ELECTRIC CUSTOMER CHOICE
AND
COMPETITION ACT OF 1999
REPORT TO THE JOINT CHAIRMAN

CONSUMER EDUCATION PROGRAM:
SECOND YEAR PERFORMANCE REPORT AND
THIRD YEAR PLAN

THE MARYLAND PUBLIC SERVICE COMMiSSiON
September 2001

In 1999 the General Assembly enacted the Electric Customer's Choice and Competition Act ('the Act"). The Act authorized the Governor to submit a budget amendment of up to $6 million for fiscal year 1999 and required the Public Service Commission ("the Commission") to use the funds to conduct a Statewide consumer education campaign dcscribing the changes in retail electric service within Maryland. (Public Utility Companies Article, Section 7-505). The Act provided for a consumer education program lasting up to three years, concluding with the fiscal year ending June 30. 2002. The Act also provided for a maximum funding level of $18 million for the three year life of the education program.

Pursuant to this mandate, the Commission awarded a contract to Noble Steed Associates (the contracting agent for the consortium of High Point FranklinlNoble Steed) to implement a three-year Statewide Electric Consumer Education Program ("Program"). Under the terms of the contract, the funding level was established at $5.6 million for the first year. Due to the slowness in market development and the length of transition periods to fully implement customer choice, funding for the second year was established at $2.8 million, and $2.67 million for the third year. Thus, the contract costs for the entire three years will not exceed $11.07 million. The contract requires a media plan for all three years.

The Act also provided for annual reports to the Governor and the General Assembly by the Commission regarding certain aspects of the Program. The first such report was submitted in September 1999. The second report was submitted September 2000. The Commission is now submitting the third report per the law and the further request of the Joint Chairmen. The Joint Chairmen's information request requires the report address:

1. The statistics and analysis of the current level of competition in the residential markets;
2. The performance of the program in the second year; and
3. A plan for the third year of the program.

II. CURRENT LEVEL OF COMPETITION

Supplier activity is increasing in Maryland's electric power industry. However, the market will take time to fully develop and mature. Presently there are 39 licensed electric suppliers in Maryland. Only two suppliers, Pepco Energy Services, Inc. and Washington Gas Energy, Inc. have an offer out to residential consumers, allowing customers to contract for electricity supply from a company other than their utility. It is anticipated that the electric retail market in Maryland will continue its evolution slowly as the Transition period extends to 2008. The consumer education program proposed will continue to provide the Commission with the flexibility to adjust to the evolving market place during the third year of the consumer education campaign.

The pace of market development has been slower than anticipated in Maryland as it has been in most states that have opened their electric markets to competition. As a result, some have questioned continuing consumer education in Maryland during 2002, at least as currently configured. Yet, from a consumer's need to understand the issues associated with electric restructuring, the Commission believes it continues to be necessary to present consumers unbiased information. The campaign will continue to be the place to turn for accurate, unbiased information and for answers to the many questions consumers still have.

The Pepco service territory continues to show alternative supplier enrollment and load growth. The other utilities continue to move slowly. Potomac Electric Power has 42,526 residential accounts served by electric suppliers and 6,274 businesses with 34% of load being provided by suppliers. Baltimore Gas & Electric has 17 residential accounts served by electric suppliers and 278 businesses with 1.2% of load. Maryland overall has a total enrollment of 2 1/2% with an overall load size of 5.7%.

III. SECOND YEAR PROGRAM PERFORMANCE AND CAMPAIGN TO DATE SUMMARY

For the first two years of the Maryland Public Service Commission's Consumer Education Program, three primary objectives have driven all actions and decision-making. These obj ectives include:

- Educating Maryland electric consumers about the changing electric industry.
- Assisting consumers in making informed choices in the new marketplace.
- Delivering clear, concise, and unbiased information.

The achievements of the campaign throughout its first two years are based on the objectives discussed above and have been focused in the areas of media relations, paid

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advertising, educational materials, community-based outreach, campaign research and measurement and educational literature distribution.

Media relations have been effectively used to begin a dialog with all aspects of media. The paid advertising component has been used to build and establish consumer awareness with regard to the changes occurring in the electric industry, direct consumers to call the Answer Center with questions. encourage requests for the Consumer Guide and other educational materials, and direct consumer access to the web site, www.mdelectric-info.com.

The Answer Center has received 60.071 calls through May 31, 2001. Of these calls, 27,256 were forwarded to a live representative for response to questions or concerns.

Campaign Web Site activity to date includes:

2.416,638 hits

155,431 visits

246,463 page views

30,638 unique visitors.

Literature distribution as of May 31, 2001 included:

Answer Center orders for Consumer Guides:	41,889
Web downloads of Consumer Guide:	43,217
CBO orders for Consumer Guides:	38,094
Total Consumer Guides:	119,914
Other CBO brochure orders:	36,012

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Community Based Outreach to date has met with more than 165 community groups and organizations, has provided approximately 55 presentations on electric restructuring or the Electric Universal Service Program, conducted more than 85 train-the-trainer sessions to equip community groups with information, and has attended more than 50 other events to hand out literature or answer consumer questions.

IV. YEAR THREE PROGRAM PLAN

While the exercise of choice in Maryland is still relatively small, it is fair to say that Maryland consumers today are more aware of energy issues, particularly those associated with electricity. In fact, the percentage of customers choosing to switch is not the goal of this education program. It is to provide the necessary information to allow them to make an informed choice, which includes remaining with the existing company.

While customers choosing to switch is not a wide spread reality yet, questions and concerns about electric energy in Maryland have elicited significant activity. The Year Three Plan provides specific recommendations on how to meet customer needs for information and changing needs within the campaign structures already in place, while conserving public dollars.

Year three will continue media relations activities, news releases, continued use of unbiased campaign educational materials, feature articles, op-ed pieces and speakers bureau presentations. The advertising strategy in Year Three will focus on providing periodic updates to the community in the form of advertorials on electric choice,

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combined with “quick response” ads addressing critical issues emerging in the public

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discussion that need to be clarified. Very simple brochures may be developed to address certain issues if they emerge in the media and require clarification.

The Commission remains hopeful that, once wholesale energy prices decline, additional electric choice offerings will occur across all service territories in Maryland. This will actually give more customers the opportunity to consider their options relative to choice.

V. FUTURE NEEDS FOR ELECTRIC EDUCATION IN MARYLAND

While the Joint Chairmen have not requested an assessment of the future needs for electric education in Maryland, the Commission believes it would be remiss in not including this assessment.

The Electric Choice Enrollment monthly report indicates only a very gradual increase in electric choice enrollment in Maryland with the majority of that increase occurring primarily in one service territory. However, it should be noted that increases are expected each year. Rate caps will end in 2006 for Baltimore Gas and Electric Company ("BGE"), 2004 for Potomac Electric Power Company ("PEPCO"), 2004 for Delmarva Power and Light Company ("Conectiv") and 2008 for The Potomac Edison Company dba Allegheny ("Allegheny"), and at that time the utilities or whoever is the ultimate provider of standard offer service are expected to seek rate increases for standard offer service. This will naturally result in more suppliers being able to economically enter the market place, and we will see more offers from the licensed suppliers to customers.

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The Commission has continually adjusted for efficiency and market conditions in the administration of electric consumer education dollars. The Commission used considerably less than the $6 million the Legislature authorized for the first year, and further reduced the expenditures in year two and also for year three. The Commission recognized that the limited number of supplier offers in the Maryland market place, and the extended transition periods necessitated the reduction of the authorized contract amount for year 3 from $2.67 million to a present contract amount of *$2.559* million. However, the Commission believes, and experience shows, the failure to continue some education information for some period always results in an overall decline in customer retained basic information. To stop now, particularly when choice just started in both the SMECO and Choptank territories July 1, would be counter productive to eventual success. Within a year's time, education efforts would have to start from scratch and eventually prove more costly.

VI. CONCLUSION

The challenge now facing the campaign and State decision makers is how best to sustain these gains and manage consumer concerns as the national energy debate remains "center stage" over Year Three of the campaign.

The Commission therefore perceives a need to be able to respond with continued education for Maryland consumers. Several events support the need to continue including: extended transition periods, slowly evolving markets, the chaos and unnerving

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events in California, and substantial unrest created by FERC's recent distabilization affecting the PJM interchange

The Commission also suggests that the General Assembly, for all the reasons mentioned above, give consideration to extending the Consumer Education Program for up to an additional three year period. Since the three year program will expend only $12 million of the originally suggested $18 million, legislation could extend the time frame for which the PSC could utilize these dollars.

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Graphic Illustration of Key Findings

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Maryland Public Service Commission

Future Needs For Electric Education In Maryland

Anticipating/planning for the future

- As a competitive electric market evolves, it is important to assess and address the ongoing needs
- Third quantitative consumer survey provides insight and clarity into on-going needs of Maryland consumers

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Opinion Dynamics

Key Impressions That Have Impacted Opinion

Resulting Opinions

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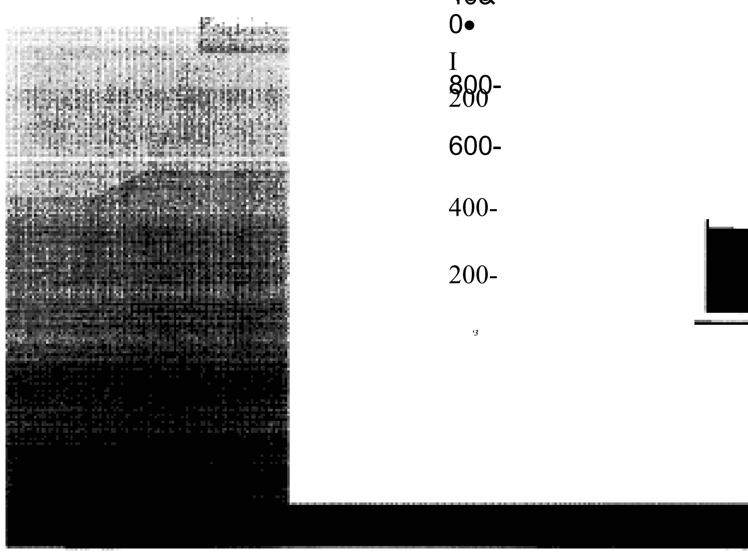

Key Impressions

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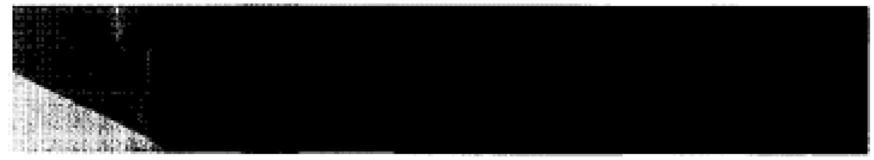
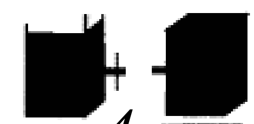


California Energy Crisis

CA



All Impressions

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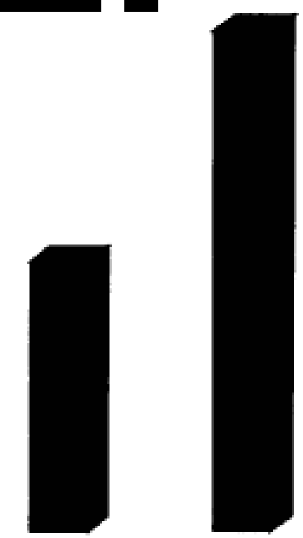

Key Impressions

Content Analysis

Market

Aggregatior

Rates Going U

Universal Service

Benefits

Resource type

Deregulation - Bad ide

Other States' Experienc

Standard Offe

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CA vs MD California Critical

Neutral Supportive Total:

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Favorable Impressions

Mostly From Campaign Advertising And PR

Key Impressions

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Infrastructure

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Choice - Change/Sta Other States’ Experienc

Business Benefit

Divestiture

Deregulation . Good [d.

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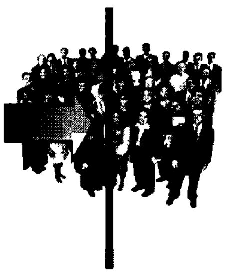
Key Impressions



Critical	Impressions	
Mostly California...		Rel/Service/Safety
		Rates Going Up
		Capacity
		Rates/Savings
		Market Development
		Deregulation - Bad Idea Infrastructure
		Divestiture
		Benefits

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Business Benefits

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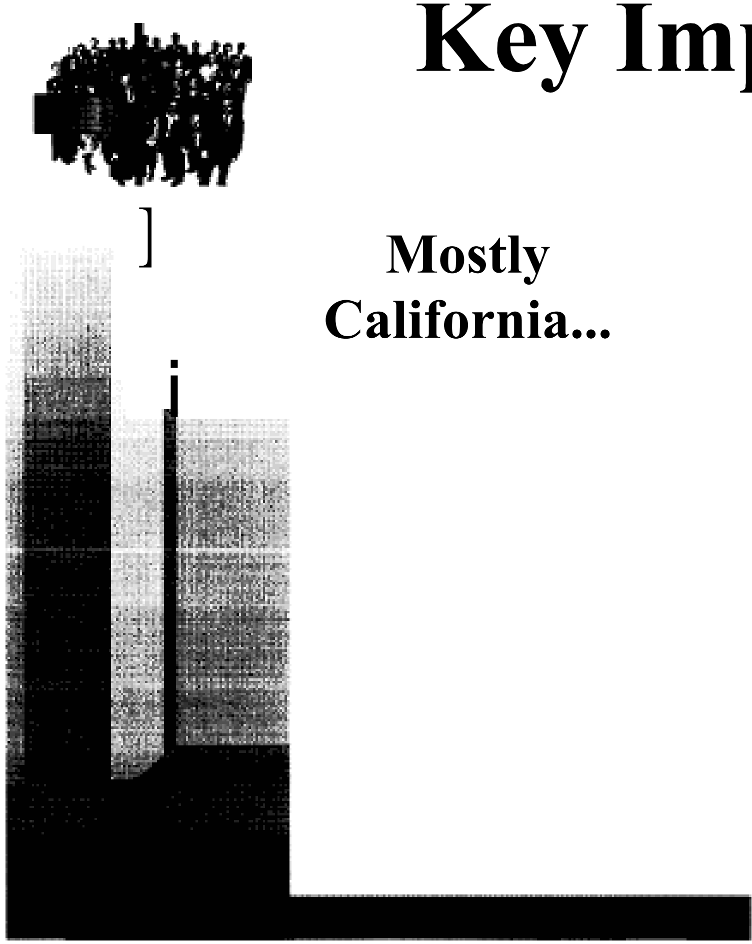
Key Impressions



Mostly California...

