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Decision 97-03-069 March 31, 1997

**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**

**ORIGINAL**

Order Instituting Rulemaking on the Commission's  
Proposed Policies Governing Restructuring  
California's Electric Services Industry and Reforming  
Regulation.

R.94-04-031  
(Filed April 20, 1994)

Order Instituting Investigation on the Commission's  
Proposed Policies Governing Restructuring  
California's Electric Services Industry and Reforming  
Regulation.

I.94-04-032  
(Filed April 20, 1994)

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## INTERIM OPINION

### Summary

We indicated in Decision (D.) 96-12-088, our Updated Roadmap Decision, that we would be addressing some threshold or Track 1 issues about direct access eligibility, the use of load profiling, hourly metering, and consumer education and protection. These Track 1 issues impact the critical path for resolving other related issues. We stated in the Updated Roadmap Decision that the Track 1 issues would "include consideration of the independent education trust and the consumer education program." (D.96-12-088, pp. 19-20.) It is clear from the various Commission decisions and filings that a consumer education effort must be in place well before direct access is allowed to begin.

Today's decision approves the recommendation of Pacific Gas and Electric Company (PG&E), San Diego Gas & Electric Company (SDG&E), and Southern California Edison Company (Edison) to form a joint, statewide customer education program (CEP) to inform the public about the changes taking place in the electric industry, and to provide consumers with the information necessary to allow them to compare and select among products and services in the electricity market.<sup>1</sup>

These investor-owned electrical corporations have proposed that the joint CEP should be organized, developed, and implemented through a body made up of a cross section of interested electric industry participants. We refer to this collaborative group effort as the Electric Restructuring Education Group (EREG). We approve the utilities' proposal to form the EREG, and set forth the categories of representatives to be appointed to this body. The actual appointment of the members to the EREG shall be

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<sup>1</sup> The joint comments of PG&E, SDG&E, and Edison use the term "consumer education plan" or "CEP" to refer to the educational efforts referenced in Public Utilities Code Section 392(d). We prefer to use the same label that Assembly Bill (AB) 1890 uses, i.e., the "customer education program."

left jointly to the investor-owned electrical corporations using the guidelines provided for in this decision.

This joint CEP effort will be funded by PG&E, SDG&E, and Edison. Should the publicly-owned electric utilities and the other investor-owned utilities decide to participate in the joint CEP efforts, they may join in as well and share in the cost of funding the joint CEP.

We also approve the formation of an Electric Education Trust (EET) for California. After direct access is implemented, the EET will take over the CEP efforts, and continue to educate consumers about the changes taking place in the electric industry, and their choices in the restructured electric environment. The EET will target those customer classes whose members have not generally availed themselves of the direct access option.

#### **Background Of The Customer Education Program**

In D.95-12-063, as modified by D.96-01-009, referred to as the Preferred Policy Decision, the Commission stated:

"Based on our experience in the telecommunications industry, we realize that consumers will need information about the changes occurring [in] the electric services industry and how rates are affected. From our ongoing efforts to internally reorganize the Commission, we know that we will be redesigning this component of the Commission to strengthen and provide greater service. In the short run, we expect to conduct customer education, with special attention to ensuring that customers, especially those with limited English-speaking ability or other disadvantages when dealing with sophisticated marketers, receive correct, reliable and easily understood information to help them make informed choice. We will develop this approach more fully in our procedural roadmap." (Preferred Policy Decision, p. 188.)

The Preferred Policy Decision also ordered the establishment of an independent education trust. (Preferred Policy Decision, p. 229.)

In the Roadmap Decision, D.96-03-022, the Commission reiterated its continuing and expanding role "of providing protection, safety and information to consumers, and to provide a forum for resolution of complaints about all aspects of electric service." (D.96-03-022, p. 24.) The Commission also stated that the establishment of an

independent education trust would be integral to the Commission's implementation efforts. The Commission also recognized the need for a timely, concerted outreach effort to provide "all customers with the necessary information to fully participate in the competitive framework." (*Id.*, at p. 25.)

The Roadmap Decision requested that a workshop report be filed and served by October 30, 1996. That report was to address "consumer protection guidelines for electric restructuring, including a recommended action plan for public outreach and education." In addition, the Roadmap Decision requested that proposals for a consumer education trust be filed by December 6, 1996. (D.96-03-022, p. 26.)

Pursuant to the Roadmap Decision, and the May 17, 1996 Joint Assigned Commissioners' Ruling (JACR), the "Direct Access Working Group Report On Consumer Protection And Education Report In A Restructured Electric Industry In Response To May 17, 1996 Joint Assigned Commissioners' Ruling" was submitted to the Commission on October 30, 1996 (October 30, 1996 DAWG Report).<sup>2</sup> Opening and reply comments to the October 30, 1996, report were filed on November 26 and December 11, 1996, respectively.<sup>3</sup>

In 1994, the California Legislature became involved in the restructuring of California's electric industry. The Legislature approved Assembly Bill (AB) 1890, which was then signed into law by the Governor on September 23, 1996. (Stats. 1996, ch. 854.)

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<sup>2</sup> A review of the Commission's database regarding filed documents reveals that the October 30, 1996 DAWG Report was not formally filed with the Commission's Docket Office. The Docket Office should file the October 30, 1996 DAWG Report as a formal document in this proceeding. In the Roadmap Decision at page 26, we stated that the workshop report on consumer protection issues "be filed and served" by October 30, 1996. The filing of the October 30, 1996 DAWG Report is consistent with the formal filing of the August 30, 1996 DAWG Report (See Preferred Policy Decision, p. 80.), and with the exercising of our rulemaking capacity "in which written proposals, comments, or exceptions are used instead of evidentiary hearings." (Cal. Code Regs., tit. 20, Div. 1, art. 3.5, Section 14.1.)

<sup>3</sup> See Appendix A for a listing of persons filing comments to the October 30, 1996 DAWG Report.

In enacting AB 1890, the Legislature added Public Utilities Code § 392 which mandated the development and implementation of a customer education program.<sup>4</sup>

### **Procedural Background**

On December 3, 1996, the Energy Resources Conservation & Development Commission, more commonly known as the California Energy Commission (CEC), filed a motion for leave to late file its opening comments to the October 30, 1996 DAWG Report. The motion states that the CEC delivered its comments to Federal Express on "October 25, 1996," for delivery to the Commission's Docket Office on November 26, 1996.<sup>5</sup> The Commission's Docket Office notified the CEC that the comments were not received until November 27, 1996. The CEC states that no parties would be prejudiced as a result of the late filing because its comments were served on or before November 26, 1996.

No one has objected to the CEC's motion. We will grant the CEC's motion to late file its opening comments to the October 30, 1996 DAWG Report. The Docket Office shall be directed to file the CEC's opening comments as of December 3, 1996.

The proposed decision in this matter was mailed to the parties on March 7, 1997. In a JACR of the same date, all interested parties were given the opportunity to provide written comments on the Administrative Law Judge's proposed decision.

The comments to the March 7, 1997 proposed decision have been reviewed and considered. As a result of the comments, both substantive and non-substantive revisions to the proposed decision have been made.

### **Which Utilities Are Obligated To Devise And Implement A Customer Education Program?**

In the Preferred Policy Decision, the Commission envisioned that direct access would apply only to the service territories of PG&E, SDG&E, and Edison. The Preferred

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<sup>4</sup> Unless otherwise noted, all section references are to the Public Utilities Code.

<sup>5</sup> The "October 25, 1996" reference apparently meant November 25, 1996.

Policy Decision did not address how customers in the service territories of other Commission-regulated electrical corporations would be treated. The other Commission-regulated electrical corporations are Kirkwood Gas and Electric (Kirkwood), PacifiCorp, Sierra Pacific Power Company (Sierra Pacific), and Southern California Water Company (SCWC).

AB 1890 does not appear to limit applicability of the legislation's consumer education provisions to just the state's three largest electrical corporations. Instead, AB 1890's enactment of Section 330 permits *all* customers to choose from among competing suppliers of electric power, so that *all* customers can share in the benefits of competition. (Section 330(k)(2), (n).) Accordingly, all of the investor-owned electrical corporations should participate in the joint CEP or request permission to file separate CEPs.<sup>4</sup>

### Consumer Education

#### *In General*

As we transition into new electric market structures, consumer education will become essential. Consumers will need timely information about the changes occurring in the electric services industry, and how those changes will affect them. If they possess the necessary information about the upcoming changes, consumers can make meaningful choices. (D.96-03-022, p. 25.) Without customer education, customers may become confused about their choices, or receive incomplete information about the restructured electricity market.

AB 1890 recognized the need for an educational effort by adding Section 392 to the Public Utilities Code. In Section 392(b), the Legislature stated:

"It is the intent of the Legislature that (1) electricity consumers be provided with sufficient and reliable

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<sup>4</sup> Kirkwood apparently is not connected to the transmission grid, which would preclude other electric providers from providing direct access in Kirkwood's service area. If appropriate, Kirkwood should file a motion in this proceeding which factually explains the infeasibility of complying with AB 1890.

information to be able to compare and select among products and services provided in the electricity market, and (2) consumers be provided with mechanisms to protect themselves from marketing practices that are unfair or abusive."

Section 392(d) provides:

"Prior to the implementation of the competition transition charges, electric corporations, in conjunction with the commission, shall devise and implement a customer education program informing customers of the changes to the electric industry. The program shall provide customers with the information necessary to help them make appropriate choices as to their electric service. The education program shall be subject to approval by the commission."

The Commission also recognized the need for education of consumers, particularly small consumers, under the new market structure. In the Preferred Policy Decision, the Commission stated:

"In the short run, we expect to conduct customer education, with special attention to ensuring that customers, especially those with limited English-speaking ability or other disadvantages when dealing with sophisticated marketers, receive correct, reliable and easily understood information to help them make informed choices." (Preferred Policy Decision, p. 188.)

The Commission also stated that it would establish an independent education trust modeled after the Telecommunications Education Trust. The purpose of the independent trust is to "ensure independent, multicultural education, advocacy, and research for small business and residential customers." (Preferred Policy Decision, p. 229.)

