

**PENNSYLVANIA
PUBLIC UTILITY COMMISSION
Harrisburg PA 17105-3265**

Public Meeting held February 10, 2000

Commissioners Present:

John M. Quain, Chairman
Robert K. Bloom, Vice-Chairman
Nora Mead Brownell
Aaron Wilson Jr.
Terrance J. Fitzpatrick

Creation and Implementation of a
Statewide Consumer Education
Program for Natural Gas Competition

Docket No. M-00001326

ORDER

BY THE COMMISSION:

On January 13, 2000, the Commission adopted a Tentative Order at the above docket establishing an implementation plan for a Statewide Natural Gas Education Program (Tentative Order). Based on past experience with the consumer education program on electric choice¹, the Commission determined that a statewide consumer education program, in addition to the natural gas distribution companies' local programs, was appropriate because it provides a very effective means of educating consumers in the Commonwealth while making the most efficient use of ratepayer funding set aside for that purpose. The Commission also

¹ See Creation and Implementation of a Statewide Consumer Education Program for Electric Restructuring in the Commonwealth of Pennsylvania, Order entered February 27, 1998 at Docket M-00981036.

determined that the need to implement statewide consumer education on natural gas competition was immediate because consumer education is critical to ensuring a smooth transition to customer choice.

The January 13, 2000 Tentative Order also established a 7-day comment period. Comments were filed by the Office of Consumer Advocate (OCA), UGI Utilities, Inc. (UGI), PP&L, Inc. (PP&L), National Fuel Gas Distribution Corporation (NFG), Columbia Gas of Pennsylvania, Inc. (Columbia), T. W. Phillips Gas and Oil Company (T.W. Phillips), and the Dollar Energy Fund (DEF).

The Commission carefully considered and reviewed the filed Comments of the participants. This Final Order disposes of the parties' comments on the issues presented by the Tentative Order in light of the Natural Gas Choice and Competition Act (Act).

DISCUSSION

Program Administration

In its January 13, 2000 Tentative Order, the Commission proposed to establish a Statewide Council on Choice (Council). The Council will review, monitor and provide advice to support the Commission's statewide consumer education program. Membership of the Council will consist of the following: the President of the Pennsylvania Gas Association; the Consumer Advocate; the Chairperson of the Commission's Consumer Advisory Council; a representative of the Governor's Advisory Commission on African American Affairs; a representative of the Governor's Advisory Commission on Latino Affairs; the

Executive Director of the Pennsylvania Rural Development Council; the executive Director of the Community Action Association of Pennsylvania; a member of the staff of the Public Utility Commission and two professional educators.

The Commission further determined that it would establish an education corporation or its functional equivalent consistent with Pennsylvania law and the provisions of Section 501(c)(3) of the Internal Revenue Code of 1986 (“Corporation”). The funds collected by the Commission would be transferred to the Corporation or its functional equivalent for administration and support of the statewide natural gas program. The Council would be charged with oversight of the statewide program and would have discretion on the resource allocation and program content and direction.

In regard to the membership of the Council , Columbia proposes that companies with experience running their own consumer education programs be members. Moreover, T.W. Phillips objects to the inclusion on the Council of the representative from the PGA because it is not a member of the PGA.

UGI proposes an appeal process of decisions of the Council. Specifically, UGI wants the Commission to implement a five-day appeal period, following a decision by the Council. Any appeal to a Council decision would be submitted to the Commission’s Office of Executive Director (OED) for referral to the Commission staff person for examination and issuance of a decision. An appeal could be taken to the Commission from the staff person’s decision, within 10 days from the date of decision, consistent with 52 Pa. Code § 5.44.

Upon consideration, we conclude that UGI's request for an appeals procedure to the PUC of a Council determination is an interesting idea worthy of exploration. That exploration should occur in conjunction with formation of the Corporation or its functional equivalent. At that time, the Commission will address the sunset and appeal proposals along with the Council's longevity, structure, operation and educational responsibilities. In the interim, interested parties should contact the Commission's OED with any issue involving the Consumer Education Program. The Commission will examine the issue and respond through the Commission's Office of Communications. Finally, we believe that PGA's membership on the Council is appropriate notwithstanding T.W. Phillips' objection to the contrary.

Program Budget

The statewide consumer education program was proposed to run for three years with an annual budget of \$1.2 million. Based on program results, the Commission would have the discretion to shorten the program to two years. The Commission envisioned this approach based on its experience with the Statewide Consumer Education Program on Electric Choice.

