

Text in red represents input from the June 19, 2007 meeting.

Text in green represents input from the August 29, 2007, meeting.

Text in blue represents input provided after the October 24, 2007, meeting.

December 13, 2007

Statewide Consumer Education Related to Potential Electricity Price Increases

### **Draft Implementation Plan Based on Stakeholder Input**

Excerpted from Final Order, March 12, 2007, Docket No. M-00061957

The Commission has adopted the following plan:

The Commission received comments for and against a statewide consumer education campaign prior to the issuance of the Tentative Order.<sup>1</sup> The Commission acknowledges that the EDC specific education plans may be the most effective way of reaching consumers, given that they can be customized for each territory. However, we find that a statewide campaign, if done appropriately, can complement and reinforce EDC education programs. Accordingly, we will implement a statewide education campaign to address the same Energy Education Standards identified for the EDC programs:

(There was consensus in the August meeting to focus on the fourth and fifth bulleted messages below.)

- The generation component of retail electric rates charged to customers by electric utilities has been capped since 1996, and that the cap for that customer's service territory will expire on \_\_\_\_\_ (as per territory).
- The rate charged for generation service will change after the rate cap expires, and may significantly increase.

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<sup>1</sup> "The Commission can play an important role in educating customers, particularly residential customers and low income customers, about how electricity markets work, the factors that contribute to energy prices, and how customers can help manage their energy prices. The Commission has in the past, and can again, play an important role in educating customers about their ability to select alternative suppliers and about simple conservation measures." Constellation Energy Group comments; "Consumer education can have a statewide component (broad messages) and a local component (messages tailored to an individual EDC's rates). comments filed by PPL Electric Utilities Corporation; "While Allegheny believes that the Commission should provide EDCs its input for standardization and uniformity of consumer education approaches, the Commission should not undertake a statewide program." Allegheny Power comments.

- Customers can take certain steps before the expiration of the rate cap, and other steps at the time the rate caps expire, that may help them control the size of their electric bills.
- Customers can control the size of their electric bills through energy efficiency, conservation and demand side response measures. Customers can benefit from utilizing these measures now, even if the rate cap is still in effect where they reside.
- Cost-effective energy efficiency, conservation and demand side response programs and technologies have been identified and information about them is readily available.
- Customers may reduce the size of their electric bills, or receive service options more suited to their needs, by purchasing generation service from an alternative electric generation supplier.
- Current information that will allow customers to make informed choices about competitive generation alternatives is readily available. In territories where there are not competitive offerings currently, more choices may be available once rate caps expire.
- Programs exist to help low income customers maintain their utility service, and information about them is readily available.

The campaign could take a two-phased approach. The first phase would be targeted at service areas where rate caps have not yet come off. This phase would present information about the reality of impending removal of caps, as well as provide information about conservation measures consumers can take to help mitigate bill increases and Demand Side Response (DSR) programs. These programs would be initiated as soon as funding becomes available in the 2008-09 fiscal year. It is important to start these programs immediately so retail and business consumers can prepare for increases in their electricity bills that may result from the removal of rate caps in 2009-10. The general focus of this phase of the consumer education campaign would be to explain to consumers the reality of why/when their rate caps are expiring and what behavioral changing techniques they can use to decrease their electricity demand.

The second phase of the campaign would target all consumers statewide, regardless of whether or not their rate caps have already come off. This phase would present specific

information about retail choice, the impact of rate-cap removal on small businesses, programs to assist low-income consumers, and so on. There would be varying messages that target specific groups. In the areas where rate caps have already come off, these messages would be disseminated immediately. While the conservation message is also important for these areas and may still be disseminated to them, the choice message is much timelier due to the reality of increased rates resulting from the removal of rate caps. For service areas where rate caps are set to expire in 2009-10, it is important to present this information after the first phase, but before the caps expire. This will allow consumers to be prepared to chose an alternative electricity supplier and/or seek utility payment assistance, if necessary, once caps have expired.

A Web site may be utilized as a single informational source to address the diverse messages of this campaign. It could be a one-stop source of information for many different issues including low-income assistance programs, small businesses, electric choice, conservation, efficiency, and so on.

The statewide campaign could educate retail customers about these standards using television, radio, billboards, newspapers and paid sponsorships on cable and public television shows; media relations; “PUC on the Road” events statewide; community consumer-education events and summits; regional small business energy expos, a special website; a new brochure on responsible use of energy; public dissemination of information and comparisons related to electricity prices; paid traffic radio partnerships on conservation that could be updated during heat waves; outreach to community and business organizations; youth-related activities; and a survey measuring the effectiveness of the efforts. The statewide campaign would include the same emphasis on the vulnerable segments of the customer base addressed in EDC specific plans.

Stakeholders recommended that the campaign should consider all possible tactics and opportunities and not limit it to those outlined in the Commission’s Final Order.

While we believe it is appropriate for the Commission to obtain the views of interested parties regarding the statewide consumer education campaign, we do not find it necessary to reactivate the CUC. Rather, the Office of Communications will be charged with developing the statewide campaign in consultation with interested stakeholders. In order to begin this process, the Office of Communications will convene the interested stakeholders within sixty days of entry of the Final Order to help establish the groundwork for this effort in anticipation of approval in next year's budget. (This initial step was taken on June 19<sup>th</sup>, 2007).

We expect that the Office of Communications and stakeholders will develop recommendations regarding the scope, objectives, duration, budget, design and cost-recovery for a statewide campaign. In addressing the scope of the campaign, the Office of Communications should consider which customer classes should be target audiences for energy education. It should examine best practices from other states, including California, New York and those in New England, in developing the campaign design. It should also address whether it would be appropriate to retain the services of a third party to design and manage the campaign. EDCs should participate in these deliberations as part of the development of their individual consumer education filings.

Additionally, the Office of Communications should incorporate any findings made by the Commission regarding demand side response ("DSR"), energy efficiency, or conservation in its statewide education programs. The DSR Working Group will be completing its current investigation in the near future and providing policy recommendations to the Commission. These recommendations will include methods for educating consumers about the benefits of DSR, energy efficiency, and conservation.

Finally, the Office of Communications will provide an annual report to the Commission that reviews program implementation, the costs incurred, and addresses the need for additional program funding, if any, beyond the initial allocation of \$5 million. At the first stakeholder's meeting on June 19<sup>th</sup>, 2007, there were many suggestions that \$5 million will not be enough for this campaign. At the stakeholders meeting on August 29<sup>th</sup>, 2007, there was consensus support for the Commission requesting approval from the General Assembly

to spend \$5 million for statewide consumer education in the 2008-09 fiscal year and that this program will last for at least several years with future requests to be determined based on stakeholder input, and survey results and other measures.

The Office of Communications will consult with PUC staff and state single source companies to provide answers to the stakeholders' questions regarding campaign cost issues. It is important to realize that funding will not be approved until the 2008-09 fiscal year budget. Therefore, this campaign will not have a firm funding amount until then. Stakeholders have also been asked for their assistance in scheduling speakers for future meetings. (Added after June 19, 2007, stakeholder's meeting.)