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Capacity

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Rates/Saving.
Resource type
Rates Going U

Other States' Experienc C~J

Benefits ~

Standard OtTe
Questionable Business Practi(

Divestiture ~

Business Benefii 0

Stranded Costs

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Key Findings

The more MD consumers have heard of California, the less reliable they believe the system will be under competition.

	Heard A Great Deal	Moderate	Little	Nothing
More Reliable	16%	16.7%	32.5%	28.6%
Less Reliable	25%	18.9%	17.5%	11.4%

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Key Findings

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Majority of ratepayers are concerned California crisis could happen in

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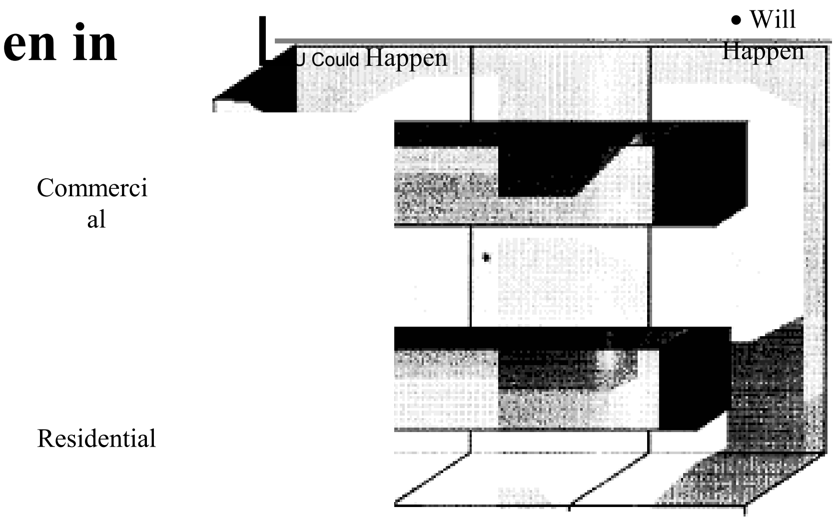

MD

Key Findings

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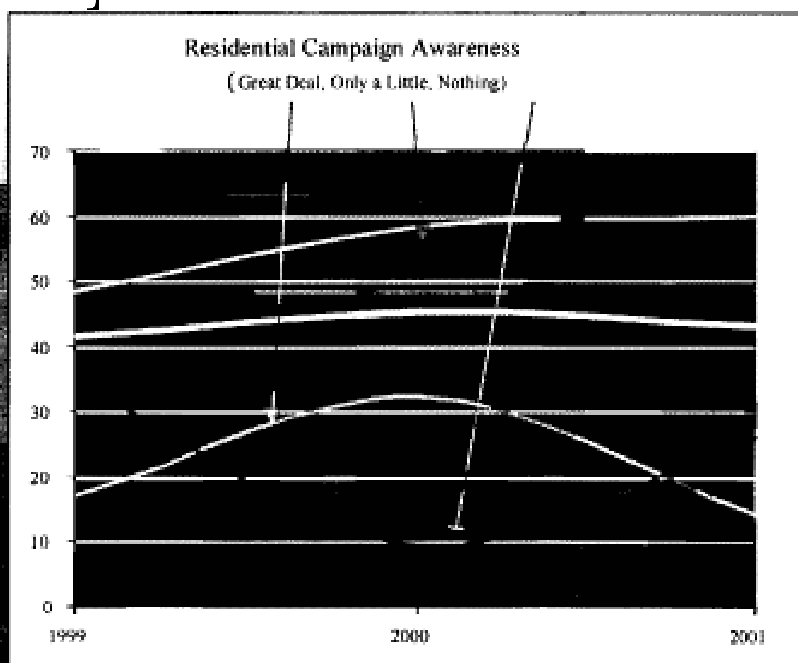

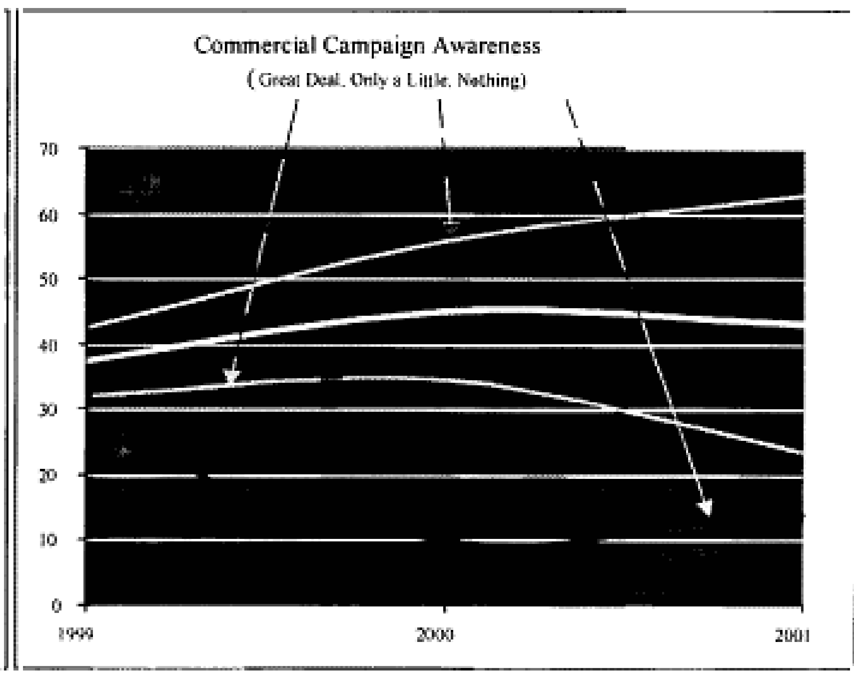

0% 20% 40%

60%

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Awareness Directly Proportional to Campaign Activity

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Key  Findings

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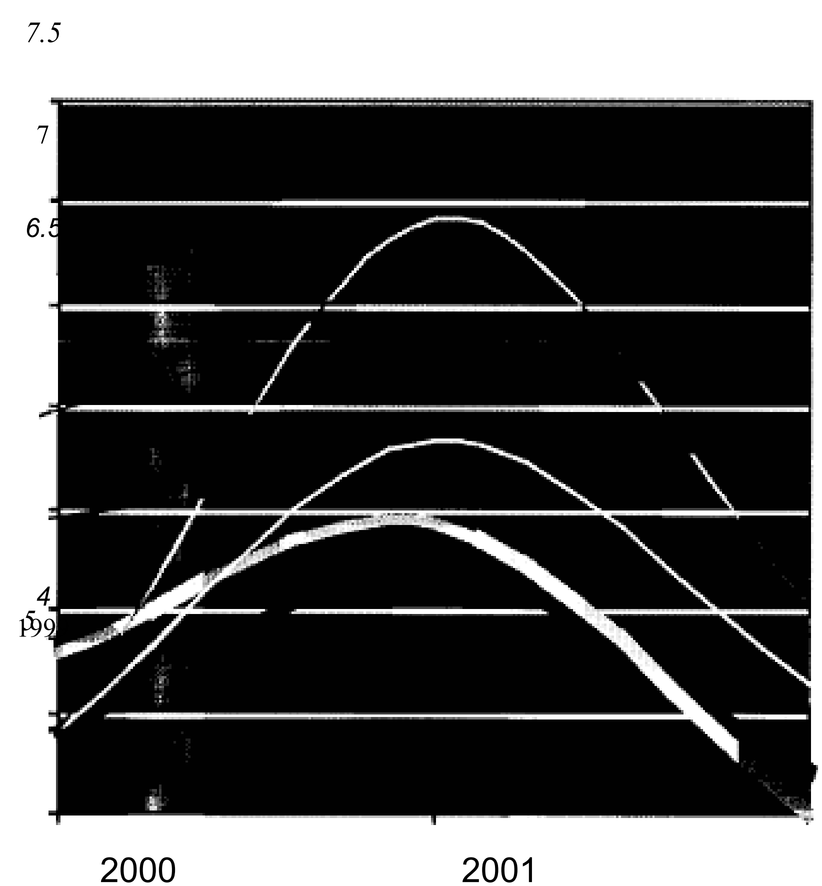

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Decline in

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Real Knowledge

Residential Guide

Residential PR—

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epositioning The lectric Education Process

- Must reconfigure itself to support consumers in an environment never anticipated
- Help consumers understand continuing change in Nation's and Maryland's energy markets throughout an extensive transition period
- Provide specific information to consumers in each utility service territory when they transition to a competitive market place

lectric Education Mission

- *"The mission of the Consumer Education Program is to educate Maryland electric consumers about the changing electric industry in order to assist them in making informed choices in the new marketplace."*

- ***"The delivery of clear, concise, unbiased information is critical to the successful transition to a fully competitive market."***

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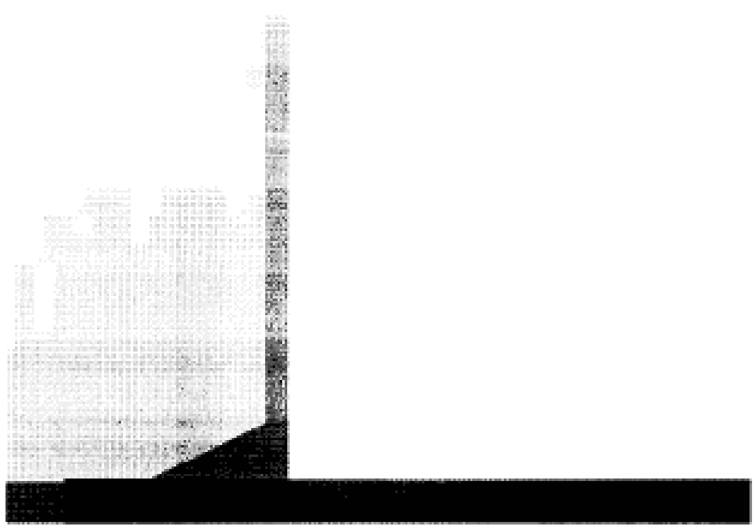
Long Term Objective

Maintain a balanced and informed public opinion regarding the ultimate transition to a competitive electric market.



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Two Long Term Strategies - #1

- Continue low-to-medium level of expenditures
  for Year 3 (2002)
  - Keep tools visible - web site and answer center
  - Capitalize on issues - using press releases and articles
  - Infomercial "Reports to Maryland" - paid advertising (significantly reduced level)
  - Conserve financial resources

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egies - [redacted]

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Two

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Long Term Strat'

Short duration, integrated educational campaigns in 2004 targeted to customers of each utility as transition service ends:

- **Engage consumers when its relevant**
- **Target Conectiv, Pepco, SMECO & Choptank**
- **Direct mail the consumer guide**
- **Use regional PR, advertising, & outreach to**

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raise awareness that guide is coming

D ct consumers to web site & answer ctr

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Two Long Term #2 cont'd

- In 2005 move back to a maintenance mode
- In 2006 prepare for final short duration, integrated educational campaign for BGE customers as transition service ends:
  - Direct mail the consumer guide
  - Use regional PR, advertising, & outreach to raise awareness that guide is coming
  - Direct consumers to web site & answer center

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Survey of Residential and Commercial Electric Customers

Submitted to:

High Point . Franklin / Noble Steed on

behalf of:

State of Maryland
Public Service Commission

Submitted by:

R. Kelly Myers Director of Research

RKM Research and Communications, Inc.

September 17, 2001

Maryland Public Service Commission:

Table of Contents

Methodology

Conduct of the Survey

The results of this report are based on a telephone survey commissioned by High Point . Franklin / Noble Steed on behaif of the Maryland Public Service Commission. The surveywas administered by RKM Research and Comrrunications and Bay Area Research, August 27 . September 9, 2001. Random probabilistic techniques were used to select residential and commercial electric consumers to ensure that the results of the research are fully representative of both populations.

Residential Consumers

Screening questions at the beginning of the interview were used to ensure that the survey only includes household decision makers who are at least 18 years of age. Residential consumers who work for a natural gas, propane, oil, gas or electric company were excluded from the study.

The survey is based on cormlete and useable interviews with 607 residential conaimers. The maximum margin of error for the survey of 607 residential consumers ~ *+1-* 4.0 percent at the 95 percent confidence level. That means, in theory, in 19 times out of 20, the results found in the sample will differ L~' no more than plus or mrius 4.0 percentage points in ether direction from what would be obtained by intervewing all residential wnsumers in Maryland.

Commercial Consumers

Screening questions at the beginning of the interview were used to ensure that the survey only includes business decisbn makers from compani~ that have at least 10 emplo~ees.

The survey is based on complete and useable interviews with 201 commercial consumers randomly selected from the entire state of Maryhnd. The maximum margri of error for the survey of 201 commercial consurrers is *+1-* 6.9 percent. That means, in theory, in 19 times out of 20, the results found in the samp~ will differ by no mcre than plus or minus 6.9 percentage points in either direction from what would be obtained by interviewing all commercial electric consumers in Maryland that have at least 10 employees.

Survey Administration

The survey was admini~ered using a computer-as~sted telephone interviewng (CATI) system. The CATI system allows data to be entered directly into a computerized database as interviews are conducted, providing a h~hly reliable system ci data collection. Two ~ntral polling facilities (RKM Research and Comnunications in Portsmouth, NH and Bay Area Research n Randalistown, MD) were used to admin~ter the survey. All nterviews were conducted L~' paid, trained and professionally supervised interviewers.

Data Analysis

The results presented in tNs report include univanate and bivariate analyses of the data. Frequency distributions for each item included on the questionnaire are shown in the detailed tables. In all cases, cross-tabulation results are also shown. This type of bivariate analysis examines differences between subgroups of the overall popiiation.

In cases where crosstabuhtion results are presented, a *chi-square* test, an *independent t-test for means,* or a *Z-test for independent percentages* is shown. A *chi-square* test is used in cases where comparisons are made for categorical variables. A *t-test* is used in cases where comparisons are made for measurement variables. A *Z-test* is used in cases where wmparisons are made between independent population percentages.

The purpose of these statistical tests is to determine whether or not the observed difference between subgroups in the sample is due to sampling error or whether it is due to a real difference in the population. When the r~ults are statisticaly significant, it stmngly suggests that the observed difference between sibgroups found in the sample is due to a real difference in the population, and not due to sampling error.

A *chi-square* significance level of .05 indicates significance at the 95 percent level. In other words,
it is 95 percent likely that the results are due to a real difference between cormarison subgroups.
A *chi-square* significance level of .01 indicates significance at the 99 percent level. When a *t-test*
or a *Z-test* is shown, lower- and upp&-case letters indicate significance at the 90 and 95 percent
levels respectively.

