

COMPENDIUM OF RESOURCES ON CONSUMER EDUCATION

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INTRODUCTION

The *Compendium of Resources on Consumer Education* is a joint project of the NRRI and the NARUC Staff Subcommittees on Consumer Affairs and Public Information. The project was designed as a vehicle through which commissions could share their consumer education experiences, philosophies, and plans.

The *Compendium* is divided into four sections: Commissions as Educating Organizations, The State Perspective, Commissions as Electronic Organizations, and Resource Development.

Commissions as Educating Organizations contains four chapters. Chapters 1 and 2 focus on the application of an instructional design approach to the process of consumer education. Chapter 3 presents the results of a NARUC Staff Subcommittee Survey on commission use of various media and methods of consumer education. Chapter 4 presents some guidelines for communicating with citizens.

The State Perspective section contains seven chapters. Chapter 5 presents an overview of the evolution of the NARUC Staff Subcommittee on consumer affairs and the evolution of the consumer affairs function. Chapters 6 through 10 present the consumer education experiences/plans of five states: California, Ohio, Washington, Wisconsin, and Tennessee. Chapter 11 presents the commentary of a Maryland Public Service Commission staff member regarding the need for commissions to position themselves to the public. Chapter 12 contains a summary of the Public Utilities Commission of Ohio's survey regarding the functions of the consumer affairs office.

Commissions as Electronic Organizations contains two chapters. These chapters focus on factors that contribute to the effectiveness of commission-sponsored Web sites as vehicles for communicating with the public.

Resource Development also contains two chapters. Chapter 15 focuses on factors that contribute to the effectiveness of commission-sponsored print materials. Lastly, Chapter 16 contains three Consumer Education Templates, which were designed as a joint-effort of the NARUC Staff Subcommittees on Consumer Affairs and

Public Information. The templates may be reproduced by commissions for use as print or electronic consumer education materials. They are also available electronically on the NARUC homepage at www.naruc.org and the Virginia Corporation Commission host site at www.state.va.us/scc.naruc.

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CHAPTER ONE

COMMISSIONS AS EDUCATING ORGANIZATIONS: HOW TO EDUCATE THE PUBLIC REGARDING THE MISSION OF THE PUBLIC UTILITIES COMMISSION IN THE NEW REGULATORY ENVIRONMENT¹

by

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Introduction

Commissions as Evolutionary Organizations

Numerous authors have discussed the massive changes in the new regulatory environment² and the necessary impact of these changes on the roles, responsibilities, structure, function, and mission of the public utility commission.³ In fact, when public utility commissioners gathered in Denver for the NRRI/NARUC Commissioners Summit in April 1995, "they made it clear that they embraced change as necessary to effective commission functioning in new regulatory environments and made it clear that they were prepared to direct that change."⁴ The Commissioners identified the following trends of change:

¹This chapter was previously published in the *NRRI Quarterly Bulletin* 17, no. 4 (1996): 509-519.

²See Chairman Reed Hundt, "Implementing the Telecommunications Law of 1996: The Real Work Begins," *NRRI Quarterly Bulletin* 17, no.2. (1996): 143-147; Sheldon Silver, Michael Bragman, Paul Tonko, "Competition Plus," *NRRI Quarterly Bulletin* 17, no.2 (1996): 163-186; The National Council on Competition and the Electric Industry, "Summary of State Electric Restructuring Activities," *NRRI Quarterly Bulletin* 17, no.2 (1996): 205-225; Commissioner Donald F. Santa "Electric Restructuring's Implications for Electric Power Research and Development Policy," *NRRI Quarterly Bulletin* 17, no.2 (1996): 327-335; and Commissioner Daniel Fessler, "Social, Economic, and Judicial Perspectives on California's Role in the Changing Dynamics of the Electric Services Industry," *NRRI Quarterly Bulletin* 17, no.3 (1996): 337-360.

³David W. Wirick et al., *Transforming Public Utility Commissions in the New Regulatory Environment: Some Issues and Ideas for Managing Change* (Columbus, OH: The National Regulatory Research Institute (NRRI), 1996).

⁴*Ibid.*, 5.

- Dichotomy of customers in core and noncore groupings.
- Unbundling and new service offerings.
- Deregulation of certain services and markets.
- Increased use of market-based pricing and incentive ratemaking.
- Large users seeking lowest-cost service providers.
- Shift from old regulatory compact [of] territorial exclusivity and assured recovery.
- Changing obligation to serve.
- Utility diversification into other businesses and use of holding company structures.
- Increased business risk for utilities.
- Uncertainty as to continued attention to social goals.⁵

In response to these changes, they identified five clusters of core missions for public utility commissions:

- Protection of those customers who would not reap the full benefits of competition.
- Support of competition balanced with an interest in fair and effective competition.
- The provision of timely and clear decisions to utility managers and allowing utilities the flexibility to adapt to new conditions.
- Preserving the commitment to social goals compatible with the competitive market.
- Addressing the impact of new corporate structures, jurisdictional changes, necessary change in regulatory methods, and customer protection in the new environment.⁶

In the report, *Transforming Public Utility Commissions in the New Regulatory Environment: Some Issues and Ideas for Managing Change*, David W. Wirick et al. discuss the impact of change on public utility commissions:

In many cases, commissions have already begun to react to their changing roles and circumstances. Some commissions have already engaged outside consultants to examine their organization, mission, and regulatory methods. Others have begun to review their own missions and objectives and have begun the effort to change the organizational culture.

⁵The Staff of the National Regulatory Research Institute (NRRI), *Missions, Strategies, and Implementation Steps for State Public Utility Commissions in the Year 2000: Proceedings of the NARUC/NRRI Commissioners Summit* (Columbus, Ohio: NRRI, 1995), 2.

⁶*Ibid.*, 31.

Some have involved a wide circle of stakeholders in the effort to create new visions of commission roles. Many have experimented with alternative methods of dispute resolution (ADR).⁷

Wirick continues by describing the challenge facing the public utility commissions:

The change required today is in response to a fairly radical reshaping of the environment and, as a result, requires fundamental changes in the missions and operations of public utility commissions. To some extent, what is required of commission today is the creation of what is not rather than the alterative of what is.⁸

In actuality, the challenge for public utility commissions is twofold. They must adapt to radically shifting environments by creating flexible and effective organizations. And they must also simultaneously convince elected officials that they are relevant and necessary to the protection of the public. Commission managers must make the right changes and then sell those changes to legislators and the public as an effective response to changing times.⁹

Unfortunately, “selling themselves to the public” — the process of educating the public is not a process with which commissions have extensive experience. Yes, commissions have a long history of providing consumer education on issues such as social issues and energy conservation. However, in the traditional regulatory environment commissions did not have to “sell” their processes to the legislators or the public. The problem of the public’s lack of understanding of the new role of the commission is further complicated by the fact that the new regulatory environment is evolving and consequently, the public has limited understanding of the new regulatory environment — which is the context in which commission processes occur. Thus, commissions are left with the multifaceted task of educating the public regarding the new regulatory environment, the evolving paradigm of what is a public utilities commission within the new regulatory environment, and rationalizing seemingly

⁷Wirick et al., *Transforming Public Utility Commissions*, 2.

⁸*Ibid.*, 2-3.

⁹*Ibid.*, 7.

complex processes which have replaced traditional processes. Wirick et al. warn of the danger of losing public support:

Regulatory commissions remain relevant and in control of their environments by creating effective organizations, applying effective methods of regulation, and convincing others of their worth.¹⁰

Clearly, public support is essential to the well-being of any government organization. Within the field of public utility regulation, “loss of public support can be manifested by public intervention in agency proceedings, letters to legislatures, and lack of compliance with agency directives.”¹¹ This in turn will attract the attention of the media, which can draw further public and legislative attention to the problem of the public’s lack of understanding of the new role of the commission. Moreover, the problem of the public’s lack of understanding of the new role of the commission can further escalate if the issue attracts the attention of the national media.

Thus, the question ensues: How does a public utility commission safeguard against the loss of public support as a consequence of the problem of the public’s lack of understanding of the new role of the public utility commission?

Throughout the *Proceedings of the NARUC/NRRI Commissioners Summit* runs an emphasis on the vital role of public education and the need for commissions to become more externally focused.¹²

With respect to their collective perceptions of strategies to help achieve the above [the commission missions] the commissioners generally saw:

.....A need for more outreach toward important players in the public sector—legislatures, governors’ offices, economic development offices—as well as with utilities themselves through workshops and collaborative.¹³

¹⁰Ibid., 7.