#### ***Distinction Between The Customer Education Program And Education Trust***

We first address the differences between the roles of the CEP and the education trust. The CEC contends that the CEP should take a comprehensive view of consumer education in terms of time frame and participating entities. The CEC believes



that the CEP should develop a detailed proposal for the education trust, and examine other elements of consumer education, such as provision of trustworthy market information for consumers, and educational enhancements to energy bills. The CEC asserts that if the CEP is concerned only with near-term education, this neglects the need for a comprehensive overview of consumer education.

PG&E, SDG&E, and Edison believe that the Commission should consider establishing the proposed consumer education trust separately and in parallel with the initial phases of CEP development. These three investor-owned electrical corporations believe that establishing the trust sooner will allow community-based organizations (CBOs) to become involved earlier in the education process so that their expertise and experience with educating the most vulnerable groups can be utilized.

PG&E envisions that the CEP will be primarily responsible for consumer education activities in 1997, including education of the most vulnerable groups of customers. PG&E envisions an education trust being set up during 1997, and that the trust will be ready to commence activities for long-term consumer education no later than January 1, 1998.

Enova Energy also asserts that the Commission needs to consider an ongoing program funded through an educational trust.

We view the CEP and the education trust as two separate components of a consumer education effort. However, the education trust, as described later in this decision, will overlap somewhat with the CEP, and build upon what the CEP has done.

Focusing first then on the CEP and the provisions of Section 392, we need to address the following issues: (1) who are the "electric corporations" referred to in Section 392 that must devise and implement a CEP; (2) how should the CEP be designed to provide customers with the information necessary to help them make appropriate choices; (3) what is the role of the Commission in implementing Section 392(d) and approving a CEP; and (4) what message or themes should the CEP convey.

***Who Must Devise And Implement A Customer Education Program***

The first issue raised about the CEP is what "electric corporations" shall devise and implement a customer education program. As the CEC pointed out in its reply comments to the October 30, 1996 DAWG Report, the Commission should clarify what entities are included within the requirements of Section 392(d).

The term "electric corporation," as used in Section 392(d), is not defined in AB 1890. A slightly different term "electrical corporation," was used throughout AB 1890, and was even used in other parts of Section 392. The Legislature intended the term "electrical corporation" to have the same meaning as defined in Section 218. (See Stats. 1996, ch. 854, Section 5, p. 7; and Section 10, p. 51.) Did the Legislature intend that "electric corporation" be used interchangeably with "electrical corporation"? There is nothing in the legislative history of AB 1890 to suggest that the Legislature intended otherwise. Accordingly, we conclude that the Legislature intended for all the electrical corporations, as defined by Section 218, under our jurisdiction to participate in the CEP.

It has come to our attention in a letter from Kirkwood dated November 15, 1997 to the Director of the Commission's Energy Division that Kirkwood is not connected to any power grid that would allow other electricity providers to transmit electrical energy to Kirkwood's service territory. As mentioned earlier, if appropriate, Kirkwood should file a motion in this proceeding with a factual explanation of why complying with AB 1890 is not currently feasible.

Should the publicly-owned electric utilities have to devise and implement a CEP as well? Reading Section 392(d) and Section 9602, we conclude that the Legislature intended that only the investor-owned electrical corporations provide a CEP. However, if the publicly-owned electric utilities elect to allow direct access in their service territories, they could avoid having to do much of their own consumer education by participating in the joint CEP. We will permit the publicly-owned electric utilities to join in the joint CEP should they decide to do so. If these entities elect to participate, they should be responsible for a pro rata share of the CEP costs based on their kilowatt hour sales for 1996, in proportion to the total of the investor-owned utilities' 1996 actual sales. Should these publicly-owned electric utilities decide to

participate in the joint CEP effort, they shall file a motion in this docket requesting permission to participate in the joint CEP. In order to incorporate these publicly-owned electric utilities into the CEP efforts, the motion requesting permission to participate shall be filed with the Commission on or before May 12, 1997.

***Joint Customer Education Program***

The next question to address is how the CEP should be designed to provide customers with the information necessary to help them make appropriate choices. This question raises another about to what extent joint efforts should be promoted. It also raises the issue about how to ensure that the educational information about changes in the industry remains unbiased so that customers can use the information to make appropriate choices.

PG&E, SDG&E, and Edison have proposed that a joint CEP be undertaken. (See PG&E, SDG&E, and Edison Comments, Nov. 26, 1996.) There is nothing in AB 1890 which requires that the electric corporations devise and implement a joint CEP. However, as several parties have recognized, certain economies of scale can be achieved by working with others to develop common materials. Regardless of the company, educational material about electric restructuring in general, and the implications of direct access, will be needed statewide. This type of information is not specific to any one particular company, but rather, addresses the industry restructuring issues in general. This kind of educational material can be disseminated to all electric customers by the investor-owned electrical corporations, electric service providers, the Commission, or any other entity.

No one in the replies to the October 30, 1996 DAWG Report expressed any opposition to the formation of a joint CEP. From our point of view, it makes sense for the three large investor-owned utilities to devise and implement a joint CEP because the messages and themes about the changes in the electric industry are the same for all utilities. Instead of having PG&E, SDG&E, Edison, and the other electrical corporations develop separate CEPs addressing the same kinds of issues, a single CEP that can target all electric consumers may be produced. Joint activities could include educating

consumers in general about the restructured electric industry, the new market structures, and the options available under direct access.

We authorize PG&E, SDG&E, and Edison to devise and implement a joint CEP in conjunction with the Commission. We also agree with the position of PG&E, SDG&E, and Edison that the participation by the investor-owned utilities in the joint CEP will serve as a complete discharge of their consumer education obligations under Section 392(d).

Kirkwood, PacifiCorp, Sierra Pacific, and SCWC may elect to participate in the joint CEP, or to pursue separate CEPs.<sup>7</sup> Should they decide to participate in the joint CEP, each utility shall be responsible for a pro rata share of the CEP costs based on each utility's 1996 actual sales. The motion to participate in the CEP shall be filed no later than May 12, 1997. If the utility selects the separate CEP option, a motion requesting permission to pursue its own CEP shall include the details of such a plan and the proposed budget. The motion shall be filed with the Commission and served on all the parties no later than May 30, 1997.

SDG&E contends that even if a CEP is developed jointly by the utilities, AB 1890 allows the utilities to engage in their own consumer education and protection activities. An example of one such type of utility-specific activity is having to increase the amount of customer services to cope with the volume of customer contacts regarding electric restructuring. SDG&E asserts that current service providers will be sought out by existing and new customers to provide advice directly related to the restructuring efforts. SDG&E states that it expects to recover the cost of such implementation under Section 376.

We agree that Section 392(d) does not preclude the utilities from devising and implementing their own CEP. However, such a CEP must still be developed in

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<sup>7</sup> See footnote 6.

conjunction with and approved by the Commission.<sup>8</sup> Furthermore, the CEP must be designed and communicated in an unbiased fashion so that electricity consumers are "provided with sufficient and reliable information to be able to compare and select among products and services" and to provide them with the "information necessary to help them make appropriate choices as to their electric service." (Section 392.)

Should the investor-owned electrical corporations decide to devise and implement their own individual CEPs and seek recovery of costs from ratepayers, in addition to the joint CEP, we will require them to make a showing of why a utility-specific CEP is necessary, and why the joint CEP cannot address this utility-specific issue. Due to the immediacy of the matter, the procedure for the filing of a utility-specific CEP shall be as follows. Should these utilities decide to file a CEP that is separate and apart from the joint CEP, they shall file a motion in this docket requesting permission to do so. That motion shall explain how their utility-specific CEP differs from the joint CEP efforts, and why the separate activities are required. A narrative of the types of separate activities that they contemplate shall be included in the motion. A proposed budget for these separate efforts shall be included as well, along with a description of how they believe this separate CEP should be funded. This motion shall be filed on or before May 30, 1997.<sup>9</sup> Responses to these motions shall be filed in accordance with Rule 45(f) of the Commission's Rules of Practice and Procedure. A reply by the moving party to the responses shall be permitted, and shall be filed and served within 10 days of the last day for filing responses under Rule 45(f). Such a procedure will allow the Commission to expeditiously decide whether separate CEP efforts are needed. As noted above, if these separate CEP efforts are permitted, these efforts will still need to be approved by this Commission.

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<sup>8</sup> The utilities' own marketing materials do not require our approval.

<sup>9</sup> This will allow sufficient time for the EREG to meet and decide upon what kinds of activities the joint efforts should produce. The investor-owned electrical corporations can then decide whether separate efforts are required as well.

***Electric Restructuring Education Group***

The joint proposal of PG&E, SDG&E, and Edison recommends that a body of stakeholders be established as a not-for-profit entity to provide oversight for the development and implementation of the CEP. The joint proposal acknowledges that stakeholder representation was one of the basic consumer education principles listed in the October 30, 1996 DAWG Report. For that reason, the joint proposal suggests that this body be made up of 11 members representative of the following interests: 3 utility members; 1 Commission representative from the Consumer Services Division (CSD); 1 Commission representative from the Public Advisor's office; 3 small consumer representatives; 2 retailer positions; and 1 environmental representative.<sup>9</sup> The joint proposal envisions that the various stakeholder groups will self-select their own representatives. The joint proposal also recommends that the meetings of this body be noticed on the Internet, and be open to the public.

Under the joint proposal, a consultant would be hired by the body to develop and implement a consumer education plan which meets the Commission's and AB 1890's requirements.<sup>10</sup> The consultant would be retained and supervised by the group. The consultant's activities would be funded by the utilities, via the group, with recovery of the funds from ratepayers during or after the rate freeze period as provided for in AB 1890.

The joint proposal envisions the Commission's role as: (1) approving the initial funding for selection and retention of a consultant to develop a CEP; and (2) approving the CEP and authorizing full funding for its implementation.

The Office of Ratepayer Advocates (ORA) suggests that the stakeholder group have a total of ten members. ORA proposes that there be three Commission representatives, one from CSD, one from ORA, and one from the Public Advisor's

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<sup>9</sup> SDG&E expressed a willingness to allow the CEC to have a seat on the group.

<sup>10</sup> The term "consultant," given the nature and scope of the CEP, is likely to be an advertising agency and/or a public relations agency.

office. The remaining seven would be made up of three representatives from the investor-owned electrical corporations, two small customer representatives, and two retailers.

The CEC believes that the development of a CEP must be open to participation, and transparent. The CEC contends that meaningful participation in developing the CEP is the best way to ensure that the needs of all consumer groups are adequately addressed.