NFG supports the idea of a program that runs for "three years starting from the date of creation of the Corporation". NFG also suggests that the Commission incorporate a three-year "sunset" provision or automatic dissolution date into the charters of both the proposed Corporation and the Council. NFG believes that this

is necessary to avoid a ratepayer funded subsidiary of the advertising budgets of natural gas suppliers.

UGI states that the education program should be reduced to two years with a total, and not annual, budget of \$1.2 million. In support, UGI argues that in two years all customers will have gas choice and will have a full year's experience with the program. UGI claims that since the Commission is not doing costly radio or television advertising and the Natural Gas Distribution Companies (NGDCs) will be doing extensive local education, \$1.2 million appears to be reasonable for the total budget. T.W. Phillips states that the education program should last for one year only. PP&L comments that a two-year statewide program will be adequate to educate consumers on gas choice and that the third year is unnecessary.

In regard to the Consumer Education Budget, the OCA indicates that the budget of the statewide program should be expanded to include support for television and radio announcements. The OCA wants the Council to promote consumer education including, but not limited to, advance publicity on upcoming bill inserts and other written brochures. The OCA believes that the Commission should retain budgetary flexibility in the second and third years in support of the Council's mission.

Upon consideration of the comments, the Commission concludes that the funding proposal and structure are appropriate as proposed in the Tentative Order.

Moreover, funding for a three-year period is appropriate given that the Statewide Consumer Education Program could continue for three years.

Structure of the Program

In the Tentative Order, the Commission recognized that although many excellent local consumer education programs are currently underway, a statewide program is needed to coordinate messages and activities. This approach could also provide additional economies of scale and other benefits.

Columbia seeks clarification that the scope of the statewide program is separate and distinct from the company-specific programs. Columbia also provides specific language to be adopted by the Commission. Columbia is concerned that the Council could mandate a redesign of local consumer education materials, which Columbia is already in production and distribution. Columbia requests the elimination of language in Program Objective 5 concerning the need to “coordinate efforts between state and local plans”. Columbia believes that this objective is inconsistent with the idea that the statewide program is distinct from the company-specific plans.

The Commission is reluctant to alter any pre-existing programs and materials already developed in a utility’s local efforts. Those programs involved considerable effort and resources. These pre-existing programs, however, must be coordinated with the statewide effort to avoid unnecessary duplication, promote

uniformity, prevent marketing in contravention of Section 2206(d), and allow for changes that have taken place since the Act.

By the same token, we recognize and expect that any change in any pre-existing programs or brochures shall be kept to the absolute minimum necessary or in those instances in which the Council or the Commission determines that a local program contravenes the statewide effort. However, such action shall be taken only upon a determination that an NGDC's efforts constitute marketing in contravention of Section 2006(d) or that they otherwise directly contradict the statewide program envisioned by the Commission.

We conclude that the NGDCs shall submit their pre-existing pilot education programs for informational purposes within 15 days of entry of this Opinion and Order. NGDCs with start dates for Customer Choice on or before April 1, 2000 shall submit their programs for Commission review and approval as soon as possible but not later than March 17, 2000. NGDCs with start dates for Customer Choice on or before May 1, 2000 shall submit their programs for Commission review and approval as soon as possible but no later than April 7, 2000. NGDCs with start dates after May 1, 2000 shall submit their programs for Commission review and approval as soon as possible but not later than 90 days before implementation of Customer Choice.

The Commission bases its structure of the program on its past experience with consumer education on electric choice. In electric choice, coordination between the state and local consumer programs allowed for the development and

the use of statewide themes. Over time, customers became more adept at choosing suppliers through the elimination of conflicting information. Most importantly, the coordination between statewide and local consumer programs reduced duplication of effort so that consumer education was delivered in an efficient and cost-effective manner.

Program Components

In this section of the Tentative Order, we outlined the various components of the program to be implemented. These included: Research; Direct Customer Communications (bill inserts, web site and call center) and Grassroots Communications. We discuss the comments related to each of these areas *seriatim*.

1. Research

The Commission's Tentative Order proposed measuring consumer baseline knowledge about choice, identifying audience segments for purposes of targeting information, and determining consumer shopping behavior and activity. The information gained through the research would be used to formulate education plans. The use of focus groups was proposed to obtain feedback on the statewide education plan.

