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Decision 97-08-063 August 1, 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.

Rulemaking 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.

Investigation 94-04-032
(Filed April 20, 1994)

TABLE OF CONTENTS

OPINION.....	2
Summary	2
Background.....	2
PacifiCorp's Motion.....	3
Discussion	7
Motion of Sierra Pacific.....	12
Discussion	14
Motion of SDG&E.....	16
Comments to SDG&E's Motion.....	18
Reply of SDG&E.....	21
Discussion	23
Filing of PG&E.....	25
Discussion	26
Findings of Fact.....	26
Conclusions of Law.....	29
ORDER.....	30

OPINION REGARDING THE CUSTOMER EDUCATION PROGRAM OF PACIFICORP AND SIERRA PACIFIC POWER COMPANY AND RELATED FILINGS

Summary

In Decision (D.) 97-03-069, the Commission allowed the investor-owned electrical corporations to file motions in this proceeding to request permission to devise and implement utility-specific customer education programs (CEPs). Motions were filed by PacifiCorp, Pacific Gas and Electric Company (PG&E), San Diego Gas & Electric Company (SDG&E), and Sierra Pacific Power Company (Sierra Pacific).¹

Today's decision authorizes separate CEPs for PacifiCorp and Sierra Pacific up to an amount of \$180,000 and \$80,000, respectively. We also authorize PG&E and SDG&E to track the increase in expenses that are attributable to the likely increase in calling volumes that their customer service centers are likely to experience as a result of electric restructuring.

Background

In D.97-03-069, the Commission approved the proposal by the three largest California investor-owned electrical corporations to educate the public using a joint CEP. The decision also stated that there was nothing in Assembly Bill (AB) 1890 (Stats. 1996, Ch. 854) which would prevent utilities from devising and implementing their own CEP, subject to the Commission's approval. D.97-03-069 allowed those utilities contemplating such an effort to file a motion seeking authorization for a separate CEP. The filing of such a motion must explain how the utility-specific CEP will differ from the joint CEP, and why separate efforts are needed. In addition, the motion is to describe the separate activities, include a proposed budget, and a description of how the utility plans to fund the utility-specific CEP. The utility-specific CEP, however, must

¹ PG&E does not refer to its pleading as a motion, but instead views it as a "notification of its intent to engage in some consumer education efforts about electric restructuring that are specific to PG&E and independent of the statewide Consumer Education Program (CEP) authorized by the Commission in Decision 97-03-069." PG&E contends that these efforts do not rise to the level of a utility-specific CEP, nor is PG&E requesting additional ratepayer funding at this time.

still be developed in conjunction with, and approved by, the Commission. In addition, the utility-specific CEP must be designed and communicated in an unbiased and neutral fashion.

PacifiCorp's Motion

PacifiCorp, which does business in California as Pacific Power & Light Company, filed a motion on June 2, 1997 seeking authorization to establish its own CEP. PacifiCorp serves approximately 40,000 retail electric customers in Northern California in the communities of Alturas, Crescent City, Mt. Shasta, Yreka, and the surrounding areas. Due to its location and operations, PacifiCorp believes that its circumstances are significantly different as to require its own CEP.

PacifiCorp points out that much of its California service territory relies on local, small town media or Southern Oregon for its news. The major California print or broadcast media have minimal penetration in this area.

PacifiCorp's transmission system is of limited size, closely tied to its Oregon operations, and is not directly interconnected with the transmission systems of other California utilities. PacifiCorp has proposed committing control of all of its transmission assets in California to the Northwest independent grid operator, instead of to the newly established independent system operator (ISO) in California.

In PacifiCorp's recently filed Transition Plan and Application, Application (A.) 97-05-011, PacifiCorp requests approval of direct access for all of its customers beginning January 1, 1998, and a price freeze through 2001 without a 10 percent price reduction for residential and small commercial customers. PacifiCorp points out that its California rates are significantly lower than the rates of other investor-owned utilities in California. PacifiCorp is not seeking explicit recovery of the competitive transition charges (CTCs) during the price freeze, and is not proposing any rate reduction bonds,

or a CTC balancing account.² PacifiCorp has also proposed that it not compete as a power supplier for contestable loads within its Northern California service territory, but would remain the default supplier to all within its current service territory. It would, however, compete for customers outside of its existing service territory.

PacifiCorp contends that a separate CEP best meets the information needs of PacifiCorp's California customers because of their unique circumstances. PacifiCorp plans to target both external and internal audiences. The external audiences are made up of residential customers, including low-income and multilingual customers, and those who are dependent on electricity for medical needs.³ In addition, external audiences include small commercial, agricultural and irrigation customers, and community leaders and community groups. PacifiCorp's internal audiences will be made up of its employees based in California or in close proximity to California, as well as its business center employees, and retirees.

PacifiCorp's communication plan for its external audiences consists of the following eight elements:

1. Community advisory groups: A small community advisory group will be formed in each key community (Yreka/Mt. Shasta, Crescent City, Alturas) to help review PacifiCorp's CEP and its messages, and to provide feedback on its plans and materials. The group would test PacifiCorp's proposed materials to assure that the materials are clear and unbiased, and meet the needs of the target audiences. This activity would take about two to three meetings beginning in early summer.

² PacifiCorp's Transition Plan application proposes to reserve its opportunity to request recovery of certain transition costs after 2002.

³ According to United States Census data, PacifiCorp's California service territory has a relatively small multilingual population. In the three counties that encompass most of PacifiCorp's territory, approximately 250 Spanish-speaking households are considered linguistically isolated. About 50 Asian/Pacific Island households in this area were identified as linguistically isolated, and another 100 households were linguistically isolated due to another unspecified primary language. Some of these households are served by electrical corporations other than PacifiCorp. More than 4,000 residents over the age of 18 in this three-county area, almost 8 percent of the adult population, have a 9th grade or less education level, and 3,700 households, or 13 percent of the population in this three-county area, have incomes that are below the poverty level. PacifiCorp plans to work with local community groups to identify persons in the above categories that may need special focus as part of the CEP effort.

2. **Baseline research:** PacifiCorp plans to conduct focus group and other research to determine a baseline of awareness of electric restructuring issues among local consumers, and to help determine what issues need more specific explanation in subsequent materials. This activity would take place in early summer.
3. **Bill inserts:** PacifiCorp plans to use a series of inserts to describe the upcoming changes. Timing of these inserts would occur in mid- to late summer, with follow-up inserts about every other month in the fall.
4. **Media visits:** PacifiCorp plans to meet with local print and broadcast media on an ongoing basis to discuss the impacts of restructuring, and to ensure that media representatives have the information needed to help educate consumers. These activities would begin in June and continue through the summer.
5. **Paid advertisements:** PacifiCorp plans to place ads in local newspapers and radio to inform consumers of the upcoming changes. These ads would begin in early September, and run on a weekly or biweekly basis through January 1998, and continue as needed through March 1998.
6. **Direct mail:** PacifiCorp plans to mail out a brochure to all of its California retail customers that describes the basics of retail competition, who they can call for additional information, and when there are public forum activities in their area. This activity would take place in early September.
7. **Public forums:** Town meetings would be held in each community starting in October, and depending on the level of interest, later in the fall.
8. **Public speaking opportunities:** PacifiCorp employees would actively seek out opportunities to speak on electric restructuring issues before local civic and community groups. Most of these speaking opportunities are likely to occur in the fall.

