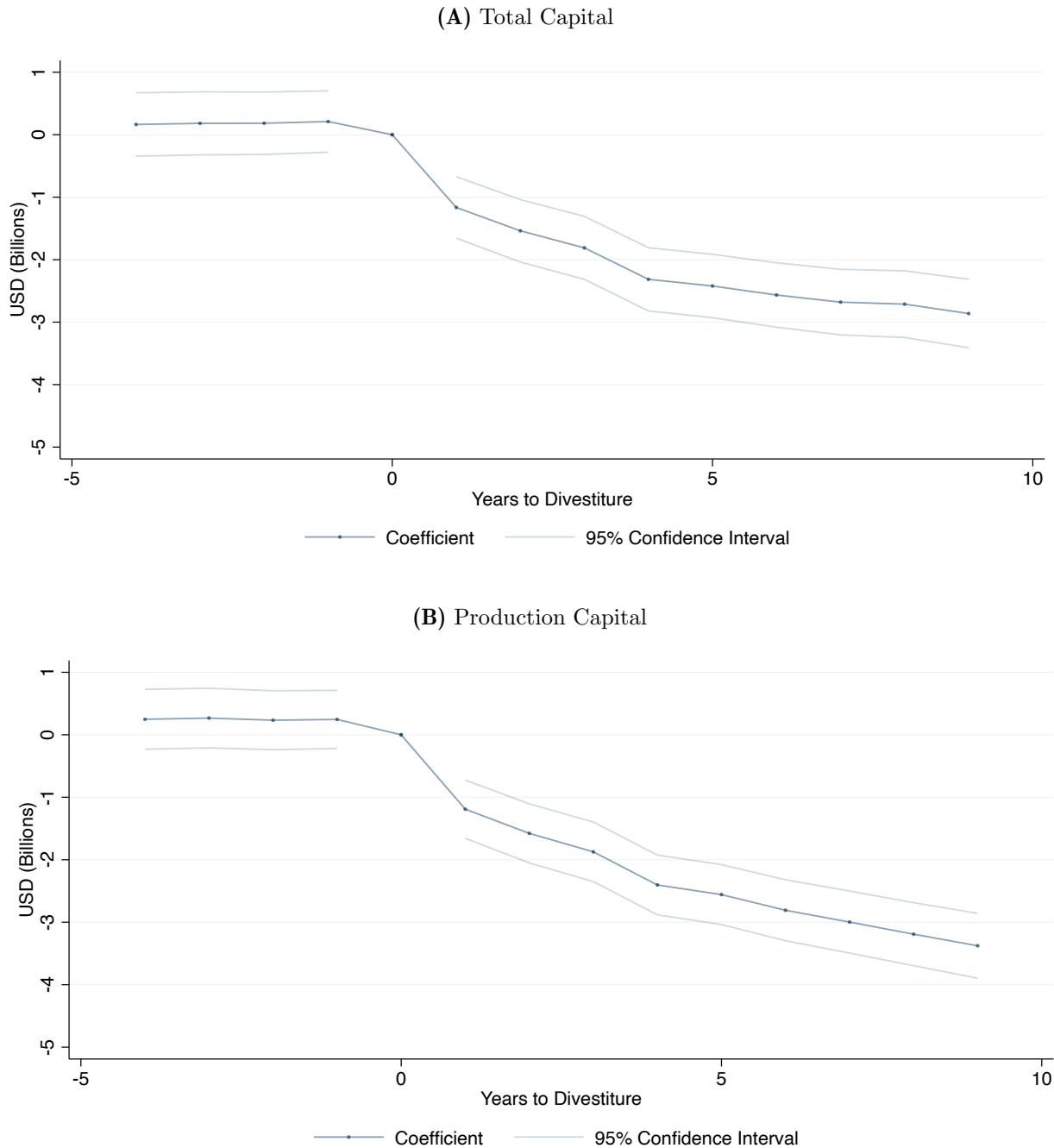
Table A.1: Electric Utility Summary Statistics in 1997