As part of the statewide education efforts, the OCA submits that a baseline survey should be conducted as soon as possible by an independent party. DEF also expressed support for a customer survey. The Commission agrees a customer

survey is appropriate. The Commission directs that this customer survey be conducted by the same Survey Team that conducted the survey for the consumer education program on electric choice. Moreover, to take advantage of economies of scale, the Pennsylvania Electric Association is directed to incorporate questions regarding gas choice for customers in its next survey on Electric Choice scheduled to be conducted in March of 2000.

The questions for Gas Choice will be provided by the Survey Team given their prior experience with Electric Choice. PEA shall bear the costs associated with its participation in the survey and seek recovery of its incremental costs plus interest at the legal rate, for the inclusion of questions on natural gas choice, from the state education budget. Finally, the Council and the Commission will determine the frequency, content, and cost allocation for the surveys on an ongoing basis. The NGDCs are directed to cooperate with the Survey Team to facilitate its work. The NGDCs are further directed to provide a list of randomly-selected customer names to the Survey Team.

2. Direct Consumer Communications

With regard to bill inserts, we determined that they should “be largely used to provide individual company messages that are consistent with the goals and statewide messages and should be approved by the Commission.”

Columbia disagreed that the Commission should review all bill inserts. Columbia states that the use of bill inserts is part of the local effort; and believes

that Commission approval will slow the process. Columbia also states that it has a constitutional right to use its bill envelope to communicate with customers and questions whether the Commission has the power to regulate the content of this form of speech, especially when the regulation is not narrowly tailored to serve a compelling state interest. Pacific Gas & Electric Company v. Public Service Commission of California, 475 U.S. 1 (1986), rehearing denied, 475 U.S. 1133 (1986), Consolidated Edison Co. v. Public Service Commission of New York, 447 U.S. 530 (1980).

Upon consideration, the Commission recognizes that its Tentative Order stated that it would review all bill inserts. However, the Commission will confine its review of billing inserts to those inserts that directly pertain to The Act. The Commission's Bureau of Consumer Services and the Office of Communications currently review and respond to many proposed bill inserts. Consequently, we see no reason why that process should not be used here nor does the extension of that policy to Customer Choice inserts constitute a constitutional violation of any company's rights.

The Commission expects companies with existing or proposed direct consumer communications to submit those communications, including bill inserts, to the Commission for review and/or approval using the schedule set forth in the Structure of the Program discussion in this Order. In reviewing direct customer communications, the Commission's staff is instructed to presumptively favor any NGDC's current existing direct customer communication program. Revisions

shall be required only upon a determination that an NGDC's efforts constitute marketing in contravention of Section 2006(d) or that they otherwise directly contradict the statewide program envisioned by the Commission.

As to Columbia's First Amendment Free Speech argument, the Commission disagrees that a compelling state interest is not furthered by this review process. For a competitive natural gas marketplace to develop in this Commonwealth, which is the ultimate goal of restructuring the industry, consumers must be educated about the workings of such a market. The purpose of the Commission's review of consumer education bill inserts is to ensure that customers are provided the quality information needed to exercise the choice provided by the Act.

The provision of consumer education by the NGDC is a service offered by the utility within the meaning of the definition of the term "service" at 66 Pa. C.S. § 102, and costs related to that service are chargeable to customers. As such, the Commission has the statutory duty to ensure that service is provided in an adequate, reasonable and efficient manner. 66 Pa. C.S. § 1501.

In sum, the Commission concludes that the promotion of consumer choice, the establishment of a competitive marketplace in natural gas, and the Commission's obligation to comply with the statutory mandates of the Public Utility Code constitute compelling state interests sufficient to override any alleged harm to Columbia's First Amendment rights on the matter of billing inserts.

Statewide Brochure

In regard to the proposal to develop a statewide brochure, the Tentative Order stated that:

- Development of the brochure will be paid for through the statewide budget while the production and distribution will be paid through each local gas distribution company.

Tentative Order, p. 7.

In its comments, Columbia disputes the exclusion of the costs of printing and distribution of statewide program brochures as a cost that must be borne by the local companies. Columbia argues that Section 2206(E) of Act states that a cost recovery mechanism to fund cost recovery of consumer educational programs so that NGDC “fully recovers the reasonable cost of such program.” Columbia argues that if the Tentative Order is not clarified, NGDCs will not fully recover the total cost of the program. Columbia suggests that production and distribution expenses be recovered in the same manner as the statewide budget, but be in addition to the statewide budget amounts. Columbia suggests that the language be modified so that any development, production and distribution of the brochure will be recovered through the cost recovery mechanism, in addition to the statewide budget.