For PacifiCorp's internal audiences, it plans to hold meetings with its employees to ensure that they have the background information they need to answer customer questions. PacifiCorp also plans to send general information about the changes to its California retirees so that they can help clarify issues for their friends and neighbors.

PacifiCorp also plans to take advantage of other opportunities such as putting up posters or displays at community gathering locations, placing information on its Internet web site, and using the business center phone number as a resource for customers who want more information on restructuring.

PacifiCorp recognizes the need to provide customers with sufficient information to make an informed choice. The themes and messages that PacifiCorp plans to convey will include the Commission's suggested themes, and will also incorporate the differences between PacifiCorp and the major investor-owned electrical corporations. In developing its communications plan, PacifiCorp plans to provide consumers with enough information so that they can:

- understand the basics and not fear the change;
- realize that they have options, that they do not have to change, and that they can change suppliers later if they prefer;
- understand that the safety and reliability of the power delivery will be maintained, regardless of how the customer decides to purchase the actual power supply;
- have a preliminary understanding of how electric industry restructuring may affect them, and what is driving this transition;
- have a basic understanding of how PacifiCorp will implement direct access;
- understand where they can go to find out more detailed information or to get assistance if they have further questions; and
- know what they must do to switch to a new provider, and know the safeguards that are available if they want to report a potential marketer abuse.

PacifiCorp estimates that its CEP efforts will cost approximately \$268,000. The tentative breakdown of the budget is as follows:

Baseline research	\$15,000
Bill inserts	30,000
Paid media	150,000
Direct mail	30,000
Followup research	15,000
Other expenses	<u>28,000</u>
TOTAL	\$268,000

PacifiCorp intends to recover the costs of the CEP through rates. In Advice Letter No. 282-E, dated May 27, 1997, PacifiCorp requested approval for its Industry Restructuring Memorandum Account (IRMA), which includes a subaccount for tracking the costs of the CEP. Such costs would be recorded in the IRMA subaccount allowing PacifiCorp the opportunity to recover these costs at a later date.

At the end of the CEP effort, PacifiCorp may engage in additional consumer education efforts that are similar to those of the Electric Education Trust. Such an effort could be used to target groups of customers who are not participating in this new market, or who are the subject of marketing abuses.

Discussion

In determining whether a utility-specific CEP should be approved, we need to ensure that such a plan is consistent with the provisions of Public Utilities Code Section 392.⁴ Section 392 provides in pertinent part:

"(a) The restructuring of the electricity industry will create a new electricity market with new marketers and sellers offering new goods and services, many of which may not be readily evaluated by the average consumer.

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

* * *

⁴ Unless otherwise stated, all section references are to the Public Utilities Code.

"(d) Prior to the implementation of the competition transition charge, 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 information necessary to help them make appropriate choices as to their electric service. The education program shall be subject to approval by the commission."

In D.97-03-069, we concluded that Section 392(d) does not preclude utilities from devising and implementing their own CEP if the utility does not want to participate in the joint CEP. If the utility elects to devise and implement its own CEP, the utility must develop its CEP in conjunction with the Commission. In addition, we stated that the CEP must be designed and communicated in an unbiased fashion so that electricity consumers have the information necessary to help them compare and make appropriate selections with respect to their electric service. (D.97-03-069, pp. 11-12.)

Should a utility decide to pursue its own CEP, D.97-03-069 directed that an appropriate motion be filed, along with details of the plan and the proposed budget. PacifiCorp complied with this procedure by filing its motion on June 2, 1997. No one filed response to PacifiCorp's motion.

PacifiCorp's proposed CEP is very thorough about the reasons PacifiCorp seeks authorization for a separate CEP, the details of how it plans to devise and implement its CEP, and how it plans to use the money that it has requested.

There are two primary reasons why a separate CEP is justified for PacifiCorp. First, the majority of PacifiCorp's customers are located in small cities and towns in the northernmost counties of California. In order to effectively reach these customers, the media strategy for PacifiCorp's customers need to reflect the geographic location of these customers. The second reason a separate CEP is appropriate is because PacifiCorp's customers may not experience some of the financial impacts that AB 1890 mandates. PacifiCorp proposes that residential and small commercial customers not receive a 10 percent rate reduction because its rates are already significantly lower than

the other utilities who are participating in the joint CEP.⁵ In addition, PacifiCorp is not seeking explicit recovery of the CTCs during the rate freeze, nor is it proposing any CTC balancing account or any rate reduction bonds. Thus, the messages that are to be disseminated to PacifiCorp's customers may differ somewhat from the messages that are planned for the joint CEP.

PacifiCorp's proposed CEP strategy is tailored to its customer base. Community advisory groups in each key community will assist in the review of PacifiCorp's CEP and its messages, and will provide feedback. Research will be conducted to determine what kinds of electric restructuring information its customers need. PacifiCorp plans to use bill inserts, media contacts, advertisements, direct mail, public speaking engagements, and town meetings to assist in communicating the CEP messages to its customers. Such a strategy is appropriate given the location of PacifiCorp's customer base.

PacifiCorp states that the community advisory groups will help PacifiCorp to ensure that the CEP materials are clear and unbiased, and meet the needs of the target audiences. We do not endorse the idea that the advisory group should be used to ensure that PacifiCorp's CEP messages are unbiased. There is nothing in PacifiCorp's motion which demonstrates that the community advisory groups have the expertise to determine what are biased or unbiased messages. Instead, we believe that the intent of Section 392(d) was to leave it up to the Commission to determine the impartiality of the CEP messages. The Commission staff has the technical knowledge about electric restructuring issues, and is in a position to evaluate whether a proposed message frames the utility in a better light than its competitors. Before the printed materials, print and other media advertisements, and other materials to be used for PacifiCorp's CEP are finalized, PacifiCorp will need to forward those materials to the Commission

⁵ This decision is not intended to address the merits of PacifiCorp's position regarding whether the 10 percent rate reduction contained in AB 1890 applies to its customers. That issue is to be addressed in A.97-05-011. The CEP materials should not address the possible different financial impacts until after the Commission has issued an order regarding PacifiCorp's application.

for review to ensure that the materials are of an unbiased nature. This is necessary so that the ratepayer-funded CEP does not cast PacifiCorp in a more positive light than its potential competitors, that the information being supplied is accurate, and that consumers have the kind of unbiased information they need to be able to compare and select among the products and services to be offered in this newly competitive electric market. The community advisory groups may be used to provide other kinds of feedback.