Executive Summary

- The research identifies 2 important trends that have affected consumer views toward electnc competition in Maryland in the past year.

  - First, fewer residential and commercial customers have seen any paid (i.e., advertising) or earned (i.e., public rebtions) media on the topic ci electric competition.

  - Second, nearly all residential and commercial e~ctric customers have heard about the electric situation in California.

- The combination of these 2 tl~nds have resulted in the folbwing:

  - *Awareness* of electric competitbn in Maryland has dropped armng residential and commercial customers.

  - *Interest* in electric competitbn in Maryland remains relatively strong, but has fallen in the past year.

  - *Real knowledge* about electric competitbn in Maryland has dropped an~ng residential and commercial custom&s. Real knowledge increased between 1999 and 2000, but decreased in 2001. It should be emphasized, however, that the consumer guide, public relations and advertising are effective ways to educate consumers.

  - Maryland consumers are more wary about the potential problems associated with electric competition. Many consumers continue to express a positive view toward electric competition, but there is a growing number of resdential and commercial customers who think competition is a *bad idea,* or are *unsure* about its impact.

  - There is only a small number of residential and commercial customers who think that what happened in California wil happen in Maryland. But the situation in Californb has raised questions for consumers, and there is much more un~rtainty about electric wmpetition.

  - Many residential and commercial customers in Maryland are familiar with the term “transition period,” but the overwhelming maprity are unsure of the chan~s that will occur when the transition period ends.

  - Overall, the research ridicates that a growing number of residential and comm&cial customers are uncertain about electric competition, and do not understand how they will be impacted.

California Situaflon

The California situatlon continues to eclipse events In Maryland

Respondents were asked if th~' have heard anything about the supply of electricity in tie past 6 months. The results indK~ate that consumers recal more information about the California situation than the introduction of electnc competition in Maryland.

Residential Customers

Using an open-ended format, 38 percent of residential cu~omers said that they recall hearing or seeing something about *electricity shortages in California,* and an additional 8 percent have heard about *deregulation in California.* Only 19 percent of residential customers said that they have heard or seen something about the *introduction of electric competition in Matyland* in the past 6 months. Thirty-seven percent of residential customers *did not recall* hearing or seeing anything in the news about the supply of electricity in the past 6 months.

Commercial Customers

Using an open-ended format, 43 percent of commercial customers said that they I~call hearing or seeing something about *electricity shortages in California,* and an additional 12 percent have heard about *deregulation in California.* Only 28 percent of comrrercial customers saki that they have heard or seen something about the *introduction of electric competition in Maiy~nd* in the past 6 months. Twenty-three percent of commercial customers *did not recall* hearing or seeing anything in the news about the supply of electricity in the past 6 months.

Awareness of the California situation remains high

Residential Customers

Residential customers were asked how much they have heard about the electric situation in California. Awareness of the California situation is higher than awareness of electric competition in Maryland. Fifty-one percent of residential customers have heard *a great deal* about the electric situation in Californ~, while an additional 30 percent have heard a *moderate amount.* Only 6 percent of residential customers reported that they have heard *nothing at all* about the situation in California.

Commercial Customers

Commercial customers were asked how much they have heard about the electric situation in California. Again, awareness of the California situation is higher than awareness of electric competition in Maryland. Forty-nine percent of commercial customers have heard *a great deal* about the electric situatc,n in California, whib an additional 37 percent have heard a *moderate amount.* Only 3 percent of commercial customers repo~ed that they have heard *nothing at all* about the situation in Caliirnia.

Customers remain cautiously optimistic

Respondents were asked how likely it is that what has happened in California will happen in Maryland following the introduction of electric competition. The results indicate that customers are cautiously optimistic that Maryland will a~oid the problems that have ocwrred in California.

Residential Customers

Thirty-eight percent of residential customers said that the problems in California *will not happen* in
Maryland, and an additional 10 percent are *unsure* whether Maryland will or will not experience
similar problems. Only 4 percent of residential customers think that what has happened in
California *definitely will* happen in Maryland, and about one-half (48%) think that the problems in
California *could happen* in Maryland.

Commercial Customers

Thirty-seven percent of commercial customers said that the problems ri California *will not happen* in Maryland, and an additional 10 percent are *unsure* whether Maryland will or will not experience similar problems. Only 7 percent of commercial customers think that what has happened in California *definitely will* happen in Maryland, and about one-half (47%) think that the problems in California *could happen* in Maryland.

These results suggest that many residential and commercial customers, including those who are most familiar with the California situation, have not dismissed the possbility that the problems that have occurred in California could also occur in ~ryland. Of course, only a small number of residential and commercial customers think that the same problems *definitely will* occur in Maryland. In other words, many consumers expressed a cautious view that what happened in California *could* happen in Maryland, but few Ihink it is highly probabb.

Awareness and Interest

Awareness of electric competition has dropped sharply

Awareness of the introductbn of electric competit~n increased sharply between 1999 and 2000, but has dropped in the past year.

Residential Customers

In the 1999 benchmark survey, 17 percent of residential aistomers said that they had heard a *great deal* about the introduction of electric competition. That figure increased to 32 per~nt in the 2000 poll, but has dropped to 14 percent in the most recent poll. The percentage of resident~l customers who said that they have heard *nothing* about the introduction of electric competition increased from 9 percent in 2000 to 26 percent today.

The primary sources of information about the introduction of electric competition are *newspaper advertisements* (27%) and information sent to consumers from *local utility compan~s* (17%), such as a bill insert. The number of residential customers who recalled a *television commercal* about electric competition dmpped from 39 percent in 2000 to just 11 percent in 2001.

Commercial Customers

In the 1999 benchmark survey, 32 percent of commercial customers said that they had heard a *great deal* about the introduction of electric competition. That figure increased by 3-porits in the 2000 survey, but has dropped back to 23 percent today.

Similar to residentbl customers, the primery sources of informa~on about the introduction of electric competition ai~ *newspaper advertisements* (42%) and information sent to consumers from *local utility compan~s* (15%), such as a bill insert. Seventeen percent of commercial customers said that they recalled heanng something about the introduction of electric compet~ion on a *radio advertisement.* The number of commerdal customers who recalled a *television commerc~l* on the topic of electric compeUtion dropped from 63 percent in 2000 to just 16 percent ri 2001.

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Where customers would look for Informatlon about electric competition

In addition to asking customers where they recall reading or hearing something abait the introduction of electric competition in the past year, customers were also asked where they wou ld look for information if they wanted to learn more ri the future.

Residential Customers

The largest bloc of resijential customers said lhat they would look on the *Internet* (34%) for information if they wanted to learn more about the intioduction of electric corr~etition. Seventeen percent of residential customers said that they wouki look for information ri a *newspaper,* and 15 percent would turn to their *current local utility*

Most residential customers (72%) have access to the Internet from home, work or both. Commercial

Customers

The largest bloc of commercial customers saki that they would look on the *Internet* (47%) for information if they wanted to learn more about the introduction of electric corr~etition. Eight percent of commercial customers said that they would look for informatbn in a *newspaper,* and 10 percent would turn to their *current local utili~,'.* Five percent of comm&cial customers saki that they would turn to a businessorganization if they wanted to learn more about elect~c competition.

Most commercial customers (99%) have access to the Internet from home, work or both.

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Support for electric competition has eroded somewhat

Residential Customers

The 1999 benchmark survey ~iowed that 66 percent of residertial customers thought that the introduction of electric competition in Marybnd was a good *idea.* That figure was 62 percent in 2000, and is down to 47 percent today. The percentage of residential customers who think it is a *bad idea* has grown from 13 to 22 percent. Interestingly, nearly one-third of residential customers are *unsure* (31%) if electric competition is a good or bai idea.

Commercial Customers

Similar to resident~l customers, the views of commercial customers have also drifted down~rd, but not as sharply. In 1999, 71 percent of commercial customers thought electr~ competition was a *good idea.* That figure dropped 13-points in 2000 (58%), and is 54 percent today. Interestingly, the percentage of commerc~l customers who think that it is a *bad idea* has increased 7-points to 22 percent today.

A list reasons why some residential (22%) and commercial (22%) customers think electric competition is a *bad idea* is shown in Table 1.

Table 1
why Some customers Think Electric Competition is a Bad Idea

	Residential (22%)	Commercial (22%)
The problems in CA wil occur in Maryland	25%	22%
Will notwork / wil be less efiiciait	21	11
Bad experience w~h the deregubtion of~lephone	10	14
Rates wiligo up	22	24
Nothing wrong wth the current system	14	19
Other	8	10
	N~133	N=45

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Interest in electric competition continues to wane

The results indicate that fewer residential and commercial customers hold a positive view toward the introduction of electric competition. Since the 1999 survey was conducted, more customers have slipped into the “unsure” category, suggesting that a small, but growing number of customers do not think that they fully understand how they will be affected by competition, and therefore are less likely to express a positive view, Addlional support for this nnclusion can be found by looking at the drop in interest in competition among residential and commercial customers.

Residential Customers

In the 1999 benchmark survey, 46 percent of residential aistomers reported that they were *vet’, interested in* the idea of being able to chocse an electric supplier. That figure dropped to 34 percent in 2000 and is now only 20 percent.

Commercial Customers

In the 1999 benchmark survey, 49 percent of commercial customers reported that they were *vet’, interested in* the idea of being able to cho~e an electric supplier. That figure dropped to 43 percent in 2000 and is now only 28 percent.

These results generally suggest that interest in the ~1ea of electric competitbn has drifted downward. There has not been a sharp increase in the percentage of residential and commercial customers who say that they are *not interested* in electric competition. Rather, customers are simply less enthusias~c about competition, and maiy have moved from saying that they are *vet’, interested* to saying that they are only *somewhat interested.*

Information about Electric Competition

Recall of paid and earned media on the topic of eiecb'lc competition

Paid media exposure

Respondents were asked whether they have seen, read or heard any type of *advertising* about the introduction of electric competition in Maryland in the past 6 months. For the purpose of analysis, this is considered exposure to *paid media.*

Earned media exposure

Apart from any commercials or paid advertising, respondents were also asked whether they have read or heard any *news stories* about electric competitbn in a newspaper, radio oron television. For the purpose of analysis, this is considered exposure to *earned media.*

Residential customers

Paid Media

Exposure to paid media has dropped in the past year. In 2000, about two-thirds of residential customers (67%) said that they had seen or heard some type of advertising regarding electric competition. That figure has dropped to 47 percent in the most recent poll (down 20-points).

Earned Media

Exposure to public relatbns (i.e., news stories about electric competitbn) has also dropped. In 2000, 47 percent of residential customers said that they had seen, read or heard a news gory or article on electric wmpetition. That figure dropped to 39 percent in the most recent poll (down 8-points).

Consumer Guide

Only 9 percent of resident~l customers said that th~ have obtained a copy of the consumer guide from the Maryland PublK~ Service Commissbn. This figure is idenkal to the figure found in the 2000 survey (9%).

Commercial customers

Paid Media

Exposure to paid media has dropped in the past year. In 2000, 81 percent of commercial customers said that they had seen or heard some type of advertising regarding electric competition. That figure has dropped to 53 percent in the most recent poll (down 28-points)

Earned Media

Exposure to public relatbns (i.e., news stories about electric competitbn) has also dropped. In 2000, 53 percent of commerc~l customers said that they had seen, read or heard a news story or article on electric nmpetition. That figure dropped to 42 percent in the most recent poll (down 11-points).

Consumer Guide

Only 10 percent of commercial customers said tInt they have obtained a copy of the consumer guide from the Maryland Public Service Commission. This figure is much lower than the figure found in the 2000 survey (20%).

Overall campaign exposure

Residential Customers

Fifty-nine percent of residential customers have seen some type of paid or eamed media regarding the introduction of electnc competition, down from 78 percent in 2000. Twenty-seven percent of customers have seen paid media (i.e., any type of advertising) *and* earned media (i.e., articles in newspapers or stories on the television news), and 36 percent of residential aistomers have not seen any paid or earned media regarding the introduction of ebctric competition.

Commercial Customers

Sixty-three percent of commercial customers have seen some type of paid or earned media regarding the introduction of electric competition, down from 87 percent in 2000. Thirty-two percent of customers have seen paid media (i.e., any type of advertising) *and* earned media (i.e., articles in newspapers or stories on the television news), and 33 percent of commercial customers have not seen any paid or earned media regarding the introductbn of electric competitbn.

MDPSC Web site

Customers were asked ~ they are aware that there ~ a website that consumers in Maryland can use to get information about electric competition. Twenty-seven percent of residential customers (and 26 percent of commerdal customers) are *aware* that there is a website that they can use. When asked how likely it is that they would use the website in the future if they were interested in getting more information about electric competitbn, 28 percent of residential customers said that they *definitely would* use the website, and an additional 30 percent said that they *probably would.* Forty percent of commercial customers said that they *definitely would* use the website, and an additional 38 percent said that they *probably would.*

MDPSC Answer Center

Customers were asked if they are aware that there is an answer center that consumers in Maryland can use to get information about electric competition. Nineteen percent of residential customers (and 17 percent of commercial customeis) are *aware* that there is an answer center that they can use. When asked how likely it is that they would call the answer center in the future if they were interested ~ getting more informatbn about electric competi~on, 20 percent of residential customers said that they *definitely would* use the answer center, and an aiditional 40 percent said that they *probably would.* Twenty-five percent of commercial customers said that they *definitely would* use the answer center, and an additional 41 percent said that they *probably would.*

Transition Period

Key terms

Consumers were asked whether or not they are familiar with key terms, including “standard offer” and “transition period.”

Only 11 percent of residential customers are familiar with the term “standard offer.” However, many residential customers (47%) are famliar with the term ‘transition period.”

Similar to residential customers, only 11 percent of commercial customers said that they are familiar with the term “standard offer.” But again, many commerdal customers (60%) are familiar with the term ‘tran~tion period.”

The end of standard offer

Residential Customers

Very few residential or commercial customers are aware when standard of~r ends. Eighty percent of residential customers said that they do *not know* when standard offer ends, and an additional 17 percent are *unsure* when it ends. Only 3 percent of residential customers said that standard offer ends in 2001, 2002 or 2003.

Commercial Customers

Eighty-three percent of commercial customers said that they *do not know* when standard offer ends, and an additional 13 percent are *unsure* when it ends. Only 4 percent of commercial customers said that standard offer ends in 2001, 2002 or 2003.