We agree with the NGDCs that the recovery of the reasonable and verifiable costs for the printing and distribution of statewide brochures is appropriate. Cost recovery is contingent on the Commission’s regulatory review and verification. This includes using accounting procedures sufficient to comply

with the Commission's audit requirements under Section 1307(d). These costs will be recovered as an addition to the costs to be allocated to each NGDC for the statewide program budget.

Toll Free Call Center

The Commission proposed a toll free call center that would handle inquiries from across the state on gas choice issues. Under the section on "Preliminary Content" we also discussed the importance of the call center Hotline as being a tool to identify payment troubled and low income customers. These target groups would be provided specific consumer educational materials discussing the benefits of gas competition and the responsibilities and rights of gas consumers. They would also be provided information about the availability of universal service programs. Tentative Order, p. 9.

In its comments, UGI claims that the NGDCs should not have to pay for calls to the Hotline from payment troubled customers. UGI argues that this function is only tangentially related to customer choice education and that funds collected from utilities for the statewide educational program should only be allocated to the call center based on verifiable records of calls received regarding customer choice education only. PP&L expresses the same concern and states that issues involving such customers should be handled by the NGDCs' specific programs.

The Commission disagrees. The call center which provides outreach to all consumers, especially those hard-to-reach, low-income, and troubled payment customers, is an effective way of ensuring that more Pennsylvania customers exercise the choice provided under the Act than would otherwise be the case.

The Commission believes that, when a payment troubled or low income consumer calls the toll-free Hotline requesting assistance, he or she can be identified as such and be targeted for the specialized information and outreach designed to reach such groups. This approach expands the scope of outreach, facilitates the customer choice envisioned by the Act, and does so in a cost-effective and efficient manner.

Web Site

The Commission proposed an Internet Web Site with statewide and local links, and a web site for the visually impaired. Tentative Order, p. 7.

In its comments, T.W. Phillips states that the proposed website and call center is duplicative of the utilities' own customer service department with personnel who will be trained to respond to customer questions about their choice programs. T. W. Phillips objects to the requirement that consumers pay for this redundancy, and argues that it is inconsistent with the fundamental objectives of the Act to reduce the costs of gas service.

The Commission disagrees. Dissemination of information cannot be limited to printed materials, media outreach, and billing inserts in the information

age characterized by web sites and the internet. Internet and website postings are proven and cost-effective means of reaching large numbers of consumers at minimal cost.

Consequently, we conclude that a consumer education program that incorporates traditional outreach methods and information age components is appropriate. This approach is a cost-effective means of expanding the reach and availability of information to Pennsylvania's consumers.

3. Grassroots Communication

The Tentative Order proposed a Grassroots Communications Program that consisted of Community Events, Materials, and the Use of Community Based Organizations (CBOs). The Tentative Order defined "hard-to-reach" to include:

members of minorities, consumers who use English as a second language, seniors, low income consumers, consumers with low literacy abilities, consumers with disabilities, and some rural residents.

Tentative Order, p. 8.

In its comments, the OCA states that the Grassroots Communications program component should emphasize the importance of community based organizations (CBOs). Specifically, the OCA wants the Commission to require the NGDCs to seek the input and recommendations of local organizations.

The Commission agrees that CBOs are invaluable in reaching certain consumer groups because of their presence in and their unique understanding of the community. However, we are not specifically directing NGDCs to utilize

CBOs although, in our experience, CBOs often have considerable expertise in educating hard-to-reach groups. The extent to which an NGDC chooses to utilize CBOs will be set out in its local plans. We also strongly urge Eastern Pennsylvania NGDCs to consult with the Western Pennsylvania NGDCs with Pilot Programs about their experience and use of CBOs as a vehicle for consumer education and other programs. We expect such consultations to be extremely effective based on our prior experience.

4. Media

The Tentative Order proposed the use of a news bureau and press releases, and public service announcements. No statewide television or radio advertisements were proposed.

In its comments, the OCA expressed concern about the determination to exclude television or radio advertisements as part of the education program. The OCA suggests that the exclusion was premature. The OCA believes that the Council should have the flexibility to consider the option of using advertisements as a cost-effective communication for a statewide awareness campaign in some areas.

The Commission did not include television and radio advertisements as components of the consumer education program. However, upon consideration, we conclude that such media outreach efforts may be appropriate although the scope and content of such efforts should be decided by the Council.

Preliminary Program Content

In the Tentative Order we identified possible subject matter for consumer education materials; discussed the establishment and purpose of the toll-free telephone Hotline and Internet web site; and directed the use of bill inserts.

