

July 11, 2007

**Stakeholders Statewide Consumer Education Stakeholders Meeting
Related to Potential Electricity Price Increases
Stakeholders Meeting of June 19, 2006
Hearing Room 1
Commonwealth Keystone Building**

The Public Utility Commission has directed its Office of Communications to convene a meeting of interested stakeholders within 60 days to develop a statewide consumer-education campaign to prepare electricity ratepayers for potential increases, as well as provide information about energy efficiency, conservation and demand side response.

The meeting was called to order by PUC Manager of Communications Tom Charles, who introduced staff from the following offices and bureaus: Communications, Law, Conservation, Economics and Energy Planning, Consumer Services, and Fixed Utility Services. The Office of Trial Staff also will be contacted to be involved in future meetings.

Tom Charles introduced Commissioner Terrance J. Fitzpatrick. Commissioner Fitzpatrick thanked everyone for attending the meeting. He pointed out that the stakeholders have been gathered to discuss and plan a statewide consumer education campaign before the funding has actually been approved. All of the Commissioners have expressed their support for the campaign and subsequent funding requests that will be made for next year's (FY 2008-09) budget.

Introductions

All stakeholders that were present introduced themselves and the company or organization that they were representing.

Goals and Formats of Meeting, Process

As per the Final Order (Docket M-00061957) entered May 17, the Office of Communications is required to convene a meeting of the interested stakeholders to begin the process of planning for the campaign within 60 days of the entry of the order. The meeting fulfilled that requirement and began the process of planning for the campaign.

The purpose of the meeting was to lay the groundwork for future meetings, solicit initial feedback from participants and begin to draft an implementation plan for the campaign. This meeting and future meetings will be working meetings to develop an implantation plan that will be ready for funding when it is approved. The stakeholders will meet regularly to facilitate this process.

Unlike the statewide Utility Choice program, this campaign will not be directed by the Council for Utility Choice. Consistent with the Governor's single sourcing procurement initiative, vendors and consultants on statewide contract will be utilized for this campaign.

Funding

Funding for the campaign has not yet been approved, and would not be approved until the 2008-09 fiscal year.

The Final Order indicates that “the statewide campaign would be funded by a \$5 million assessment collected from EDCs.” Comments submitted in advance of the issuing of the Final Order had suggested totals, including \$10 million and \$25 million. The concern that \$5 million is not enough for this campaign was raised multiple times during the course of the meeting. The suggestion was made to contact advertising experts to assist in determining the approximate cost of particular segments of the campaign, such as TV spots and radio. PUC staff said it would try to have advertising consultants on contract with the state on hand at the next meeting.

Another concern is that \$5 million would not allow for a TV campaign. Several people commented that the campaign cannot be serious unless it utilizes TV. Many people use television as a primary source of information. Also, the TV spots cannot be late-night, less costly, ones. They need to air at an appropriate time to convey the message of the campaign to consumers.

The point was made that the state has already spent about \$30 million on the Electric Choice campaign. That campaign had one message, whereas this campaign may ultimately have multiple messages. Therefore, \$5 million may be too little to disseminate multiple messages to consumers successfully. The point was also raised that Pennsylvania has never had a statewide campaign focused on conservation. This would be something new, thus costing more to effectively reach the target audience. There was also concern that a multi-message campaign will cost so much it won't be acceptable to the General Assembly.

Tom Charles pointed out that the Final Order asked for further recommendations related to program implementation, the costs incurred, and the need for additional program funding, if any, beyond the initial allocation of \$5 million. It may be more feasible to ask for the funding in smaller increments to make it more acceptable to the General Assembly.

Finally, it was suggested that other states who have implemented similar programs be utilized as a resource. It was recommended to have representatives of those states present at a future stakeholder meeting. It is important to learn from others mistakes instead of reinventing the wheel. Suggested “role models” include California, New York, Texas, New England, and Ontario, Canada.

The Office of Communications will be developing a formalized polling effort once funding is approved. This will include the development of surveys to track the progress and impact of the campaign. It may be possible to work with the DSR Working Group to conduct polling earlier.

Scope/Message

In light of the funding concerns, participants suggested that campaign messages should be prioritized or otherwise organized to promote efficiency.

The Final Order presents eight specific “Education Standards”:

- 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.
- 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.

Comments were made about creating a two-phase campaign. The first phase would primarily focus on areas of the state where price caps are set to come off in 2009-10. The primary messages of this phase would include the basic fact that rate caps are coming off soon and what measures consumers can take to make possible rate increases more tolerable. Must emphasize that the world is changing and resource (oil, gasoline, etc.) prices are going up. The comment was made that the overarching message of this campaign must be related to expiring rate caps. Once this point is made it will be

important to present conservation opportunities and demand side response mechanisms to help consumers.

The second phase of the campaign would be utilized both in areas where rates have and have not come off. This phase would include messages about electric supplier choice, the effect of rate cap removal on small business, help for low-income ratepayers, etc. In the areas where rate caps have already come off, this message would be disseminated immediately. For the other areas, it would be presented after the first phase.

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

A concern has been raised about the lack of competition in Pennsylvania so the campaign must be careful to not promise too much in terms of reduction of bills through competition.

A reshaping of the choice message may be necessary. Consumers need to know how generation prices relate to market prices.

It was suggested that the removal of rate caps will not only affect low-income ratepayers but will also have a significant impact on middle-income and small businesses as well. It may be more appropriate for EDCs to deliver information to low-income ratepayers.

It was stressed that businesses and other organizations sometimes require at least a year to approve construction and purchasing that may be necessary to reduce their electricity usage. Therefore it is important to get this message to them well in advance of the removal of rate caps.

The point was also raised that not every conservation measure is appropriate for every consumer. One suggestion made was that either the utilities or the Commission should build resources to help consumers make decisions about conservation methods. One comment offered was that it is important to provide expertise that is separate from salespeople who are trying to sell a particular product, a less biased perspective.

Another concern that was raised was the possibility of misleading customers. Ratepayers need to understand that if their electric bill increases from \$60 to \$100 they cannot make the loss up by merely turning off their lights more. There needs to be an actual shift in demand because consumers will not be able to use the same amount of electricity without realizing an increase in their monthly bills.

Another discussion that arose was the need for a regional approach to the education campaign. This is due to the fact that in some areas of the state rate caps have already come off. Therefore those areas need to be addressed differently. One suggestion was made that the EDC education campaigns would give the necessary regional effect.

Additionally, the EDC and state campaign messages should overlap somewhat to allow for maximum effectiveness. The more times you hit a target audience with a message in different ways, the more likely they are to retain that message.

Finally, it was offered that the group needs to recognize that one primary goal of this campaign is to empower customers to maintain their service. An increased number of shutoffs should be avoided.

Next Meeting

Staff anticipates another meeting at the very end of August or beginning of September. The updated draft implementation plan will be continually reviewed and refined toward a final product. There is a possibility that advertising professionals will be able to present on the potential cost of this campaign and answer stakeholders' specific questions.

At the following meeting, the goal is to have officials from the states who have already implemented conservation plans present their experience and answer questions. Stakeholders were asked for their help in arranging for future speakers.