The end of the transition period

Consumers were also asl~d whether they will conThue to receive electricity from their current local utility when the transi~on period ends, or whether they will be placed in de~ult service.

Residential Customers

About one-third of resident~l customers (32%) think that they will con~nue to receive electridty from their *current local utility* and only 4 percent said that they will be placed in *default service.* Nearly two-thirds of residential customers (64%) are *unsure* what will happen when the trsnsition period ends.

Nine percent of residenti~ customers think that the rate they pay for electncity will continue to be *regulated by the Public Setv,ce Commission* when the transition period ends, and 20 percent think that the rate will be *determined by market fones.* Seventy-one percent of residential customers are *unsure* how electric rates wil be determined.

Commercial Customers

About one-third of commerdal customers (32%) think that they will continue to receive electr~ity from their *current local utility* while only 5 percent sakd that they will be placed n *default service.* Again, nearly two-thirds of commercial customers (63%) are *unsure* what will happen when the transition period ends.

Eight percent of commercal customers think that the rate they pay for electncity will continue to be *regulated by the Public SetMce Commission* when the transition period ends, and 23 percent think that the rate will be *determined by market fones.* Sixty-nine percent of commercial customers are *unsure* how electric rates wil be determined.

Knowledge of Electnc Competition

Current status of electric competition

Respondents were asked how well they understand the current status of electric competition in Maryland.

Residential Customers

Neady one-half of residential customers (49%) said that the current status of electric competition is *not at all* clear An additional 38 percent of residential customers said that it is *somewhat clear,* and only 8 percent said that it is *vet', clear.*

Commercial Customers

About one-third of commerdal customers (35%) said that the current status of electric competitbn is *not at all clear.* An additional 51 percent of commercial customers said that it is *somewhat clear,* and only 11 percent said that it is *very clear*

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Using an open-ended question, respondents were asked what they are most interested in kruwing about the introduction of eleciric competition.

The primary questions that residential customers have about the introduction of electric competition are: *1) what will be different wth the introduction of con?.,etition?* (36%); 2) *how will competition affect electric rates?* (26%); and 3) *what are the implications for consumer protections?* (12%). Commerc~l customers generally identified similar questions. These results are summarized in Tabb 2.

Table 2
If You could Ask any Question iout Eleciric competlion in Maryland what Would you Want to Know?

	Resident~l	commercial
Rates	26%	24%
How much will save?	8	9
will I save money?	5	7
How much will cost me?	13	8
What is different (what has changed)	36%	32%
How will it work?	18	12
When does it start?	7	5
What are my options / choices?	11	15
consumer protectons	12%	70/o
Will anyt,ing be regubted by the s~te?	12	7
Reliability	4%	10%
Is servr~e guaranteed to be reliabb?	1	7
Who handles outages?	3	3
Benefits	8%	11%
How will it beneft customers?	8	11
Unsure / Don't know	14	16

N~607	N201

Self-reported knowledge of the electric industry is moderately low

Residential Customers

Only 8 percent of resident~l customers said that they are *very knowledgeable* about electric competition in Maryland, down 4-points since 2000. An additional 38 percent said that they are *somewhat knowledgeable,* and 49 percent said that they ate *not very knowledgeable.*

Commercial Customers

Eight percent of commercal customers said that they are *very knowledgeable* about electric competition in Maryland, down sharply from the Igure found in the 2000 survey(26%). An additional 45 percent of commercial customers sa~ that they were *somewhat knowledgeable,* and 39 percent said that they are *not very knowledgeable.*

Assumptions and misinformation

In addition to a self-reported measure of knowledge, customers were asked a seres of 10 yes / no questions. The data were gathered in a way that can be used to identify the level of active misinformation about the ritroduction of competition aid the lack of information about competition. For each item, respondents could give the *correct* answer, the *incorrect* answer (i.e., active misinformation) or say that they are *unsure* about the correct answer (i.e., lack of informatbn). When the survey was administered, respondents were encouraged to say that they are unsure if they were uncertain about a correct answer,

In cases where there is a lack of information about a certain aspect of electrn competition, an opportunity exists to provide customers with correct information. In cases where there is active misinformation about a calain aspect of electric competition, a more targeted effort is needed to change assumptions or misinformation about the way electric competition will work.

A summary of results for residential (Table 3) and commercial (Table 4) customers is shown on the next 2 pages.

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Table 3

Knowledge of Electric Competition

Among Residential Customers

	Correct		Incorrect		unsure	
	2000	2001	2000	2001	2000	2001
If a customer d~s not switch to or~ of the new electric power supplieis, that customerwill continue to d~l only with their curient local utility corrpany" (Yes)	88.4%	70.7%	4.8	6.8	6.8	22.6
With the introduction of compe~tion, the pnce of electncity is guaranteed t be lower than the price you pay today? (Yes)	30.2%	29.0%	42.7	49.1	27.1	21.9
With the introduztion of competitbn, the cost to tiansmit and distribute electricity to your home will continue to be regulated by Putlic Service commissim? (Yes)	61.0%	40.4%	8.9	14.8	30.1	44.8
With the introduztion of competiton, customers wll receive more than one electric bill each month? (No)	77.6%	57.5%	10.1	16.6	12.3	25.9
customers will be able to continue to receive electricity the old way by not switching to one of the new electric power suppliers? (Yes)	77.9%	62.9%	5.0	12.5	17.2	24.5
Wth the introduction of competition, the new electric power suppliers will be responsible for repairs of poles and power lines following an outage? (No)	49.7%	28.3%	36.6	34.4	13.7	37.2
In order to switch to one of the new electric power suppliers, customers will be requied to first notifytheir current local utility company? (No)	16.5%	20.4%	52.6	49.6	31.0	30.0
If a customer d~s not switch to ore of the new electric power suppliers, that customerwill eventually be liaced in default power ~rvice? (Yes)	15.5%	19.4%	53.5	37.7	31.0	42.8
Once a customer is placed in default power service, that customer will be ~le to switch to ore of the new electric power suppliers? (Yes)	44.4%	40.5%	14.4	14.2	41.3	45.3
Under the new plan, it will be easier for the electric power suppliers to shut off electric service to residential and business customers? (No)	58.4%	52.6%	17.3	22.9	24.2	24.5
Average correct = 2000 (5.20) and 2001 (4.22)						

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s, Inc.

Table 4
Knowledge of Electric Competition
Among commercial Customers

	Correct		incorrect		Unsure	
	2000	**2001**	**2000**	**2001**	**2000**	**2001**
If a customer d~s not switch to ore of the new electric power suppliers, that customerwill continue to d~l only with their curient local utility con'pany? (Yes)	81.0%	73.6%	6.3	5.0	12.7	21.4
With the introduction of competition, the price of electricity is guaranteed t be lower than the price you pay today? (Yes)	33.7%	20.9%	53.2	**56.2**	**13.2**	**22.9**
With the introdtction of competitbn, the cost to t~nsmit and distribute electricity to your business will continue to be regulated by Pubic Service Commissirn? (Yes)	76.6%	50.2%	6.3	12.9	17.1	36.8
With the introdtction of competiton, customers wil receive more than one dectric bill each morth? (Yes)	30.2%	21.4%	47.8	49.3	22.0	29.4
Customers will be able to continue to receive electricity the old way by not switching to one of the new electric power suppliers? (Yes)	85.9%	66.7%	6.8	6.5	7.3	26.9
With the introduction of competition, the new electric power suppliers will be responsible for repairs of poles and power lines following an outage? (No)	62.4%	39.8%	23.9	19.9	13.7	40.3
In order to switch to one of the new electric power suppliers, custon~rs will be requiied to first notifytheir current local utility company? (No)	23.9%	22.4%	48.3	44.3	27.8	33.3
If a customer d~s not switch to ore of the new electric power suppliers, that customerwill eventually be ~iaced in default power ~rvice? (Yes)	35.6%	18.4%	42.9	40.3	21.5	41.3
Once a customer is placed in default power service, that customer will be ~le to switch to ore of the new electric power suppliers? (Yes)	57.1%	37.8%	15.1	11.4	27.8	50.7
Under the new plan, it will be easier for the electric power suppliers to shut off electric service to residential and business customers? (No)	56.6%	49.8%	13.7	15.9	29.8	34.3
Average Correct= 2000 (5.43) and 2001 (4.01)						

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Residential Customers

Real knowledge increased in the 2000 survey, but dropped in 2001. In the 1999 benchmark survey, the average residential consumer was able to correctly answer 4.41 questions. That figure increased to 5.20 in 2000, but dropped to 4.22 today.

Commercial Customers

Real knowledge also declrted among commercial customers. In the 1999 benchmark survey, the average commercial consumer was able to correctly answer 4.81 questions. That figure increased to 5.43 in 2000, but dropped to 4.01 today.

Commonly misunderstood Issues

Questions which produced the greatest confusion will require specific efforts to correct misinformation in the marketplace. The following is a description of the most commonly misunderstood issues rebted to electric competibon.

Residential Customers

1 Many residential customers (50%) incorrectly think that they must irst notify their current local electric utility before switching to one of the new electric suppliers.

2 Many residential customers (49%) are not aware that electric rates are guaranteed to be lower than the price they pay today.

3 Many residential customers (38%) do not unders~nd that if they do not switch to a new power supplier they wil eventually be placed in de~ult service.

4 Many residential customers (34%) mistakenly think that the new electnc suppliers will be responsible for the repair of poles and lines.

Commercial Customers

1 Over one-half of commercial customers (56%) are not aware that electric rates are guaranteed to be lower than the price they pay today.

2 Many commercial customers (44%) incorrectly think that customers must first notify their current local utility in order to switch to one of the new power suppliers.

3 Forty percent of commercial customers do not understand that they will be placed in default service if they do not switch to a new power supplier.

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Most customers misperceive the impact of electnc competition

Residential Customers

When asked to identify the portion of their electric bill that would be affected by electric competition, only 16 percent of residential customers mentioned the *generation* portion of their bill. An additional 12 percent said *transmission,* while many (44%) incorrectly said *both.*

Commercial Customers

When asked to identify the portion of their electric bill that would be affected by electric competition, 16 percent of commercial customers mentioned the *generation* portion of their bill. An additional 11 percent said *transmission,* while many (50%) incorrectly said *both.*

Overall, these results generally suggest that most residential and commerdal customer do not understand that competition ~uuld apply to the generation portion of their electricbill. One consequence of this misperception is that many customers, in all likelilood, would overestimate the likely savings assodated with the introduction of competition.

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Paid and earned media have a positive Impact on real knowledge

Real knowledge about the introduction of electric corr~etition is higher among residential and commercial customers who have seen or heard some type of paid or earned media, or have received a copy of the consumer guide. These results are summarized in Table 5 below.

Table 5
The Impact of Paid and Earned Med. on Real Knowledge

	Resident~l	Commercial
Real Knowledge (Based on 10 Questions)	Avg: 4.22	Avg: 4.01
Paid Media Recall advertisement No see advertisement	4.60 3.88	4.40 3.73
Eamed Media		
Recall article or story Do not recall	4.65 3.81	4.56 3.72
Consumer Guide Receive Not receive	5.02 3.98	5.01 3.80
	N=607	N=201

As shown, real knowledge is higher among residential and commercial customers who recall seeing any type paid or earned media. It should also be noted that real knowledge is highest among residential and commercial customers who have received a copy of the consumer guide.

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Keeping consumers Informed

Using an open-ended question, respondents were asked what they are most interested in keeping informed about in the next phase of establishing a competi~ve electric market.

The primary questions that residential customers have about the next phase of elecblc competition are: 1) *how will competition affect electric rates?* (31%); 2) *who are the new power suppliers offering service in MaVland* (12%); and 3) *how will service reliability be guaranteed* (10%)? These results are summar~ed in Table 6.

Table 6
What are You Most Interested in Keeping Informed About?

	Resident~l	commercial
Price (electrc rates)	31%	27%
Changes regarding ~tes and sav.~gs	9	8
Dependability of servEe	8	6
How will service relabilty be guara~teed	10	8
Who are the new power suppliers	12	12
How competition will work	4	10
When does it start	6	4
Consumer rights t~ switch companBs	4	4
Other	10	4
Nothing in particu~r	6	17
	N=607	N=201

Impact of Electric Competition

Impact on Customers

Customers were asked to identify how they think the introduction of electric competition will affect several aspects of the eledric service deliveiy system. For each area of service delivery irider investigation, respondents ~re able to indicate if they think competition wil result in better service, worse servk~e, or whether it will have no impact on the electnc service delivery system. The results indicate that relatively few customers expressed concern that competition will result in service delivery problems.

Residential Customers

The concerns that top the list are: *1)* local utili~es will be less Ikely to respond to service requests if a consumer switches to a new power supplier (30%); 2) there will be fewer consumer proteCflons (24%); and 3) emergency responsiveness will be slower (21%).

Overall, residential o.~stomers generally think that electric competitbn will result in irrjrovements to the service delivery system, or will have *no impact on* service delivery.

Commercial **Customers**

The concerns that top the list for commercial customers are: 1) local u~lities will be less likely to respond to service requests if a consumer switches to a new power supplier (28%); 2) electric service will be less reliable (26%); and 3) there will be fewer consumer protections (23%).

Decision Making Readiness

Most customers want more information before making a decision

Residential Customers

Only 5 percent of resident2l customers are ready t~ make an informed decisbn today regarding their choice of an electrn supplier. Nearly one-half of residential customers (46%) said that they would need *a lot more information* to make an informed deci~on, and 26 percent indicated that they have *not thought* about the issue enough to make a deasion.

Only 2 percent of resident~l customers reported that they have made the decision to switch to a new power supplier.

Commercial Customers

Only 8 percent of commertial customers are ready to make an informed dec~ion today regarding their choice of an electrn supplier. Many commercial customers (42%) said that they would need *a lot more information* to make an informed deci~on, and 15 percent indicated that they have *not thought* about the issue enough to make a dedsion.

Four percent of commerdal Customers reported that they have made the decision to switch to a new power supplier.

Electric rates determined by market forces

Customers were asked whether electric rates would increase or decrease ~ they were determined by market forces. Thily-seven percent of re~dential customers (and 26 percent of commercial customers) think that e~ctric rates would *increase* if they were determined by market forces. About one-fourth of residential customers (25%), and one-third of commercial customers (33%), think that electric rates would *decrease* if they were determined by market forces.