Accordingly, we shall require PacifiCorp to submit all of its proposed CEP materials to the Energy Division for review. This means that all of the materials that PacifiCorp is planning to use or to incorporate in its printed and spoken materials to reach its customers, the general public, or the media must be submitted for review and approval. Those materials may be provided in stages as the materials are developed. A cover letter explaining how the materials express the themes and messages contained in AB 1890 and D.97-03-069 and other relevant Commission decisions and statutes of this State, and how the materials will be used shall be included in this package. We delegate to the Energy Division the responsibility to review the submitted materials for technical accuracy, and to ensure that the proposed materials are unbiased in nature. The Energy Division shall have 10 days from the date of receipt by the Commission to review the draft CEP materials and to notify the utility if the submitted materials are technically inaccurate or biased. If no such notification occurs within this time frame, the materials submitted shall be deemed approved for use in PacifiCorp's CEP.

In devising a CEP, a utility needs to recognize that the CEP is intended to inform customers about the changes to the electric industry in an unbiased and neutral manner. If, however, the materials being devised are designed to put the incumbent utility in a more favorable light than its potential competitors, then those materials are deemed to be marketing materials which are not subject to Commission approval. (D.97-03-069, p 12, footnote 8.) The cost of those kinds of marketing related materials are to be borne by the shareholders of the utility, and not by ratepayers.

PacifiCorp estimates the cost of its CEP at approximately \$268,000. That works out to an expenditure of \$6.70 per household. The expenditure per household for

PacifiCorp's CEP is comparable to the proposed cost per household for the joint CEP. The paid media portion of PacifiCorp's proposed budget makes up 55 percent of the total budget. PacifiCorp's proposed paid media amount seems excessive in comparison to the proposed mass media budget for the joint CEP, which makes up only 33 percent of the budget, and when it is compared to Sierra Pacific's media budget. Also, because PacifiCorp's paid media will consist mostly of print advertising and radio, as opposed to television advertising, we would expect the paid media budget to be much less. Although PacifiCorp covers a larger geographic area than Sierra Pacific, the media budget remains too high. The paid media portion of the proposed budget should be reduced by \$60,000 to a total of \$90,000.

The followup research should also be reduced by \$10,000 to a total of \$5,000. The followup research should not require as much money as the baseline research. In addition, the other expenses category should be reduced by \$18,000 to a total of \$10,000. These reductions are justified when you consider that PacifiCorp has approximately the same number of customers that Sierra Pacific has.

Based on the above, we authorize PacifiCorp to spend up to \$180,000 to devise and implement its utility-specific CEP. PacifiCorp is authorized to track its expenditures related to its CEP in its IRMA. We will presume that the expenditures up to the total authorized funding level of \$180,000 are reasonable, unless the contrary is shown by someone challenging the expenditures, or if the process for reviewing the impartiality of the CEP messages detects biased messages.⁶ The recovery of the amounts booked to the IRMA account shall be addressed in a future proceeding addressing the transition costs of PacificCorp.

We shall also require PacifiCorp to include in its billing cycle a bill insert describing the upcoming CEP activities. This bill insert is described in D.97-08-064.

⁶ This rebuttable presumption is warranted because no one filed any opposition to PacifiCorp's or Sierra Pacific's request.

Motion of Sierra Pacific

Sierra Pacific filed a motion on May 30, 1997, requesting authorization to implement a separate CEP. Sierra Pacific is a multi-jurisdictional investor-owned electrical corporation which conducts approximately 90 percent of its business in Nevada. Sierra Pacific's California operations serve approximately 42,000 retail customers, most of whom are located in the Lake Tahoe basin. Only about 8.4 percent of its gross electric revenues come from its California operations. In previous filings with the Commission, Sierra Pacific acknowledged its obligation to provide its California customers with the opportunity for direct access by January 1, 1998.

Sierra Pacific does not own any significant generation facilities in California, and currently does not own any transmission facility with a voltage rating greater than 120 kV in California. Virtually all of Sierra Pacific's generation and transmission assets are located in Nevada. Although it is interconnected with PG&E at Donner Summit, during normal operations, Sierra Pacific serves its California customers entirely from its generation and transmission facilities located in Nevada. Due to the location of its facilities, Sierra Pacific has not placed its transmission assets under the jurisdiction of the ISO, and has not committed to bid its generation into the Power Exchange (PX).

Sierra Pacific states that its service area will be in a separate control area. According to Sierra Pacific, the importation of power into the control area is severely restricted because of system stability constraints. Due to Sierra Pacific's status as a control area operator, energy service providers (ESPs) will have to contract for transmission service from Sierra Pacific, and not from the ISO. ESPs will also have to contract for generation service within Sierra Pacific's control area, and not from the PX. These limitations would exist even if Sierra Pacific joined the ISO and PX.

Due to Sierra Pacific's circumstances, its customers will face different procedures and requirements than the customers of the three large utilities when contracting for direct access. The manner in which the messages and themes of electric restructuring are addressed will differ as a result. A separate education program is needed to explain how direct access will work within its control area.

Sierra Pacific points out that many of its customers live in very small, rural communities. Different communications strategies are needed because its California customers rely significantly upon television and radio news broadcasts from Reno, and from Reno's daily newspaper. The Nevada Legislature is also considering an electric restructuring bill that is substantially different from AB 1890. In order to ensure that there is no confusion between the information disseminated to customers in California, and the information provided to customers in Nevada, Sierra Pacific will need to rely more heavily on direct contact with its customers in California.

Residential customers make up 85 percent of Sierra Pacific's California customer base. Over 50 percent of these residential customers are second homeowners, most of whom maintain primary residences within the service territories of the larger electric utilities located in California. Implementation of direct access for Sierra Pacific customers will differ from the implementation rules for the larger electric utilities. Therefore, Sierra Pacific will need to supplement the statewide education efforts in order to inform its customers of its specific procedures.

Sierra Pacific also points out that its rates have been considerably lower than those of the three major utilities, and that its California customers received a 5.6 percent rate reduction on June 1, 1996. Sierra Pacific is not planning to implement the 10 percent rate reduction that is associated with AB 1890. A major part of Sierra Pacific's CEP will be to explain these differences.