The DEF filed detailed comments in regard to the Program Content, listing additional points that should be considered in the development of consumer education programs. The purpose of this Order, like the Tentative Order, is to provide general guidance and not to analyze the specifics on one NGDC's program. The details of the programs are to be developed by the NGDCs.

Upon consideration, we agree with the DEF that the NGDCs should consider DEF's comments in the development of their local programs. The NGDCs are urged to obtain a copy of the DEF's comments and consider those suggestions as part of the NGDC's local education efforts.

The OCA comments that the Commission should define and educate consumers on the "Price to Compare" concept. OCA proposes the use of a "Price to Compare" letter, a draft of which was attached to the comments. OCA also proposes an "Information Label" along with the terms of service document that identifies the suppliers' pricing terms and the "effective price" of gas supply after consideration of the customer usage and any fixed charges imposed by the supplier. A copy of the "Information Label" was also attached to the comments.

The Commission acknowledges the need to educate consumers on the "Price to Compare" concept, but will not direct NGDCs to distribute the

“proposed Price to Compare” or “Information Label”. Under 66 Pa. C.S. § 1307 (f)(1)(ii), an NGDC may file a tariff to establish a mechanism by which rates can be adjusted on a regular basis. This means that prices could be adjusted quarterly or even monthly, necessitating the distribution of a new ‘Price to Compare’ with each adjustment. For this reason, we will recommend the adoption of the OCA’s “Price to Compare” letter and its “Information Label” by the local NGDCs where it is appropriate. Additionally, we expect that an NGDC employing any such automatic rate adjustment mechanism will adequately explain its impact on customer choice in its consumer education plan.

Cost Recovery

In regard to cost recovery, the Tentative Order stated as follows:

NGDCs will be permitted to implement an automatic adjustment clause similar to one implemented pursuant to Section 1307 of the Public Utility Code which will provide full recovery of the costs allocated to each company to fund the statewide education program as defined in the policy. Recoveries shall come from residential and small commercial sales and transportation customers and shall be reconciled with actual amounts paid by the company for statewide education. Charges to the customers shall be reflected in the bundled distribution charge on an on-going basis subject to the Commission’s regulatory oversight. Recoveries will commence on January 1, 2001. Costs incurred prior to January 1, 2001 will be deferred and recovered with interest at the legal rate from the date of incidence to the date of recovery. The annual budget will be allocated to each NGDC based upon its number of residential and small commercial sales and transportation customers as of July 1, 1999, the effective date of the Act, as a percentage of the total number of residential and small commercial sales and transportation customers in Pennsylvania as of July 1, 1999.

Tentative Order, p. 11.

Columbia agrees with the Commission's intent to provide full recovery of costs and believes that it would be easiest to administer recovery directly through a surcharge recovery mechanism similar to that used in Section 1307(a) of the Public Utility Code.

OCA does not support cost recovery through a Section 1307 automatic adjustment clause. OCA states that recovery through that mechanism is for costs that are large and fluctuate substantially. As such, these costs will not put the NGDC at risk and are similar to many other utility costs of doing business. OCA believes that NGDCs can recover these costs through base rates just as they recover other business expenses, or in the alternative, through a deferral mechanism. OCA argues that consistent with Section 2211(c), 66 Pa. C.S. § 2211 (c), NGDCs that do not file base rate cases to recover those costs currently should be permitted to defer these costs for recovery through June 30, 2002. OCA states that four restructuring settlements have been submitted to date and provide different methods for the recovery of restructuring costs. OCA wants whatever cost recovery mechanism the Commission adopts to be consistent with the settlements that have already been submitted.

OCA also opposes the allowance of interest until January 1, 2001. Section 2211(c) of the Act specifically provides for cost recovery through a deferral mechanism without interest, of costs that are in excess of amounts already reflected in rates.

The Commission concludes that the NGDCs shall defer recovery of the costs associated with the statewide education program until January 1, 2001, at expiration of the rate caps contained in the Act. These costs were not anticipated by the NGDCs. That is because the costs associated with the statewide plan were not included in the Commission's order on Restructuring Filing Requirements², but only arose in the Tentative Order. They therefore could not logically be included in many NGDCs' restructuring filings.