	All Utilities			Matched Utilities		
	Divested	Not Divested	Difference of Means	Divested	Not Divested	Difference of Means
A. Assets (Billion \$)						
Total Capital	6.11 [6.65]	3.62 [3.95]	2.49** (1.09)	6.55 [6.68]	5.04 [4.08]	1.51 (1.31)
Production	3.32 [4.03]	1.87 [2.17]	1.45** (0.65)	3.57 [4.07]	2.67 [2.33]	0.89 (0.78)
Transmission	0.63 [0.70]	0.47 [0.47]	0.16 (0.12)	0.68 [0.70]	0.68 [0.45]	-0.00 (0.14)
Distribution	1.89 [2.13]	1.07 [1.16]	0.81** (0.35)	2.02 [2.15]	1.45 [1.18]	0.58 (0.41)
Other	0.26 [0.34]	0.20 [0.28]	0.06 (0.06)	0.27 [0.34]	0.24 [0.30]	0.03 (0.08)
B. Generation and Sales						
Capacity (GW)	5.23 [5.95]	4.26 [4.68]	0.97 (1.04)	5.61 [5.99]	6.33 [4.76]	-0.72 (1.31)
Sales (TWh)	21.70 [22.90]	16.50 [16.64]	5.20 (3.92)	23.26 [22.96]	23.95 [16.82]	-0.69 (4.92)
Revenue (\$ B)	1.88 [1.99]	0.98 [1.07]	0.90*** (0.32)	2.02 [1.99]	1.37 [1.01]	0.65* (0.37)
C. Prices (\$ / kWh)						
Residential	0.11 [0.02]	0.08 [0.02]	0.03*** (0.00)	0.11 [0.02]	0.08 [0.02]	0.03*** (0.01)
Commercial	0.09 [0.02]	0.07 [0.02]	0.03*** (0.00)	0.09 [0.02]	0.07 [0.02]	0.02*** (0.01)
Industrial	0.06 [0.02]	0.04 [0.01]	0.02*** (0.00)	0.06 [0.02]	0.05 [0.02]	0.02*** (0.00)
D. Share of Sales						
Residential	0.32 [0.05]	0.32 [0.09]	0.01 (0.01)	0.33 [0.05]	0.31 [0.06]	0.01 (0.02)
Commercial	0.34 [0.12]	0.29 [0.10]	0.05** (0.02)	0.34 [0.12]	0.27 [0.09]	0.07*** (0.03)
Industrial	0.32 [0.13]	0.37 [0.18]	-0.05* (0.03)	0.31 [0.13]	0.39 [0.14]	-0.08** (0.04)
Utilities	44	79	123	41	44	85

Note: Data from non-divestiture utilities in the matched sample receive weight $\frac{1}{m_j}$ for each matched divestiture utility. Matching criterion: Nearest five utilities based on mean total capital stock between 1993 and 1997 and within 500 miles. Standard errors are clustered by utility in parentheses, and standard deviations are in brackets.