The CEP activities of Sierra Pacific will rely heavily on direct customer contacts. Sierra Pacific is considering the following activities: (1) bill inserts for California customers describing the upcoming changes; (2) visits within its service areas with media representatives to provide reporters with information on direct access and related issues; (3) participation in local events that focus on residential customers; (4) holding town hall meetings to discuss retail competition and how it will affect customers; (5) media and newspaper advertising to provide some basic information on customer choice; (6) appearances on radio talk shows or civic or community speeches; (7) a direct mail piece that answers basic questions about direct access and AB 1890; and

(8) educational sessions for its employees emphasizing the different approaches to electric restructuring taken by California and Nevada.

Sierra Pacific proposes a budget of \$80,000 for its CEP activities. The proposed budget amount and activity are as follows:

One on one visits with large customers	\$5,000
Media visits	500
Bill inserts	3,000
Media and newspaper ads	22,500
Local events	1,000
Town hall meetings	10,000
Local forums	1,000
Direct mail piece	25,000
Employee education	4,000
Information sheets	5,000
Success measurement survey	<u>3,000</u>
TOTAL	\$80,000

Sierra Pacific proposes to use \$30,600 from costs that were approved in its last general rate case for residential and commercial energy education programs. The remaining funds would come from internal sources. Sierra Pacific requests permission to establish a memorandum account to track costs related to the CEP, which would be recovered in rates after the year 2000.

No one filed response to Sierra Pacific's motion.

Discussion

Sierra Pacific's situation is very similar to PacifiCorp's circumstances. Sierra Pacific's customer base in California is located closer in proximity to the neighboring state of Nevada than to the urban areas of California. According to Sierra Pacific, Nevada is considering an electric restructuring initiative that is substantially different from AB 1890. In addition, many of homes served in Sierra Pacific's service territory in California are vacation homes, and their owners' primary residences are located in areas served by PG&E, Southern California Edison Company (Edison), or SDG&E.

Sierra Pacific's approach to electric restructuring is also similar to that of PacifiCorp, and different from that of PG&E, Edison, and SDG&E. According to Sierra Pacific, the importation of power into its service territory in California is restricted

because of system constraints. Sierra Pacific does not plan to place its transmission assets under the jurisdiction of the ISO. As a result, ESPs will have to contract for transmission service from Sierra Pacific. In addition, Sierra Pacific is not planning to implement the 10 percent rate reduction because of its existing low electric rates.⁷

The CEP proposed by Sierra Pacific reflects the differences between its plan and the joint CEP. In addition, Sierra Pacific's media strategy is tailored to its customer base. Much of the contact will come about through direct customer contact through meetings, bill inserts, and direct mail. This strategy is necessary so that customers will not become confused with what the Nevada Legislature is planning to do.

As we discussed earlier, the CEP of Sierra Pacific must also be unbiased and neutral so that its customers have the kind of information they need to assist them in comparing options and making appropriate choices. To ensure that the messages to be devised and implemented by Sierra Pacific are appropriate, we shall establish the same review procedures that we have adopted for PacifiCorp.

We will authorize Sierra Pacific's request for a CEP budget of \$80,000. Of this amount, \$30,600 will come from energy education programs that were previously approved in Sierra Pacific's last general rate case.

Sierra Pacific is authorized to establish memorandum accounts under the IRMA, and to track its expenditures related to its CEP efforts that were incurred on or after March 31, 1997, the effective date of D.97-03-069. Sierra Pacific should file an advice letter to establish these memorandum accounts within 30 days of the effective date of this decision. We will presume that the expenditures up to the total authorized funding level of \$80,000 are reasonable, unless the contrary is shown by someone challenging the expenditures, or if the process for reviewing the impartiality of the CEP messages detects biased messages. The process to seek recovery of the amounts booked to the

⁷ This decision is not intended to address the merits of Sierra Pacific's position as to whether the 10 percent rate reduction in AB 1890 applies to its customers. Sierra Pacific's CEP materials should not address this possible difference until after the Commission has issued an order on this issue.

IRMA account will be addressed in a future proceeding addressing the transition costs of Sierra Pacific.

We shall also require Sierra Pacific to include in its billing cycle the same bill insert describing the upcoming CEP activities that we are requiring of PacifiCorp and the other utilities participating in the joint CEP.

Motion of SDG&E

SDG&E is an active member of the Electric Restructuring Education Group (EREG) and supports the objectives of the joint CEP. SDG&E filed a motion on May 30, 1997, seeking permission to devise and implement a utility-specific CEP. SDG&E believes that the CEP objectives of providing consumers with information about the upcoming changes will be more fully realized if the efforts are supplemented by a utility-specific CEP. SDG&E seeks approval for its own CEP, and requests that it be reimbursed for such a plan pursuant to Section 376.

SDG&E states that the joint CEP will cover messages that are applicable to all customers statewide. The subjects to be covered include a description of the types of changes that are expected to come about as a result of restructuring, such as customers' ability to choose electric providers, how to switch service providers, the CTC, potential changes in metering technology, and billing changes if direct access or the hourly PX pricing option is chosen. The joint CEP will also cover the potential for marketing abuses, and how to deal with abuses.

SDG&E believes that additional messages are necessary for customers to be fully informed about changes to the industry. SDG&E believes that it is crucial that customers receive information directly from the utility about its changing role because its customers look to the utility to provide them with information about energy services. SDG&E contends that its customers are not familiar with the EREG, and therefore may not trust what the EREG is saying or may not be receptive to the EREG's message. SDG&E believes that it should continue to serve as an important communications link to its customers.

The primary customer communication device is the monthly bill. SDG&E plans to convey how consumers can be more informed about customer choices, and to provide assurances about continued safety and reliability. SDG&E's proposed CEP would also provide information on the new format of an SDG&E bill, and an example of what the bill will look like. SDG&E asserts that customers will better understand these changes in billing if customers can refer to a familiar example. SDG&E also plans to provide information describing how the products that SDG&E provided in the past will now be available through other energy providers. SDG&E's CEP would also allocate resources to respond to a larger volume of calls from customers who would rather call their local utility company regarding electric restructuring than a statewide 800 number.

SDG&E's proposed CEP plans to use the following vehicles to communicate with its residential customers: print ads, bill inserts, stories in the monthly newsletter that is distributed in the monthly bill, bill messages, printed messages on billing envelopes, news releases, and collateral information providing in response to inquiries by customers. To communicate with its small and medium-sized business customers, SDG&E plans to use targeted print ads in business publications, news releases, direct mail, bill inserts, and collateral information. Communications with major businesses will be by face-to-face contact, newsletter, seminars, and collateral information.

SDG&E states that its CEP will not conflict with the joint CEP, and that SDG&E expects to work with the Commission to ensure that its CEP is designed and disseminated in an unbiased fashion.