Moreover, Section 2206 (e), 66 Pa. C.S. § 2206 (e) mandates that consumer education programs be funded by a non-bypassable competitively neutral cost recovery mechanism that fully recovers the reasonable costs of such program. Under these circumstances, the NGDCs are permitted to recover their costs using a mechanism similar to Section 1307 of the Public Utility Code. Recovery shall be reflected in a bundled distribution charge on an on-going basis subject to the Commission's regulatory oversight. There shall be no line-item surcharge. Recovery of these costs shall be at the legal rate of interest in effect at the time of expenditure for costs incurred prior to January 1, 2001. Recovery of costs shall be permitted so long as the accounting for all costs complies with the Commission's audit requirements under Section 1307(d) of the Public Utility Code.

UGI's comments raise an additional issue involving recovery of consumer education costs from small industrial customers. UGI recommends that for policy

² Natural Gas Choice and Competition Act Filing Requirements, order entered July 16, 1999 Docket No. M-00991249.

and administrative reasons, customers from whom education costs are to be recovered include small industrial customers. As a practical matter, it may be impossible for NGDCs to separate small industrial customers from small commercial customers if they are served under the same rate schedule. Thus, UGI proposes the annual adjustment charge should apply to sales and transportation service to all residential, small commercial and small industrial customers.

According to Section 2206 (e) of the Act, "[t]o the extent that the industrial customer is not currently assigned [consumer education] costs on the effective date of this chapter, it shall not be assigned such costs in the future." If UGI's small industrial customers are taking service under a rate that applies to small commercial customers, and these small commercial customers are currently paying for consumer education in their bundled rate, then these small industrial customers are also currently paying for consumer education in the unbundled rate. Therefore, it is not inconsistent with Section 2206(e) to collect a surcharge from these small industrials. Accordingly, the Commission will direct that the recovery of education costs may be recovered from [small industrial customers to the extent they receive service under the same rate schedule as commercial customers.](#)

CONCLUSION

This Final Order of the Commission establishes the scope of, and cost recovery mechanism for, the Statewide Consumer Education Program under the Act as set forth in this Order and Annex A. The Commission appreciates the

efforts of the Consumer Education Gas Working Group and the comments provided in this proceeding. The Commission anticipates the creation of the Council and the incorporation of the Section 501(c)(3) Corporation to the extent permitted by Pennsylvania law in the very near future. In the interim, interested parties should contact the OED with any issue involving the Consumer Education Program. The Commission will examine the issue and respond through the Commission's Office of Communications; **THEREFORE,**

IT IS ORDERED:

1. That the Statewide Consumer Education Program for Natural Gas Competition be established and implemented as set forth in this Order and Annex A.
2. That all jurisdictional natural gas utilities shall provide the list of randomly selected customers set forth in this Order and Annex A to the Commission's Office of Communications/Survey Team no later than February 29, 2000.

3. That a copy of this Order shall be served upon all jurisdictional natural gas utilities, the Philadelphia Gas Works, the Pennsylvania Electric Association, the Pennsylvania Gas Association, the Office of Consumer Advocate, the Office of Small Business Advocate and other participants in the Consumer Education Gas Working Group and all parties that submitted comments in this proceeding.

BY THE COMMISSION,

James J. McNulty
Secretary

(SEAL)

ORDER ADOPTED: February 10, 2000

ORDER ENTERED: February 10, 2000

ANNEX A

Creation and Implementation of a Statewide Consumer Education Program for Natural Gas Competition

Docket No. M-00001326

Program Administration

1. In a future proceeding, the Commission, pursuant to the Pennsylvania Non-Profit Corporation Law of 1988, as amended, will establish a corporation or its functional equivalent exclusively for educational purposes within the meaning of Section 501 (c) (3) of the Internal Revenue Service Code of 1986 (“Corporation”) to the extent permitted by Pennsylvania law.
2. Prior to the formation of the Corporation, in order to facilitate customer choice, a Council On Choice (Council) will be established to review, monitor and provide advice to the statewide consumer education program.
3. The Council will be made up of the following members: the President of the Pennsylvania Gas Association; the Consumer Advocate; the Chairperson of the Commission’s Consumer Advisory Council; a representative of the Governor’s Advisory Commission on African American Affairs; a representative of the Governor’s Advisory Commission on Latino Affairs; the Executive Director of the Pennsylvania Rural Development Council; the Executive Director of the Community Action Association of Pennsylvania; a member of the staff of the Public Utility Commission; and two professional educators.

Budget

1. The statewide program shall run for three years dating from creation of the Corporation or its functional equivalent. Based on program results, the Commission at its discretion may reduce the education program requirements to two years.
2. Our initial review of costs associated with this type of program indicates that it should have an annual budget of \$1.2 million.
3. The funds will be collected by the Commission and transferred to the Corporation for administration.
4. Each NGDC will be responsible to contribute its share upon request of the Commission.
5. The Council shall oversee the Corporation and exercise discretion regarding resources, program content and direction.