¹¹Barry M. Mitnick, *The Political Economy of Regulation: Creating, Designing, and Removing Regulatory Forms* (New York, NY: Columbia University Press, 1980), 421-422, as quoted in Ibid., 8.

¹²Staff of the NRRI, *Proceedings of the NARUC/NRRI Commissioners Summit*.

¹³Ibid., 31.

Other generic strategies addressed the manner in which commissions themselves operate. These strategies envision a commission that is less judicial, less adversarial, and more prone to seek consensus. They also address the need for commission to educate the public and stakeholder groups about the changing role of the commission.¹⁴

Regarding the issue of commission interaction with other entities:

Participants clearly recognized the fact that there are other players in the regulatory process and that the roles of all players are changing. Commissioners identified strategies that allow them to actively and cooperatively participate with those other parties, and they again stressed the importance of education.¹⁵ Specific strategies identified included:

- To provide education for legislators (and the press) through informal conferences on technical matters.¹⁶

Regarding the issue of commission operations and procedures, implementation steps were broken into three categories: regulatory methods, internal operations, and external interactions. Specific implementation steps for regulatory methods included:¹⁷

- Increase reliance on alternative forms of information sharing (e.g., roundtables, input for White Papers), combined with the tension for more stringent needs for information sharing.

Specific implementation steps for external interactions with other entities included the following implementation steps:

- Expand the public-education effort.
- Perform more public relations and liaison work. Enlarge the consumer affairs/representation and information role.¹⁸

¹⁴Ibid., 5.

¹⁵Ibid., 21.

¹⁶Ibid., 22.

¹⁷Ibid., 28.

¹⁸Ibid., 30.

In recognition of the need to be responsive to consumer needs, the New Jersey Board of Public Utilities (BPU) elevated its Consumer Relations Bureau to a division level. New Jersey Governor Christine Todd Whitman explains the decision:

While the Board manages the transition from monopoly to competitive markets, it must also ensure that residents receive the same safe and reliable utility service they were accustomed to under regulation. It must prepare residents for the coming changes, and become more vigilant in ensuring that consumers are protected in this new marketplace. That is why the Board strategically elevated its Customer Relations Bureau to a division level. Now the Board staff will be monitoring the offerings by utility providers and help guide residents through the coming changes so that they receive the best service and rates for their needs.¹⁹

The Bureau, now known as the Division of Customer Relations, was expanded and consists of a Bureau of Customer Outreach and a Bureau of Customer Relations. The Bureau of Customer Outreach is described below:

The Bureau of Customer Outreach is responsible for establishing a communications link between the BPU and the customers of the utilities it regulates. In order to accomplish its mission, the bureau will gather and disseminate information regarding the new competitive markets to which the utilities are shifting. It will participate in outreach events such as conventions, forums, and town meetings, and along with the new Director of Communications will develop publications, plan broadcasts, and prepare presentations to be given at schools, award programs, and other public events.²⁰

The Bureau of Customer Relations is described below:

The Bureau of Customer Relations is involved in the day-to-day handling of customer complaints regarding the services provided by and the related activities of all the utilities regulated by the BPU.²¹

Who Is the Public in Public Education?

Who is the public and what are their needs within the context of a new regulatory environment? Wirick et al. address the fact that unlike many other profit and nonprofit

¹⁹Governor Christine Todd Whitman, "Governor's Greetings," in *New Jersey BPU 1995 Annual Report* (BPU: Trenton, New Jersey, 1995).

²⁰*New Jersey BPU 1995 Annual Report* (BPU: Trenton, New Jersey, 1995), 9.

²¹*Ibid.*

organizations who can define primary customers, the public of public utilities commissions is indeed comprised of many groups with disparate goals.²²

Public utility regulatory commissions exist to serve the public at large, a public that is composed of groups with often contradictory goals. For state and federal public utility regulatory commissions, the “public” to be served consists of residential ratepayers, consumer advocates, legislators, and the executive branch. Their goals range from inexpensive service to company revenue maximization with widely disparate ideas of “fairness.” The objective of a public utility commission is not to maximize the interests of any customer but to prevent any customer from having its interests irreparably damaged. Because commissions exist to find a balance between these incompatible goals, it might be argued that the mission of commissions is not to *maximize customer satisfaction* but to *minimize customer dissatisfaction*.²³

Wirick et al. also discuss the turbulence within organizations and the vital need to gain the support of employees. Thus, the internal organization becomes another sector in need of education. Other public entities in need of education include the following:

- Staff of legislative officials.
- Offices of state government, such as the Office of Administrative Services, Office of the State Attorney General, the Office of Budget Management, the Office of Legislative Oversight, etc.
- Representative of other state public utility commissions.
- Representatives of city government.
- The media.
- Core and noncore customers.
- Corporate officials.
- Other government advocacy organizations.
- Civic organizations.
- Professional associations, such as the Bar Association.
- Specialty-interest groups, such as environmental groups.
- Universities and public schools.
- Think tanks and public policy institutes not directly involved in public utility regulation yet impacted by changes in this field.

²²Wirick et al., *Transformations*, 15.

²³*Ibid.*, 16.

- Academics, whose work shapes the dialogue regarding the new regulatory environment and the emerging roles, functions, and responsibilities of the public utility commission.
- Ratepayer populations with special needs, such as the disabled, the elderly, and the low-income.
- Social workers and other professionals serving ratepayer populations with special needs.

Unfortunately, the problem of defining and addressing the educational needs of the public is complicated because audiences are often comprised of professionals representing different disciplines, for example, law, economics, political science, engineering, business and finance, public policy and management, and public relations. And the problem is further complicated by the fact that even within a profession the information needs of professionals will vary enormously. Fortunately, this problem can be avoided by conducting some needs assessment prior to designing a public education program (need's assessment design will be discussed in a subsequent article on this subject).

How Do We Go About Educating the Public Regarding the New Regulatory Environment?

What is the best way to educate the public regarding the new regulatory environment? There are many different ways in which education is delivered including the following:

- Press conferences.
- Briefings and presentations at meetings.
- Presentations at public events.
- Participation in conventions and trade shows.
- Participation in town meetings and other civic events.
- Seminars and tutorials.
- Forums and workgroups.
- Speeches.
- Broadcasts.

- Articles in professional journals and news magazines.
- White papers.
- Brochures.
- Reports and executive briefings.
- Continuing education programs for professional associations.

Unfortunately, there is no one brochure, seminar, or press conference that will fulfill the educational needs of the many sectors that comprise a commission's public. Because different commissions are responding to the new regulatory environment in different ways and consequently are addressing various aspects of the issue, it would be very difficult to design an instructional experience that would be universally applicable to all commissions. Certainly, the implications of the new regulatory environment are a topic with universality across commissions. However, because states are in varying stages of the transition from rate base, rate-of-return regulation, as well as other factors, an executive briefing regarding California's new regulatory environment would focus on slightly different issues than an executive briefing regarding New York's new regulatory environment.

Although it is not possible to design an educational program on the new regulatory environment that will meet everyone's needs, instructional design is an approach to instruction, which if properly implemented, will ensure that a program fulfills an audience's needs. "Instructional design is a systematic decision-making process that allows educators to identify the most important elements of the learning process and to make decisions about what will be the most effective way to plan and implement a learning activity."²⁴

The Instructional Design Approach

In their book, *Principles of Instructional Design*, Robert M. Gagné, Leslie J. Briggs, and Walter W. Wager speak of instruction as a "set of events that affect

²⁴Gary J. Dean, *Designing Instruction for Adult Learners* (Malabar, Florida: Krieger Publishing Company, 1994), 2.

learners in such a way that learning is facilitated.”²⁵ Although they acknowledge the essential role that the teacher potentially plays in the learning process, it is important to note that a distinction is made between instruction and teaching. In this context, instruction describes:

...all of the events that may have a direct effect on the learning of a human being, not just those sent in motion by an individual who is a teacher. Instruction may include events that are generated by a page of print, by a picture, by a television program, or by a combination of physical objects, among other things.²⁶

Their theory of instructional design is based on the following five assumptions:

- Instructional design is aimed at aiding the learning of the individual. This assumption is based on the recognition that although learners may be assembled in groups, learning takes place within each member of the group.
- Instructional design has phases that are both immediate and long-range. Immediate design refers to the preparation that the instructor does before the instruction is presented. Design in the long-range sense refers to the relationship of the instructional activity to a larger instructional system.
- Systematically designed instruction can greatly impact individual human development. Here the underlying assumption is that carefully planned and directed learning is more effective than unplanned and undirected learning.
- Instructional design should be conducted by means of a systems approach. Basically, the systems approach to instructional design involves carrying out a number of steps beginning with an analysis of needs and goals, and ending with an evaluated system of instruction that succeeds in meeting goals.
- Designed instruction must be based on knowledge of how human beings learn. Stated differently, instructional design must consider the learning

²⁵Robert M. Gagné, Leslie J. Briggs, and Walter W. Wager, *Principles of Instructional Design* (Orlando, FL: Holt, Rinehart, and Winston, Inc., 1988), 3.