According to the CEC, a group needs to be authorized now to start developing detailed plans to begin educating customers in 1997. The CEC believes that this group should include representatives of consumers, prospective providers, and government, in addition to the investor-owned electrical corporations. The CEC has a strong interest in participating in the CEP process and any stakeholder group, and would commit the necessary staff resources.

We agree with the various parties that a stakeholder group should be formed to oversee the joint CEP on behalf of the electrical corporations, and to help the utilities to devise and implement the CEP in compliance with Section 392(d). By authorizing the inclusion of a broad range of stakeholder interests and retaining ultimate oversight over this process through our authority to approve any final CEP plan, we can ensure that the messages and themes of the joint CEP are unbiased and informative so that customers have the information necessary to help them make appropriate choices as to their electric service.

In the JACR of January 30, 1997, the groundwork for recruiting interested persons to serve on such a group to develop the CEP was laid. Commissioners Knight and Neeper stated that the group should be broad enough to cover the varied interests of the stakeholders, while at the same time be of a manageable size. The joint ruling solicited the names of individuals from the following categories: large investor-owned electrical corporations; small or mid-size public utility; municipal utility; non-utility electric service provider; consumer advocate; environmental; Commission; other state agency; and unaffiliated public members who have a background in consumer education, advertising, or marketing. In an effort to solicit the names of representatives

from consumer advocate groups and low-income groups, the JACR ruling was also mailed out to those names on the public purpose service list.

We will authorize the utilities to jointly form a stakeholder group made up of 19 members to be appointed by the investor-owned electrical corporations." We will authorize the stakeholder group, which for the purposes of this decision shall be known as the Electric Restructuring Education Group (EREG), to be made up of the following categories of representatives:

| Name of Representative | Category of Representative  |
|------------------------|---|
| 1                      | PG&E  |
| 1                      | SDG&E   |
| 1                      | Edison  |
| 1                      | small or mid-size public utility  |
| 1                      | municipal utility   |
| 4                      | non-utility electric service provider   |
| 1                      | large industrial or large commercial customer   |
| 2                      | consumer advocate   |
| 1                      | environmental   |
| 1                      | low-income advocate   |
| 1                      | bilingual outreach advocate   |
| 1                      | Office Of Ratepayer Advocates   |
| 1                      | other state agency  |
| 2                      | unaffiliated public member with marketing, advertising or consumer education experience |

The above categories represent a balanced view of the electric restructuring debate. Such a balance will help ensure that no particular viewpoint will be able to control the group's efforts, that the efforts of the EREG will be neutral and unbiased, and that the information is disseminated to all customer groups.

Because customer education is critical to the successful implementation of a restructured electric services industry and informed, effective consumer choice, it is necessary for the EREG to begin its work as quickly as possible. To this end, with the

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<sup>12</sup> The Director of the Energy Division, and the Director of the Consumer Services Division, respectively, will each assign a staff member to monitor the utilities' development and implementation of the CEP, including attending the EREG meetings.



Commission having identified the needed categories of representatives, it is appropriate for the Commission staff to forward to the investor-owned utilities, who are statutorily mandated to "devise" the CEP, copies of the materials we have received from those persons who have expressed an interest. The utilities may select the members of the EREG from those materials, or they can seek out other interested parties who are qualified to serve in each category. The utilities may also elect to have the nominees for each category of the EREG to self-select their own representatives. Such an approach will permit the EREG to organize itself and complete its activities on behalf of the participating utilities quickly with a minimum of time-consuming and unnecessary micro-management by the Commission.

To ensure that the CEP goals of the Commission and Legislature are achieved, we will direct the investor-owned utilities to take all steps necessary to ensure that the EREG is made up of the approved categories, and that such a selection process results in an EREG that reflects a balanced, unbiased viewpoint. Furthermore, by retaining and exercising our approval authority over the utilities' joint CEP efforts, the Commission will continue to be in a position to review the CEP for compliance with Section 392(d) and to maintain ultimate oversight over this process and its results.

The reimbursement and compensation of the EREG members should depend on the category of the representatives. For the state government representatives, no compensation or reimbursement should be made. Nor should there be any compensation or reimbursement made to the investor-owned electrical corporations since their ratepayers will be paying for these implementation costs. Nor should the municipal utility representative be compensated or reimbursed.

The non-utility electric service providers should not be compensated for their time. Our reasoning for doing so is that the electric service providers are directly benefited by the CEP, and it is in their interest to ensure that the CEP information remains unbiased. They should, however, be allowed to claim their reasonable travel and lodging expenses associated with attending the EREG meetings.

The representatives from the large industrial or commercial customer class, bilingual outreach, consumer advocate, environmental, low-income advocate, and

unaffiliated public member should be reimbursed for their reasonable travel and lodging expenses, and paid a reasonable per diem amount for attending the EREG meetings.

In their comments to the proposed decision, The Utility Reform Network (TURN) and the Utility Consumers' Action Network (UCAN) recommended that the per diem amount in the proposed decision be increased. UCAN points out that much of the work for EREG will take place outside of the meetings, and that the proposed per diem is inadequate based on the preparation work that will take place outside of the EREG meetings. UCAN points out that in the private sector, per diems for a full day of work range between \$300 to \$1000 per day. TURN contends that by increasing the per diem rate to \$500 will enhance the prospect for establishing an EREG that includes representatives from groups that have a stake in consumer education issues. We will adopt the suggestions of TURN and UCAN. The EREG representatives from the large industrial or commercial customer class, bilingual outreach, consumer advocate, environmental, low-income advocate, and unaffiliated public member should be paid a daily per diem amount of \$300 for attending the EREG meetings.

Claims for expense reimbursement and per diem shall be paid for out of the joint EREG funds in a manner to be prescribed by the EREG. As discussed later, the EREG funds are to be provided by the investor-owned utilities.

The EREG should develop its own conflict of interest provisions. The EREG members, and the organizations they represent, should not be allowed to benefit from any work that may be contracted out as part of the CEP effort. In addition, to ensure the unbiased nature of the joint CEP effort, the consultant selected by EREG should not have any client conflicts.

Both the October 30, 1996 DAWG Report and the joint proposal recommend that a consultant be hired to develop and implement the CEP messages. No one has objected to that approach. Instead, most of the commenting parties suggest that in order to ensure that the CEP messages developed by the consultant are unbiased, the EREG should be made up of a cross section of representatives. We will adopt the recommendation that a consultant be retained by the EREG to develop and implement

the joint CEP on behalf of the participating investor-owned utilities. The hiring of the consultant should be done by a majority vote of the EREG. Needless to say, the consultant that is hired should have broad experience in developing consumer education messages, and be capable of completing the tasks in the time allotted.

The EREG should be appointed by the investor-owned utilities as soon as possible, and a meeting should be convened as quickly as possible after the issuance of this decision. The EREG will need to move quickly to organize itself, and to reach consensus on development of a work scope and schedule for prospective consultants. The EREG will also need to evaluate and select the consultant most suited to undertake the development and implementation of the CEP. Instead of dictating a step by step schedule, we believe it is sufficient to require that the EREG retain a consultant within 30 days from the effective date of this decision.

We will leave it up to the EREG to decide whether or not the EREG should be organized as a not-for-profit entity in order to take advantage of the lower postage rates and free media time that is available to non-profit groups, and to facilitate the retention of a consultant. The EREG shall designate a chairperson and an administrative committee to handle day-to-day issues as needed.<sup>13</sup> Once the EREG has adopted all of these organizational and administrative details, the EREG shall inform the Executive Director and the Directors of the Energy Division and the Consumer Services Division in writing of such details.

The meetings of the EREG should be open to the public, and notices of the meetings should be posted on the Commission's Internet web site and published in the Commission's Daily Calendar. Opening the meeting to interested persons may assist the EREG in developing ideas as to how certain customer classes can be effectively reached.

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<sup>13</sup> The chairperson of the EREG should be someone other than a utility employee or an employee of a non-utility electric service provider. Preferably, the chairperson should be the unaffiliated public member who has experience in consumer education, advertising, or marketing.

***Role of the EREG***

Edison believes that the Commission should charge the EREG with the responsibility to devise and implement a customer education program that informs customers of the changes to the electric industry, and provides customers with the information necessary to help them make appropriate choices as to their electric service. SDG&E believes the goals of the CEP should be to educate consumers about the electric industry and marketplace, the options that each consumer may exercise, and how consumers can protect themselves in the new marketplace from unfair and deceptive business behavior.

The CEC envisions that the group will develop the work statement for the consultant. As noted earlier, the CEC believes that the stakeholder group should take a comprehensive, long-term view of consumer education. The CEC envisions the group as developing a detailed proposal for the education trust.

The Greenlining Institute and Latino Issues Forum state that the Commission must provide for effective consumer education and strong and enforceable protections well in advance of deregulation. They assert that the experience from the telecommunications industry shows that residential and small business customers, particularly those who are non-English speaking, will be the most vulnerable. They contend that the only way to protect them is through a comprehensive multilingual consumer education effort.

Enova Energy states that the Commission and the utilities must help consumers learn about their basic options, how to compare different service offerings, and how the dispute resolution processes work. The energy market itself will provide substantial consumer education, as will the media.

The goal of electric restructuring is to have a competitive marketplace. As we transform the electric industry from a monopoly to a competitive market, the investor-owned utilities, through the joint CEP, and this Commission, will have the responsibility to educate consumers in an unbiased manner about the changes taking place, and how these changes will affect them. The EREG's role should be to devise and implement the participating electrical corporations' joint CEP, with the assistance of a

consultant, subject to the approval of the Commission. This role includes the development of the strategies and messages that need to be conveyed to consumers about electric restructuring. Among the strategies are to educate the public and minimize the confusion over the changes taking place in the electric industry. Consumers need to be educated about what consumer choice means in this restructured environment and about the benefits of electric restructuring. A joint CEP should ensure that consumers have an understanding of potential market abuses and what type of consumer safeguards are available to them. The utilities' joint CEP should also ensure that all consumers have the information necessary to make informed choices. To make sure that consumers have the information they need, multilingual outreach efforts need to be considered, as well as utilizing traditional and non-traditional forms of communication media.