Structure of the Program

1. The education program will have both statewide and local components. There shall be general coordination between the two programs.
2. The Council will review and approve statewide plans.
3. The Council will also be briefed on each local NGDC's Consumer Education Plan on an ongoing basis to avoid unnecessary duplication, promote uniformity, prevent marketing in contravention of Section 2006(d), and allow for changes that have taken place since the Act.
4. The Commission shall review and approve each local NGDC's Consumer Education Plan. Changes in pre-existing plans shall be kept to the absolute minimum necessary to prevent marketing in contravention of Section 2006(d) of the Act or to ensure consistency with statewide messages.

The NGDCs shall submit their pre-existing pilot education programs for informational purposes within 15 days of entry of this Opinion and Order. NGDCs with start dates for Customer Choice on or before April 1, 2000 shall submit their programs for Commission review and approval as soon as possible but not later than March 17, 2000. NGDCs with start dates for Customer Choice on or before May 1, 2000 shall submit their programs for Commission review and approval as soon as possible but no later than April 7, 2000. NGDCs with start dates after May 1, 2000 shall submit their programs for Commission review and approval as soon as possible but not later than 90 days before implementation of Customer Choice.

Goals of the Program

1. Create an environment that encourages knowledge, awareness and understanding.
2. Provide information on how restructuring of the gas industry may affect consumers.
3. Provide consumers with clear, accurate, comparable information to assist them in making sound decisions about their gas service including an understanding of choice and how to exercise their choice.
4. Provide information about consumer rights and protections.
5. Emphasize the importance of cultural, ethnic and other differences in program design.

6. Provide information and sources of assistance to consumers so they clearly understand the basics.
7. Make it clear that the safety and reliability of gas service will be maintained regardless of whether the consumer chooses a new supplier.
8. Provide consumer assurance that ratepayer dollars are used only for customer choice education programs.

Objectives

1. Agree to a common set of terms while recognizing that there are differences between natural gas distribution companies (NGDCs).
2. Provide comparable information for consumers to make informed decisions. The Consumer Information Order (Docket No. M-00991249F0005) addresses issues related to this topic. This should include questions to ask suppliers.
3. Provide for consistent messages across the state and those messages must support the local approaches.
4. Design approaches to education that help to prevent confusion due to the differences of participation and knowledge levels across the state. This means building on the existing base of knowledge and education already done by many NGDCs.
5. Coordinate education efforts between the state and local plans.

Program Components

1. Research
 - To help determine whether the education efforts are working.
 - To find out what actions consumers are taking and whether they are shopping.
 - Measure success and determine target audiences.
 - To determine what consumers already know about gas choice and use the benchmark information to formulate the education plans.
 - Consider the use of focus groups to obtain feedback on the statewide education program.
 - Statewide consumer surveys conducted by the Survey Team as directed by the Council or the Commission.
2. Direct Consumer Communications including but not limited to:
 - Educational brochures and bill inserts
 - “How to Shop” and the basics of gas choice for residential and small business consumers. In addition to the statewide guides, each NGDC may tailor its own educational materials.

- Bill inserts should be largely used to provide individual company messages that are consistent with the goals and statewide messages . The Commission will only review and approve those inserts related to choice under the Act.
- A fulfillment brochure with frequently asked questions needs to be developed for call centers, workshop use and other outreach efforts.
- Some areas of the state have a significant population of non-English speaking people. The NGDCs are expected to recognize and incorporate these cultural differences in their plans.
- Development of the brochure will be paid for through the statewide budget. NGDCs may recover the costs of printing and distribution of the brochure. Cost recovery is contingent on the Commission's regulatory review and verification. This includes using accounting procedures sufficient to comply with the Commission's audit requirements under Section 1307(d). These costs are recovered as an addition to the costs to be allocated to each NGDC for the statewide program budget .
- Toll free call center
 - A central call center will handle inquiries from across the state on gas choice issues.
- Web site
 - Statewide with local links
 - Visually impaired web site

3. Grassroots Communication

- Hard-to-reach will be defined as including members of minorities, consumers who use English as a second language, seniors, low income consumers, consumers with low literacy abilities, consumers with disabilities, and some rural residents. This does not mean that all members of each of these groups are hard to reach, many are not.
- Community outreach is to include the development of training trainers, workshops and public events.
- Audience specific materials particularly developed for the hard-to-reach communities.
- Companies, community based organization(s), the Commission, the Office of Consumer Advocate and others could provide outreach to all communities. Any efforts should first recognize the accomplishments already achieved by the utility companies.
- A statewide evaluation form will be developed to measure performance.
- A brief activity report will be developed and used for oversight purposes.