²⁶Ibid, 3.

conditions that need to be established in order for the desired learning to occur.²⁷

Characteristics of Successful Adult Educators

Numerous authors have explored the question of what are the characteristics of successful adult educators. Grabowski identified a set of competencies that he felt adult educators should possess. Accordingly, adult educators should:

- Understand the motivation and participation patterns of adult learners.
- Understand and provide for the needs of adult learners.
- Be knowledgeable in the theory and practice of adult learners.
- Know the community and its needs.
- Know how to use various methods and techniques for instruction.²⁸

Malcolm S. Knowles identifies six functions of an adult educator:

- The Diagnostic Function: To help the learner discover their learning needs in given situations.
- The Planning Function: To plan with the learner a sequence of experiences that will produce the desired learning outcomes.
- The Motivational Function: To create conditions that will cause the learners to want to learn.
- The Methodological Function: To select the most effective methods and techniques for producing the desired learning outcomes.
- The Resource Function: To provide the human and material resources necessary to produce the desired learning outcomes.
- The Evaluative Function: To help the learner measure the outcomes of the learning experiences.²⁹

Successful adult educators should be able to competently perform each of the functions identified by Knowles. Unfortunately, far too many educators focus their preparation time not on these six functions but only on the selection and sequencing of

²⁷Ibid, 6-7. For a good discussion of the basic principles of learning, see pages 7-19 of this text.

²⁸S. Grabowski, *Training Teachers of Adults: Models and Innovative Programs* (Syracuse, NY: National Association for Public Continuing and Adult Education and ERIC Clearinghouse on Career Education, 1976); as cited in Dean, *Designing Instruction for Adult Learners*.

²⁹Malcolm S. Knowles, *The Modern Practice of Adult Education: From Pedagogy to Andragogy* (Chicago: Follett Publishing Company, 1980).

content. Although content is important, if the content does not meet the needs of the learner or if it is not presented in an appropriate manner, or is not presented under conditions that are conducive to learning, the effectiveness of the instructional program is severely diminished.

Characteristics of Adult Learners

How do adults learn best? Adults learn best when the following conditions are present:

- They have a strong desire to learn.
- They are aware of clear, measurable instructional goals.
- They receive satisfaction from the learning process.
- The learning experience is problem-centered.
- They are actively involved in the learning process.
- They understand the relevancy of the learning experience.
- They receive feedback regarding their progress during the instructional program.

Who Are the Best Educators at Your Commission?

It is important to remember that leaders and educators are very divergent job titles requiring different training, skills, and competencies. Although many organizations make the mistake of assigning teaching tasks to the person with the most comprehensive knowledge of the content, this too can be a mistake. For example, often the economics or political science professors who are the best researchers are not the best instructors. When selecting instructors it is important to consider the following criteria:

- Can this instructor relate successfully to the audience?
- Does this instructor understand the educational needs of this audience?
- Does this instructor have any prior teaching experience?
- Does this instructor have adequate knowledge of the topic?
- Is this instructor's teaching style appropriate to the learning experience?
- Does this instructor want to be an instructor?

Can this instructor relate successfully to the audience? Is your commission's leading economist the best person to explain energy conservation to a civic

organization? Or would someone with a less technical background be a better choice? Similarly, someone from the public relations department, who is used to working with the media and knows how to avoid trick questions, might be a better candidate to brief the media regarding the Telecommunications Act of 1996 than the director of the telecommunications research division.

Does this instructor understand the educational needs of the audience? Having a thorough understanding of the audience's expectations is a very important component of the instructional process. As an example, elected officials and media personnel are usually interested in the impact of federal and state legislation on the lives of the people that they serve. An instructor who is briefing either of these audiences regarding the commission's electric industry restructuring program would be wise to focus primarily on how this program will impact the day-to-day lives of the citizens of the state.

Does this instructor have adequate knowledge of the topic? Or the flip side, many organizations make the mistake of delegating all public education assignments to the public relations staff. However, it is just as unrealistic to expect that the staff of the forecasting department are experts on every aspect of electric industry restructuring, as to expect that every member of the commission's public relations staff will have expert knowledge of every aspect of public utility regulation.

Does this instructor have any prior teaching experience? Unlike public school teaching, teaching adults does not require any special certification. As a result, important learning experiences are often conducted by people with absolutely no education background. Many organizations make the mistake of selecting spokespersons to teach important seminars to elected officials, the media, and other key publics because of their ability to relate well to people.

Is this instructor's teaching style appropriate to the learning experience? Many managers make the mistake of selecting educators without giving any consideration to the candidate's teaching style. As a result, important seminars are often lead by

instructors who either incorrectly assume that everyone likes to learn the way that they like to teach.

Although many inexperienced instructors make the mistake of thinking that the lecture is the most appropriate teaching style, research shows that teaching styles that encourage learner participation are in fact the most effective. Moreover, the educational objectives, as well as the content should also influence the instructor's choice of teaching methods. A subsequent article will discuss various approaches to presentation of content, as well as ways to increase learner participation.

Does this instructor want to be an instructor? When selecting instructors it is very important to select people who want to teach. One of the most important jobs that an instructor does is to create a psychological climate that is conducive to learning.³⁰ If the instructor is not adequately enthusiastic about the task at hand, the learning climate can be significantly damaged. Although a supervisor can require someone to teach, genuine enthusiasm is not something that can be successfully assigned.

Summary

As the role of public utility commissions evolve and new emphasis is placed upon the mission of commissions as educating organizations, it will become increasingly important to utilize an instructional design approach when designing educational products.

³⁰M.W. Galbraith, "The Adult Learning Transactional Process," in M.W. Galbraith (ed.), *Facilitating Adult Learning* (Malabar, FL: Krieger, 1991) as quoted in Dean, *Designing Instruction for Adult Learners*, 17.

CHAPTER TWO

EDUCATING THE PUBLIC: WHERE DO WE BEGIN?¹

by
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Introduction

Despite the extensive regulatory concurrence regarding the need to educate the public in changing utility markets, the task of doing so remains one of the most salient and challenging tasks facing regulators. As they transition from an environment earmarked by ratebase rate-of-return regulation to the new more-competitive environment, regulators ponder the degree to which the public understands the new competitive environment, the impacts of this environment on their utility service and fees, and the roles, responsibilities, and the mission of the public utilities commission in context of the new regulatory environment. In an effort to mitigate potential fears, confusions, and withdrawal of public support, public utility commissions have begun the monumental task of educating the public and, in the process, repositioning the public utility commission in the eyes of the myriad of consumer, media, governmental, industry, and special interest groups often referred to as “the public.”

In recognition of the need to be proactive in their public education endeavors, several agencies have recently begun to place greater emphasis on their role as educating organizations. As one example, the Vermont Department of Public Service recently announced the creation of the position of Director for its expanding consumer affairs and public information functions.

The agenda for the February 23, 1997, organizational meeting of the NARUC Ad Hoc Commissioner’s Consumer Affairs Committee also indicated an emphasis on

¹This chapter was originally published in the *NRRI Quarterly Bulletin* 18, no. 2 (1997): 249-261.

commissions as educating organizations.² Possible purposes for the committee included the following: “consumer outreach and education obligations” and “developing effective, timely, and efficient ways to disseminate information” regarding consumer alerts.

In its January 1996 report, *Vision 2000: A Report on Our Progress for Change*, the California Public Utilities Commission (CPUC) laid out a step-by-step plan to implement organizational and operational changes to reform the Commission. The CPUC placed emphasis on the Commission’s role as an educating organization:

Commitment to Customers/Action Recommendations focused on increasing consumer/stakeholder access to the Commission and consumer information and protection through: Town Hall and Commission meetings held throughout the state, Commissioners holding office hours in different cities, expanded use of technology such as the Internet to facilitate access to the Commission, and education/information materials to help consumers.³

Similarly, as indicated in Table 1 in its 1997 Business Plan, the CPUC also placed emphasis on its role as an educating organization.