The slow development of a competitive elecb'lc market

Respondents were asked whetheror not they are concerned about the slow development of a competitive electric market in Maryland. Only 8 percent of residential and commercial customers said that they are concerned because there are not enough suppliers to choose from *today.* Fifteen percent of resident~l customers, and 9 percent of commercial customers, said that they are concerned that there wil not be enough suppliers in Ihe *future* when they are ready to sw~ch. However, most resident~l (52%) and commeraal (62%) customers are *not concerned* about the number of new power suppliers because they recognize that it takes time for a competitive electric market to develop.

MARYLAND PUBLIC SERVICE COMMISSION
YEAR Two AND CAMPAIGN TO DATE SUMMARY
AUGUST 15, 2001

INTRODUCTiON

Detailed below is an update on the community based organizations outreach efforts, the Answer Center and the Web Site. The summary has been broken down to reflect the results for Year Two, as well as Campaign to Date.

ELECTRIC CHOICE, EUSP AND TRAIN THE TRAINER PRESENTA TIONS

The campaign has presented to 327 community groups and organizations. Some of these presentations were a result of direct mailings to local CBO groups and others were part of a targeted, tiered effort to connect with hard to reach groups. The presentations were focused on a number of areas depending on the organization's needs. The topics covered by the presentations were general electric choice information, Electric Universal Service Program details, specific Cooperative information and train the trainer sessions.

PRESENT-I TIONS TO COA-fAIUVITY GROUPS AND ORGANIZ4 TIONS IN YEAR 11(45)

AARP
AARP Chapter 2244
Adult Day Care Center
Annapolis Senior Center
Arnold Senior Center
Associated Catholic Charities
Baltimore Reads . Ripken Learning Center
Bear Creek Community Association
Bel-air Lions Club
Brooklyn Park Senior Center
Brooklyn Park Senior Center (Korean presentation)
Calvert County Retired Teachers' Association
Catholic Charities
Center for Poverty Solutions
Clover Hill Civic Association
Collington Square Community Association
Crestfield Homeowners Association
Cumberland Arms Apartments
Del Marva Community Services/Cambridge Senior Assistance Center
Denton AARP Chapter
Echo House
Edmundson Village Community Association
Handicapped & Retarded Citizens
Jacksonville AARP
Kent Senior Center

Knights of Columbus
Lanham Civic Association
Laurel Advocacy & Referral Service, Inc.
Long Beach Senior Center
National Association for Retired Federal Employees
North Dorchester Senior Center
North National Assoc. of Retired Federal Employees
Ocean City MAC Center
OMalley Senior Center
Pasadena Senior Center
Richard R. Clark Senior Center
Rio Vista Community Association
Salvation Army Home League
Shore Up!
Silver Hill Lions Club
South County Senior Center
St. Luke's Methodist Church
Town of East New Market
Town of Gale stown
Town of Vienna

SPECIAL EVENTS IN Y&IR 11

- African American Summit of Eastern Shore
- Bowiefest
- Delmarva Chicken Festival
- Kunta Kinte Festival
- MD Association of Counties
- Millennium Fest
- Salisbury Festival
- Senior Celebration
- Spring Home & Flower Show
- The Baltimore People's Expo
- The Washington People's Expo

ADDED VALUE E VENTS IN YEAR II

- Banner displayed and literature distributed by WBAL at State Farm Senior Classic
- Banner displayed and literature distributed by WCEM-FM at Annual True Value Country Showdown in Cambridge
- Banner displayed and literature distributed by WMAL at Montgomery Fair
- Banner displayed and literature distributed by WOCT at Towsontown Festival
- Banner displayed by WJFK at Celebrate America Series

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- Banner displayed by WJFK at Towsontown Festival
- Banner displayed by WOCT at Spring Block Party
- Celebrity Golf Tournament
- Distribution of literature at Her Style
- Harford County Fair
- Literature distributed by WCEI-FM at the Easton Fourth of July Celebration
- Literature distributed by WGHG/WWFG/WSBY at various summer events
- Literature distributed by WYRE-AM at Open House, Boat Show
- Literature distributed by WZBH at Live Remotes

COLL~ TERAL REQUESTS

Consumer Guides ordered in Year II – 4,599
Consumer Guides ordered Campaign to date – 121,686

Business Guides ordered in Year II – 380

Aggregation Brochures ordered in Year II – 1,711

EUSP Brochures ordered in Year II – 5,565

Environmental Brochure ordered in Year II — 554

Other brochures ordered Campaign to date – 41,036

A N.S~WER *CENTER INFORA~fA TION*

Number of calls received in Year II – 1,046
Number of calls received Campaign to Date – 60,850

WEB SITE D.~ T4

Total Hits in Year II - 702,239
Total Hits for Campaign to Date – 2,458,547

Total Visits in Year II- 46,184
Total Visits Campaign to date – 171,791

Total Pages Viewed in Year II- 64,304
Total Pages Viewed Campaign to date —253,231

Total Unique Visitors Year II - 10,891
Total Unique Visitors Campaign to date – 33,862

Attachment 1

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Attachment 1

***ulledaa Plan - County b~' County Newspaper** Distribution*
~4dverusemen(s 4erep/a~-edIn the]ol/o~t ~ng ne4spapers br me L/ec(r,c Consumer Adiwation Program

MD Counr~ (households)	**Daik**	**Sunda~**	**Weekly**
Special Notes:			
Allegany (28,600)			
Cumberland Times News		**20.603**	
Baltimore Sun		**538**	
Washington Post (MD zone)			
Anne Arundel (169.700)			
Baltimore Sun			
Annapolis Capital			
Washington Post MD /one)			
Washington Times			
Maryland Gazette			
Patuxent Group			
Catholic Review			
Croflon News-Crier			
Baltimore Afro American			
Baltimore Times			
Annapolis Times			
Baltimore Business Journal			
Baltimore Daily Record			
Maryland Maturity			
F i fly- Plus			
Baltimore Cit~ (239.800)			
Baltimore Sun			
Washington Post (MD zone)			
Washington Times			
Baltimore Guide			
Patuxent Group			
City Paper			
Catholic Review			
Baltimore Afro American			
Baltimore Times			
Jubilee Magazine			
Baltimore Business Journal			
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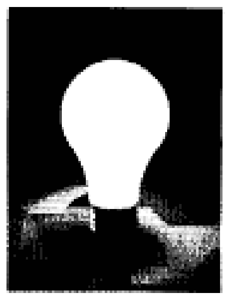
PUBLIC SERVICE COMMISSION

CONSUMER EDUCATION PLAN:YEAR III



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MARYLAND PUBLIC SERVICE COMMISSION

CONSUMER EDUCATION PLAN

Year Three Recommendations

I. INTRODUCTION

The Maryland Consumer Education Program (CEP) on electric choice is moving into its third and final year in an environment where energy issues now dominate public discussion. While actual consumer choice in Maryland is still very limited, it is fair to say that Maryland consumers today are more aware of energy issues, particularly those associated with electricity. The extraordinary amount of media coverage of California's ongoing electric energy issues, the federal level discussion of the country's overall energy policy, and capacity of our production and distribution systems have contributed to this.

The challenge for the CEP is that Maryland consumers need information now more than ever. This necessitates a shifting of the messaging emphasis from "choice" to providing "issues management and answering consumers questions" to ensure consumers have access to the information they need. This is critical to Maryland consumers being able to understand the rapidly changing energy environment in which they live. Access to ongoing information is essential to enable consumers to get their questions and concerns answered.

While electric choice may not be a wide spread reality yet, questions and concerns about electric energy in Maryland are. The Year Three Plan that follows provides specific recommendations on how to meet these changing needs within the campaign structures already in place, while conserving public dollars.

II. CAMPAIGN RESULTS TO DATE

Current Level of Competition

Supplier activity is increasing in Maryland's electric power industry. However, the market will take time to fully develop and mature. There are 35 licensed electric suppliers in Maryland. More than one-half have expressed the intent to serve residential customers. Although there are a wide range of licensed suppliers, the actual number providing services to customers ranges from none to three for residential customers (depending on their location) and up to a maximum of hour for industrial customers. In the PEPCO service territory, over 10% of all customers or 11% of residential customers, have enrolled with an electric supplier. In the BGE, APS and Conectiv service territories there has been considerably less enrollment activity. In general, the market development is slow because wholesale energy and capacity prices have been high due to a number of factors. As customer classes some off of their rate freeze service and new generation is constructed, we expect to see the number of competitive offers for supply greatly increase.

Looking forward, the need for consumer education in Maryland will continue, as tangible offers are made from an ever-increasing pool of suppliers. Certainly, the nature of the program rollout will change from an initial awareness campaign that alerted and educated citizens about electric restructuring to a program providing continuing unbiased information resources to guide citizens in choosing their electricity supplier.

Primary Objectives

For the first two years of the Maryland Public Service Commission's Consumer Education Program, three primary objectives have driven all actions and decision-making. These objectives include:

- Educating Maryland electric consumers about the changing electric industry;
- Assisting consumers in making informed choices in the new marketplace;
- Delivering clear, concise, and unbiased information.

The achievements of the campaign throughout its first two years are based on the objectives discussed above and have been focused in the following tactical areas:

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Public Relations and Media Relations Activities

Public relations and media relations have comprised a key part of this campaign's foundation. Early in the campaign these tactics were used to begin a dialogue and educate an essential communications channel – the media. Throughout the life of the campaign we have built upon this framework to provide on-going educational messages for consumers. As the campaign moves into its third and final year, public relations and media relations activities will be used as a "rapid response" mechanism to respond quickly and effectively to emerging issues so that consumers understand what is happening in the electric industry and have a context within which to understand these issues. Throughout the campaign, public relations and media relations activities have included press tours, media education, press releases, feature articles, op-ed pieces and speakers bureau presentations. These are anticipated to continue in Year Three.

Paid Advertising

The paid advertising component of the Consumer Education Program has been used to build and establish consumer awareness of the changes occurring in the electric industry, direct consumers to call the Answer Center with questions, encourage requests for the Consumer Guide and other educational materials, and direct consumer access to the Web Site. The advertising strategy in Year Three will focus on providing periodic updates to the community in the form of advertorials on electric choice combined with "quick response" ads addressing critical issues emerging in the public discussion that need to be clarified.

Educational Materials

To date, the following campaign materials have been developed and are in active use in the Consumer Education Program:

- Residential Consumer Guide (English and Spanish)
- Business Guide
- Aggregation and the Benefits of Group Buying Brochure
- Electric Choice Made Simple Brochure
- Electric Choice and the Environment Brochure
- Electric Universal Service Program Brochure
- Campaign Stationery
- Utility Bill Inserts
- Posters
- Presentation Folders

It is anticipated in Year Three that three very simple brochures may be developed to address certain issues if they emerge in the media and require clarification. It is anticipated that these simple brochures will incorporate the copy points contained in the paid advertorials.

Community Based Outreach

Community based outreach has been extensive. To date, the campaign has met with more than 165 community groups and organizations, has provided approximately 55 presentations on electric restructuring and/or the Electric Universal Service Program, conducted more than 85 train-the-trainer sessions to equip community groups with information, and has attended more than 50 events to hand out literature or answer consumer questions. Groups that have been reached during Year Two include:

- AARP
- AARP Chapter 2244
- Adult Day Care Center
- African American Summit of Eastern Shore
- Annapolis Senior Center
- Arnold Senior Center
- Baltimore Reads - Ripken Learning Center
- Baltimore Reads - Ripken Learning Center
- Bear Creek Community Association
- Bowiefest
- Brooklyn Park Senior Center
- Brooklyn Park Senior Center (Korean presentation)
- Calvert County Retired Teachers' Association
- Cambridge Senior Assistance Center
- Catholic Charities
- Center for Poverty Solutions
- Collingion Square Community Association
- Crestfield Homeowners Association
- Cumberland Arms Apartments
- Del Marva Community Services
- Delmarva Chicken Festival
- Denton AARP Chapter
- Echo House
- Edmundson Village Community Association
- Friends in Fellowship
- Her Style, B 102.7 Street Team
- Jacksonville AARP
- Johns Hopkins Downtown Campus
- Kent Island Senior Center

- Kent Senior Center
- Kiwanis Club of Crisfield
- Kiwanis Club of Reisterstown
- Knights of Columbus
- Kramer Senior Center
- Kunta Kinte Festival
- Lanham Civic Association
- Laurel Advocacy & Referral Service, Inc.
- Long Beach Senior Center
- Long Branch Senior Center
- MD Association of Counties
- Millennium Fest
- National Association for Retired Federal Employees
- North Dorchester Senior Center
- North National Assoc. of Retired Federal Employees
- Northwest Baltimore Corporation
- Northwest Baltimore Merchants Coalition
- Ocean City MAC Center
- O'Malley Senior Center
- Pasadena Senior Center
- Pascal Senior Center
- Richard R. Clark Senior Center
- Rio Vista Community Association
- Salisbury Festival
- Salvation Army Home League
- Senior Celebration at Salem Park
- Shore Up!
- Silver Hill Lions Club
- South County Senior Center
- Spring Home & Flower Show
- St. Luke's Methodist Church
- The National Lutheran Home
- The People's Expo (Baltimore)
- The People's Expo (Washington)
- The Professional Associates
- Town of East New Market
- Town of Gale stown
- Town of Vienna
- Turner Grove Condo Association

Direct mail pieces targeting CBOs has also been a highly effective strategy for the campaign. In Year Two, more than 2000 letters were sent by the campaign. One mailing targeted CBOs in the Southern Maryland Electric Cooperative (SMECO) and Choptank service territories to let these CBOs know that the coops were opening their markets to competition. These letters, signed by

Commissioner Riley, invited CBOs to request a presentation, order free consumer education materials or request a newsletter article. The Consumer Guide plus the four tn-fold brochures (EUSP, Aggregation, Environmental, Electric Choice Made Simple) were sent with this mailing. When appropriate, a Business Guide was also included.

A second mailing was sent to CBOs, libraries and churches in Maryland to highlight the Electric Universal Service Program (EUSP). These letters were sent out under the signature of the Deputy Executive Director of Community Services Administration and an EUSP brochure was included. Over 5,000 EUSP brochures were requested by targeted CBOs as a direct result of this mailing and numerous presentations were scheduled.

Campaign Research and Measurement

Throughout the first two years of this campaign, we have set and focused on achieving a series of awareness, knowledge and consumer empowerment goals. To monitor our progress towards achieving these goals we have used a combination of measurement tools.

Research

Two quantitative research studies have been completed to date: a baseline survey to assess consumer knowledge, interest and awareness, and a follow-up tracking study to measure program performance in the areas of campaign awareness, engagement and education levels.