SDG&E estimates its costs for its CEP for the period from September 1997 to February 1998 at \$1,407,182. Since SDG&E's CEP is specifically designed to implement direct access, SDG&E requests that it be allowed to recover the costs pursuant to Section 376. The cost breakdown for each proposed activity is as follows:

Residential

Bill insert	\$ 25,150
Print and media	333,022
Collateral, pr, and fulfillment	293,366
Telephone center costs	312,020
Research	<u>28,800</u>
Subtotal	\$992,358

Small/Medium Business

Bill insert	\$ 15,000
Direct mail	195,000
Print and media	65,008
Collateral and fulfillment	48,668
Telephone center costs	25,448
Research	<u>19,200</u>
Subtotal	\$368,324

Major Business

Newsletter	\$ 7,500
Collateral	13,000
Seminars	<u>26,000</u>
Subtotal	46,500

Total \$1,407,182

Comments to SDG&E's Motion

Latino Issues Forum (LIF) and The Greenlining Institute (Greenlining) oppose SDG&E's proposal to spend \$1.4 million in ratepayer monies.* They contend that such messages are likely to be ignored. LIF and Greenlining propose that SDG&E submit a proposal which would expend \$1 million on a pilot program to test whether non-profit organizations from the community can design and implement more cost-effective messages.

The Utility Reform Network (TURN) is opposed to SDG&E's request. TURN contends that SDG&E's concern that consumers may not be receptive to a message from EREG is a valid one, but instead of spending an additional \$1.4 million, TURN

recommends that the Commission be made the official sponsor of all the educational materials which target small customers. TURN also recommends that to the extent possible, those materials should be delivered through utility billing envelopes, rather than the use of direct mail from an unfamiliar source. By doing so, SDG&E's customers would be familiar with both the source of the message and the medium.

TURN also argues that SDG&E has failed to make a showing that its CEP will provide information that is different from what the joint CEP plans to provide. In Attachment A of SDG&E's motion, the message comparison between the joint CEP and SDG&E's CEP demonstrates that five out of the seven proposed messages only reinforce the statewide CEP, or personalize a message that is already being addressed by the EREG. TURN does not believe that additional ratepayer money should be spent to make the same point.

As for SDG&E's plan to advise its customers that many products and services previously provided by the utility will be available from a variety of sources, and that customers will be sent a sample, redesigned monthly bill, TURN contends that a separate, utility-specific CEP is not necessary. TURN believes that if SDG&E wants to produce separate materials on these issues, it should pay for it out of the money in rate base that is already allocated for customer education.

The Utility Consumers' Action Network (UCAN) opposes SDG&E's motion on four grounds. First, UCAN believes that SDG&E's request is an unwarranted use of ratepayer funds. UCAN asserts that all of the reasons offered by SDG&E for its separate CEP will be adequately addressed by the CEP program. UCAN also points out that SDG&E can use alternative avenues to communicate this information without incurring additional expenses, such as using SDG&E's monthly newsletter, which ratepayers already pay for. UCAN further contends that SDG&E may be among the least credible

⁴ The comments of LIF and Greenlining were included in their June 12, 1997 comments on the joint CEP.

information sources for restructuring changes, so that the monies it plans to spend are likely to be the least cost-effective use of ratepayer monies.

UCAN's second reason SDG&E's motion should be denied is that SDG&E has adequate customer education funding under existing revenues to handle future inquiries. UCAN points out that in recent years, SDG&E has radically altered the format of its bills, but used current revenues to educate customers. No supplemental funding was sought beyond the current funded levels. UCAN contends that there is still previously authorized money available for SDG&E's efforts. UCAN acknowledges that there are likely to be more phone inquiries about electric restructuring than for SDG&E's past bill changes. However, since the joint CEP is planning a toll-free call center, SDG&E call center representatives should refer calls to the EREG call center. UCAN also points out that SDG&E will benefit from the media attention and the advertising that the energy marketers will be conducting.

UCAN's third reason for opposing SDG&E's motion is that SDG&E has not shown how the CEP program will be inadequate. As for SDG&E's contention that the utility should explain how the utility is changing its role, UCAN asserts that this is something that the EREG is planning to do. The CEP will also be responsible for educating customers about the new bills and what services will be available from others, and a call center will be established to handle questions about electric restructuring. Thus, instead of SDG&E's message being different from the joint CEP, SDG&E's proposal will only reinforce what the CEP already plans to do. The only thing that will be different is an example of what SDG&E's new bill will look like. UCAN believes that this can be covered by SDG&E's current customer education budget. UCAN states that SDG&E has been underspending in its customer education and customer service departments, and has had unprecedented high rates of return during the past three years. During this time, SDG&E's call center has also taken on additional non-utility services, such as signing up customers for newspaper subscriptions. If SDG&E's call centers can handle this additional work, UCAN states that there is no reason SDG&E's call center cannot handle additional calls or refer calls to the CEP toll-free call center.

UCAN's fourth reason of opposition is that it believes that consumers will view SDG&E as the least qualified to provide unbiased information to its customers. The utility's point of view is likely to be in contrast to the view of electric service providers, who will emphasize how they can lower the cost to the customer.

UCAN recommends that SDG&E's motion be denied for the reasons stated above. UCAN recommends that SDG&E be permitted to return to seek Section 376 reimbursement of unusual expenses associated with the education of customers about the new bill and about electric restructuring. In the event of such a filing, UCAN recommends that SDG&E be required to show: (1) the extent to which call volume and customer demand for this information exceeded historical levels of demand; (2) how current funding for customer education and service was inadequate to meet the increased demand; (3) how the CEP was inadequate, with support of specific examples; and (4) a comparison of SDG&E's education effort with that of Edison and PG&E.

Reply of SDG&E

In its reply, SDG&E states that it shares TURN's concern that customers are not familiar with the EREG, and may not be receptive to EREG's messages. Even if the Commission is made the sponsor of the EREG materials and messages, SDG&E contends that the customers of SDG&E "will still expect their local utility to inform them about the upcoming changes." In addition, SDG&E contends that the statewide message will be more effective if the message is complemented with information from the local utility.

SDG&E contends that the statewide CEP will not address some of the messages that SDG&E plans to cover, and that both TURN and UCAN have recognized those differences in their responses. SDG&E argues that providing utility-specific detail about the programs that are generally discussed by the statewide CEP is necessary for customers to fully understand the effects of restructuring. SDG&E uses the example of energy efficiency programs where the details of such programs vary from utility to utility. SDG&E contends that a utility-specific CEP is the best method of meeting those customer education needs.

SDG&E takes issue with UCAN's assertion that SDG&E is the least qualified to provide unbiased information to its customers. SDG&E is not aware of any preliminary surveys by EREG which indicate that information from the utilities will be seen as among the least credible sources by the public. To the contrary, SDG&E asserts that it is highly qualified to deliver accurate, informative messages, and that SDG&E was rated in a study as one of the top 10 most service-responsive companies in San Diego. SDG&E also points out that in 1995, SDG&E's customer service telephone center was rated among the best among all utilities by Call Center Magazine, and that SDG&E has an excellent customer satisfaction record with 95% of its customers being "very satisfied" for the years 1994 through 1996.