TABLE 1 CPUC BUSINESS PLAN

Program IV: Public Information and Education:

Objective A: Educate the public regarding Commission matters, decisions, and public service and safety issues.

Strategy 1: **General Consumer Information:** By December, 1997, the CSD [Consumer Services Division] will, along with industry divisions, assess, revise and, with the help of the Information Services Division, make available to consumers information about utilities. The Commission will address improved methods to

²Memo from Commissioner Robert Rowe to Ad Hoc Consumer Affairs “Volunteers,” President Bruce Ellsworth, and President Greg Conlon, February 13, 1997.

³*California Public Utilities Commission, Annual Report 1995-1996* (San Francisco: CPUC, 1997), 6-7.

provide access to information, such as electronic access, in order to help ensure that consumers have or have ready access to accurate and understandable information necessary to make informed decisions about utility services.

Strategy 2: Responses to Consumer Inquiries: The CSD will maintain a list of firms providing each type of utility service which will be made available to individual consumers upon request. In addition, the CSD will keep track of the valid complaints (both formal and informal), investigations and enforcement proceedings involving each service provider. Upon request, the Division will provide a report on the number and types of recent valid complaints and other matters involving a specific service provider.

Strategy 3: Consumer Education: The CSD will develop and implement a consumer information campaign to address the most important consumer issues. The initial major emphasis will be on an electric restructuring education plan to equip every electric consumer in California with the information necessary to act on the opportunities and choices in the new market structure and protect consumers by providing additional monitoring of market practices. CSD will conduct a timely, comprehensive education campaign that will reach every California customer with essential information in a reader-friendly format plus establish appropriate protective mechanisms and strategies to monitor market practices during the transition period of 1998 through 2002.

Priorities: This program is also a number one priority of the CSD.⁴

Similarly, in its Mission Statement developed at its September 1996 planning retreat the Tennessee Regulatory Authority (TRA) acknowledges the critical need for public education.

Issue #1

The success of the TRA will depend on its ability to inform the public of the roles, actions, and issues facing the authority.

⁴1997 CPUC Business Plan (San Francisco: The California Public Utilities Commission, 1997), Consumer Protection Section, 6, as downloaded from the Internet on March 18, 1997, www.cpuc.ca.gov/business_plan/sec_14.htm.

Goal #1

The TRA will develop a proactive education and public affairs strategy.

Strategies

1. Identify/appoint a public information officer (PIO) by Dec. 1, 1996.
2. Publish a quarterly newsletter beginning Jan. 1997.
3. The TRA will sponsor an information event each legislative session (legislators, media, and administration).
4. Expand consumer workshops across Tennessee.
5. Routine press briefings: e.g., editorial boards, news release.
6. Web page — TRA by Jan. 1997.
7. Develop TRA "current issues/events" correspondence for legislature/ administration by Feb. 1997.
8. Develop a speakers bureau by Jan. 31, 1997.
9. Develop a community outreach program by March 1, 1997: e.g., Chamber of Commerce, Adopt-a-School, Rotary, Kiwanis, civic associations, etc.
10. Develop a program to make Directors more accessible to the public by March 1, 1997.
11. Work to develop relationships with universities to present technical conferences by July 1, 1997.
12. Establish a consumer information display at TRA and other state public areas.
13. Develop a program to "tap into" schools' technology program by Fall 1997.⁵

In the article "The Learning Organization Model for Commission Change: Collaboration and Adjudication in the Regulatory Environment" the authors, Commissioner William Gillis and Molly Gibbs, discuss the Washington Utilities and Transportation Commission's (WUTC's) endeavors to become a learning organization and the subsequent emphasis that the WUTC places on its role as an educating organization:

Improvements were made in external communications, including proactive offering of legislation, working with a broader stakeholder

⁵Draft of Mission Statement, Tennessee Regulatory Authority, September 26, 1996.

group by creating a speakers bureau, creating a new consumer education role, . . . ⁶

Team or collaborative approaches require that 20 percent of our time be focused on relationship building, with the WUTC's broad based constituency, including legislators, companies, unions, jurisdictional representatives, such as the Federal Communications Commission, the Federal Energy Regulatory Commission, or the Bonneville Power Authority.⁷

In recognition of the need to be more responsive to consumer needs, the New Jersey Board of Public Utilities (BPU) elevated its Consumer Relations Bureau to a division level. The Bureau, now known as the Division of Consumer Relations, was expanded and consists of a Bureau of Customer Relations and a Bureau of Customer Outreach. The Bureau of Customer Relations is primarily involved in the handling of day-to-day customer complaints.⁸

In New Hampshire there is strong public support for the role of commissions as educating organizations. Results of a survey of the New Hampshire Retail Competition Pilot Program indicated "with respect to consumer education, 59 [percent] of [respondents] thought the Commission should be responsible for educating consumers about retail electric competition in the future."⁹

Many commissions have already recognized the potential of their Internet Web site as an educational tool.¹⁰ As an example, the West Virginia Public Service

⁶William R. Gills and Molly Gibbs, "The Learning Organization Model for Commission Change: Collaboration and Adjudication in the Regulatory Environment," *NRRRI Quarterly Bulletin* 18, no. 4 (1997): 51.

⁷*Ibid.*, 63.

⁸*New Jersey BPU 1995 Annual Report* (Trenton, NJ: BPU, 1995), 9

⁹New Hampshire Public Utilities Commission, "Final Plan to Restructure the Electric Utility Released," *PUC Update*, Spring 1997, 3. Available at: www.state.nh.us/PUC/nlsprg97.html. As downloaded on April 15, 1997.

¹⁰In the article "Commissions as Information Organizations: Meeting the Information Needs of an Electronic Society," *NRRRI Quarterly Bulletin* 18, no.1 (1997): 77-90, this author discusses ways in which commission-sponsored Web sites can meet the public's information needs.

Commission places comparison information on their Web site regarding long distance carrier rates. Sponsored by the Consumer Advocate Division, this information contains a comparison of the "Cost of a Ten Minute Onpeak Call" from eleven different telephone companies. Other examples of consumer information posted on commission-sponsored Web sites include the following:

- The New York Public Service Commission (NYPSC) has a Help Center which contains consumer brochures on a variety of topics, including "Beware of Slamming" and "New Options for Local Toll Calls."¹¹
- The Michigan Public Service Commission's (MSPC's) Web page section "Consumer Alerts and Informational Publications" discusses nine consumer alerts and presents ten consumer publications on topics such as "Be Winter Wise," "Cutting Telephone Costs," and "Surviving Electrical Power Outages."¹²
- The New Jersey Board of Public Utilities (BPU) home page contains BPU consumer publications on subjects such as: "Winter Termination Program," "Unbundling," and "Restructuring the Electric Power Industry in New Jersey"¹³
- The WUTC Consumer Information Page contains a Consumer Newsstand, which is a monthly newsletter designed to provide business and home consumers with useful information related to the industries that the commission regulates.
- The Arizona Corporation Commission's (CC's) Homepage Consumer Information and Education section contains consumer publications on electric and gas, telecommunications, and water and wastewater.¹⁴

Unfortunately, the task of educating the public is relatively new to public utility commissions. Unlike government health care agencies that have large senior level education and training departments, public utility commissions have never before been

¹¹Visit the NYPSC Consumer Help Center at: www.dps.state.ny.us/alerts.html.

¹²View the MPUC's "Alerts and Informational Publications" at: ermisweb.state.mi.us/mpuc/execesc/alerts#publications.

¹³View the BPU's consumer publications at: www.njin.net/hjbpu/bpuubs.htm.

¹⁴View the CC's consumer publications at: www2.scri.net/psc/psc_cnsumer_information.html.

faced with the challenge of massive educational endeavors. The purpose of this article is to provide a roadmap with which public utility commissions can begin to define and implement the process of educating the public.¹⁵

The Planning Process

Background

Where do we begin to educate the public regarding the new regulatory environment? In the article "Commissions as Educating Organizations: How to Educate the Public Regarding the Mission of the Public Utilities Commission in the New Regulatory Environment"¹⁶ this author discussed the following topics:

- The massive changes in the new regulatory environment and the necessary impact of these changes on the roles, responsibilities, structure, function, and mission of the public utility commission.¹⁷
- The task of defining who is the public in "public education."
- Methods of educating the public regarding the new regulatory environment.
- The characteristics of the instructional design approach.
- Conditions under which adults learn the best.
- Characteristics of successful adult educators.