AB 1890 requires that a CEP be devised and implemented so that consumers can be informed "of the changes to the electric industry." (Section 392(d).) Since the changes from the present regulatory framework to a competitive electric industry are to take place no later than January 1, 1998, the EREG should exist for a limited period of time. It is our intention that this decision, and others addressing electric restructuring issues, will enable customers to choose direct access beginning no later than January 1, 1998. Therefore, the EREG should meet as quickly as possible to devise and implement a CEP before the changes to the electric industry are completed. Undoubtedly, there will be some remaining customer confusion over the changes taking place after the implementation date of direct access. Therefore, there will be a need for some continuing educational efforts. However, continuing educational efforts by the EREG should be limited in scope and end no later than May 31, 1998, at which time the educational efforts shall be taken over by the trust.

We do not agree with CEC's view that the EREG should take a long-term view of consumer education. In order to effectively educate consumers in the time remaining in 1997, the EREG should focus on the task at hand. As described in the education trust portion of this decision, the trust should have the responsibility for devising and implementing a consumer education strategy which addresses the

transition period when consumers are contemplating whether or not to find an alternate electric provider.

### ***EREG CEP Design***

In the joint proposal of PG&E, SDG&E, and Edison, a four-phased approach was suggested for developing, implementing, and evaluating the CEP. The joint proposal describes the phases as follows:

#### **"1. Phase I: Development of the Overall CEP**

"In this first step, with the aid of the EREG, the consultant would develop the plan outline, including: (1) overall strategy; (2) creation of and testing of universal messages; (3) criteria and measurement strategies to determine success of program; (4) identify all necessary baseline consumer research; (5) identification of relevant stakeholders who should be included in the process or whose opinions will be important; (6) identification of volunteer or low-cost resources for what will essentially be a public service campaign.

#### **"2. Phase II: Development of an Implementation Strategy**

"In this phase, the consultant would add implementation strategies to the phase one plan outline. This work would include both devising implementation strategies, including timelines and delivery vehicles; and development of budget parameters for at least two program phases. After the second phase is complete, an open forum should be conducted by the Board to solicit public input on the work so far. This phase would culminate with a submission for approval of the plan to the CPUC. The Commission should then issue a decision approving full implementation funding."

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#### **"3. Phase III: Implementation**

"Once CPUC approval and full funding authority has been obtained, the consultant would proceed to managing the implementation of the plan with continuing guidance from the Board. The consultant will be required to provide monthly status and financial reports to determine that the plan is on target and allow any necessary adjustments.

WMBWE organizations and CBOs [community based organizations] could be involved in the implementation process through subcontracts with the primary consultant. This would be advantageous given their knowledge of and closeness to many of the harder to reach consumer groups.

"4. Phase IV: Evaluation

"Following implementation, the consultant will conduct a post campaign measurement study and provide results and recommendations to the CEP oversight Board which will, in turn, present a report to the CPUC." (Comments On Consumer Education of PG&E, Edison, and SDG&E, 11/26/96.)

Although we do not adopt the four phases of work envisioned in the joint proposal as what should occur here, many of the thoughts expressed in those four phases can serve as guidelines for the EREG in its joint CEP efforts on behalf of the utilities. We do, however, express reservation about some of the proposed work items because of the time remaining in 1997. Several items mentioned in the joint proposal should be omitted or curtailed in scope. For example, the joint proponents place heavy emphasis on a "post campaign measurement study" as the fourth phase, and that the first phase will include the development of criteria and measurement strategies to determine the success of the program.

The EREG should not place much emphasis on an after-the-fact analysis. Although a measurement study may be useful for assessing whether the CEP accomplished its goals, and for laying the groundwork for the work to be done in the education trust, a repeat of an education program for electric industry restructuring is unlikely. An evaluation mechanism that balances these concerns should be part of the CEP design. Clearly, as evidenced by the comments to the October 30, 1996 DAWG Report, the majority of existing residential and small commercial customers are unaware of the impending changes to the electric industry. The CEP should be designed at the outset to target those classes of customers who are the least knowledgeable about the changes in the electric industry. By recognizing where the efforts need to be

focused, targeting and educating these customer classes at the outset will provide them with the necessary information to help them make choices as to their electric needs.

The joint proposal also contemplates that an open forum be conducted to solicit public input on the work product of the consultant to date. This is unnecessary as well. The composition of the EREG represents a broad range of interests, and its members are well aware of the ramifications of electric restructuring, and what consumers need to know in a restructured environment. By having the EREG involved in the development of the overall strategy, themes, and testing of messages, as well as opening up the EREG meetings to the public and interacting with community based organizations, we are confident that the joint CEP can be designed and implemented in a way that can be understood by all consumers without the necessity of having to use an open forum.

We will leave it up to the EREG and the consultant to develop the proposed work scope, schedule, budget, and funding needs for how they believe the joint CEP effort should proceed. As discussed below, we will review the proposed scope of work once it has been completed.

#### ***Role Of The Commission***

The next issue to address is the role of the Commission in the development and implementation of the utilities' joint CEP. Section 392(d) envisions that the Commission, in conjunction with the electric corporations, will help devise and implement a CEP. In addition, Section 392(d) provides that the education program shall be subject to the Commission's approval.

We agree with ORA that the Commission should be responsible for approving the consumer education plans of all the electrical corporations. We intend that the activities of the EREG be monitored by staff members from the Consumer Services Division and the Energy Division. This will help to ensure that the efforts of the EREG are proceeding smoothly, and that the schedule will be met within the time allotted. The Commission will be reviewing key CEP milestones and funding requests. In our review, we shall ensure that the education plan has the following effects: that it



promotes a competitive marketplace with multiple buyers and sellers; that the CEP results in all consumers having the information they need to make informed choices; and that the CEP helps to educate consumers about their rights as consumers and about the potential abuses they might encounter as a result of electric restructuring.

In accordance with Section 392(d), we shall authorize the investor-owned utilities to jointly develop a CEP through the EREG with the assistance of a consultant. The EREG's work scope, which should include the marketing plan, public relations efforts, budget, and funding request, shall be subject to the Commission's final approval as described later.

As part of the coordinated CEP effort, the Commission and its staff should develop outreach plans as well. For example, the Consumer Services Division or the Energy Division, in conjunction with the Commission's Public Advisor's office, could host town hall meetings in various locations throughout the state, meet with various community groups, establish a telephone electric restructuring answer line, or get on radio and television public affairs programs. The purpose of these outreach activities is to inform electric customers of the changes taking place, and to answer any questions that people might have. At these meetings, the materials developed as part of the joint CEP effort could be distributed to the audience.

We will leave it to the staff of the Energy Division and the Consumer Services Division to discuss how such an effort can be pursued, and to coordinate this effort with the overall joint CEP. A staff report shall be prepared by those two divisions, and shall be referenced or incorporated as part of the EREG's work scope and proposed budget for the CEP efforts. The report should detail the types of activities which are feasible given present staffing and funding constraints, and to describe a plan of action for developing and implementing these kinds of activities. The reports shall be filed with the Commission no later than May 12, 1997, and served on all the parties to this proceeding. Comments may be filed within ten days from the date of service of such report.

To assist the Commission in the evaluation of the joint CEP, and to provide input into the development of the Commission's own outreach plan, a

Consumer Education Advisory Panel (CEAP) shall be established. The CEAP may have up to seven members, similar to the composition of the EREG, who will be appointed by the Executive Director no later than 30 days from the effective date of this decision. The CEAP shall be chaired by the Director of the Consumer Services Division or his designee. The CEAP shall cease to exist no later than May 31, 1998 unless extended by the Commission.

A per diem compensation of \$300 for each meeting day, plus reasonable travel and lodging reimbursement, should be paid to those CEAP members who are not representatives of state or governmental agencies, investor-owned electrical corporations, municipal utilities, and non-utility electric service providers. Representatives of non-utility electric service providers who serve on the CEAP should only be reimbursed for reasonable travel and lodging expenses associated with attending the CEAP meetings.

We believe that \$2 million of the total funds allocated to this joint CEP effort should be designated for the Commission's outreach plans. Such funding is consistent with Section 392(d) that the electric corporations devise and implement a CEP in conjunction with the Commission. Any use of such funds by the Commission in furtherance of the CEP efforts shall be separately accounted for.

Some of the commenting parties believe that the Commission's role should also include the monitoring of private consumer education by market participants to ensure the accuracy of the information. Others believe that the Commission should leave it up to market participants to convey the details of product offerings and to raise consumer awareness.

We view this as two separate issues. If the electric corporations want to pursue separate consumer education programs, as we discussed above, such a program will still require Commission approval under Section 392(d). The marketing of product offerings is a consumer protection issue which will be discussed in the future in our upcoming decision on consumer protection.

### ***Messages And Themes***

In order to give some direction to the focus of the EREG, it is important to relate what messages or themes the Commission would like the utilities to convey to consumers as part of the joint CEP.

The CEC believes that consumer education and protection efforts should be designed primarily to benefit small customers. Large customers are viewed as sophisticated consumers capable of protecting their own interests. It is the small customers who will need trustworthy information to enable them to exercise informed choice, and to protect themselves from unscrupulous business practices.

Edison believes that the primary goal of consumer education should be to enable consumers to make effective choices in the emerging marketplace. Consumers need to have an understanding of the new market structure to recognize unfair or fraudulent trade practices, and to know how to seek redress when necessary.

The Greenlining Institute and the Latino Issues Forum contend that the objectives of the CEP should be to alert customers about the coming changes, minimize customer confusion regarding industry changes, prevent or limit anticipated marketing abuses, and raise customer awareness about what choices customers will have.

ORA points out that consumer education is a critical item. ORA contends that at the outset, the educational messages developed must be strictly factual, clear, understandable, useful and unbiased. Along with the messages about the changes in the regulatory structure and the availability of a choice of providers, certain specific information should be provided as well. For example, in the educational material approved by the Commission, the competition transition charge (CTC) needs to be explained, what it is composed of, why it is being assessed, and how much it will be. ORA also states that most of the parties seem to agree that consumer protection and education efforts should be aimed primarily at the residential and small business customers.

In the comments to the ALJ's proposed decision, some of the parties stated that the CEP must be strictly confined to an education program, and should not be a marketing opportunity for the investor-owned utilities.