When consumers were asked in the follow-up study how much they had heard about electric competition in Maryland, 89% reported that they were aware and had heard something about electric competition. That was up from 66% one year earlier. Similarly, consumer knowledge levels of those who received and read the Consumer Guide, the centerpiece of the campaign's education program, have reached 92% of the campaign's knowledge goals (for residential consumers). *(All research numbers are as of July 2000.)* A second follow-up research study is currently under consideration and is anticipated to be completed in August of 2001.

Interactive Tools

The campaign has incorporated two interactive tools to assist consumers in accessing information on electric choice. These include a toll-free Answer Center and a campaign Web Site. The following results have been generated by the campaign to date:

- The Answer Center has received 60,041 calls through May 31, 2001. 27,256 of which were forwarded to a live representative for response to questions and/or concerns.

- Web Site activity paralleled the Answer Center call patterns.

  Campaign Web Site activity to date includes:
  2,416,638 hits
  155,431 visits
  246,463 page views
  30,638 unique visitors.

  Traffic was heaviest between Monday and Thursday, and usage peaked during midday.

Educational Literature Distribution

Getting educational materials into the hands of Maryland's consumers has been a principal objective of this campaign. As noted above, research clearly indicates that when consumers receive hard copy educational information, real knowledge dramatically increases.

Literature distribution as of May 31, 2001 included:

Answer Center orders for Consumer Guides:	41,889
Web downloads of Consumer Guides:	43,217
CBO Orders for Consumer Guides:	3 8.094
Total Consumer Guides:	119,914
Other CBO brochure orders:	36,012

In addition to the literature distributed through the Answer Center, the campaign has also distributed literature at an array of locations and events across the state. A representative sample of venues where literature was distributed in Year Two includes:

- Literature distributed by WGHG/WWFG/WSBY at various summer events.
- Literature distributed by WYRE-AM at Open House, Boat Show.
- Literature distributed by WZBH at Live Remotes.
- Banner displayed and literature distributed by WMAL at Montgomery Fair.
- Literature distributed by WCEI-FM at the Easton Fourth of July Celebration.
- Banner displayed and literature distributed by WCEM-FM at Annual True Value Country Showdown in Cambridge.
- Banner displayed and literature distributed by WBAL at State Farm Senior Classic, Harford County Fair and Celebrity Golf Tournament.
- Banner displayed by WJFK at Celebrate America Series
- Banner displayed by WJFK at Towsontown Festival
- Banner displayed and literature distributed by WOCT at Towsontown Festival
- Banner displayed by WOCT at Spring Block Party

This campaign overview provides a summary view of the reach and scope of campaign activities over the first two years, and the campaign's progress towards reaching its overall goals. Despite the lack of a competitive market offering consumers real options, it clearly indicates that the strategies and tactics used have engaged and educated Maryland consumers. The challenge now facing the

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campaign, and state decision makers, is how best to sustain these gains and manage consumer concerns as the national energy debate remains “center stage” over Year Three of the campaign.

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CONSuMER EDUCATION PLAN YEAR III

III. SITUATION ANALYSIS

The pace of market development has been slower than anticipated in Maryland as it has been in most states that have opened their electric markets to competition. As a result, continuing consumer education in Maryland during 2002 on electric choice, as it is currently configured, has been a questionable proposition. Yet, looking at this from a consumers' need to understand the issues associated with electric restructuring, it is likely that Year 3 will present consumers with issues and questions for which they may not have any answers and will need the resources provided by the campaign as a place to turn to for information.

National Environmental Scan

Without question, the California energy crisis has completely changed the environment in which restructuring is happening. What started as primarily an electric deregulation issue has now expanded into a major economic crisis that has negatively impacted California's financial capacity, as well as its economic base. More importantly, the California problems have created a national energy crisis mentality that is reflected in the federal government's new energy policy. To complicate matters further, the manner in which that policy was publicly brought forward, has also created controversy.

The speed and manner in which these issues have become a national problem have cast a shadow over all energy-related issues nationwide, creating a fresh set of concerns for policy makers at the state level. Out of this growing national discussion has come a growing set of challenges that will impact Maryland. These include:

- The Bush administration announcing that the country has an electric energy crisis and that it will take time to *fix;*
- Energy Secretary Spencer Abraham indicating that the country's last three recessions have been tied to rising energy costs;
- FERC remaining divided over policy issues to avoid continuing blackouts in the west and the potential for them this summer on the east coast;
- California's economy taking significant hits because of energy shortages (the economic impact of rolling blackouts in California over a two week period in January was in excess of $1.2 billion). This has led some states, specifically Tennessee which has not embarked on restructuring, to recruit California industries to relocate on the basis of having stable rates and abundant capacity;

- The California energy crisis is also having an impact on energy supplier/marketers and utilities, as well. Both generators and energy suppliers have begun withholding energy from that market due to lack of payment. Information gathered at the Power Marketers Association (PMA) meeting in March 2001 indicates that both utilities and producers are becoming very wary of making any commitments to new capacity or new markets given the risks seen in California;
- 30% of the country's aluminum production capacity has been shut down as a result of high electricity costs;
- New York City is being seen as the next location for significant summer blackouts, while at the same time New York Power Authority plans for locating mini-plants are being legally challenged by communities;
- Twenty-three states joining together to petition the Bush administration to be exempt from any federally mandated electric deregulation rulings.

All of these issues are impacting the Nation's awareness and attitude regarding electric energy, specifically perceptions on electric restructuring. It has created a public perception that the Nation has no coordinated path to electric choice, and that the policy side of electric restructuring remains fractured, with no national policy nor consistent statewide policies to facilitate short-term market development.

Maryland Issues

Within this national framework is a series of local issues that will impact how Maryland consumers view and engage in a competitive electric energy marketplace as it continues to develop:

- Transition rates currently in effect will continue to present the most competitive rates for Maryland consumers, precluding any significant competitive market from developing;
- PJM capacity, both for energy and transmission, will determine much of Maryland's energy future. While short term capacity appears adequate, the NIMBY (not in my backyard) issue both within the PJM region and Maryland itself will impact Maryland's ability to respond and plan for long term growth in demand;
- Media discussion of the on-going California energy crisis will continue to raise consumer awareness on energy issues. Recent research findings in other states indicate that:

- Consumers are very aware of California's energy crisis, even to the point of being able to identify the key reasons for it (growth in demand, no appreciable growth in generation capacity, inadequate transmission capacity, environmental considerations impacting generation growth);
- Without other voices consistently telling them otherwise, consumers tend to believe that "what is happening in California can happen here";

- The nationwide discussion of the country's energy policy, particularly as it applies to capacity and distribution, will further focus public perceptions on energy issues, particularly electric energy.

These on-going debates will continue to create questions that Maryland consumers will want answers to. These questions include:

- Since Maryland has restructured its electric industry, will California happen here?
- Does Maryland have enough capacity to support forecasted demand?
- What will happen to rates at the end of price controls/transition period?
- Will Maryland's economic health and capacity be threatened and experience losses similar to California?

Analysis/Discussion

Without question, the environment in which the PSC launched its CEP has significantly changed over the past few years. Today, and for the foreseeable future, the California energy crisis and the lack of a widespread competitive market in Maryland will be the dominant issues. In many respects, these issues have raised consumer need for information to a whole new level. Instead of *"becoming educated about electric choice in Maryland,"* consumers now need to *"understand what electric restructuring really is, how it works, where it is today, and what this means to them."*

With this shift in information needs comes both opportunity and risk:

Opportunity

Continued media focus on energy issues has resulted in raising consumer awareness of electric restructuring issues. The opportunity is to now use this heightened awareness to further consumer understanding and engagement relative to a restructured electric market in Maryland. More specifically, there is an opportunity to use this awareness and convert it to sustain consumer interest throughout this Interim" period as the market develops;

- While consumers may be aware that individual competitive choices may not be an option, aggregation, particularly governmentally-sponsored aggregation, remains one of the major opportunities to extend the benefits of choice to consumers while stimulating market development. This approach may turn out to be one of the few bright spots in Maryland's restructuring effort.

- Maryland consumers need to know more specific information than we had originally anticipated. The media coverage has created a more educated consumer, providing the CEP with the opportunity to educate consumers on a more technical level, than was previously needed on issues.

Risks

- While the end of transition service in Maryland is several years away, the on-going challenges created by California will continue to create consumer awareness of the potential impact of higher prices when price supports/controls disappear. This highlights the need for the Maryland PSC to communicate actively with consumers in order to preclude the development of consumer misconceptions, and to maintain its position as a trusted, neutral voice on the restructuring process as it unfolds~

- Based upon California's experience, and the media's focus on that state's problems, there is the potential for high energy use companies to reconsider their expansion and relocation plans within states that have begun restructuring their electric energy industry. Indeed, Tennessee's active recruitment of California based businesses highlights the reality of this situation arising, particularly as states move toward the end of fixed rate transition periods with no competitive market development. Maryland needs to consider how to address this with its industry base so that concerns can be identified and managed well before the end of the transition period.

IV. REDEFINING ROLES

An Expanded Role for the Consumer Education Program

Over the past year and a half as electric restructuring has come to Maryland's investor-owned utilities and two of its electric cooperatives, the Public Service Commission's Consumer Education Program has had to adapt into an expanded role. Beginning in 1999 and extending through 2001, the Commission's program emerged as the State's principle consumer education effort, outwardly engaging Maryland consumers so they can prepare as the market is developing and be ready to make an informed choice once competition becomes available. In doing so, the Commission conducted numerous media interviews, provided Web Site access, an Answer Center, educational brochures, community forums and advertisements to raise attention and inform consumers across the state. The results of these educational endeavors are evident across Maryland.

It is essential that the Consumer Education Program remain an active voice in the marketplace, reminding consumers of the protections it still provides them and the regulatory oversight it maintains, to ensure the safety and reliability of service. More importantly, the Commission itself also needs to continue to be seen by consumers as a credible reference source. As local and national events occur in the electric restructuring process, whether it's a new aggregator being named in Carroll County or a news story on transmission problems in California, Maryland consumers will have questions, and need to know that they can turn to the Commission for the most unbiased, neutral information to help them understand how these issues will impact them.

For example, here is

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an advertisement from PBS promoting a show that aired the weekend of June 9, 2001. As news events continue in California, New York, Washington, DC and other places where electric restructuring has captured the nation's attention, and as news stories follow those events, the Commission needs to be prepared for these stories and be ready to have information for consumers.

Evolving Role of the PSC's Consulting Team

Just as the environment in which this Consumer Education Program is forcing it to evolve and change, so must the focus and vision of the implementing team evolve to respond to this new environment. The High Point-Franklin/Noble Steed team has already begun to broaden its focus and leaming to identify and stay ahead of the issues that will impact both the Consumer Education Program, and the PSC itself We will continue as a resource to the Commission to clarify and quantify the impact of this changing environment for Maryland consumers and the Consumer Education Program. We will continue to encourage and enable consumers to investigate and understand the broader energy issues as they appear, and fully understand how Maryland's electric restructuring effort is working to protect their interests as well as creating future opportunities. We will also continue to engage Maryland's community based organizations to help them understand these changes, and to effectively deliver these new messages to their constituents.

V. REVISED YEAR THREE OBJECTIVES

We believe this new environment creates the need for the PSC to review and revise its public education objectives to address these broader consumer concerns. The single largest issue now facing both the Consumer Education Program and Maryland consumers is that the on-going media discussion of electric energy issues is presenting information that if not fully understood, creating significant barriers for Maryland consumers to confidently and actively engage in a competitive energy marketplace when it fully develops. Overall, we believe this entails expanding the PSC's public education efforts beyond preparing consumers for competition, to providing them with ***"an ongoing understanding of what electric restructuring really is, how it works, where it is today, and what this means to them."***

Specifically, we recommend these objectives now include:

- Providing consumers with on-going information so that they understand what is happening nationally and within Maryland. It is essential that consumers are provided with a long-term perspective of what it will take to develop new, effective, competitive energy markets;

- Providing contextual information about how electric energy markets work, so that consumers better understand the market dynamics being reported in the media, and are better equipped to understand what really is happening, and more accurately understand how it will or will not impact them and Maryland;

- Where appropriate, incorporating the message that consumer choice can also apply to how a consumer chooses to use their electricity and that conservation and efficiency can help consumers start saving money right away;

- Providing consumers with information about the PJM wholesale market and how the wholesale market for electricity supply impacts retail price;

- Education about the operation of the electricity grid, the current supply and demand situation in this region and the controls the Maryland PSC does, or does not, have with regard to the wholesale market.

Reasons For Continued Consumer Communication

We recognize that the lack of a competitive electric market encourages the temptation to discontinue all consumer education in Year Three. However, not providing consumers with on-going information and a context within which to understand the ongoing media and political debate of energy issues, creates the potential for increased consumer fears. Already the Commission's own customer service staff are having to field increasing questions regarding choice and other energy issues because no wide spread communication is pointing consumers to the existing Answer Center 800# where they can get their questions/concerns answered. In addition, we believe silence in Year Three is not a wise strategy for the following reasons:

To abandon the consumer education program in Year Three after having raised consumer awareness, stimulated the market and engaged in active knowledge building with consumers is, in our opinion, not good public policy because of raised consumer expectations. It is essential that as options and choices develop that consumers and small business have access to information to make informed choices and a way to help them get their questions answered.

- At the center of this on-going effort to keep consumers informed are the Web Site, Answer Center and literature fulfillment operations. These are vital tools to disseminate information, provide consumers ways to get their questions answered, and distribute educational materials to help them make informed choices. It is essential these remain in operation.

- Additionally, we believe that if the State decides to abandon the public education effort in Year Three, consumers, small business and most importantly competitive suppliers may misinterpret these actions and believe that the State isn't serious about creating a competitive electric market. The message this would send to marketers is even more troubling in that it signals they shouldn't bother to enter the Maryland market because the State may not truly be committed to forming a competitive electric market.

- During 2001 and 2002, both the District of Columbia (DC) and the state of Virginia will be launching consumer education programs on electric choice. The media spillover into Maryland from these two market areas is significant. Because of this spillover, the potential for consumer confusion in Maryland is high. The Maryland consumer education campaign must work to reduce this market confusion and ensure that consumers know where to turn in Maryland for answers to questions (i.e., the Web Site and the Answer Center.) Active messaging by Maryland at the same time bordering states are educating their consumers also sends the signal that there is a whole region actively opening to new energy marketers.

- Maryland is one of the early states in the country to have launched a public education campaign on electric restructuring. In this regard, Maryland is in a leadership position and has been watched closely by other states that have adopted many of the same tactics and initiatives Maryland implemented in its public education campaign. Other early states are wrestling with the same concerns as Maryland – their competitive markets are developing more slowly than originally anticipated. To our knowledge, these other leading states have not abandoned their consumer education campaigns, rather they have modified them to manage consumer expectations more effectively and looked at ways to encourage marketers to enter their states.