Unfortunately, as mentioned in the previous article, the problem of defining and addressing the educational needs of the public is complicated because audiences are often comprised of individuals representing different professions, and consumers representing very diverse demographic groups. Fortunately this problem can be

¹⁵Commission educators interested in supplemental resources should see: Michael W. Galbraith, editor, *Adult Learning Methods* (Malabar, Florida: Krieger Publishing Co., 1991); Malcolm S. Knowles, *The Modern Practice of Adult Education : Andragogy Versus Pedagogy* (New York: Association Press, 1970); and Robert Gagné, Leslie J. Briggs, Walter W. Wager, *Principles of Instructional Design* (Fort Worth: Holt, Rinehart and Winston, Inc., 1988).

¹⁶Francine Sevel, "Commissions as Educating Organizations: How to Educate the Public Regarding the Mission of the Public Utilities Commission in the New Regulatory Environment," *NRR/Quarterly Bulletin* 17, 4 (1996): 509-520.

¹⁷David W. Wirick et al., *Transforming Public Utility Commissions in the New Regulatory Environment: Some Issues and Ideas for Managing Change* (Columbus, OH: The National Regulatory Research Institute [NRR], 1996).

avoided by utilizing a planning process. The components of the planning process, which will be discussed in the remainder of this article, are outlined below.

Components of the Planning Process

Needs Assessment

Identification of the Problem

Audience Analysis

Method of Instruction

Designing the Instructional Product¹⁸

Developing Goals and Objectives

Identification of Instructional Resources

Budgeting

Identification of Evaluation Methods

Production

Needs Assessment -- Identification of the Problem

The first step in the process of designing educational products is identification of the problem. Issues to ponder regarding delineating the problem include the following:

- Is the problem a solvable problem?
- Is the audience aware of the problem? Or are you trying to circumvent the problem from happening?
- What is the scope of the problem?
- What is the desired outcome of solving/preventing the problem?
- What are the ramifications of not solving this problem (political, economic, sociological, etc.)?
- Is solving/preventing this problem concurrent with your commission's strategic plan or mission statement?
- Does your organization have the resources to adequately address the problem?
- Does the problem involve the need for the audience to have more knowledge?
- Does the problem involve the need for the audience to change its attitudes?
- Does the problem involve the need for the audience to change its values?
- Does the problem involve the need for the audience to develop new skills or new thought paradigms?

¹⁸ In this context the word product refers to any instructional tool, including workshops, brochures, videotapes and community education forums. The phrase instructional program is interchangeable with the phrase instructional product.

Audience Analysis

Regardless of whether your top priority is educating the public regarding energy efficiency or informing the media of the impact of the movement toward competition, the first step is to identify your target audience. How do you identify a target audience when there are so many consumer, industry, government, media, and other groups in need of education? Consideration of the following questions should help to guide your decision-making process.

- Who is the target audience that will benefit most from this education?
- Is the size of the target audience large enough to warrant education?
- Why is it important to reach this target audience before all other groups?
- How do you want this target audience to utilize this education?
- Is it feasible that a significant portion of this target audience will utilize this education in the intended manner?
- Will this target audience utilize the education in a timely manner?
- Is this target audience easily accessible to you?
- Can this target audience be influenced by an educational product?
- What is the cost of reaching this target audience? And conversely, what is the cost of not reaching this target audience?
- Will other nonprofit organizations try to reach this target audience regarding this problem?
- Will industry groups try to reach this target audience regarding this problem?

It is also important to divide your target audience into market segments. Division by demographic variables is perhaps the most popular method of distinguishing consumer groups. One reason is that consumer wants, preferences, and usage rates are often highly associated with demographic variables, and another reason is that demographic variables are easier to measure than most other types of variables.¹⁹ This method of market segmentation, segments the market into different groups on the basis of variables such as age, sex, family size, family life cycle, income, occupation, education, religion, race, and nationality.

¹⁹Philip Kotler and Alan R. Andreasen, *Strategic Marketing for NonProfit Organizations* (Upper Saddle River, New Jersey: Prentice Hall, Inc, 1996), 156-157.

Examples of different market segments for a consumer education product might include the elderly, empty-nesters, families with young children, and social workers and other social service professionals working with low-income populations.

Method of Instruction

Unfortunately, the task of educating the public about the new regulatory environment is more an art than a science. Would it be better to do a brochure about energy conservation in the home or would it be more effective to do a series of public service announcements? Would newspaper feature articles explaining the new functions of the public utility commissions have more impact than a direct mail pieces? Indeed, as educating organizations, commissions need to become experts on media effectiveness.

Choices for reaching your target audience may include the following:

- Brochures.
- Newsletters.
- Videotapes.
- Public service announcements.
- Community education programs and forums.
- Direct mail pieces.
- Posters.
- Press releases.
- Feature articles in newspapers and magazines.
- Paid advertisements.
- Television and radio commercials.
- Press conferences.
- Commission-sponsored Web sites.
- Exhibits at state fairs and other public-gathering places.
- Instore displays.
- Recorded messages on 1-800 numbers.

Unfortunately, there is no golden rule or single method that will work best with a particular audience or a particular instructional problem. However, consideration of the following questions will help you to make an informed decision.

- What do you know about the audience's learning styles?
- Are there common audience characteristics that impact the learning process? (An example would be learners who did not speak English).
- What does the audience know about the subject matter?

- What attitudes, beliefs, values, and behaviors does the audience have regarding the subject matter?
- What barriers to learning exist?
- What must the audience learn?
- How will you know when the audience has learned it?
- What instructional methods will best facilitate learning?
- Has any needs assessment been conducted regarding the audience's preference for instructional methods?
- If not, can a needs assessment be conducted?
- How will the instructional piece be used? Will it be part of an educational program or will it be a stand alone piece?
- Which, if any, follow-up activities will be conducted?

Designing the Instructional Product

Developing Goals and Objectives

What do you want your commission's "students" to do after they have been educated? And how will you know if your educational endeavors have been successful? Some exemplary educational goals might include:

- To increase participant's knowledge of the new regulatory environment?
- To develop a favorable attitude among participants toward the mission and function of the public utilities commission with the new regulatory environment?
- To help consumers to make wise choices when selecting utility service providers?
- To change residential customers' energy conservation habits?

Generally speaking, a learning goal is a general statement of the desired outcome of the learning experience, and learning objectives define the outcomes in more specific terms.²⁰ Goals are often broad in scope and can usually be divided into two or more objectives. The following example illustrates the difference between a goal and an objective.

Goal

The goal of the program is to enhance participants knowledge of the regulatory environment.

²⁰Gary J. Dean, *Designing Instruction for Adult Learners* (Malabar, Florida: Krieger Publishing Company, 1994), 67.

Objectives

Upon completion of the program, participants will be able to list three changes in the regulatory environment.

Goals should be learner-centered, concrete, measurable and attainable. The following are examples of goals that are instructor and learner centered:

Instructor-Centered Goals

To develop good consumer education brochures.

To develop a consumer education brochure that receives widespread media attention.

Learner-Centered Goals

To increase the learners knowledge of how to select a utility service provider.

To increase public awareness of the need for energy conservation.

Regardless of the goals and objectives of a commission's instructional product, it is important that both the goals and objectives be concrete, measurable, and attainable. Examples of concrete vs. abstract objectives are:

Concrete Objectives

To increase the number of households practicing energy conservation techniques.

To increase consumer knowledge of the new role of the public utilities commission in the new regulatory environment.

Abstract Objectives

To produce a useful brochure.

To produce a videotape that makes an impact on participants.

Examples of measurable and unmeasurable objectives include the following:

Measurable Objectives

To increase statewide energy conservation efforts by 10 percent.

To increase participation in low-income energy programs by 5 percent.

Unmeasurable Objectives

To increase public support of the commission.

To enhance the reputation of the commission.

Examples of attainable and unattainable objectives are:

Attainable Objectives

To increase consumer energy conservation efforts by 5 percent within one year.
To increase public awareness of the function of the commission by 10 percent within the next two years.

Unattainable Objectives

To increase legislative support by 50 percent within the next three months.
To increase media contact by 75 percent within the next month.

Moreover, it is important to remember that the learning objectives should be congruent with your commission's mission statement and long-range plan. It is also important that your style of communicating with the public be congruent with your commission's overall philosophy toward external communications.