In deriving the messages and themes for the utilities' joint CEP, we must think in terms of the goal of the CEP. AB 1890 mandates that electricity consumers be provided with sufficient and reliable information to compare and select among products and services, and to protect themselves against unfair or abusive marketing practices. This means that consumers should have neutral and unbiased information that is free from any utility-specific marketing message and which allows consumers to make informed choices.

Some of the key messages and themes of the CEP should be the following: (1) that change is coming; (2) the types of expected changes, including multiple companies selling electricity; (3) the benefits and risks of direct access; (4) that consumers will have a choice of providers, be able to use hourly pricing options based on the PX price, or they can choose to remain with their existing default provider; (5) potential marketing abuses that consumers need to be aware of; (6) the continued safety and reliability of the generation and transmission network; (7) what the CTC is, and who is responsible for paying it; (8) be made aware of potential changes in metering technology and billing that may be required of them if they choose direct access or the hourly PX pricing option; and (9) the procedures that the customer and the utility must follow in order to switch to a different provider."

The EREG also needs to develop a strategy for delivering the messages and themes to consumers. Most of the parties seem to agree that the CEP should focus primarily on residential and small business customers. We agree with the CEC that the large customers are likely to understand what the restructuring of the electric industry means to them. However, Section 392(d) appears to require that all customers be informed of the changes to the electric industry." Our reading of Section 392(d), though,

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"This list is not meant to exclude other messages and themes that the EREG may determine are appropriate.

"The electrical corporations and the non-utility electric service providers also need to be aware of the impacts of these changes, and what market opportunities await them.

does not preclude the EREG from focusing its CEP efforts on certain groups of customers." The EREG should keep this in mind when it starts developing its marketing strategy.

The EREG also needs to keep in mind that in the Preferred Policy Decision at page 188, we emphasized that there is a need to ensure that all customers, especially those with limited English speaking ability or other disadvantages, receive correct, reliable and easily understood information to help them make informed market choices. To ensure that there is maximum customer outreach, the efforts of the joint CEP need to be constructed from the start as a multilingual effort.

As for the types of media that can be used to deliver the CEP material, suggestions have been made to use paid media outlets, or have the utilities continue to use their existing advertising agencies to target specific needs in their own service territories. Other suggestions include using community-based organizations to assist in the development and distribution of material, or using newsletters or other forms of bill inserts for customer education. Another suggestion is to sell advertising space on the consumer education materials.

We will leave it up to the EREG and the consultant to develop specific suggestions on which advertising media should be used for the CEP. We do not believe, however, that advertising space should be sold on the materials developed for the joint CEP. As we stated earlier, the joint CEP effort must be free of bias so that customers can make informed choices in this restructured electric industry environment.

#### ***Funding Of The CEP***

How is the joint CEP of the utilities going to be paid for? The October 30, 1996 DAWG Report recommends that the utilities be permitted to recover their costs associated with the development and implementation of the CEP. The Report states that such funding is a necessary condition for involving the utilities in the CEP. The Report

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" For example, AB 1890 in Sections 366, 394, and 395 provide that specific notices and procedures must be followed when dealing with residential and small commercial customers.

also states that such funding is consistent with Section 376 of AB 1890, and that the funding of the CEP should not result in any rate increase during the rate freeze period.

The October 30, 1996 DAWG Report also compares the CEP efforts with those undertaken by the telecommunications utilities regarding the service commonly referred to as caller identification, or caller ID. Much of what the CEP must do parallels the educational outreach that was done in caller ID. Pacific Bell's expenditures for caller ID were approximately \$32 million. A review of the Telecommunications Division's files reveals that GTE California Incorporated spent approximately \$25 million, while the smaller local exchange companies spent in the neighborhood of \$1 to \$2 million.

ORA agrees with the recommendation in the October 30, 1996 DAWG Report. ORA also recommends that the Commission appoint a government referee to oversee the CEP and to arbitrate disputes. If this is done, ORA believes that the CEP expenditures should be deemed reasonable absent a prima facie demonstration to the contrary. If this procedure is not adopted, ORA recommends that a reasonableness review of the expenditures occur to ensure that the funds were spent for the intended purpose. Funds should be tracked via a memorandum account.

ORA recommends that the Commission request a more detailed budget from the CEP group prior to authorizing \$10 million. Without more detail, ORA asserts that the Commission should not say the expenditures are per se reasonable. CEP education expenses must be prudent and effective.

ORA also states that in D.95-12-055 the commission authorized \$2.9 million for PG&E for consumer education on restructuring and PG&E's changing role as an energy provider. Since the CEP is a joint utility effort, ORA contends that those monies should be redirected to the CEP effort.

UCAN agrees with ORA that the investor-owned electrical corporations have previously been authorized to spend monies for general customer education. UCAN also agrees that \$10 million is an appropriate starting point. However, UCAN argues that the Commission should instruct the investor-owned electrical corporations to combine the other authorized monies for general customer education with the CEP monies.

The CEC asserts that to the extent the Commission authorizes recovery of costs for the utilities' CEP efforts, those members of the EREG who are not supported by ratepayers or funded by the state should be assured of reasonable cost recovery for their efforts. The CEC views participation by others in the first six to nine months as critical to opening markets to competition.

SDG&E and Edison contend that Section 376 entitles the utilities to recover the cost of programs associated with the implementation of new market structures for the restructured electric industry. They assert that these costs may be recovered after the year 2001 to the extent they reduce the utility's opportunity to recover its utility generation-related plant and regulated assets by the end of 2001. SDG&E requests that the Commission explain in its decision how and when utilities should seek recovery of company-specific CEP costs related to restructuring.

PG&E, SDG&E, and Edison have proposed that \$10 million be spent for certain startup design and implementation activities associated with the CEP. After the selection and retention of a consultant, further funding needs would have to be identified and approved by the Commission. The funds needed would be shared by these three electric utilities based proportionately on the most recently adopted sales forecast. They also contend that based on the Commission ratemaking decisions which govern expenditures for 1997, no funds were earmarked for general consumer education efforts which could be diverted to the CEP. Since current rates do not include funding for direct access implementation, the CEP expenditures would be incremental costs that are eligible for memorandum account treatment.

Edison opposes ORA's suggestion that the utilities divert existing authorized revenue requirements to help fund the direct access consumer education effort. Edison contends that this would amount to a confiscation of shareholder assets because Edison's last general rate case did not anticipate the current schedule for implementing direct access. Edison also asserts that it is likely that direct access will impose additional costs on Edison's operations, such as an increase in telephone center volume, rather than decreasing costs.

PG&E urges the Commission to approve an initial CEP funding level of \$10 million for selection of a consultant and development of the CEP. Any unused funds could be used as part of the funding needs for the implementation of the CEP. PG&E believes that a detailed advance accounting of the \$10 million would be counterproductive, and that those types of safeguard concerns are alleviated by having a varied stakeholder group. PG&E also asserts that the funding level should be deemed to be reasonable.

Although we are somewhat persuaded by ORA's argument that a detailed budget be presented first, we believe that many of the concerns that ORA has will be tempered by the composition of, and the public meetings of, the EREG. Some initial funding level is needed so that the EREG and the consultant can begin their efforts. We will establish an initial funding level of \$20 million for that purpose. Once the EREG has had the opportunity to develop a tentative budget, and to refine the budget with the help of the consultant, the EREG may submit a funding request for the joint CEP efforts.

The overall budget for the utilities' joint CEP efforts should be in the neighborhood of what was spent on the caller ID efforts of the local telephone companies. The October 30, 1996 DAWG Report suggests that the scope of the joint CEP should be comparable to Pacific Bell's efforts on caller ID. We take official notice of the fact that approximately \$58 million was spent statewide on the caller ID educational effort. The initial funding level of \$20 million should be viewed as part of the overall joint CEP budget. This initial funding level is appropriate in light of the fact that the joint CEP effort of the investor-owned electric utilities will be a statewide effort similar to the caller ID education program. In addition, the subject matter of electric restructuring is more complicated than caller ID, and will be a more difficult message to convey to consumers. On the other hand, the caller ID effort required an immediate one time choice, whereas the changes and choices associated with electric restructuring are spread over a larger time period, and are being addressed in several aspects of this proceeding.

Both the EREG and their consultant need to be cognizant of the budget, and the time remaining to design and implement this statewide educational program.



The funding request and the proposed work scope shall be addressed jointly to the Executive Director and the Directors of the Consumer Services Division and Energy Division, filed with the Docket Office, and served on the service list in this proceeding. Such filing shall occur on or before June 1, 1997. Anyone interested in commenting on the proposed work scope and the funding request shall file and serve comments within 10 days of the date of service of the proposed work scope and funding request. Commission action regarding the proposed work scope and funding request shall be by way of decision, and we will act upon the request no later than the August 1, 1997 Commission meeting.

The next issue with regard to funding is whether there are any previously authorized funds available to help fund the joint CEP effort. ORA contends that the Commission authorized \$2.9 million for PG&E in D.95-12-055 for consumer education on restructuring and PG&E's changing role as an energy provider. A review of that decision reveals that \$2.9 million was allowed in rates for the following:

"We grant this funding in recognition that changes in industry structure, such as those anticipated in R.94-04-031, will require customer account representatives to spend more time educating customers about industry change, tariff options, and PG&E's changing role as a utility provider. These efforts will be in addition to the marketing and sales efforts for which we deny ratepayer funding. The \$2.9 million we approve today will be added to customer service accounts." (D.95-12-055, pp. 41-42.)

We do not believe that the \$2.9 million should be used to help fund the joint CEP. The purpose of the joint CEP is to develop materials to prospectively inform all customers about the upcoming changes in the electric industry. The purpose of the \$2.9 million was to allow PG&E's customer account representatives to respond to an increase in inquiries about the changes to the industry. We view this as a type of reactive consumer education effort that is specific to each particular utility. If PG&E decides to pursue a utility-specific CEP, which includes a component for an increase in the number of customer account contacts, the \$2.9 million that was previously

authorized should be looked at to see if there is any overlap with PG&E's utility-specific CEP efforts.

The funding requirements for the joint CEP will be allocated among PG&E, SDG&E, and Edison, in proportion to each utility's share of 1996 actual sales. As discussed above, the publicly-owned electric utilities and the smaller investor-owned utilities may join in the CEP joint efforts as well.