In response to UCAN's comment that SDG&E has no need for a utility-specific CEP because it has successfully educated customers in the past about changes without seeking supplemental funding, SDG&E asserts that the Legislature clearly contemplated in AB 1890 that electricity customers be provided with sufficient and reliable information. SDG&E argues that the merits of SDG&E's request should be based on the criteria in D.97-03-069, and not on previous customer education efforts. If SDG&E's approval is granted, SDG&E should be permitted to seek recovery of these program costs.

With respect to UCAN's assertion that there is no need for a utility-specific CEP because there will be heightened media attention and advertising messages from various energy providers, SDG&E agrees that customers may well be inundated with information. SDG&E believes, however, that its customers will expect information from their local utility, and that it must be actively engaged in the education effort.

SDG&E points out that its utility-specific CEP will be unbiased and neutral. SDG&E proposes that its CEP will be developed in conjunction with and approved by the Commission. SDG&E's own marketing materials, on the other hand, would be paid for by shareholders.

LIF and Greenlining have proposed that a pilot program be adopted to test whether non-profit organizations can be a more effective medium for communicating SDG&E's messages. SDG&E acknowledges that community-based organizations may

play a role in the utility-specific CEP, but does not want this to be substituted for SDG&E's approach. SDG&E proposes to use a variety of proven media to reach all customers.

Discussion

We stated in D.97-03-069 that should an investor-owned electrical corporation decide to devise and implement a utility-specific CEP, in addition to the utility's participation in the joint CEP, the utility must make a showing of why a utility-specific CEP is necessary, and why the joint CEP cannot address the utility-specific issue. In addition, the utility-specific CEP must be developed in conjunction with and approved by the Commission. The utility-specific CEP must also "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 with the 'information necessary to help them make appropriate choices as to their electric service.' " (D.97-03-069, pp.11-12.)

SDG&E contends that a utility-specific CEP should be authorized for SDG&E because customers should receive information directly from the utility about the utility's changing role. In addition, SDG&E argues that the utility must provide specific details about the various changes that are discussed only generally by the joint CEP. SDG&E points out that the joint CEP will not get into the various program details that vary from utility to utility. Thus, the utility must provide that kind of information.

The thrust of subdivisions (b) and (d) of Section 392 is that the information provided from the CEP must be "sufficient and reliable" so as to "provide customers with information necessary to help them make appropriate choices." We have interpreted that to mean that the messages and themes must be unbiased and informative. (D.97-03-069, p. 14.)

In reviewing the kinds of messages that SDG&E seeks to include in its utility-specific CEP, we are concerned that some of the messages that it seeks to convey may not be impartial. For example, SDG&E proposes to include messages that SDG&E's role is changing, that customers will have a choice of energy providers, that customers will

continue to receive safe and reliable power, how to find out more information, and that many of the products and services that SDG&E provided in the past will now be available through other energy providers. Those types of messages are to be included in the joint CEP.

We view SDG&E's request in this area as an opportunity to put itself in a favorable light and to promote brand or name recognition by getting its name in front of its customers. Marketing which promotes this kind of recognition does not require preapproval by the Commission. (D.97-03-069, p. 12, footnote 8.) However, the expense associated with brand or name recognition marketing is to be paid by the utility's shareholders, and not by ratepayers.⁹ The CEP paid for by ratepayers is to pay for messages that are impartial, and which consumers can use to make informed choices about electric services.

Changes in bill format is something the joint CEP will also address. SDG&E's proposal to inform its customers about how their bills will be itemized, and what the bill will look like is not the kind of information that will help customers make appropriate choices as to their electric service. Instead, that kind of information appears only to be designed to explain what SDG&E's bill will look like. That type of information is related to positioning SDG&E as the preferred provider. As mentioned earlier, that type of marketing material should be borne by SDG&E's shareholders, and not by ratepayers. SDG&E and the other investor-owned utilities need to recognize that in this new competitive environment, ratepayers should not be obligated to pay for the kinds of materials that SDG&E's competitors must pay for as well.

One item which SDG&E proposes to be included as part of its CEP is additional funding to staff its customer service center for questions about restructuring-related changes. Undoubtedly, the customer service centers are going to experience an increase in calling volume as we move from a monopoly provider to a competitive environment. Consumers are likely to call the incumbent utility out of habit, or because they are

unaware of other providers, if they have questions about electric restructuring. This increase in calling volume is likely to be a direct result of the restructuring of the electric industry. SDG&E estimates that such activities will cost approximately \$338,000.

We will authorize SDG&E to track in its IRMA the increase in expenses that are related to the increase in staffing for customer service center calls which exceed the already authorized funding amount for customer service center costs. The information that the service center representatives supply about electric restructuring should be as impartial and neutral as possible. We also expect SDG&E to maintain a list or log of the number of calls fielded by its customer service center, the general issue or issues raised by the customer, and a comparison of the number of calls handled on a monthly basis in comparison to the number of calls handled during the same months for the last three years. The Energy Division shall be directed to work with SDG&E to develop this list or log. Such a record will enable us to track the increase in calls as a result of electric restructuring. This list, along with a summary of the amounts booked to the IRMA for these activities, shall be submitted to the Commission's Energy Division and Consumer Services Division on January 30, 1998, July 30, 1998, and January 30, 1999. This report need not be served on the service list to this proceeding. Persons interested in receiving this report should make that request upon SDG&E, which shall deliver a copy upon request.

Filing of PG&E

PG&E's filing of May 30, 1997 provides notification of its intent to engage in some customer education efforts that are specific to PG&E and independent of the joint CEP.

PG&E's current activities involve the preparation of three shareholder-funded communication pieces on electric restructuring for its customers. PG&E believes that this effort is needed prior to the start of the statewide campaign to ensure that

* PG&E apparently recognizes this difference by planning to use shareholder funds to pay for some of the materials it is distributing.

customers have enough time to absorb the information and be comfortable with their choices. PG&E has already distributed its June 1997 issue of its shareholder-funded newsletter describing the upcoming changes. PG&E is also planning an August 1997 issue discussing similar topics. PG&E is also creating a brochure that will be mailed to customers who request information on direct access/deregulation issues. PG&E states that it will not seek recovery from ratepayers for these three educational efforts.

