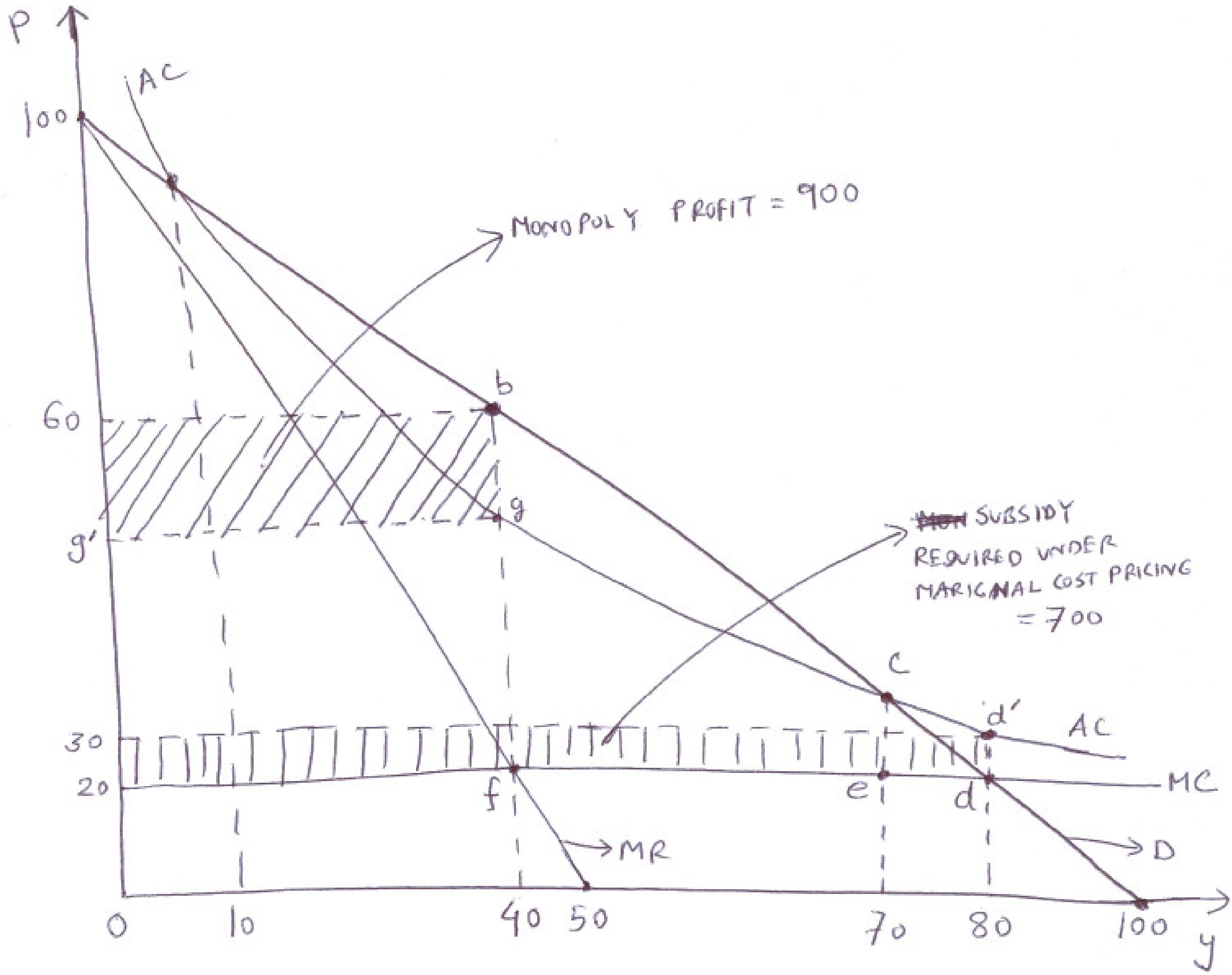
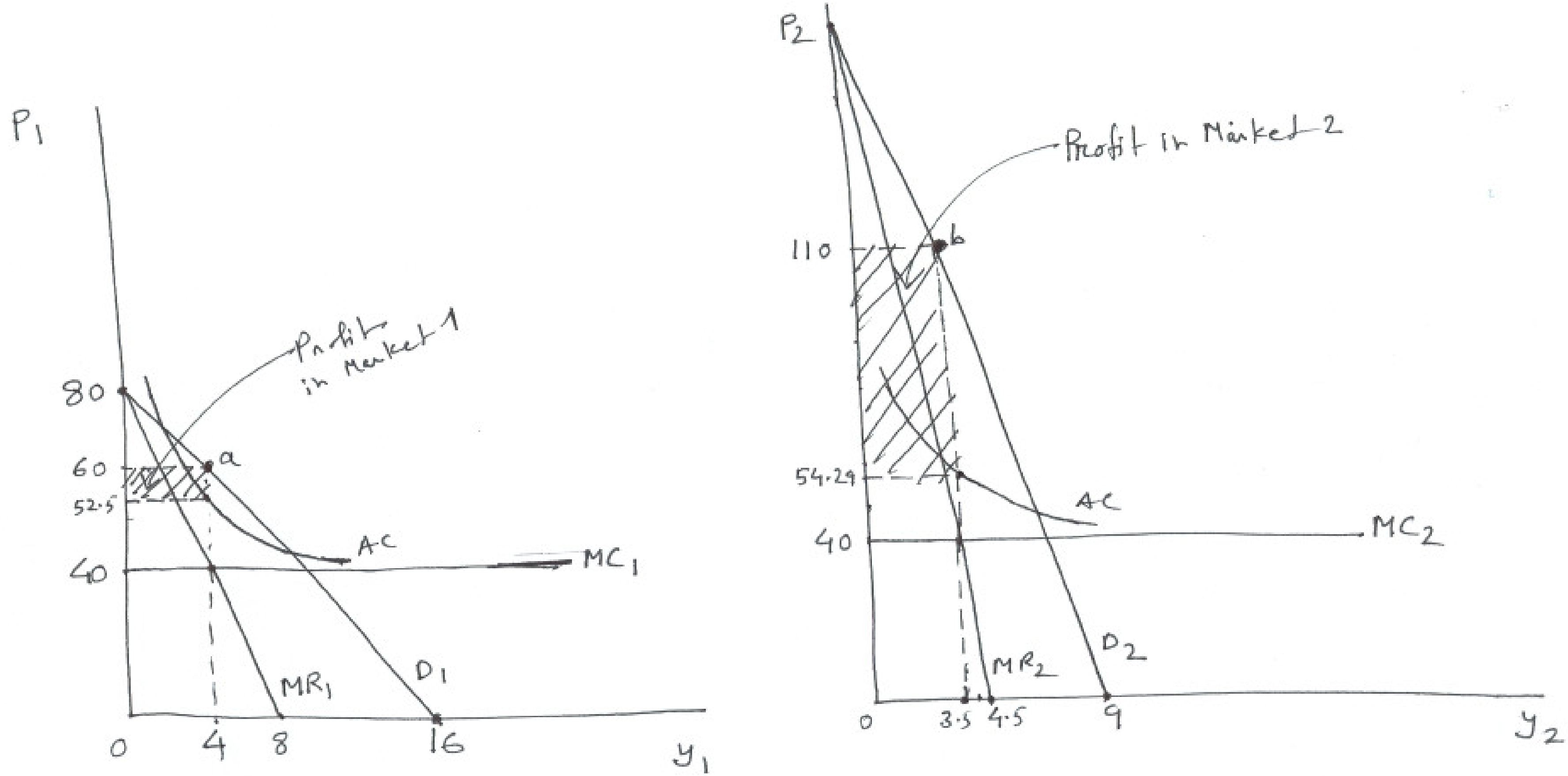
FIGURE B1: A NATURAL MONOPOLY



Δ bfd = DEADWEIGHT LOSS DUE TO MONOPOLY

Δ cde = DEADWEIGHT LOSS UNDER AVERAGE COST PRICING

FIGURE B2: THIRD-DEGREE PRICE DISCRIMINATION



Panel A: MARKET 1

Panel B: MARKET 2