We will authorize PG&E, SDG&E, Edison to establish memorandum accounts under the Industry Restructuring Memorandum Account (IRMA) to track their expenditures related to the joint CEP efforts that are incurred on or after the effective date of this decision. (See D.96-12-077, p. 23.) The utilities should file advice letters to establish these memorandum accounts within 30 days of the effective date of this decision.<sup>17</sup> We conclude that the costs of these expenditures are recoverable from their customers pursuant to Section 376 because these costs are being incurred to implement direct access. However, we will leave it up to the transition costs portion of this proceeding to decide the issue of when the utilities can recover these implementation costs in rates.<sup>18</sup>

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<sup>17</sup> As with all memorandum accounts, the tracking of these costs in the memorandum account is no guarantee that the utility will be allowed to recover these costs.

<sup>18</sup> Section 376 provides as follows: "To the extent that the costs of programs to accommodate implementation of direct access, the Power Exchange, and the Independent System Operator, that have been funded by an electrical corporation and have been found by the commission or the Federal Energy Regulatory Commission to be recoverable from the utility's customers, reduce an electrical corporation's opportunity to recover its utility generation-related plant and regulatory assets by the end of the year 2001, the electrical corporation may recover unrecovered utility generation-related plant and regulatory assets after December 31, 2001, in an amount equal to the utility's cost of commission-approved or Federal Energy Regulatory Commission approved restructuring-related implementation programs. An electrical corporation's ability to collect the amounts from retail customers after the year 2001 shall be reduced to the extent the Independent System Operator or the Power Exchange reimburses the electrical corporation for the costs of any of these programs."

For the time being, the total authorized funding level for the joint CEP is \$20 million. We will presume that the expenditures up to the total authorized funding level of \$20 million are reasonable, unless the contrary is shown by someone challenging the expenditures. As for the reasonableness of future expenditures which exceed the initial \$20 million funding level, we will consider how to treat those expenses when the request is made. We are confident that the varied composition of the CEP stakeholder group will provide some checks and balances against unreasonable expenditures. The remaining checks and balances will come from the Commission's monitoring of the EREG, and the need for Commission approval of further funding requests.

#### ***Joint CEP Schedule***

It is clear that extensive CEP efforts will be needed during the last four or five months of 1997 so as to acclimate all electric customers to the idea that the electric industry is being reformed, and to prepare customers to sort through all the marketing information that they are expected to receive from competing electric service providers.

In order to ensure that a CEP is in place before the implementation of the competition transition charge, we expect the electrical corporations and the EREG to expedite the schedule. Below are the dates we will impose to facilitate this process:

- (1) The EREG should be appointed by the investor-owned electrical corporations according to the guidelines expressed in this decision.
- (2) The utilities shall convene the first meeting of the EREG within 21 days of the appointment of its members.
- (3) The EREG shall seek to retain a consultant within 30 days from the effective date of this decision.
- (4) The consultant, in consultation with the EREG, shall design the proposed CEP work scope, prepare a proposed budget and funding request. The investor-owned utilities, on behalf of the EREG, shall file and serve the proposed CEP work scope, budget, and funding request, to the Executive Director and the Directors of the Energy Division and the Consumer Services Division no later than June 1, 1997. The

proposed CEP work scope, budget, and funding request shall be served on all the parties to this proceeding, who shall have 10 days from the date of service to file and serve comments on the request.

(5) The proposed work plan, budget, and funding request, together with any recommended changes, will be acted upon by the Commission in a decision no later than the Commission's August 1, 1997 meeting.

(6) Implementation of the CEP shall begin no later than September 1, 1997, with implementation activities tapering off in March 1998, and ending on May 31, 1998.

(7) The EREG shall submit a monthly report to the Commissioners, the Directors of the Consumer Services Division and the Energy Division, and the assigned ALJ. This monthly report, which shall be due on the 15<sup>th</sup> of every month following the formation of the group, shall detail the previous month's activities, the total expenditures for the month by expense categories, and the next month's anticipated activities.

The assigned Commissioners are authorized to modify any of the above dates as circumstances warrant.

***The Education Trust***

In the Preferred Policy Decision, the Commission in ordering paragraph 40 at page 229 stated:

"We will establish an independent education trust modeled after the Telecommunications Education Trust, the purpose of which is to ensure independent, multicultural education, advocacy, and research for small business and residential customers."

The comments on the October 30, 1997 DAWG Report all seem to agree that an education trust should be formed." However, parties disagree as to what the role and scope of this trust should be, and where the funding for this trust will come from.

Should an education trust be established? After direct access is introduced, there are likely to be many residential and small business customers, and to a lesser extent, other classes of customers, who will not understand what direct access means, and what choices are available to them. Thus, during this transition period, there will be a need for some form of continuing education even after direct access has been implemented.

As discussed earlier, some of the parties view the education trust and the CEP efforts to be two separate efforts occurring at the same time. We disagree with that position. We view the education trust as a supplement to the CEP efforts that should start up after the CEP activities have tapered off. There will be a transition period when customers may wait before deciding to seek other electric providers. The education trust should assist those customers in this transition period by providing them with reliable information so that those customers can make informed choices in a restructured electric environment. The education trust can build upon what the CEP has started. There will be some overlap period, however, so that the education trust can gear up to take over where the CEP left off.

Among the overlap is the formation of the education trust. Some have suggested that the education trust be administered by a committee modeled after the Telecommunications Education Trust. This could entail forming the trust and retaining a trustee to oversee any monies this education trust might be responsible for. As for who should sit on this administrative committee, some have suggested that any

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" The DAWG Report and some of the commenting parties refer to the education trust as the Restructured Electric Service Education Trust or RESET. We prefer to refer to it as the Electric Education Trust or EET.

participants who are involved in Commission proceedings should be excluded, whereas another approach is to select capable persons irrespective of their activities related to this Commission. Suggestions have been made that the composition of the education trust consist of the Commission staff, industry participants, and various consumer groups. ORA states that the administrative committee of the trust should be no less than five, but no more than seven persons, for efficiency and management reasons. ORA also suggests that there should be two Commission representatives, one of whom should be the Public Advisor.

We will authorize the formation of a five person administrative committee to oversee the Electric Education Trust (EET). Membership on this committee shall be composed of the following: the Division Director of the Commission's Consumer Services Division, or his designee; one representative from either PG&E, SDG&E, Edison, or another utility; one representative from a non-utility electric service provider; and two representatives to be chosen from consumer, low-income, and/or multilingual outreach advocates.

There should also be some continuity of members serving on the EREG and the EET. This will help to ensure that the efforts of the EET complement the CEP efforts.

We will solicit the names of interested persons who are willing to serve on the administrative committee of the EET. Interested persons from these categories of representatives shall submit their names, relevant contact information, a brief description of the entity they represent, a statement of their qualifications, and their resume to Linda Serizawa, CPUC, Energy Division, 505 Van Ness Avenue, San Francisco, CA 94102, no later than May 30, 1997. The Executive Director shall appoint the members to the administrative committee of the EET before June 30, 1997, and a ruling will issue confirming the appointment of the EET administrative committee members.

The compensation and reimbursement for the EET members should follow the same guidelines as set forth for the CEAP.

As discussed earlier, a large part of the activities of the EET shall take place after the CEP effort has been concluded. For that reason, it is not time critical that the administrative committee begin work right away. As with the other trusts that have been formed under the auspices of the Commission, the administrative committee will need to formally organize the EET. The members of the administrative committee shall meet within 45 days of their appointment to begin the process of drafting a charter for the EET, to initiate the legal paperwork necessary to form the education trust, and to discuss the purpose and scope of the EET's activities. Follow-up meetings should consider those aforementioned items, adopt rules pertaining to conflict of interest, determine whether consultants are needed to develop materials or a plan for the EET's educational activities, and to determine to what extent community-based organizations and Commission resources can be used to promote this educational effort. In addition, the administrative committee of the EET shall prepare a detailed work plan and proposed budget for the types of activities that it believes it should be involved in. This work plan and budget shall be filed and served on the Commission, the Director of the Energy Division, and on the service list no later than August 1, 1997. Interested parties may file and serve comments within 14 days from the date of service. The work plan and budget shall be acted upon no later than October 1, 1997 by way of a Commission decision. The Directors of the Consumer Services Division and the Energy Division shall update the Commission regarding the EET as needed at the Commission meetings.

We believe that the role of the EET is to promote consumer education in helping customers to understand the changes to the electric industry during the transition period to direct access. The EET should target customer groups and communities where direct access participation remains low or where the level of reported consumer abuses is high. As the Commission noted in the Preferred Policy Decision at page 188, consumer education should pay "special attention to ensuring that customers, especially those with limited English-speaking ability or other disadvantages when dealing with sophisticated marketers, receive correct, reliable and easily understood information to help them make informed choices."

Among the type of activities the EET could pursue are educational meetings throughout the state and community outreach activities. In addition, the EET could involve community-based organizations in its educational efforts to assure that its efforts are disseminated in multiple languages in all communities. These kinds of outreach activities should be coordinated with the Consumer Services Division, the Energy Division, and the Commission's Public Advisor.

Some of the commenting parties believe that the role of the education trust should be much broader than just consumer education activities. They view the trust as a place for monitoring and comparing price and service quality information among the different providers. Others, such as the Greenlining Institute and the Latino Issues Forum, believe that the trust should monitor and react to market abuses. We believe that these sorts of activities are more in the nature of consumer protection, and will be addressed in the near future in another decision.

We now address the longevity of the EET. Some of the commenting parties believe that the life span of the EET should be multiyear. We disagree. Although the Preferred Policy Decision specifically referred to the creation of an education trust, AB 1890 did not specifically provide for any funding for this trust. Therefore, the EET should have a limited life span. Regardless of what activities the EET engages in, there will be a point of diminishing returns. That is, at some point, despite the educational efforts of the education trust, fewer and fewer persons will change their behavior as a result of the EET activities. Consumers will start being exposed to the joint CEP efforts in the latter part of 1997. These educational efforts will be picked up by the EET beginning around March of 1998. Consumers will see the effects of the resulting industry changes throughout 1998. Given the limited funding available, and the educational activities that will take place in 1997 and 1998, the EET should sunset as of June 30, 1999 unless extended by the Commission or by statute.