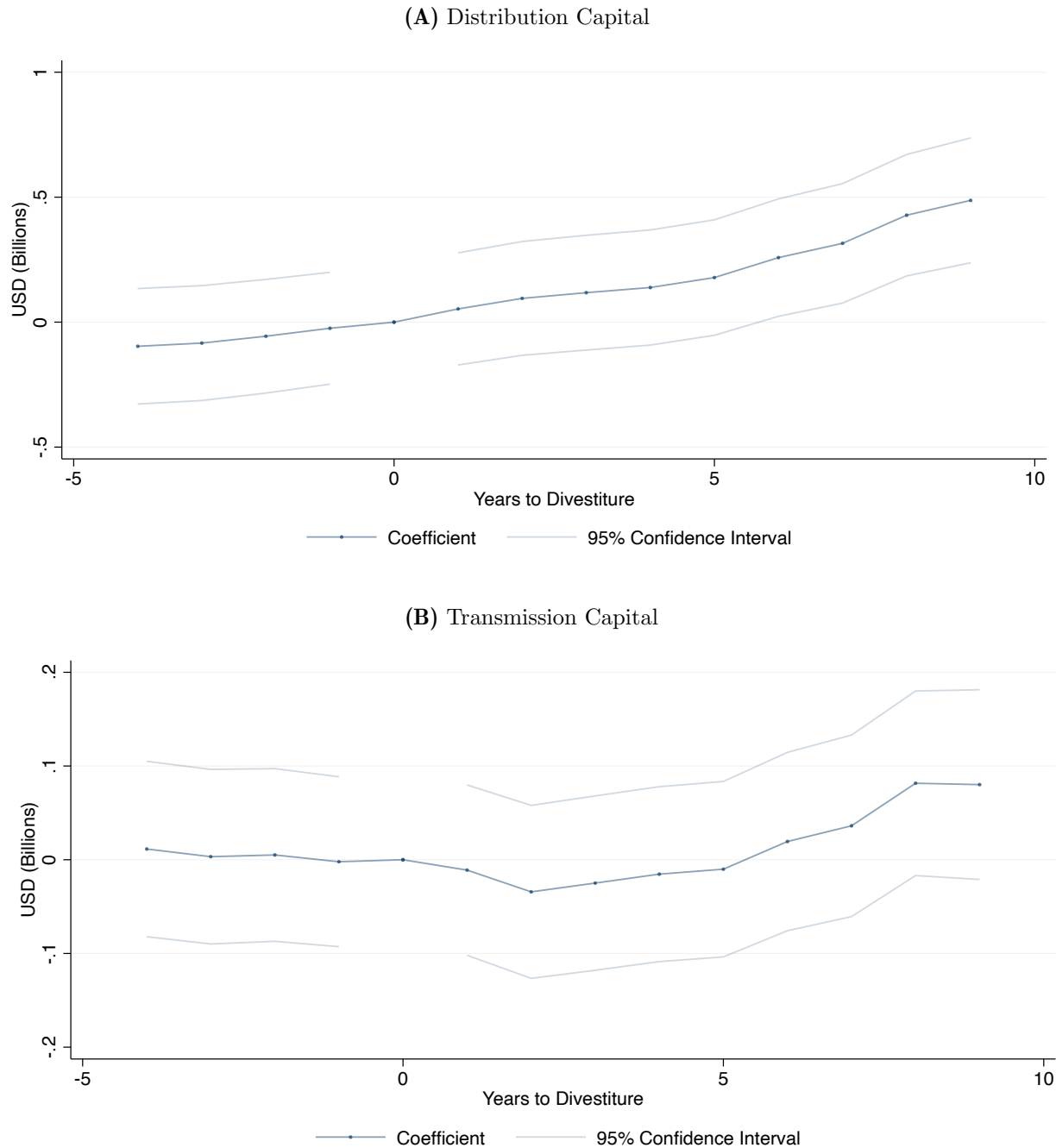
* p<0.1, ** p<0.05, *** p<0.01

Figure A.1: Unmatched DD Estimates by Year to First Divestiture: Total and Production Capital



