

**Consumer Education Stakeholders Meeting  
Related to Potential Electricity Price Increases  
Stakeholders Meeting of August 29, 2007  
Hearing Room 1  
Commonwealth Keystone Building**

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, and Consumer Services. Vice Chairman Cawley's office also was represented.

**Welcome and Recap**

All in attendance were asked to introduce themselves and the company or organization that they were representing.

The Commission earlier this summer entered a Final Order (Docket M-00061957) to direct a number of actions to mitigate potential electricity prices, particularly when the rate caps come off.

The centerpiece of the order is a potential \$5 million statewide consumer-education campaign.

A recap of the June 19 meeting and the draft implementation plan revised after the last meeting was made available for everyone. A copy of the agenda, the state's advertising and media buying vendors' presentation and Consumer Advisory Council draft proposal were also available.

The revised implementation plan includes the language from the Final Order on the statewide campaign and was modified using the input provided at the June meeting. The plan is to continue to evolve this document after each meeting and provide it to vendors and consultants should funding become available.

The Neiman Group and Harmelin Media representatives were on hand to present information and answer questions about the scope cost of advertising. The Consumer Advisory Council representative also was on hand to make a presentation on a possible tactic.

The next meeting will focus on how other states have implemented similar programs. The suggested states are California, New York, Texas, and New England, as well as Ontario, Canada.

**Advertising and Media Presentations**

Tim Reeves from the Neiman Group and Lyn Strickler and Mary Kline from Hamelin Media offered an overview of costs and media outlets, related to previous state campaigns.

The Neiman Group handles the front end of the advertising. They specialize in social marketing by getting the public aware of the issues and producing an advertisement to encourage behavior changes. The first step is to do research on the issue. Conduct pre-research or survey prior to the advertisement campaign to gauge the consumer's knowledge and what will push their emotional button to want to change. After the campaign has run, do the post-research or survey to determine if the campaign has reached consumers and inspired them to change their behavior.

The research costs for pre-research can range from \$25,000 to \$50,000; and post-research can range from \$75,000 to \$100,000.

The Neiman Group and Harmelin Media gave three examples of campaigns of other state agencies. The commercials and tactics for these campaigns were viewed and discussed.

For the statewide anti-smoking campaign, the total creative development and production costs, which included TV spots, radio, outdoor, cinema, online banner advertising, and PR (including all third-party costs), was \$871,599.97.

For Insurance Fraud Prevention Authority project, The total creative development and production costs for this campaign, which included TV spots, radio, outdoor, collateral and print (including all third-party costs): \$788,669.08.

The last campaign that was shown was the Social Norms Retail Compliance of selling tobacco products to minors. The total creative development and production costs for this campaign, which included TV spots, radio, outdoor, cinema, online banner advertising (including all third-party cost) was \$652,227.68.

All three of the costs were for production. These costs do not cover the media costs from Harmelin Media.

Lyn Strickler and Mary Kline from Harmelin Media talked about the costs for media done for the Social Norms campaign on smoking. There was a dual target audience: adults between the age of 25 and 54 and persons between the age of 12 and 24. The campaign consisted of buying specific programming to optimize the targeted groups including AM and PM drive. Cinema advertising used the TV commercials in the theaters. And online banner advertising provided the ability to target both audiences and provide a link to the Department of Health's website where more information.

The 2006 media cost for Social Norms statewide campaign follows: a one-month cost of \$770,000; a two-month cost of \$1,540,000; a quarterly cost of \$2,300,000; a six-month cost of \$4,600,000; and an annual cost of \$9,200,000.

The approximate 2008 media costs for this campaign would be: a one-month cost of \$882,000; a two-month cost of \$1,764,000; a quarterly cost of \$2,645,000; a six-month cost of \$5,290,200; and an annual cost of \$10,580,000. This takes inflation into account and the Presidential election.

The floor was opened up for questions.

One question was what the cost of printing advertisement in the newspaper would be. Both Neiman and Harmelin said the cost would be cheaper. That cost would also depend on how many newspapers the ads would go in and how many times it would run. This would be less expensive than TV, but more than radio and online costs.

Another concern was how rural communities would be reached in this campaign. Neiman said they would use the same concept that they used for the tobacco campaign. The media was geared toward the younger generation through radio and online advertising. They used the state and county fairs in the rural areas and utilized convenience store gas pump advertisements.

### **Consumer Advisory Council Ideas**

Lee Tolbert from the Consumer Advisory Council (CAC) gave a presentation on behalf of the CAC. A copy of the CAC's first draft was made available to everyone. The Council has four concerns that they would like the committee to consider. They are the messages, the targeted audience, the method of communication, and the use of 21<sup>st</sup> century media.