Identification of Instructional Resources

What are the instructional resources needed to make your commission's instructional product successful? Consideration of the following will help you to identify some gaps in your current resources and to help you plan to fill those gaps.

- What, if any, are the obstacles to project implementation?
- How can those obstacles be overcome?
- What administrative support is needed for a successful project?
- What financial support is needed for a successful project?
- What external support (i.e., media support) is needed for a successful project? This might include support from the media, social service and community agencies, and other branches of state and local government.

Prior to beginning your educational initiative it is also important to take stock of the available human resources. Human resources may include content advisors, photographers, or videographers, and graphic artists. As an example, if you are doing a mass mailing, extra hands may be needed for preparing the mailing. Assuming that existing support staff will be available to stuff and mail your envelopes may prove to be a costly error.

Budgeting

Carefully planning and managing a budget are important for proving the cost-effectiveness of the project, demonstrating the importance of various individual projects, demonstrating high-quality results, and evaluating the overall financial health of the education endeavors.

Budget is often used as a decision-making guide throughout the year, determining which individual educational projects are emphasized. Some projects may have financial allocations far above actual expenditures; others may need more financial support to ensure their success. Consequently, it is important that the budget be flexible so that needed funds can be transferred between projects.

An individual project's budget should include the cost of production, distribution, and evaluation of your educational product. As an example, budget for the production of a consumer education brochure might include staff salaries and fringes, design, photography, and printing fees, mailing and postage fees, and fees associated with promotion and evaluation of the brochure.

Identification of Evaluation Methods

Sure words of praise from your commission's chair are one way to evaluate your instructional product, yet it is still important to have a tangible way to measure the impact of the product on the intended audience.

Although many instructors evaluate their endeavors based on quantitative factors such as the number of program participants or the number of requests for further information, true program evaluation involves more qualitative factors. What is program evaluation and why is it important to your educational endeavors? Several kinds of action can be taken on the basis of information obtained through the evaluation process: the content can be changed or modified, the objectives can be altered in light of the new needs and interests of participants or the method of instruction can be changed. Evaluation also gives an indication as to the need for other similar programs on this topic.

The evaluation process consists of several simple steps:

- Formulating the questions that you want answered.
- Collecting the data that will enable you to answer those questions.
- Analyzing the data and interpreting the answers to the questions raised.
- Modifying your plans, operation, and program in light of your findings.

Every person who is in a position to make any kind of judgement about the project should be brought into the evaluation process in some way. In addition, one or more of the following groups are can be involved, depending on the type of project:

- Participants.
- Instructors.
- A commission's consumer affairs department.
- A commission's communications or public affairs department.
- Outside experts.
- Community representatives.

Some practical methods for obtaining instructional product feedback or evaluation are:

- Questionnaires/surveys.
- Interviews.
- Focus groups.
- Pre- and post-tests.
- Commission statistics.²¹
- Utility industry statistics.²²

Participant satisfaction surveys are perhaps the most widely used evaluation instrument.

Production

Now you are ready to begin the task of designing your commission's educational product. Many instructional designers find it useful to develop a procedural timeline, which identifies how much lead time is needed for specific tasks. The actual amount of necessary lead time will vary from commission to commission, depending on the

²¹One example would be statistics regarding the number of people requesting a consumer information brochure or the results of program evaluation conducted following a commission-sponsored educational program.

²²An example would include statistics regarding energy consumption.

complexity of the program, availability of resources, personal comfort levels, and other factors.

Planning the Content

Writing the content of your instructional product is perhaps one of the most important jobs and challenging tasks to face commission instructional designers. Unfortunately, there is not one formula that will work for all public education efforts. However, when planning the content of an educational product, a commission instructional designer may benefit by contemplating the following questions regarding program design.

- Have I created a desired mood or instructional climate?
- Have I interested my audience in the topic?
- Have I established the relevancy of the topic?
- Have I motivated my audience to take the actions suggested by the content?
- Have I established a common base of knowledge?
- Have I properly paced the presentation of content?
- Is the level of content presentation appropriate to the audience?
- Is the content presented in a clear, concise manner?
- Have I used an adequate number of examples?
- Are the examples relevant to the audience?
- Is my content free of unnecessary jargon?

Many instructional designers feel that the design of their product benefits from formative evaluation—a process in which feedback is obtained during the formative stages of program design.

Commission instructional designers might choose to do either formative or summative evaluation. Formative evaluation is conducted while the instructional product is being developed. Basically, evidence of the product's worth is sought for making decisions about how to revise the product while it is being developed.²³ By contrast, summative evaluation occurs after the product is developed.

²³Robert M. Gagné et al. *Principles of Instructional Design*, 322.

During formative evaluation some questions to consider might include the following:

Goals and Objectives

- Are the goals and objectives appropriate to the learners?
- Are the goals and objectives appropriate to the content?
- Are the goals and objectives achievable within the context of the instructional experience?

Learning Activities

- Are the learning activities appropriate to the learners?
- Are the learning activities appropriate to the goals and objectives?
- Has the proper mood or instructional climate been created and sustained?

Content

- Is the presentation of content appropriately paced?
- Is the content presented in a clear, concise manner?
- Is the vocabulary level appropriate to the audience?
- Are the examples relevant to the audience?
- Does the content attract and retain the audiences interest?

Following formative evaluation, a commission instructional designer can make the necessary alterations to make the product more conducive to the audience's needs. The use of focus groups is an excellent method of obtaining formative feedback and evaluation.

As mentioned previously, summative evaluation is conducted after the product is developed.

Conclusions

The task of educating the public regarding the new regulatory environment is large. However, by utilizing a careful program planning process regulators can mitigate risks and turn a challenge into an opportunity. Hopefully, as commissions begin to place greater emphasis on their role as educating organizations, the public will respond by also recognizing the value of education and will consequently seek educational information prior to making consumer decisions.

CHAPTER THREE

CONSUMER EDUCATION SURVEY¹

by
Bev DeMello
Florida Public Service Commission
and
Harriet Van Norte
Georgia Public Service Commission

Introduction

In the face of sweeping changes in utility markets and regulatory practices public utility commissions are being forced to change in fundamental ways — to substantially transform themselves — rather than only making incremental changes in their operations. As a result, commissions must be more aware of the impact of this change on the general public, especially in the area of consumer relations.

Because the environment of the regulatory arena has changed through recent legislation at both the federal and state levels, it is now increasingly important that consumers become educated on utility-related issues. New laws allowing competition have affected nearly all types of utility services formerly regulated by public utility commissions. These laws provide consumers with the power of choice, as well as the expectation of lower rates. Consumers must be able to make educated choices. To avoid the consumer confusion that comes with choice, public utility commissions are in the unique position of being able to serve as the reliable, nonbiased information resource.

Many commissions are already implementing consumer education programs to inform consumers of the possibility of choice, of their rights as customers of these alternative providers, of the commission's regulatory authority over the alternative

¹This chapter was originally distributed in slightly different form as a report to the NARUC Staff Subcommittees on Consumer Affairs and Public Information, and other audiences.

providers, and of other pertinent information. Consumers will be looking to and expecting the public utility commission to provide the information they need in a more competitive utility environment.

The primary objectives of any consumer education program are to minimize consumer confusion and to promote informed decisions. Theoretically, the more education provided to the consumer, the less consumer confusion. Informed choice decreases consumer dissatisfaction, minimizes complaints, and provides feedback on whether current policies are balancing the needs of the consumer and the utility. Such educational efforts can be more effective when they are directed by the commission and/or coordinated with the utilities. Consumer education will also be a key component of the commissions' consumer protection process. Public utility commissions, however, must develop the capability to sufficiently carry out this function. A myriad of proven tools include bill inserts, participation at public meetings, newsletters, brochures, publications describing customer rights and obligations in a competitive environment. Moreover, a Web page on the Internet should be incorporated within a commission's educational program.

The techniques available for implementing public involvement and education programs vary according to their purpose, cost, and ease of implementation. Before selecting which techniques to use, public utility commissions should understand their objectives regarding seeking public involvement and know how those objectives relate to future commission decisions.

The National Association of Regulatory Utility Commissioners (NARUC) Staff Subcommittees on Consumer Affairs and Public Information are collaborating with the NARUC Ad Hoc Consumer Affairs Committee on a work plan for consumer education. In conjunction with this work plan, the Consumer Affairs Subcommittee is responsible for evaluating existing literature on consumer outreach and education methods, as well as providing a bibliography (and samples) of what state public utility commissions are already doing to educate consumers on current issues related to the electric, gas, telecommunications, and water and wastewater industries.