The Electric Choice Enrollment monthly reports indicate a gradual increase in electric choice enrollment in Maryland. Enrollment with an electric supplier has been particularly remarkable in one service territory. Enrollment in other service territories has temporarily declined due to recent rises in market prices of electricity, making the capped rates more attractive. However, increases in supplier activity in all service territories are expected over the next four years and will be especially significant as price freeze service approaches the end of the rate cap periods. Rate caps will end in 2004 for PEPCO and Conectiv, in 2006 for BGE, and in 2008 for Allegheny Power. As a consequence, more suppliers will be able to economically enter the market place and more offers will be made to customers.

VI. YEAR THREE RECOMMENDED TACTICS

RESEARC If

On-Going Research

During August 2001, we will conduct a follow-up survey to quantitatively assess Maryland consumer engagement with electric choice. This timing was chosen to coincide with the opening of competition for two cooperatives, Choptank and SMECO, in order to gain additional insights into consumer awareness, interest and knowledge in those service territories. This research will also provide the campaign with insights as to possible changes in consumer attitudes about choice based on rising energy prices around the country and the ramifications of the California issue.

Once the follow-up survey is completed, measuring the changes in key knowledge points, as well as changes in consumer attitudes, will give the campaign a much clearer understanding of what follow-up educational activities will be necessary to keep consumers informed during this highly controversial period in electric deregulation both nationally and statewide.

On-Going Measurement

There remains a great deal of uncertainty in the marketplace about "electric choice" across the country. Further, the ultimate form of the President's Energy Plan is less than certain given the shift in power in the Senate. It will be essential for the overall success of this campaign that we continue to monitor and understand the impact of this rapidly changing message environment on our communications and education efforts. During Year Three we will combine the Intelligence and QIATM Reports into one quarterly report to ensure that the PSC, CEAB, and the implementation team has the information necessary to stay ahead of emerging issues. Though we will only be reporting on a quarterly basis, we will be able to stay ahead of trends in that we will be monitoring media, Answer Center and Web Site activity on a daily/weekly basis.

In addition we recommend another quantitative survey be conducted in the late June early! July period of 2002 to assess changes in overall consumer awareness and attitude, as well as to identify the key issues that will need to be addressed at the end of the transition period.

ADVRTISING

Overall Strategy

The advertising strategy has also evolved over time to meet the

changing needs of the market:

- In Year One, the advertising strategy was "choice" based on the assumption that there would be marketers to choose from. The campaign line was "Electricity - You use it. Now choose it."

- In Year Two, the advertising strategy evolved to "get educated" based on the fact that the market would take time to develop therefore giving the consumer time to get educated. The campaign line was "Electric Choice - What do you know about that?"

In Year Three, we recommend evolving the advertising strategy to "Stay Informed." The rationale is that there will be changes and information updates as the market develops, or as other key energy issues develop and impact Maryland consumers. In this period of rapid issue change, it is essential that consumers be reminded and directed to the Web Site and Answer Center for the latest information. A campaign line will be developed that reflects this direction. Overall, advertising expenditures will be considerably reduced so that available resources can best be utilized in responding to changing consumer information needs as local and national energy issues dictate.

A Three Pronged Advertising Solution

1. Low-Level Maintenance Program – The majority of the state will receive a low-level maintenance-advertising program with the objective to maintain awareness of the consumer education program as economically as possible.

This will be accomplished with small space newspaper ads that will focus on answering frequently asked questions from consumers. These questions will be derived from the Answer Center and from questions arising from community based groups and organizations. The small space ads will refer the reader to the Web Site or Answer Center for more in-depth information. A secondary effort will be researched to assess the budget impact of translating the newspaper ads to radio spots to more effectively reach the state's population, as well as minority audiences.

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In conjunction with these small ongoing ads, full-page advertorials will be purchased on a periodic basis to deliver, "A Report to the Community from the Public Service Commission of Maryland". These reports will review the facts and provide consumers with a summary of the current status of electric restructuring in Maryland. Topics to be covered will be easy-to-read short paragraphs of copy on such topics as:

- What has happened so far?
- What territories are open, at what stage (map)?
- A recap of how it will work.
- How Maryland is different from California.
- How supply should be ahead of summer demand.
- When can I choose a supplier?
- Where to go for more information.

Once the copy is written for an advertorial, it will further be utilized by converting it into a brochure to be used in community based outreach efforts, mailings from the Answer Center in response to consumer questions and other public speaking events. It will also be posted on the Web Site and made available through downloads.

2. Issues Management Program – As issues emerge in our "early waming system", the High Point-Franklin/Noble Steed team will prepare responses to key issues that could negatively impact the CEP, such as the possibility of blackouts in New York this summer. Both the key messages and response strategy will be presented to the Commission for review and discussion. As these issues are typically fast moving, development and decision making timeframes will need to be short and incisive.

3. **Continued Support to Cooperatives** — Cooperatives that open to choice in the summer of 2001 will require some continued advertising support. Local media programs will be developed tailored to areas that needs support.

PUBLIC RELATIONS & MEDIA RELATIONS

Media efforts continue to play an important role in the Consumer Education Program in Year Three. In the past year, outreach to the media resulted in more than 1,500 newspaper articles on the topic of electric restructuring, which also received widespread television and radio publicity. Of those articles, 66 percent spoke positively of electric competition, while another 19 percent were neutral. This is a strong position for the Campaign and for the PSC.

Press relcases were issued on such topics as Maryland's ranking fourth in terms of electric restructuring in the RED Index, and on the issue of natural gas prices and the impact on electricity. Talking points were provided to the Maryland Public Service Commission on the electric crisis in California to provide for effective and consistent responses to media inquiries. Media relations activities also preceded events, such as presentations and speaking engagements.

The Campaign has been targeting media outlets throughout the state for interviews to assist in raising consumer awareness about electric restructuring. Both Year One and Year Two media efforts have concentrated on educating the public about important topics and concepts and enhancing their understanding of electric restructuring. The press kit was updated in Year Two to provide reporters with the most up-to-date information.

A heavy emphasis has been placed on the Electric Universal Service Program in Year Two. As this program is in place for a limited period of time, we have highlighted the program in both press releases and on media tours.

With Choptank and SMECO both scheduled to open to choice in 2001, media tours were conducted this spring in their territories. In Choptank's territory, representatives of the Commission, Choptank and High Point/Franklin met with the *Star-Democrat* in Easton and with WBOC—TV 16 and WMDT-TV 47, both in Salisbury. Both television stations aired interviews. Media tours were also conducted with the *Ocean Pines Gazeue* in Berlin and the *Ocean Pines Courier* in Ocean Pines, resulting in articles. Interviews with the *Calvert Independent* in Prince Frederick and the *Maryland Independent* in Waldorf were conducted in SMECO territory with representatives of the Commission, SMECO and High Point/Franklin. A newsletter article was also provided to a Chamber of Commerce in a Cooperative territory to help inform the Chamber's members about electric restructuring.

We have made and continue to make concerted efforts to be particularly conscious of the need to target the hard-to-reach populations. Several trips to the *Baltimore Afro-American* have been made by Commission and High Point/Franklin staff and additional visits to other minority media outlets are planned.

These successes, while positive standing on their own, can be enhanced further with an effective Media Issues Management strategy for Year Three of the campaign as the Commission responds and manages local and national media stories.

Media Relations Objectives

In Year Three the media relations component will build upon six primary objectives:

1. Utilize media/public relations as the primary response mechanism when issues/situations arise that require an immediate response;

2. Continue to point Maryland consumers to the electric choice Answer Center and Web Site as sources of current information, and as a place to get their concerns/questions answered;

3. Develop an Issues Management Strategy so that the campaign can provide immediate press intervention through such means as a blast fax or e-mail to reporters/editors when items come up that the Commission wants to comment on. Keep the electric choice Web Site updated and design it as a source for information for consumers as well as reporters;

4. Continue to maintain and develop relationships with reporters who will be talking directly to consumers or writing information that consumers will be reading and hearing about electric restructuring;

5. Continue to educate consumers in the areas where the Cooperatives are opening to choice;

6. Ensure that the media is effectively reporting on the Electric Universal Service Program.

All media relations activities will be integrated with the advertising messages in order to reinforce consumer education on key concepts.

Issues Management

In Year Three we will use media and public relations tools extensively to respond to changing market conditions and issues that arise. In addition, these efforts will continue to educate and inform consumers about the changes that are underway.

The campaign is shifting. The market transition period is developing and residents are waiting for competitors to arrive. While the residential market may be silent, that does not mean the marketplace discussion of electric competition is silent. The national news continues to focus on California, New York and other areas. Local media outlets continue to surface stories on aggregation efforts, the economic impact of deregulation and why Maryland is different than other states. Therefore, the Commission faces a potential risk in completely silencing its voice in the marketplace. Even though competitors may not be here yet, consumers will still hear about electric competition and need the Commission's voice to provide the most neutral, unbiased source of information.

Therefore, the media relations component can shift to an issues management course. This approach will necessitate that the Commission have a set policy in place to respond to national or local media issues that either need an immediate response, a clarification or a correction of incorrect information. In order for an issues management approach to be effective, an approval policy will need to be established to ensure a rapid turn around of materials.

For example, the Commission can develop and update a series of talking points and core messages on the California situation, the Bush energy plan, the New York transmission story or any others it potentially sees as attracting local and national interest. Preparing for these events in advance allows the Commission to respond first and correctly with the best information consumers need to understand each story. As a story is presented to the public, the Commission could quickly fax editors and reporters the prepared talking points or press releases for comments. The Commission can also e-mail reporters with a link to the electric choice Web Site to provide immediate quotes and story ideas.

This concept of issues management provides two important parameters for the Commission. It keeps the Commission and the consumer education campaign as a source of information for consumers who know they can turn to the Commission for neutral, unbiased resources, and it gives the Commission some management of media content and direction. This continues to be an appropriate role for the Commission which was established in Years One and Two of this campaign, and can be built upon in Year Three.

Coverage

We have received extensive media coverage, some of which is detailed below, and will continue to seek all opportunities to educate the public about electric restructuring and related issues through the media in Year Three.

PRINT MEDIA COVERAGE TO DATE HAS WCLUDED:

Sun, Baltimore, MD
Daily Record, Baltimore, MD
Prince George s Sentinel, Seabrook, MD
Montgomery Gazette, Gaithersburg, MD
Prince George 's Journal, Lanham, MD
Frederick Post, Frederick, MD
Morning Herald, Hagerstown, MD
Washington Post, Washington, DC
Herald-Mail, Hagerstown, MD
Sunday Capital, Annapolis, MD
Ocean City Today, Ocean City, MD
Columbia Flyer, Columbia, MD
Maryland Times-Press, Ocean City, MD
Bowie Blade-News, Bowie, MD
Salisbury News & Advertiser, Salisbury, MD
Montgomery Journal, Rockville, MD
News-Post, Frederick, MD
Recorder, Prince Frederick, MD
Capital, Annapolis, MD
Cumberland Times-News, Cumberland, MD
Maryland Independent, Waldorf, MD
The Gazette, Frederick, MD
Calvert Independent, Prince Frederick, MD
Pennysaver, Hanover, MD
Washington Business Journal, Arlington, VA

BROADCAST COVERAGE OF ELECTRIC RESTRUCTURING TO DATE HAS INCLUDED:*

Television

Maryland Public Television

WBAL-TV II
WJZ-TV 13
WHAG-TV 25
WBOC-TV 16
WMAR-TV 2
Community Television of Prince George's County
Comcast Cablevision
WBFF-TV 45
WJZ-TV 13
WHAG-TV 25
WBOC-TV 16
WMDT TV 47
Fox 5
Rockville Cable
Montgomery Community Television
Community Television of Prince George's County

Radio
WMAL
WOL
WBAL
WCAO
WCEI
WWLG
WCBM
WMMJ
WOLB
WTOP

Other
Washingtonpost.com Viewpoint on-line chat

*Please note that this is not a complete list of the coverage received in television and radio as there is no "newsclip service" for broadcast outlets. These are simply the media outlets we are aware of that have covered electric restructuring.

CBO ACTIVITIES

Throughout the life of the Consumer Education Program, we have actively reached out and worked with community based organizations (CBOs) throughout the state. This has helped to ensure that materials and information have been delivered through well-known and well-respected channels of communication. It also has provided a cost-effective mechanism by which to target and reach ethnic, urban and other hard-to-reach populations.

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As a result of these activities, the campaign has developed a comprehensive database of statewide CBOs that will be of strategic use in Year Three as we ensure the campaign's ability to respond quickly and effectively to public issues that need to be clan tied and addressed.

In addition, it is essential that the community-based activities continue to meet the information needs of consumers. In an effort to meet that demand and ensure that materials are current and updated interested parties will be brought together periodically throughout Year 3 to edit and update materials in a timely and accurate manner. This will continue to be managed through the CEAB with final approval resting with the Commission.

CBO outreach in Year Three will be segmented into two strategic areas:

- To ensure the campaign is able to respond quickly and effectively to national and regional issues that may be causing Maryland consumers concern or worry, we will utilize our comprehensive CBO database to quickly and comprehensively direct mail information to CBOs across the state. 'Uhis will allow the PSC to clarify issues, set the proper context pertaining to how national/regional issues may impact Maryland and remind CBOs that they can contact the Answer Center or visit the Web Site for more information.

- We will continue to target CBOs that work with, or provide assistance to, hard-to-reach populations such as elderly, low-income, seniors or non-English speaking populations. These groups were aggressively targeted in Year Two relative to raising their level of knowledge and awareness about the Electric Universal Service Program. We will continue to expand these efforts further in Year Three to ensure that consumers who could benefit from this program are aware of its availability and know how to apply. Utilizing local groups in a grass roots effort will help to supplement the efforts used in past years.

('omprehensive ***CBO Outreach***

Most of the CBOs in the campaign's database are comprised of members or constituents who will typically be reached through the advertising and public relations activities outlined in the Year Three plan. However, by further targeting these audiences through

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comprehensive C130 outreach, we will be able to employ a "rapid response strategy to clarify national and regional issues that may negatively impact Maryland's consumers. Because many of these groups have established communications channels to reach their members, such as web sites, newsletters and venues for speaking engagements, we will work to leverage our direct mail strategy with CBOs to target additional communications through their already existing communications channels.