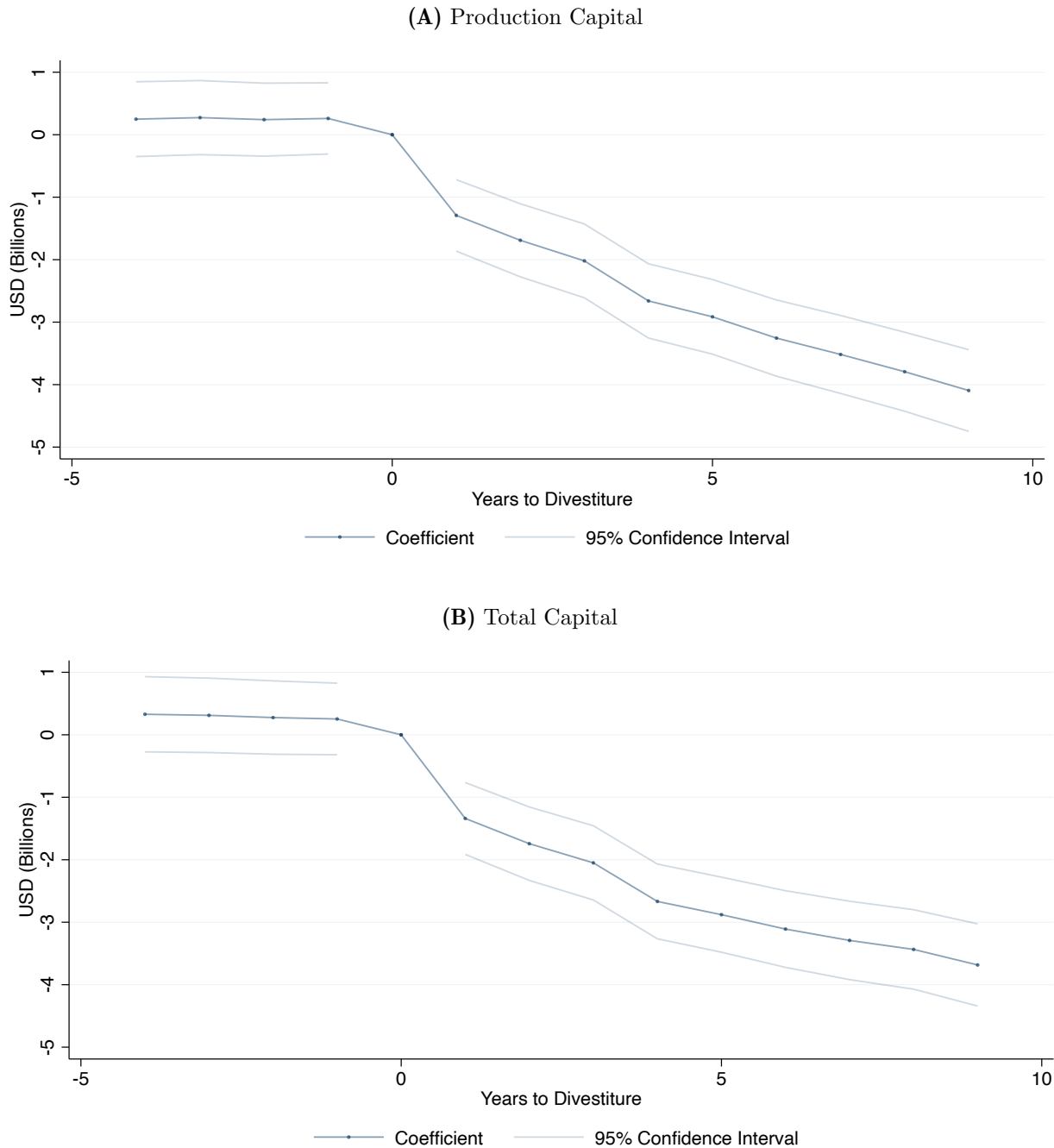
Note: These estimates are based on the complete, unweighted dataset without matching. Standard errors are clustered by utility.

Figure A.2: Unmatched DD Estimates by Year to First Divestiture: Distribution and Transmission Capital



Note: These estimates are based on the complete, unweighted dataset without matching. Standard errors are clustered by utility.

Figure A.3: Matched DD Estimates by Year to First Divestiture: Total and Production Capital