Two members of the NARUC Staff Subcommittees on both Consumer Affairs and Public Information, Bev DeMello (Florida Public Service Commission) and Harriet Van Norte (Georgia Public Service Commission), developed the survey instrument and distributed it to the states in May 1997. The survey was designed to determine how commissions are obtaining and using media coverage and what public information techniques commissions are using to educate consumers. The response rate was very good, and in most cases, the consumer affairs representatives consulted with their public information officers before completing the survey. Forty-two states responded to the questionnaire, and the survey results were compiled in a draft report for presentation and discussion at the NARUC Summer Meeting in San Francisco (July 1997). Upon acceptance of the report by the NARUC Ad Hoc Committee, this final version has been prepared for distribution to all commissions.

The following public information techniques presented in the survey and in this chapter involve getting information to the public, getting information from the public, and methods for exchanging information.

Regarding public utility commission involvement in consumers education, committee and subcommittee members decided the following ideas should be adopted.

First, consumer education must be a stated goal as part of the agency's mission statement. Otherwise, the educational program may become a "lip-service" piecemeal function with little or no direction or personnel. Included in this goal should be a financial commitment.

Second, consumer education should be the responsibility of both the consumer affairs and public information sections of the commission. Expertise and coordination from both the consumer and the media side is critical to meet the established mission of the commission to do more consumer outreach.

Third, the consumer education program must be objective and not project the "spin" of a political goal.

Fourth, the educational effort must be readily accessible by a variety of sources — print, audio, videos, Internet, etc.

Fifth, before initiating educational programs, commissions should learn from other regulatory entities that are used to "hands off" rather than "command and control" oversight. For example, agencies that regulate financial institutions, insurance, securities, general businesses, or consumer protection.

Finally, state public utility commissions will need to quantify the effectiveness of their information/education campaigns in reaching consumers with targeted information. This feedback can be used to report back to the state legislature and Congress, as well as to monitor the penetration of the message.

Newspaper Advertisements

Display advertisements differ from legal notices in that displays are printed in a commonly read section of the newspaper. Advertisements can range in size from a quarter to a full page. Rates vary according to the media market, the newspaper, and whether it is a weekly, daily, or Sunday edition. Rates are usually charged by the column inch, with a 4- x 8-inch advertisement running 28 column inches. Many newspapers have their own graphics department that can create display advertisements from the words sent to them via telephone or fax. Twenty-eight respondents said their commissions use newspaper advertisements. Twelve respondents said their commissions do not use newspaper advertisements. One respondent did not answer.

Typical Uses

Twenty-four respondents said newspaper advertisements are used for notification of public meetings or hearings. Ten respondents said newspaper advertisements are used for workshops and open houses. Four respondents said newspaper advertisements are used for an application form for public advisory committees. Other related comments for typical uses included the following: (1) legal notices (eleven commissions mentioned this one), (2) public notice of filings (eleven commissions mentioned this one), (3) evidentiary proceedings (nine commissions mentioned this one), (4) rulemaking (six commissions mentioned this one), and (5) as

part of the commission's new consumer education activities designed to raise public awareness.

Is Newspaper Advertising Cost Effective For Your Agency?

Six respondents said newspapers are definitely cost effective, seven said not at all, fifteen respondents said somewhat, one respondent wrote probably, and thirteen respondents did not answer.

Advantages

According to the survey, twenty-five respondents said newspaper advertisements reach a large audience, particularly if sized and placed appropriately; ten respondents said newspaper advertisements are relatively inexpensive. Other comments on advantages include the following: (1) ensures the commission's presence in the newspapers, (2) assures that the agency's words are used, (3) meets the state's public notice requirement, (4) provides a written record, and (5) can reach a number of readers and opinion leaders because there are a large number of weekly newspapers.

Disadvantages

According to the survey, two commissions agreed that selecting the wrong newspaper for the area might be a problem. Fourteen commission respondents said running the advertisement only once or placing the advertisement too soon to the date of the event will diminish its effectiveness. Other comments on disadvantages include the following: (1) cost of ads is too expensive; (2) newspaper readership is in decline, so it is no longer the best way to reach an audience; (3) it is difficult to compare governmental ads with better-produced corporate ads; (4) it is difficult to target specific markets with newspaper ads; (5) no one reads ads, especially legal notices; (6) newspaper ads do not reach all target groups; (7) there are low-subscription levels among low-income consumers; and (8) to be effective, ads require appropriate frequency. Nineteen respondents did not answer the question.

Legal Ads

Based on notes from the respondents the authors concluded that the commission respondents may have misunderstood the original question. The question pertained to "display" newspaper advertising, not legal notices. A legal notice is a small announcement printed in area newspapers notifying the public of the availability of a public comment period or the date of a public hearing. In some cases, notices may need to be printed in the Federal Register or the state equivalent. A legal notice is the minimum notification required by law. The question was designed to elicit responses concerning the commission's use of dollars for advertising campaigns which are similar to the ads produced by the utility.

Typical Uses

Ads are typically used to comply with legal requirements for public notification. In some instances a display advertisement may take the place of a legal notice.

Advantages

The respondents said their commissions use legal notices to be in compliance with all legal procedures. Noncompliance could be legal ground for delay sought by interested parties.

Disadvantages

Commission respondents said almost no one reads legal notices as a method of keeping informed. Legal notices are not an effective public involvement tool. Failure to comply may place the rate case in legal/procedural jeopardy.

Bill Stuffers

A bill stuffer is a small notification, often printed in multiple colors, that fits into the invoice received by consumers (i.e., utility customers). Fifteen commissions either use bill stuffers or encourage the utilities to use bill stuffers to send out information related to rate increases or cases. Of those fifteen, five states mentioned that the regulated utilities use bill inserts at the direction of the commissions. Twenty-four respondents do not use bill stuffers; three respondents did not respond.

Typical Uses

Eleven respondents said bill stuffers are used for notification of changes in rates. Three respondents said bill stuffers are used for special events, and eleven respondents said bill stuffers provided information about an ongoing program. Other related comments included the following: (1) we encourage our utilities to use bill stuffers, (2) bill stuffers are used for changes in terms or conditions of service, and (3) the commission has a planned partnership with the regulated utilities for use of bill stuffers as part of the ongoing consumer education program.

Are Bill Stuffers Cost Effective For Your Agency?

Three respondents said bill stuffers are not at all cost effective, five respondents said somewhat, eleven respondents said definitely, one respondent said don't know, and twenty-two respondents did not answer.

Advantages

Twenty-one respondents said the advantage to a bill stuffer is that it uses an existing distribution format and network. Fourteen said bill stuffers are easy to implement. Other comments on the advantages included the following: (1) targets specific consumers, (2) offers ratepayers a chance to see the information, (3) the message is sent to all customers, (4) a bill stuffer program is cost effective. Twenty respondents did not answer this question.

Disadvantages

Five respondents said bill stuffers convey limited information because of their small size. Twenty-one respondents said bill stuffers may be thrown away before they are read. Other comments on disadvantages included the following: (1) to provide information, you need better and more costly production; (2) some consumers cannot read; and (3) they create a public perception of the use of "utility apron strings." Twenty respondents did not answer this question.

Door Hangers

Door hangers are printed color notices, usually 3 inches x 7 inches, with a hole suitable for hanging on a doorknob. Forty respondents said their commissions do not use door hangers. Two said their commissions did use them.

Typical Uses

One respondent said door hangers provide notification of upcoming, temporary changes in service or providing information on meter reading. Two respondents said commissions should allow companies to use door hangers to provide notice of disconnection. Two commissions reported that they may use door hangers to announce a commission visit for testing.

Are Door Hangers Cost Effective For Your Agency?

Four commissions said door hangers are not cost effective, one said they are somewhat cost effective, and thirty-six respondents did not answer.

Advantages

One respondent said a door hanger is easy to implement and to distribute. One said it reaches a wide audience with a message that is hard to ignore. Another respondent said door hangers are extremely targeted. Thirty-eight respondents did not answer the question.

Disadvantages

Three respondents said door hangers convey limited information because of their size. Three said door hangers may be thrown away before they are read. Other comments on the disadvantages included the following: (1) people consider door hangers a nuisance, (2) there are too many doors in a commission's territory, (3) distribution is limited, (4) distribution is time consuming, and (5) distribution in unfamiliar neighborhoods could pose a certain danger for employees. Thirty-three respondents did not answer.