4. Media

- News bureau and press releases
- Public service announcements
- Statewide television or radio advertisements at the discretion of the Council.

Preliminary Program Content

1. Consumer education materials for residential and small business customers must present clear, non-biased information to enable those customers to make informed decisions on various matters. Such materials shall not violate Section 2006(d) of the Act nor be inconsistent with statewide messages.
2. Topics for consumer education materials include but are not limited to: unbundled bill components; commodity price and the Price to Compare including how commodity prices can change over time; natural gas supplier contracts and disclosures including the essential terms to evaluate; how to change suppliers; billing options; any gas safety or reliability issues as related to choice, and questions to ask potential gas suppliers.
3. A consumer education/information internet website and toll-free telephone Hotline will be established and maintained as part of the statewide program. The purpose of the website and the telephone Hotline will be to provide consumers with timely, accurate and necessary information regarding gas competition and their ability to choose their own natural gas supplier. An additional function of the Hotline will be to identify payment-troubled and low income customers for the provision of specific consumer education materials discussing issues such as the benefits of gas competition, the responsibilities and rights of gas consumers, and the availability of universal service programs.
4. Under the local consumer education programs, at least twice a year for two years, NGDCs will be expected to distribute notice in the form of bill inserts to their customers about their ability to shop competitively for natural gas supply. Within 15 days following approval of the compliance filing from a restructuring order, the NGDC shall meet with the Bureau of Consumer Services on the form and content on this notice.

Philadelphia Gas Works

1. The Philadelphia Gas Works should monitor and be prepared to react to the statewide education efforts being implemented in order to minimize customer confusion related to start dates and other activities. .
2. PGW must be prepared and be pro-active to inform consumers in order to minimize confusion due to “spill over” media and other education campaign efforts.

3. PGW has the obligation to take an active role to inform customers about the changeover of the complaint handling function from PGW to the Commission under Section 2212 (c) of the Act. A plan relating to this information campaign, which includes a budget, shall be submitted to the Commission for review and approval no later than 90 days prior to the date customers' complaints come within the Commission's jurisdiction under Section 2212 (c).
4. Before gas choice begins in its territory, PGW should gather baseline data as to customer awareness and knowledge as to gas choice by participating in statewide or local surveying that is implemented through the Commission's consumer education program, or by implementing its own survey plan.
5. PGW shall submit a consumer education plan for Commission approval 180 days prior to the effective date of consumer choice in Philadelphia pursuant to Section 2212(g) and (j) of the Act.

Cost Recovery

1. NGDCs will be permitted to implement an automatic adjustment clause similar to Section 1307 of the Public Utility Code to provide for the full recovery of the costs allocated to an NGDC for its proportional share of the costs for the statewide education program.
2. Recoveries shall come from residential and small commercial sales and transportation customers and shall be reconciled with actual amounts paid by the company for statewide education. [Cost recovery may be made from small industrial customers to the extent they receive service under the same rate schedule as commercial customers.](#)
3. Charges to the customers shall be reflected in the bundled distribution charge on an on-going basis subject to the Commission's regulatory oversight. Recoveries will commence on January 1, 2001. There shall be no line item surcharge.
4. Costs incurred prior to January 1, 2001 will be deferred and recovered with interest at the legal rate from the date of incidence to the date of recovery. Recovery shall be subject to the Commission's regulatory review and oversight including the use of accounting practices sufficient to meet the Commission's audit requirements at Section 1307(d).
5. PEA shall bear the costs associated with its participation in the survey and seek recovery of its incremental costs plus interest at the legal rate, for the inclusion of questions on natural gas choice, from the state education budget.
6. The annual budget will be allocated to each NGDC based upon its number of residential and small commercial sales and transportation customers as of July 1, 1999, the effective date of the Act. Recovery shall be as a percentage of the total number of residential and small commercial sales and transportation customers in Pennsylvania as of July 1, 1999. Each NGDC is required to file this information with the Commission by February 29, 2000, including small

industrial customers under Item 2 in this Section. The Commission will utilize this data and issue annual invoices to each NGDC payable within 30 days of issuance.