The Council suggests six messages to be presented to the targeted audience. They are: electric rates will be rising; there are programs available to maintain services and reduce usage; specific information about how to access these programs and services; the need to conserve and reduce usage; the methods and services available for conservation; and options available, if any exist, to access a lower cost provider of electricity.

There must be a priority and a specific emphasis to target the most vulnerable: those who are most affected by price increases, subject to service loss, and subject to health consequences. There should be specific efforts to target low-income, minority, elderly and disabled consumers. All residents of the Commonwealth will be affected by the rate caps coming off and potential rate increases.

The method of communication should be tailored to the targeted audience. Mass-media efforts, particularly radio and weekly newspapers, should be targeted to all residents. Vulnerable populations should be reached through direct outreach through transportation and meal providers, public health-care workers and community agencies serving low-income consumers.

The use of 21<sup>st</sup> century technology should be an integrated part of the outreach and particularly aimed at the young. Web, Internet, fast-response systems, blog and chat forums, and YouTube formats should be considered for incorporation into the plan. These are low cost and could be targeted, but not limited, to high school students and therefore indirectly to their parents and extended family members and peer groups. This program could be called “GreenTube.”

### **Open Discussion on Draft Implementation Plan**

Tom Charles opened the floor for comments on the revised implementation plan.

The suggestion was made to research other states that have dealt with similar programs, such as California. California has a “Flex Your Power” campaign. They had a 14-percent reduction on peak usage since the campaign has begun. The Web site for California’s campaign is [www.flexyourpower.com](http://www.flexyourpower.com). Tom Charles said the Final Order directed staff and stakeholders to look at the efforts of other states. This discussion will be the centerpiece of the next stakeholder meeting.

It was suggested again that the committee should review other states that have implemented similar programs. Some research should be done on what Web sites are out there for review. New York and Texas both have Web sites on the power to choose.

Tom Charles said at the next meeting, we plan to provide our research of other states such as New York and California and their outreach on these issues. Potentially have speakers from these states.

The comment was made that EDCs should participate at a higher level to help educate consumers and small businesses. What are the EDCs plans for educating consumers? Tom Charles said the EDCs must file their education plans by Dec. 31, for the Commission for review.

A concern was raised about not starting the educational programs until late 2008. This is the time that education programs should be done. Consumers can start conserving now and preparing for when rate caps are off. If consumers don’t learn about the increases until they come off, they will not be prepared for the cost increases. Now is the time to educate consumers while they still have the money in their pockets. Tom Charles stated that the PUC has already started educating consumers about the upcoming expiring rate caps using existing resources pending the start of the campaign.

One utility commented that they will spend close to \$4.6 million on media to alert consumers now about their rate caps coming off in 2010.

One organization stated that they are doing consumer education on cost-savings, conservation, and information about the upcoming expiring rate caps.

The concern on the amount of money being asked for in 2008 would not be enough to cover a statewide educational campaign. The point was made that this campaign will need to have multiple messages for the different areas. The suggestion was made to ask for \$5 million for the first year and then evaluate funding needs for future years.

This led to a discussion about the funding levels. Two utilities said that \$5 million a year for the next several years would be acceptable, while another EDC said \$5 million may be too high considering consumers will need to pay that cost amid the energy increases. The Energy Association said its membership as a whole supports \$5 million for the first year and leaving future years of funding unresolved for now.

Tom Charles asked the entire group if he was accurate in summarizing the input offered then and in the June meeting that 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 will be an ongoing program for at least several years with future requests to be determined based on stakeholder input, and survey results and other measures.

The stakeholders nodded or voiced their support.

Two additional edits were requested for the draft implementation plan: to revise the second full paragraph on Page 3 to note that tactics used should not be limited to those listed and that there should be a focus on youth.

The comment was made that the EDCs will also be doing educational programs at the same time. The question was asked, how are the EDCs recovering the costs for their programs and the money that will cover the PUC's statewide campaign? They will be able to recover their cost through billing customers, consistent with the Final Order.

One energy supplier suggested the possibility of competitors contributing to the education fund.

Residential consumer representatives suggested that stakeholders discuss, at a future meeting, where advertising and other materials can direct (or "drive") consumers for help and information.

### **Next Meeting**

The next meeting will be scheduled sometime in late October. The updated draft implementation plan will be reviewed and refined toward a final product.

At the next meeting, the goal is to have officials from the states who have already implemented consumer education plans present their experiences and answer

questions. Stakeholders were asked for their help in sending websites of states that have implemented conservation plans.