The next issue to address is how the EET will be funded. Depending upon who is asked, and the scope of work that the various parties believe the trust should be involved in, estimates of the funding needs range from a starting point of \$5 million to upwards of \$160 million for a five year period. Possible funding sources include the



following: (1) funding from the investor-owned electrical corporations, including diverting funds previously earmarked for demand-side management marketing and education; (2) investor-owned electrical corporation funding to be reimbursed in a manner to be determined; (3) establishment of a surcharge similar to the California Alternative Rates for Energy (CARE) program; (4) registration fees, fines or penalties that are levied on service providers; and (5) private funding from the sale of advertising space in educational materials.

We view the life of the EET to be limited, partly because of the uncertainty over the source of the funds to support the EET. Even if the EET is established as a non-profit organization, there is no guarantee that its longevity would be assured by being able to attract permanent outside funding by donors. Of the funding suggestions made, the most feasible is to consider the EET to be part of the implementation costs associated with direct access. If funding the education trust were to rely on registration fees, fines, or penalties, the funding levels might be too small or too uncertain. Even if we were to charge each company \$1000 for registering with the Commission pursuant to Section 394, and assuming that there are 1000 registrants, the total amount generated would not sustain the funding requirements of the trust for any prolonged period of time. As for fines or penalties, it is uncertain whether those can be levied upon registrants. Relying on fines and penalties for funding also assumes that the fines and penalties will provide a constant source of funding, and that significant fines or penalties will be assessed against electricity providers in this new competitive electric market. Nor do we think that selling advertising space on educational materials is very wise. The educational material produced by the education trust and by the EREG should be viewed as unbiased and reliable information. In addition, the revenue generated from this source is unlikely to amount to much. As for the establishment of a surcharge, there is no statutory basis for imposing a surcharge similar to the CARE surcharge.

That leaves the investor-owned electrical corporations as sources for funding the EET. We do not believe that the previously authorized monies in the investor-owned electrical corporations' general rate cases should be diverted to fund

the EET. There has been no showing that these monies were intended to be used toward educating customers about the changes in the electric industry.

Funding the EET by using Section 376 appears appropriate. The purpose of the trust is to educate customers about direct access during the transition period. Such an educational effort is being used to accommodate the implementation of direct access. Accordingly, funding for the EET should be recoverable from the ratepayers of PG&E, SDG&E, Edison, pursuant to Section 376. These utilities are authorized to establish memorandum accounts within the IRMA to track their expenditures related to the EET that are incurred on or after the effective date of this decision. The utilities should file advice letters to establish memorandum accounts within 30 days from the effective date of this decision.

What should the size of the funding level be? We see some wisdom in ORA's approach that the initial funding level remain relatively small until a detailed plan and budget is presented to the Commission for its consideration. We will initially fund the EET effort at \$3 million. After the detailed work plan and proposed budget is filed and submitted to the Commission and the Division Directors, the Commission shall determine by way of resolution if additional funding is required for the activities contemplated by the education trust in 1998.

Due to the limited life span of the EET and the level of authorized funding, the administrative committee should discuss at their meetings whether a trustee is still needed to manage the funds.

The administrative committee shall also be responsible for submitting monthly financial reports to the Director of the Energy Division. These monthly reports, which shall be due on the 15<sup>th</sup> of every month following the formation of the EET, shall detail the previous month's activities, the total expenditures for the month by expense categories, and the next month's anticipated activities.

### **Findings of Fact**

1. The Preferred Policy Decision recognized that consumers will need information about the changes occurring in the electric services industry and how rates will be affected.

2. The Preferred Policy Decision also stated that in conducting customer education, the Commission should ensure that customers, especially those with limited English-speaking ability or other disadvantages when dealing with sophisticated marketers, receive correct, reliable and easily understood information to help them make informed choices.

3. In the Roadmap Decision, the Commission stated that the establishment of an independent education trust would be integral to the Commission's implementation efforts, and that there was a need for a timely outreach effort.

4. On December 3, 1996, the CEC filed a motion for leave to late file its opening comments to the October 30, 1996 DAWG Report.

5. No one has objected to the CEC's motion.

6. AB 1890 recognized the need for an educational effort by adding Section 392 to the Public Utilities Code.

7. We find that the CEP and the education trust are two separate components of a consumer education effort.

8. The publicly-owned electric utilities and the other investor-owned utilities besides PG&E, SDG&E, and Edison may participate in the joint CEP effort by filing a motion in this docket on or before May 12, 1997 requesting permission to do so.

9. PG&E, SDG&E, and Edison have proposed that a joint CEP be undertaken.

10. No one in their replies to the October 30, 1996 DAWG Report expressed any opposition to the formation of a joint CEP.

11. The messages and the themes about the changes taking place in the electric industry are the same for all the utilities.

12. Instead of having all of the investor-owned electrical corporations developing separate CEPs addressing the same kinds of issues, a single, joint CEP that can target all electric consumers may be produced.

13. The joint proposal of PG&E, SDG&E, and Edison recommends that a body of stakeholders be established as a not-for-profit entity to develop and implement the joint CEP, and that the meetings of this body be noticed on the Internet, and be open to the public.

14. Under the joint proposal, a consultant would be hired by this group to develop and implement a joint CEP which meets the Commission's and AB 1890's requirements.

15. Under the joint proposal, the consultant's activities would be funded by the utilities, via the stakeholder group, with recovery of the funds from ratepayers.

16. Staff members from the Consumer Services Division and the Energy Division will monitor the development and implementation of the utilities' joint CEP by the EREG and the consultant.

17. The EREG members and the organizations they represent should not be allowed to benefit from any work that may be contracted out as part of the CEP effort.

18. The consultant to be selected by EREG should not have any client conflicts.

19. A consultant should be retained by the EREG to develop and implement the joint CEP.

20. The EREG's role should be to devise and implement, on behalf of the investor-owned utilities, a joint CEP with the assistance of a consultant, subject to the approval of the Commission.

21. The joint CEP effort should be designed at the outset to target those classes of customers who are the least knowledgeable about the changes in the electric industry.

22. The Commission should be responsible for approving the CEPs of all the investor-owned electrical corporations.

23. The EREG's work scope, which includes the marketing plan, public relations efforts, budget, and funding request, shall be subject to the Commission's approval.

24. The Commission's staff should develop outreach efforts as part of the Commission's CEP effort.

25. The CEAP should be formed to assist the Commission in evaluating the joint CEP, and to provide input into the development of the Commission's outreach plan.

26. AB 1890 mandates that electricity customers be provided with sufficient and reliable information to compare and select among products and services, and to protect against unfair or abusive marketing practices.

27. To ensure that there is maximum customer outreach, the efforts of the utilities' joint CEP should be constructed from the start as a multilingual effort.

28. Much of what the joint CEP must do parallels the educational outreach that was done in caller ID.

29. The initial funding level of \$20 million for the joint CEP is appropriate in light of the fact that the joint CEP will be a statewide effort, and the complexity of the messages that need to be conveyed to the public.

30. If PG&E decides to pursue a utility-specific CEP that includes a component for an increase in the number of customer account contacts, the \$2.9 million that was previously authorized should be looked at to see if there is any overlap with the utility-specific CEP request.

31. The funding for the joint CEP effort should be allocated among PG&E, SDG&E, and Edison in proportion to each utility's 1996 actual sales.

32. There will be a need for some form of continuing education even after direct access has been implemented.

33. The role of the EET is to promote consumer education in helping customers to understand the changes to the electric industry during the transition period to direct access.

34. The EET should target customer groups and communities where direct access participation remains low, or where the level of reported consumer abuses is high.

35. Given the limited funding available, and the educational activities that will take place in 1997 and 1998, the EET should cease to exist as of June 30, 1999 unless extended by the Commission or by statute.

36. The EET should be initially funded at \$3 million.

### **Conclusions of Law**

1. The October 30, 1996 DAWG Report was not formally filed with the Commission's Docket Office.
2. The Docket Office should file the October 30, 1996 DAWG Report as a formal document in this proceeding because the Commission had previously stated that this report should be filed.
3. In enacting AB 1890, the Legislature added Section 392, which mandates the development and implementation of a customer education program by the electrical corporations.
4. The December 3, 1996 motion filed by the CEC should be granted.
5. AB 1890 does not appear to limit the legislation's reach to just PG&E, SDG&E, and Edison.
6. AB 1890 applies to all investor-owned electrical corporations supplying electrical power in California, and therefore, the joint CEP and EET should be carried out and funded by all of the investor-owned electrical corporations.
7. Kirkwood may file a motion in this proceeding which factually explains the infeasibility of complying with AB 1890.
8. There is nothing in the legislative history of AB 1890 to suggest that the term "electric corporation," as used in Section 392(d), was meant to refer to something other than an "electrical corporation" as defined in Section 218.
9. We conclude that the Legislature intended that Section 392(d) apply to all the electrical corporations under our jurisdiction.
10. Although there is nothing in AB 1890 which requires that the electric corporations devise and implement a joint CEP, several parties have recognized that certain economies of scale can be achieved by working with others to develop common educational materials about electric restructuring in general, and the implications of direct access.
11. Participation by the investor-owned electrical corporations in a joint CEP will serve as a complete discharge of their consumer education obligations under Section 392(d).

12. A stakeholder group, made up of a broad range of stakeholder interests, should be formed to oversee the joint CEP of the electrical corporations, and to help the utilities devise and implement the CEP in compliance with Section 392(d).

13. Two million dollars of the total funds allocated to the joint CEP effort should be designated by the EREG for the Commission's outreach plans, and should be separately accounted for by the staff.

14. Although Section 392(d) appears to require that all customers be informed of the changes to the electric industry, that subdivision does not preclude the EREG from focusing its CEP efforts on certain groups of customers.

15. Official notice is taken of the fact that the statewide caller ID educational effort cost approximately \$58 million.

16. The purpose of the joint CEP is to develop materials to prospectively inform all customers about the upcoming changes in the electric industry.

17. The \$2.9 million previously approved for PG&E should not be used to help fund the utilities' joint CEP because those funds were allocated for a reactive consumer education effort specific to PG&E.

18. PG&E, SDG&E, and Edison should be permitted to establish memorandum accounts under the IRMA to track their expenditures related to the joint CEP efforts that are incurred on or after the effective date of this decision.

19. We conclude that the costs of these joint CEP expenditures are recoverable from the customers of the investor-owned electrical corporations because the costs are being incurred to implement direct access.