PG&E believes that it will have to issue future communication pieces as well. These may include such things as to how to read the new bill, or how to become a direct access customer. Some of these efforts may be addressed in PG&E's newsletter. Other activities, such as the cost of training PG&E personnel to answer customers' questions about direct access, to the extent those costs exceed already authorized funding, would be tracked and reviewed in PG&E's IRMA. PG&E states that the scope of these information activities will depend on the rules for direct access, and the degree to which the Commission, the EREG, or PG&E decides what utility-specific communication efforts are required. If the costs are booked to the IRMA, PG&E states that it will bear the burden of proof in demonstrating the reasonableness of these costs.

Discussion

As discussed above, we expect the incumbent utilities to experience an increase in customer service calls related to electric restructuring. We will authorize PG&E to track the increase in costs associated with training and hiring of additional personnel to answer customers' questions about direct access, to the extent those costs exceed already authorized funding for customer service center costs. We shall also impose the same reporting and filing requirements on PG&E as we did for SDG&E, as discussed above.

Findings of Fact

1. D.97-03-069 allowed the investor-owned electrical corporations to file a motion seeking authorization for a utility-specific CEP.
2. PacifiCorp filed a motion on June 2, 1997 seeking authorization to establish its own CEP.

3. PacifiCorp estimates that its CEP efforts will cost approximately \$268,000.
4. The majority of PacifiCorp's customers are located in small cities and towns in the northernmost counties of California.
5. In order to effectively reach PacifiCorp's customers, the media strategy needs to reflect the geographic location of these customers.
6. PacifiCorp's customers may not experience some of the financial impacts that AB 1890 mandates.
7. The messages to be disseminated to PacifiCorp's customers will differ somewhat from the messages that are planned for the joint CEP.
8. PacifiCorp's proposed CEP strategy is appropriate given the geographic location of PacifiCorp's customer base.
9. There is nothing in PacifiCorp's motion which demonstrates that the community advisory groups which it plans to use have the expertise to determine what are biased or unbiased messages.
10. The Commission staff has the technical knowledge about electric restructuring issues, and is in a position to evaluate whether a proposed message puts the utility in a better light than its competitors.
11. PacifiCorp should be required to submit all of its proposed CEP materials to the Energy Division for review.
12. In devising a utility-specific CEP, the utility needs to recognize that the CEP is intended to inform customers about the changes to the electric industry in an unbiased and neutral manner.
13. The paid media percentage of PacifiCorp's proposed budget seems excessive in comparison to the joint CEP's proposed mass media budget percentage.
14. The followup research and other expenses categories seem excessive in comparison to Sierra Pacific's budget request.
15. Sierra Pacific filed a motion on May 30, 1997, requesting authorization to implement a utility-specific CEP.
16. Sierra Pacific estimates that its utility-specific CEP will cost \$80,000.

17. Sierra Pacific's situation is very similar to PacifiCorp's circumstances in terms of its limited operations in California and the financial impacts on its customers.

18. The CEP proposed by Sierra Pacific reflects the differences between its plan and the joint CEP, and its media strategy is tailored to its customer base.

19. Sierra Pacific should be required to submit all of its proposed CEP materials to the Energy Division for review.

20. SDG&E filed a motion on May 30, 1997 requesting authorization to implement a utility-specific CEP.

21. SDG&E estimates that its utility-specific CEP will cost \$1,407,182.

22. Responses in opposition to SDG&E's motion were filed.

23. A review of the kinds of messages that SDG&E seeks to include in its utility-specific CEP leads us to believe that the messages may not be impartial, and may position SDG&E to put itself in a favorable light, and to promote brand or name recognition.

24. The customer service centers of the incumbent utilities are likely to experience an increase in calling volume as a result of calls about electric restructuring.

25. SDG&E estimates that its customer service center costs related to electric restructuring will cost approximately \$338,000.

26. SDG&E should be required to maintain a list or log of the number of calls fielded by its customer service center, the general issue or issues raised by the customer, and a comparison of the number of calls handled on a monthly basis in comparison to the number of calls handled during the same months for the last three years.

27. The Energy Division should be directed to work with SDG&E to develop this list or log.

28. The list or log, together with a summary of the amounts booked to the IRMA for these activities, should be submitted to the Commission's Energy Division and Consumer Services Division as discussed in the text.

29. The same reporting and filing requirements should apply to PG&E.

Conclusions of Law

1. In determining whether a utility-specific CEP should be approved, we need to ensure that such a plan is consistent with the provisions of Section 392.
2. Should an investor-owned electrical corporation decide to devise and implement a utility-specific CEP, the utility must make a showing of why a utility-specific CEP is necessary, and why the joint CEP cannot address the utility-specific issue.
3. If a utility elects to devise and implement its own CEP, the utility must develop its CEP in conjunction with the Commission.
4. The CEP must be designed and communicated in an unbiased fashion so that electricity consumers have the information necessary to help them compare and make appropriate selections with respect to their electric service.
5. This decision is not intended to address the merits of the positions of PacifiCorp and Sierra Pacific regarding whether the 10 percent rate reduction in AB 1890 applies to their customers, and their respective CEPs should refrain from addressing this possible difference until the Commission has decided this issue.
6. The intent of Section 392(d) was to leave it up to the Commission to determine the impartiality of the CEP messages.
7. The Commission's Energy Division should be delegated the responsibility to review the submitted CEP materials for technical accuracy and to ensure that the proposed materials are unbiased in nature.
8. If the materials being devised are designed to put the incumbent utility in a more favorable light than its potential competitors, then those materials are deemed to be marketing materials which are not subject to Commission approval, and the cost of those materials should be borne by the shareholders of the utility.
9. PacifiCorp should be authorized to spend up to \$180,000 to devise and implement its utility-specific CEP, and to track its expenditures related to its CEP in its IRMA.
10. The expenditures up to the authorized funding level of \$180,000 shall be presumed to be reasonable, unless the contrary is shown by someone challenging the

expenditures, or if the process for reviewing the impartiality of the CEP messages detects biased messages.

11. The recovery of the amounts booked to PacifiCorp's IRMA account shall be addressed in a future proceeding addressing the transition costs of PacifiCorp.

12. Sierra Pacific is authorized to establish memorandum accounts under the IRMA, to spend up to \$80,000 to devise and implement its utility-specific CEP, and to track its expenditures related to its CEP efforts that were incurred on or after March 31, 1997.

13. The expenditures up to the authorized funding level of \$80,000 shall be presumed to be reasonable, unless the contrary is shown by someone challenging the expenditures, or if the process for reviewing the impartiality of the CEP messages detects biased messages.

14. The recovery of the amounts booked to Sierra Pacific's IRMA account shall be addressed in a future proceeding addressing the transition costs of Sierra Pacific.

15. We have interpreted subdivisions (b) and (d) of Section 392 to mean that the messages and themes from the CEP must be unbiased and informative.

16. SDG&E should be authorized to track in its IRMA the increase in expenditures that are related to the increase in staffing for customer service center calls which exceed the already authorized funding amount for customer service center costs.