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CBO Outreach – Hard-to-Reach Audiences

Electric Universal Service Program

Throughout Year Two the campaign worked closely with the Office of People's Counsel and the Department of Human Resources, Community Services Administration to employ a strategy with statewide CBOs that serve hard-to-reach audiences to ensure that these consumers were aware of the Electric Universal Service Program and its eligibility requirements. To ensure we effectively reached these consumers we worked closely with CBOs through direct mail strategies, as well as by offering targeted presentations.

During Year Two, over 1,400 letters were sent to CBOs, libraries and churches in Maryland highlighting EUSP. Each letter included a copy of the EUSP brochure and highlighted how CBOs could order more copies for their members and!or constituents. In addition, the mailing indicated that the campaign was available for presentations on EUSP. To date, twenty-one presentations have been held or are scheduled. The list of speaking engagements conducted or scheduled for Year Two include:

- Adult Day Care Center
- Annapolis Senior Center
- Arnold Senior Center
- Baltimore Reads - Ripken Learning Center
- Catholic Charities
- Baltimore Reads - Ripken Learning Center
- Center for Poverty Solutions
- Brooklyn Park Senior Center
- Brooklyn Park Senior Center (Korean presentation)
- Echo House
- Jacksonville AARP
- Kent Senior Center
- Laurel Advocacy & Referral Service, Inc.
- Long Beach Senior Center
- North National Assoc. of Retired Federal Employees
- Ocean City MAC Center
- Pasadena Senior Center
- Richard R. Clark Senior Center
- O'Malley Senior Center
- Shore Up!
- South County Senior Center

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In Year Three the campaign will build upon these successes by continuing to work collaboratively with the PSC, the Office of People's Counsel and the Department of Human Resources, Community Services Administration to ensure that the broadest, most comprehensive array of CBOs are reached with information on EUSP and consumers who are eligible to participate are reached and informed about the program.

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"Rapid Response" Mailings

During Year Three, the campaign's CBO database will be employed as one of our "rapid response" mechanisms. With the volume of discussion on the nation's energy policy combined with national coverage on electricity demand and supply issues arising out of California, and potentially from New York City later this summer, reaching CBOs quickly with information that clarifies issues and leverages the information in our advertorials will be essential. While it is difficult to anticipate the volume of issues that may need to be addressed, we have estimated that four - six mailings may be required.

- Each mailing will clarify the issue, provide context and direct CBOs to the Answer Center for additional copies of materials or to the toll-free 800 number to arrange for speakers or articles for newsletters. The mailings may include a sample brochure that adapts the information in our paid advertorials so that it is easily accessible to CBOs. In those instances when a brochure isn't used, we will incorporate key message points from the advertorials into a letter format.

EUSP Mailing

An additional mailing will be directed toward those CBOs that serve consumers who could benefit from learning more about the EUSP program. This mailing will include a cover letter and a copy of the Electric Universal Service Program brochure. The letter will provide an overview of the program and remind the recipient that the Answer Center is the place to contact to order more free copies of the brochure. The letter will also direct the reader to the toll-free 800 number to arrange for speakers, or articles for newsletters specific to the Electric Universal Service Program. Our objective will be to ensure that CBOs are fully aware of the EUSP and understand its eligibility requirements and know where consumers can apply for the program.

Community Outreach . Speakers Bureau and Events

A targeted public speaking strategy will also be used in Year Three. This will augment our "rapid response" strategies and provide additional information and clarity to national and regional issues that may be negatively impacting the Maryland consumer. Presentations remain an effective way to convey information directly to Maryland residents on issues related to electric competition and the electric industry in general. We will also identify events and forums that the campaign should attend and distribute materials to participants.

The types of groups that may be targeted for presentations include:

- Consumer groups
- Low-income groups
- Environmental groups
- Other groups/organizations
- Business organizations
- Ethnic groups/organizations
- Municipalities
- Senior groups

All presentations will be designed and adjusted so that they are integrated with the key messages incorporated into the advertorials that will be running to address the array of issues the campaign may need to address. The speakers bureau will be comprised predominantly of PSC staff members, outside consultants and augmented with interested parties.

All speaking engagements, and the speakers bureau itself, will be publicized through public releases targeting the media, on the Web Site, and in other appropriate ways.

INTERACTIVE TOOLS

Answer Center

The Answer Center has been at the heart of the Consumer Education Plan since the kick-off of the campaign on April 3, 2000, and it is essential that it continue to provide consumers with a live resource for answering questions in Year Three. Much has changed in the energy environment since the beginning of this campaign, and consumers have been exposed to far more information than had originally been anticipated, information that in many cases has not been supportive of choice. Voices being heard in the national press report capacity constraints, rising rates, illegal supplier activity, transmission bottlenecks and lost jobs impacting economic development. The impartial voice of the

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Maryland Public Service Commission should continue to be heard on these issues as calls come in to the Answer Center.

‘[he Answer Center not only continues to function as our front line intelligence gathering tool, but it also processes collateral fulfillment for consumers requesting literature.

During Year Three we will engage in expanding the knowledge base of the Answer Center’s trained services reps so they are able to understand and help consumers with broader questions related to Maryland’s and the nation’s changing electric energy marketplaces. In addition, we will develop a process by which they arc included in all issues management activities, so that they are constantly prepared to handle consumer questions and concerns on all key electric energy issue as they play out in the public media.

As noted earlier, the Answer Center is the campaign’s “front line” not only for information dissemination, but also to hear consumer concerns and gather market feedback and intelligence. We will adjust the centers call database to enhance its ability to track and report on all key energy issues, so that our issues management efforts benefit from this immediate marketplace input.

Web Site

The Web Site continues to be one of our most effective tools in this campaign as more consumers gain access to the Internet every day. As issues unfold, the Web Site gives us the opportunity to respond quickly, succinctly, and in a cost-effective manner. In Year Two, we developed the “What’s New” page that has been visited by most first-time as well as repeat visitors. As the campaign moves in to Year Three we recommend enhancing the effectiveness of this tool by including more timely information to clarify “issues of the moment” for consumers.

During Year Three we will thoroughly review this site, and update both the structure and content as needed to ensure it plays a central role in our issues management strategy. It is essential that it remain the most comprehensive “single information source” for Maryland consumers on electric energy issues and choices.

As choice opens for two of Maryland’s cooperatives, the Web Site provides ongoing support for cooperative members’ questions, and it is the only venue available to download an updated version of the Consumer Guide.

COLLATERAL

Public I~lucation Printed Materials

Throughout the entire campaign, a full array of consumer education materials have been available for consumers to access. These materials, in conjunction with our media relations activities, are one of the primary ways that consumer education has occurred throughout the consumer education campaign. In Year Three, printed materials will remain available to consumers and small businesses.

Specifically, consumers and small businesses will be able to call the Answer Center to request materials be sent, or they can visit the Electric Competition Web Site and download specific materials themselves. Information packets will also be distributed throughout the community-based organizational outreach activities to reach target audiences with key information on the campaign such as information on the Electric Universal Service Program.

Available Consumer Education Materials

Detailed below are the public education materials that will remain available for use in Year Three:

Campaign Letterhead, Second Sheets and Envelopes
A strong and easily recognizable visual identity has helped consumers identify the consumer education materials and resources.

Introductory Brochure on Electric Competition
This brochure has been one of the most important educational materials provided by the public education campaign to date. This brochure is simple and clear and describes the changes that are occurring in Maryland's electric industry. It has been used extensively with community-based organizations throughout the state and will remain an important informational resource in Year Three.

Topic-Specific Brochures
Three topic-specific brochures remain available to consumers and
small businesses. These address:

- Electric Universal Service Program
- Aggregation and the Benefits of Group Buying
- Electric Choice and the Environment

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Each of these brochures has and will continue to be used extensively in the community-based outreach activities as well as sent to consumers when they call the Answer Center with questions on specific topics.

Maryland Consumer & Small Business Guide

The Consumer Guide, and an adapted version for Small Businesses, remains the centerpiece of the public education materials. These two Guides include all of the essential information which residential consumers and small businesses need to know to be able to make informed decisions in a competitive electric market. The Guides encourage readers to visit the public education Web Site, which has even more detailed information than the Guides. Additionally, each Guide directs readers to call the Answer Center with specific questions or when they need additional information. The Consumer Guide is also available in Spanish.

Utility Bill Inserts

A series of utility bill inserts have been used during the campaign which provided consumers short, easy-to-understand information on key topics. Inserts are not planned to be used in Year Three.

Campaign Posters

Campaign posters are available and will be used in the community-based outreach activities. These posters provide a strong call to action and clearly identify the toll free Answer Center and campaign Web Site as sources of information.

Presentation Folders

Presentation folders remain available to create information kits for targeted audiences such as community-based groups, government agencies, the media, elected officials and other key opinion leaders.

PowerPoint Presentations

PowerPoint presentations are available for use in Year Three and will be continually updated to address emerging issues that need to be addressed and clarified for consumers.

Electric Competition Web Site

A Web Site remains available for residential consumers and small businesses to access throughout Year Three. This site parallels the topics and content of the Consumer and Small Business Guides as discussed above, but develops these topics in more detail. More importantly, in Year Three the Web Site is a critical

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communications tool that can be quickly updated with information as challenging issues emerge in the public discussion. The Web Site is a powerful communication tool to ensure the campaign is able to execute a "rapid response" on national or regional issues that may impact the Maryland market.

Toll-Free Answer Center

A toll-free Answer Center will remain available for residential consumers and small businesses throughout Year Three. Trained representatives are available to answer questions and send out any of the educational materials and will be equipped to handle emerging issues that require a "rapid response" strategy.

VII. ~:N1ER(;INc ISsUJES: YEAR THREE AND BEYOND

From our view of working on electric choice campaigns and other related energy issues in other states, there are a number of issues that represent challenges or opportunities to extend the impact and effectiveness of this consumer education campaign through the
transition service period. This issue is particularly important in Maryland, where the end date of this period varies by utility.

(‘ampaign Opportunities

Broadening Our Campaign to Consumer Empowerment

There is a major opportunity emerging that could be a direction Maryland may want to consider in the future.

There is research in several states that indicates the majority of consumers think that electric choice educational campaigns should be expanded to include electric efficiency. By broadening the scope of the campaign to include “consumer empowerment”, the Commission could provide a way for consumers to save money immediately, giving the time needed for the competitive market to develop.

Many consumers already see electric efficiency as twice as effective as electric competition and a majority actually believe it is the “responsibility of the customer to reduce the demand.”

Therefore, the next step would be to evolve the current campaign by examining ways to broaden it to electric efficiency to capitalize on this trend.

Encouraging Aggregation

Aggregation is the mid-wife of competition. The more aggregators there are compiling customers the more opportunity there is for marketers to efficiently acquire customers. Therefore, we should continue to find ways to encourage aggregation.

Keeping the Answer Center and Web Site Active and Current Beyond Year Three

Throughout the life of the consumer education campaign we have utilized these two highly effective interactive tools allowing Maryland consumers to communicate their questions and concerns regarding electricity deregulation in a dialogue format. Due to the energy crisis in California, and the resultant national media

coverage, consumers have become far more knowledgeable about choice and they have developed strong views as to its effectiveness nationwide. These tools, therefore, should remain active throughout Year Three.

Campaign Challenges

Managing the Transition Period

The education campaign and the Commission have a responsibility to continue their stewardship as an unbiased voice and source of information for the consumer. It would not be appropriate to discontinue all communication and abandon the consumer. While the end of transition service is several years away, the on-going challenges created by the high level of media coverage of energy issues will continue to create consumer awareness of the potential impact of higher prices when price supports/controls disappear. This highlights the need for the Commission to communicate actively with consumers in order to preclude the development of consumer misconceptions, and to maintain its position as a trusted, neutral voice on the restructuring process as it unfolds.

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Like many of the aspects of electric choice, Year Three of this campaign represents a unique set of challenges – the lack of a competitive market, yet an increasing need for a broader range of consumer information. We believe the recommendations contained in this plan provide a balanced, sensible approach to meeting this changing need, while wisely managing the resources entrusted to this project. We look forward to working with the Commission and C EAB in implementing these recommendations.

IX. BUDGET

In developing both this plan and the enclosed budget, we have been very mindful of the need to provide both a "maintenance level" communications effort, as well the ability to easily and rapidly scale up communications efforts if issues require it.

The budget that follows actualizes this flexibility in several key areas:

- Public relations, which will be used to maintain a positive environment for this low level campaign, respond to emerging issues, and work to extend the reach and impact of paid advertising;
- Paid media, which includes six small Q&A format ads that will provide the low level, ongoing awareness, plus the four, large advertorial reports to the community. The content of all these ads is designed to be responsive to the changing information needs Maryland consumers will have;
- Community Outreach – while our work to date has been to establish these relationships and provide basic educational information to these organizations and their members, we will now use these relationships as "communications channels" to provide very specific information such as on the Electric Universal Service Program and on specific issues as needed;
- QIATM/Intelligence Report – by combining both of these into one report and scaling back reporting frequency these still provide us with our "early warning system" while conserving resources.

This "basic" budget total of $1,949,000 keeps this plan significantly below the $2,672,000 allocated for Year Three.

In addition, we have provided the PSC with two additional line items should marketplace activities require a higher level of activity:

- A separate line item to add radio to our media mix should marketplace issues require it. These ads would have similar content as the Q&A and advertorial ads to extend the reach and impact of the campaign further;
- A contingency amount of $350,000 that will be targeted against issues through a variety of tactics as required.

Even with these two additional line items, the resulting total Year Three budget – $2,559,000 – falls below the $2,672,000 allocated for Year Three.

MARYLAND CONSLJ MER EDUCATION PLAN
YEAR 3 BUDGET SUBMITTED JUNE 18, 2001

Major Category of Work

Account Management/Consulting

Research - Quantitative

QIA/Intelligence Reports

Public Relations

Technical/Creative Writing/Counsel

Creative & Production

Media Plan/Placement

Television, Radio, Print, Outdoor, Transit

Print Management/Coordination

Print Collateral Design

Printing

Postage/Mailing

CBO Outreach Program

Interactive Tools

Answer Center Consulting

Website Design/Development

Literature Fulfillment

Answer Center Operation

Year Three
Total

$150,000

$38,000

$77,000

$87,000

$25,000

$149,000

$1,116,000

$10,000

$15,000

$25,000

$30,000

$95,000

$6,000

$40,000

$20,000

$66,000

Total Professional Fees and Expenses	**$1,949,000**
Contingency for Additional Support on Emerging Issues	**$350,000**
If radio is added	**$260,000**
Revised Year 3 Total	**$2,559,000**
Total MBE Dollars	**$360,000**
Percent MBE	**14%**

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