20. Expenditures up to the total initial funding level shall be deemed reasonable, unless the contrary is shown by someone challenging the expenditures.

21. AB 1890 does not specifically provide for any funding of the EET.

22. Funding the EET by using Section 376 is appropriate because the trust's educational effort is being used to accommodate the implementation of direct access.

23. PG&E, SDG&E, and Edison should be permitted to establish memorandum accounts under the IRMA to track their expenditures related to the EET that are incurred on or after the effective date of this decision.

## INTERIM ORDER

### IT IS ORDERED that:

1. The Commission's Docket Office shall file as of October 30, 1996, the document submitted by Southern California Edison Company (Edison) on behalf of the Direct Access Working Group, dated October 30, 1996, which is entitled "Direct Access Working Group Report On Consumer Protection And Education Report In A Restructured Electric Industry In Response To May 17, 1996 Joint Assigned Commissioners' Ruling."
2. The December 3, 1996 motion filed by the California Energy Commission (CEC) for leave to late file its opening comments to the October 30, 1996 DAWG Report is granted. The Docket Office shall file the CEC's opening comments as of December 3, 1996.
3. We authorize Pacific Gas and Electric Company (PG&E), San Diego Gas & Electric Company (SDG&E), and Edison to devise and implement a joint customer education program (CEP) in conjunction with the Commission. The joint efforts of these utilities may be accomplished by the Electric Restructuring Education Group (EREG).
  - a. The EREG shall be made up of 19 members, who are to be appointed by the investor-owned electrical corporations as soon as possible, and who reflect the categories of representatives described in this decision.
  - b. The reimbursement and compensation of the EREG members is authorized in accordance with the text of this decision.
  - c. The EREG must have its own conflict of interest provisions in accordance with the text of this decision.
  - d. After the EREG has been formed, the EREG shall inform the Executive Director, and the Directors of the Energy Division and Consumer Services Division of its organizational form, bylaws, and other administrative details. The meetings of the EREG shall be open to the public, and notices of the meetings shall be posted on the Commission's web site, and published in the Commission's Daily Calendar.
  - e. The EREG shall retain a consultant no later than 30 days from the effective date of this decision to assist in the development of a proposed work scope,



budget, and funding request for a joint, statewide CEP on behalf of the investor-owned electrical corporations.

- f. The investor-owned utilities, on behalf of the EREG, shall file and serve a motion containing the proposed CEP work scope, budget, and funding request, on the Executive Director, and the Directors of the Energy Division and the Consumer Services Division, no later than June 1, 1997. The EREG shall also serve these materials on all parties to this proceeding, who shall have ten days from the date of service to file and serve their written comments. The Commission will act on this no later than the Commission's August 1, 1997 meeting.
- g. The EREG shall implement the utilities' joint CEP no later than September 1, 1997, with implementation activities tapering off in March 1998, and ending on May 31, 1998.
- h. The investor-owned electrical corporations participating in the EREG shall submit a monthly report to the Commissioners, the Directors of the Consumer Services Division and the Energy Division, and the assigned Administrative Law Judge (ALJ). This monthly report shall be due on the 15th of every month following the formation of the EREG, and shall detail the previous month's activities, the total expenditures for the month by expense categories, and the next month's anticipated activities of the EREG.

4. Funding for the EREG shall come from PG&E, SDG&E, and Edison in proportion to each utility's share of 1996 actual sales, and in accordance with the following provisions:

- a. The total budget for the joint CEP effort led by the EREG shall be an amount to be determined in the future, of which \$2 million shall be designated for the use of the Commission staff's outreach efforts.
- b. The funding level for the EREG's joint CEP efforts is initially authorized at \$20 million. Any request for monies in excess of the initial authorization of \$20 million shall be filed with the Commission, and served on all the parties to this proceeding, who shall have 10 days from the date of service to file written comments.
- c. PG&E, SDG&E, and Edison are authorized to establish memorandum accounts to track their expenditures related to the joint CEP efforts that are incurred on or after the effective date of this decision. The utilities shall file advice letters establishing such accounts within 30 days from today's date.
- d. The costs allocated to these utilities shall be recoverable from their customers pursuant to Public Utilities Code Section 376, in a manner to be determined in the transition costs aspect of this proceeding.

5. Should any publicly-owned electric utility or other investor-owned utility desire to participate in the joint CEP efforts, it shall file a motion in this docket requesting permission to participate. Such motion shall be filed with the Commission no later than May 12, 1997.

6. Unless Kirkwood Gas and Electric, PacifiCorp, Sierra Pacific Power Company, and Southern California Water Company (SCWC) elect to participate in the joint CEP, they shall file their motion for a separate CEP, and other appropriate motions as discussed in the text of this decision no later than May 30, 1997.

7. The Executive Director shall coordinate the staff's outreach with regard to electric restructuring. The Energy Division and the Consumer Services Division shall prepare a staff report, as discussed in this decision, detailing the types of outreach activities that can be coordinated with the efforts of the utilities' joint CEP. This staff report shall be filed with the Commission no later than May 12, 1997, and served on all the parties to this proceeding. Comments on the report may be filed within ten days from the date of service of the report.

8. The Consumer Education Advisory Panel (CEAP) shall be established to assist the Commission in the evaluation of the joint CEP and to provide input on the Commission's outreach efforts.

- a. The CEAP may have up to seven members, who shall be appointed by the Executive Director within 30 days from the effective date of this decision, and whose appointments shall be announced in a ruling.
- b. The chair of the CEAP shall be the Director of the Consumer Services Division or his designee.
- c. Compensation and expense reimbursement of the CEAP members shall use the criteria discussed in this decision.
- d. The life of the CEAP shall not extend past May 31, 1998 unless extended by the Commission.

9. Should any of the investor-owned electrical corporations decide to devise and implement their own individual CEPs, and request reimbursements from ratepayers for such a plan, they shall file a motion in this docket requesting permission to do so. The motion shall contain the information described in this decision, and shall be filed on or

before May 30, 1997, and served on all the parties to this proceeding. Responses and replies to the responses will be permitted in accordance with Rule 45(f) of the Commission's Rules of Practice and Procedure.

10. The Commission authorizes the formation of an Electric Education Trust (EET) in accordance with the following provisions:

- a. The EET's role is to promote consumer education about the changes to the electric industry during the transition period to direct access.
- b. The EET shall target those customer groups and communities where direct access participation remains low.
- c. A five person administrative committee shall oversee the EET. Membership on this committee shall be composed of the following: the Division Director of the Consumer Services Division, or his designee; one representative from either PG&E, SDG&E, Edison, or the other utilities; one representative from a non-utility electric service provider; and two representatives from a consumer, low-income, and/or multilingual outreach advocate. To ensure continuity between the educational efforts of the EREG and the EET, the Commission recommends that some of the members of the EET administrative committee should also be members of the EREG.
- d. Those persons interested in serving on the administrative committee of the EET shall submit their names, relevant contact information, a brief description of the entity they represent, a statement of their qualifications, and their resume to Linda Serizawa, CPUC, Energy Division, 505 Van Ness Avenue, San Francisco, CA 94102, no later than May 30, 1997.
- e. The Executive Director shall appoint the members to the administrative committee of the EET before June 30, 1997, and a ruling will issue confirming the appointment of the EET administrative committee members.
- f. The compensation and reimbursement for the EET members shall follow the same guidelines as set forth in this decision for the CEAP members.
- g. The administrative committee is authorized to meet within 45 days of their appointment to begin undertaking the necessary steps to form the EET, and to develop the proposed work scope for the EET.
- h. The EET administrative committee shall prepare and file a proposed, detailed work plan and budget no later than August 1, 1997. Copies of the proposed plan and budget shall be served on all the parties to this proceeding. Interested parties may file comments on the EET's work plan and budget within 14 days from the date of service. The work plan and budget shall be acted upon by the Commission no later than October 1, 1997.

- i. Funding for the EET shall come from PG&E, SDG&E, and Edison in proportion to each utility's share of 1996 actual sales.
  - j. The funding level for the EET is initially authorized at \$3 million. Any request for monies in excess of the initial authorization of \$3 million shall be filed as a motion by the investor-owned utilities on behalf of the EET with the Commission, and served on all the parties to this proceeding, who shall have 14 days from the date of service to file written comments.
  - k. PG&E, SDG&E, and Edison are authorized to establish memorandum accounts to track their expenditures related to the EET that are incurred on or after the effective date of this decision. The utilities shall file advice letters establishing such accounts within 30 days from today's date.
  - l. The costs allocated to these utilities shall be recoverable from their customers pursuant to Public Utilities Code Section 376, in a manner to be determined in the transition costs aspect of this proceeding.
  - m. The administrative committee of the EET shall submit a monthly report to the Commissioners, the Director of the Energy Division, and the assigned ALJ. This monthly report shall be due on the 15<sup>th</sup> of every month following the formation of the EET, and shall detail the previous month's activities, the total expenditures for the month by expense categories, and the next month's anticipated activities.
  - n. The EET shall cease to exist as of June 30, 1999 unless extended by the Commission or by statute.
11. The assigned Commissioners, or the assigned ALJ acting on their behalf, may modify any of the above dates as circumstances warrant.

This order is effective today.

Dated March 31, 1997, at San Francisco, California.

P. GREGORY CONLON  
President  
JESSIE J. KNIGHT, JR.  
HENRY M. DUQUE  
JOSIAH L. NEEPER  
RICHARD A. BILAS  
Commissioners

**Appendix A**

**Parties Filing Opening and/or Reply Comments To The 10/30/96 DAWG Report**

1. California Energy Commission\*
2. Center For Energy Efficiency and Renewable Technologies
3. Energy Producers and Users Coalition; Cogeneration Association of California
4. Enova Energy
5. Enron Capital and Trade Resources
6. Greenlining Institute; Latino Issues Forum
7. Office of Ratepayer Advocates
8. Pacific Gas & Electric Company
9. Pacific Gas & Electric Company; Southern California Edison Company; San Diego Gas & Electric Company
10. San Diego Gas & Electric Company
11. Southern California Edison Company
12. Utility Consumers' Action Network

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\* See decision text for resolution of CEC's motion for leave to file its opening comments to the October 30, 1996 DAWG Report out of time.