17. PG&E should be authorized to track in its IRMA the increase in expenditures that are related to the increase in staffing for customer service center calls which exceed the already authorized funding amount for customer service center costs.

O R D E R

IT IS ORDERED that:

1. The motion of PacifiCorp, which does business in California as Pacific Power & Light Company, seeking authorization to establish its own customer education program (CEP) is granted to the extent set forth below:

- a. The authorized funding level for PacifiCorp's utility-specific CEP shall be \$180,000.

- b. PacifiCorp shall submit all of its proposed CEP materials to the Commission's Energy Division for review.
 - (1) The materials to be submitted for review include all of the materials that the utility is planning to use or to incorporate in its printed and spoken materials to reach its customers, the general public, or the media.
 - (2) The utility may submit the materials to the Energy Division in stages as the materials are developed.
 - (3) A cover letter containing the information described in this decision shall accompany each submission.
 - c. PacifiCorp is authorized to track in its Industry Restructuring Memorandum Account (IRMA) the expenditures related to its utility-specific CEP that occurred on or after March 31, 1997.
 - d. Expenditures up to the authorized funding level of \$180,000 shall be presumed to be reasonable, unless the contrary is shown by someone challenging the expenditures, or if the process for reviewing the impartiality of the CEP messages detects biased messages.
 - (1) The recovery of the amounts tracked in the IRMA shall be recoverable from PacifiCorp's customers pursuant to Public Utilities Code Section 376, in a manner to be determined in the future.
 - e. PacifiCorp shall submit a monthly report to the Commissioners, the Directors of Consumer Services Division and the Energy Division, and the assigned Administrative Law Judge. This monthly report shall be due on the 15th of every month beginning September 15, 1997, and shall detail the previous month's CEP activities, the total expenditures for the month by expense categories, and the next month's anticipated activities. The reporting requirement shall terminate on July 15, 1998 unless extended by a ruling or by Commission decision.
 - f. PacifiCorp shall include the bill insert described in Ordering Paragraph 11 of Decision (D.) 97-08-064 in its monthly bill as soon as practicable.
2. The motion of Sierra Pacific Power Company (Sierra Pacific) seeking authorization to establish its own CEP is granted to the extent set forth below:
- a. The authorized funding level for Sierra Pacific's utility-specific CEP shall be \$80,000.

- b. Sierra Pacific shall submit all of its proposed CEP materials to the Commission's Energy Division for review.
 - (1) The materials to be submitted for review include all of the materials that the utility is planning to use or to incorporate in its printed and spoken materials to reach its customers, the general public, or the media.
 - (2) The utility may submit the materials to the Energy Division in stages as the materials are developed.
 - (3) A cover letter containing the information described in this decision shall accompany each submission.
- c. Sierra Pacific is authorized to establish an IRMA to track its expenditures related to its utility-specific CEP that occurred on or after March 31, 1997. Sierra Pacific shall file an advice letter establishing its IRMA within 30 days from today's date.
- d. Expenditures up to the authorized funding level of \$80,000 shall be presumed to be reasonable, unless the contrary is shown by someone challenging the expenditures, or if the process for reviewing the impartiality of the CEP messages detects biased messages.
 - (1) The recovery of the amounts tracked in the IRMA shall be recoverable from Sierra Pacific's customers pursuant to Public Utilities Code Section 376, in a manner to be determined in the future.
- e. Sierra Pacific shall submit a monthly report to the Commissioners, the Directors of Consumer Services Division and the Energy Division, and the assigned Administrative Law Judge. This monthly report shall be due on the 15th of every month beginning September 15, 1997, and shall detail the previous month's CEP activities, the total expenditures for the month by expense categories, and the next month's anticipated activities. The reporting requirement shall terminate on July 15, 1998 unless extended by a ruling or by Commission decision.
- f. Sierra Pacific shall include the bill insert described in Ordering Paragraph 11 of D.97-08-064 in its monthly bill as soon as practicable.

3. The motion of San Diego Gas & Electric Company (SDG&E) seeking authorization to establish its own CEP is granted only with respect to its expenses

associated with the increase in expenses that are related to the increase in staffing for customer service center calls which exceed the already authorized funding amount for customer service center costs.

- a. The information that the service center representatives supply about electric restructuring shall be as impartial and neutral as possible.
- b. SDG&E is authorized to track in its IRMA the increase in expenses that are related to the increase in staffing for customer service center calls which exceed the already authorized funding amount for customer service center costs.
- c. SDG&E shall be required to maintain a list or log of the number of calls fielded by its customer service center, the general issue or issues raised by the customer, and a comparison of the number of calls handled on a monthly basis in comparison to the number of calls handled during the same months for the last three years.
- d. SDG&E shall submit this list or log, together with a summary of the amounts booked to the IRMA for these activities, with the Commission's Energy Division and Consumer Services Division on January 30, 1998, July 30, 1998, and January 30, 1999. This report need not be served on the service list to this proceeding, but shall be made available by SDG&E upon request.

4. Pacific Gas and Electric Company (PG&E) is authorized to track in its IRMA the increase in expenses that are related to the increase in staffing for customer service center calls which exceed the already authorized funding amount for customer service center costs.

- a. The information that the service center representatives supply about electric restructuring shall be as impartial and neutral as possible.
- b. PG&E is authorized to track in its IRMA the increase in expenses that are related to the increase in staffing for customer service center calls which exceed the already authorized funding amount for customer service center costs.
- c. PG&E shall be required to maintain a list or log of the number of calls fielded by its customer service center, the general issue or issues raised by the customer, and a comparison of the number of calls handled on a monthly basis in comparison to the number of calls handled during the same months for the last three years.

- d. PG&E submit file this list or log, together with a summary of the amounts booked to the IRMA for these activities, with the Commission's Energy Division and Consumer Services Division on January 30, 1998, July 30, 1998, and January 30, 1999. This report need not be served on the service list to this proceeding, but shall be made available by PG&E upon request.

5. The Commission shall delegate to its Energy Division the responsibility to review the submitted CEP materials for technical accuracy, and for ensuring that the proposed materials are unbiased and neutral.

- a. The Energy Division shall have 10 days from the date of receipt by the Commission to review the draft CEP materials.
- b. If the Energy Division determines that the submitted materials are technically inaccurate or biased, the Energy Division shall notify the utility of this within the 10-day time period.

6. The Energy Division shall be directed to work with SDG&E and PG&E to develop the format of the list or log of calls handled by the customer service centers of SDG&E and PG&E.

This order is effective today.

Dated August 1, 1997, at San Francisco, California.

P. GREGORY CONLON
President

JESSIE J. KNIGHT, JR.

HENRY M. DUQUE

JOSIAH L. NEEPER

RICHARD A. BILAS

Commissioners