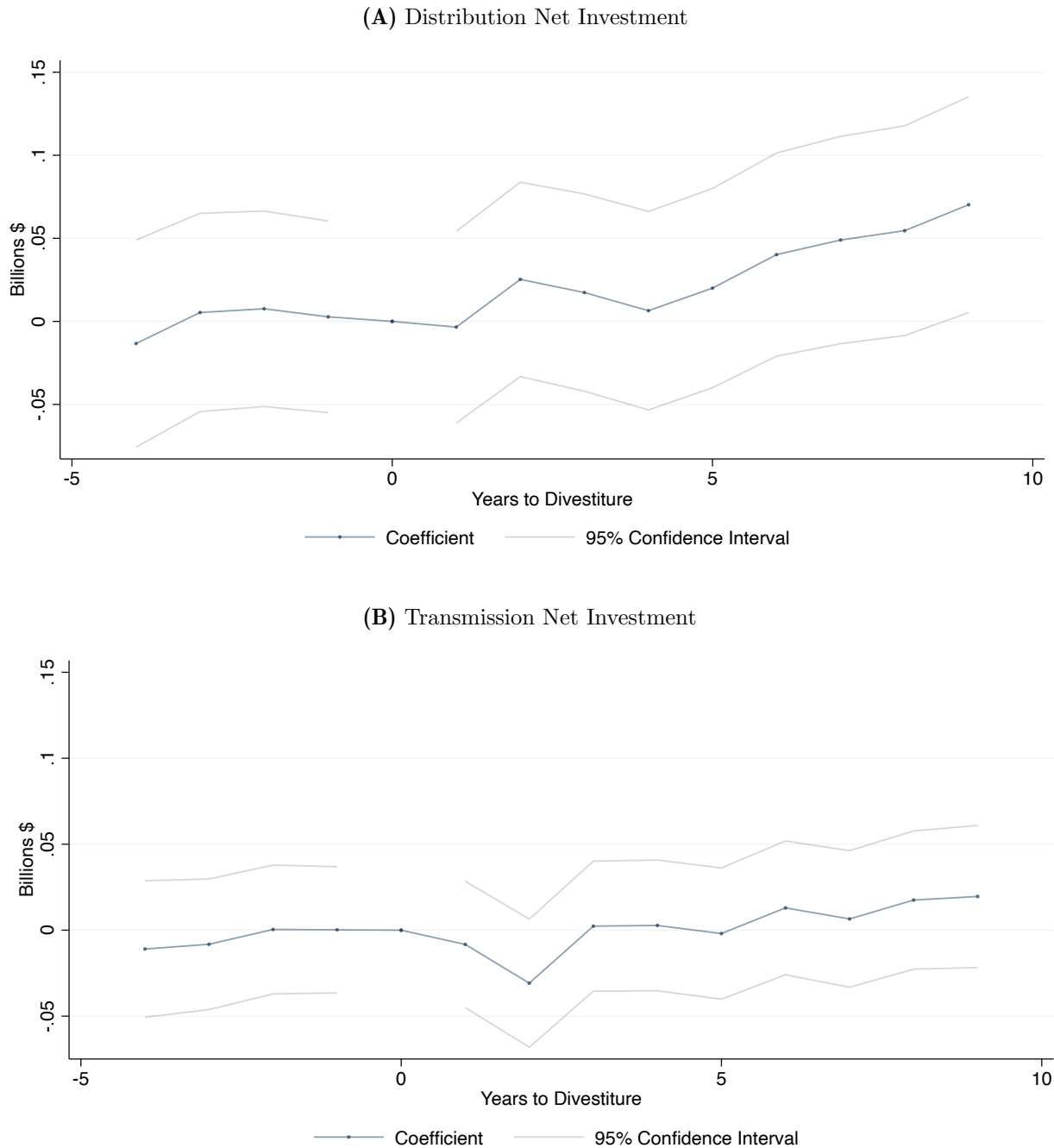
Note: Matching criterion: Nearest five utilities based on mean total capital stock between 1993 and 1997 and within 500 miles. Standard errors are clustered by utility.

Table A.2: Effects of Divestiture on Net Investment by Capital Type

A. Distribution Net Investment (\$ B)					
	(1)	(2)	(3)	(4)	(5)
Post-Divest	0.032** (0.016)	0.033* (0.020)	0.031* (0.017)	0.027 (0.017)	0.029* (0.017)
<i>m</i> nearest neighbors	–	–	–	1	5
Proximity Threshold (mi.)	–	100	300	–	–
Utilities	123	75	91	64	85
Divested Utilities	44	35	41	41	41
R^2	0.462	0.441	0.445	0.412	0.435
Obs.	1953	1192	1447	1002	1350
B. Transmission Net Investment (\$ B)					
	(1)	(2)	(3)	(4)	(5)
Post-Divest	0.012 (0.009)	0.003 (0.013)	0.006 (0.010)	0.009 (0.011)	0.004 (0.010)
<i>m</i> nearest neighbors	–	–	–	1	5
Proximity Threshold (mi.)	–	100	300	–	–
Utilities	123	75	91	64	85
Divested Utilities	44	35	41	41	41
R^2	0.280	0.293	0.262	0.248	0.261
Obs.	1953	1192	1447	1002	1350
D. Transmission & Distribution Net Investment (\$ B)					
	(1)	(2)	(3)	(4)	(5)
Post-Divest	0.043** (0.021)	0.036 (0.026)	0.037* (0.022)	0.036 (0.022)	0.032 (0.021)
<i>m</i> nearest neighbors	–	–	–	1	5
Proximity Threshold (mi.)	–	100	300	–	–
Utilities	123	75	91	64	85
Divested Utilities	44	35	41	41	41
R^2	0.463	0.457	0.449	0.399	0.438
Obs.	1953	1192	1447	1002	1350

Note: The dependent variable is the year-to-year change in the capital stock reported in each respective category, in billions of dollars. Estimates in the first column are unweighted, while remaining columns are weighted by the indicated matching metric. All specifications include utility and year fixed effects. Standard errors clustered by utility in parentheses. * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$

Figure A.4: Matched DD Estimates by Year to First Divestiture: Distribution and Transmission Net Investment



Note: Matching criterion: Nearest five utilities based on mean total capital stock between 1993 and 1997 and within 500 miles. Standard errors are clustered by utility.