Fact Sheet

A fact sheet is a small publication typically limited to one to three pages. Fact sheets use text, graphics, and photographs to summarize current or proposed activities for a project. The fact sheet is written in an easy-to-understand format. Thirty-six respondents said their commissions use fact sheets, and six respondents said that their commissions do not use fact sheets.

Are Fact Sheets Cost Effective For Your Agency?

Twenty-seven respondents said yes fact sheets are definitely cost effective, eight said somewhat cost effective, one said not at all, and six respondents did not answer the question.

Typical Uses

Thirty-one respondents said they often used fact sheets as handouts to support other activities such as public meetings, open houses, workshops, speakers bureaus, or meetings with special interests. Eighteen said a series of fact sheets may be developed to cover several topics associated with one particular project. Other comments on uses of fact sheets included the following: (1) to summarize PSC decisions, (2) to provide information on topics frequently called about to PUC — we mail the appropriate fact sheet to the caller, (3) fact sheets are used to assist analysts who answer the complaint line, (4) fact sheets save staff time, (5) fact sheets can be related to a specific topic (i.e., slamming), and (6) fact sheets are used as consumer alerts for newspapers.

Advantages

Thirty-five respondents said fact sheets give readers concise information quickly. Twenty said if a fact sheet covers several topics, readers may select from the topics that interest them. Twenty-five respondents said most word processing software can easily provide a published appearance. Thirty-five said fact sheets can be photocopied for inexpensive and fast distribution. Other comments on the advantages of fact sheets included the following: (1) fact sheets can decrease the length of telephone conversations when information can be mailed, (2) fact sheets can be easily

updated, (3) fact sheets can be used on the Internet, (4) fact sheets can provide telephone numbers that can be kept, (5) fact sheets save time and personnel — you may need fewer people on the PUC complaint line if an administrative assistant can mail consumers fact sheets, and (6) agencies can economically distribute fact sheets to their membership.

Disadvantages

Ten respondents said it takes time to design an effective fact sheet. Ten also said pages of solid text are less likely to be read. Twenty respondents said careful coordination between the writers and the technical staff is required to ensure that the information is accurate but easy to read. Other comments on disadvantages included the following: (1) it is difficult to know how many fact sheets to print and store, and (2) fact sheets are difficult to distribute. Four respondents did not answer.

Newsletters

Newsletters typically cover a variety of topics about a project and are distributed periodically to a mailing list. Newsletters may follow format guidelines similar to fact sheets but usually require more detail. Twenty-two agencies use newsletters. Nevada uses a newsletter only for issues related to motor carriers — not utilities. Twenty agencies do not publish newsletters.

Typical Uses

Seven respondents said newsletters are used to support public involvement efforts. Eleven said newsletters are used to keep a wide variety of stakeholders informed about the projects. Sixteen said newsletters are used to provide information on technical aspects of the commission and upcoming events. Nine said newsletters offer opportunities for public involvement. Other comments on typical uses of newsletters included the following: (1) one commission has two newsletters — one for consumers and one for the regulatory community (which provides information on agency proceedings), (2) newsletters meet the statutory requirement of listing meeting requirements, (3) newsletters give consumers information to help them make better use

of utility and transportation services, (4) newsletters provide elected commissioners a forum to reach constituents, (5) one commission has an internal newsletter and has immediate expansion plans, and (6) one commission has an internal staff newsletter.

Are Newsletters Cost Effective For Your Agency?

Twelve respondents said newsletters are definitely cost effective, eight said somewhat, one said not at all, and twenty-one respondents did not answer the question.

Advantages

Seventeen respondents said because newsletters typically are sent to a mailing list of individuals who have expressed an interest in the projects, newsletters offer an excellent way to keep a core audience informed. Seventeen respondents said if well done, newsletters typically are read by those who receive them. Eleven said a newsletter format may be longer than a fact sheet and gives more detailed information. Other comments on advantages included the following: (1) subscribers count on them for ongoing information; (2) several subjects can be covered at once; (3) a newsletter establishes an agency identity; (4) a newsletter facilitates intraagency communication and knowledge; (5) a newsletter increases and builds credibility; (6) a newsletter keeps commission employees informed about ongoing issues, and informed employees can better assist consumers with questions; and (7) newsletters have a visual impact and a targeted audience. Twenty-one respondents did not answer the question.

Disadvantages

Twelve respondents said mailing lists may become out-of-date. Nine said newsletters (usually the first edition) often promise or imply a continued series. Commission interest or resources must be maintained to ensure that newsletters can be distributed regularly. Other comments on disadvantages included the following: (1) newsletters are time consuming — adequate staff is needed, (2) there is a need to meet regular deadlines, (3) information on a particular topic may not be detailed enough, (4) it is often difficult to determine if a publication is achieving its objectives, and (5) newsletters are not timely. Twenty-two respondents did not answer.

Displays

A display is typically a collection of visual and print information and may include maps, schedules, fact sheets, newsletters, and photographs. Displays may be self-standing, mounted on a tabletop or an easel. Displays are most effective when they are accompanied by a knowledgeable staff person who can answer questions.

Displays typically rely on images to communicate information. Large amounts of text reduce the effectiveness of a display. Seventeen respondents said their commissions use displays. Twenty-four respondents said their commissions do not use displays. One respondent said "no but we should."

Typical Uses

Fourteen respondents said displays are usually set up in libraries, shopping malls, trade shows, or interest group meetings. Ten said displays can present information about a project and ongoing educational programs. Seven said displays are often used to support information repositories or speakers bureaus.

Are Displays Cost Effective For Your Agency?

Seven respondents said displays are definitely cost effective, seven said somewhat, three said not at all, and twenty-five respondents did not answer the question.

Advantages

Seven respondents said displays can evolve over the course of the project. Thirteen respondents said display information and images can change to fit the needs of the audience or reflect the progress of the effort. Nineteen responded that displays typically are portable so that they can be set up easily at various locations. Other comments on advantages included the following: (1) displays establish an agency presence at meetings or events where more than one interest is involved, (2) displays can easily convey the functions of the agency, (3) displays can be set up where staff participate in meetings, and (4) displays provide consumers with instant access to specific information. Twenty-three respondents did not answer the question.

Disadvantages

Eight respondents said because displays communicate information visually, they need to be professionally done to attract attention and to lend credibility to the message. Nine respondents said collecting the images and assembling them into a cohesive message can be time-consuming and difficult. Seven respondents said the display requires logistical coordination to keep track of users and locations. Other comments on disadvantages included the following: (1) too much staffing time is needed, (2) the equipment is too heavy to carry, (3) displays are extremely expensive—they make you look like “a business opportunity” instead of a governmental agency. Twenty-eight respondents did not answer the question.

Information Repository

Information repositories are often mandated by regulation, as part of a public review and comment process. Repositories are typically located in an area of a library or municipal building where all relevant project information is made available for public review. Public information materials, as well as technical data, are available for public review. Repositories can be as small as a designated shelf in a reference library or they can be used in conjunction with a display to draw attention to the project material. Fifteen respondents said their commissions use information repositories; twenty-seven said they do not use information repositories.

Typical Uses

Nine respondents said repositories typically are used for providing large amounts of project information to individuals interested in a greater level of detail than that provided by other informational materials developed for a public involvement program. Other comments on typical uses include the following: (1) to provide democratic access to information or processes; (2) to provide docket information to the public during normal business hours; (3) state law provides that information must be placed in libraries; (4) library outreach is used as a part of our consumer education

program; and (5) repositories are maintained as an extensive library on a variety of topics, especially energy efficiency.

Are Information Repositories Cost Effective For Your Agency?

Nine respondents felt that information repositories were definitely cost effective, four respondents said somewhat, two respondents said not at all, and twenty-seven respondents did not answer.

Advantages

Eight respondents said repositories are easy to set up and easy to maintain. Ten said commissions can boost their credibility by establishing a repository and referring to it frequently in their informational materials — even if few individuals read the materials. Other comments regarding advantages of repositories included: (1) repositories help to establish and to increase agency identification, (2) repositories put information closer to consumers. Twenty-five respondents did not answer.

Disadvantages

Eleven respondents said repository information must be updated periodically. Six respondents said a repository may be inaccessible to the general public if the building in which it is housed has inconvenient hours. Other comments on disadvantages included the following: (1) the repository must be adequately promoted, (2) the Internet has better accessibility, and (3) the respondents were unsure if repository information is as available as it should be. Twenty-seven respondents did not answer.

Use of Existing Publications

Use of existing publications entails publishing information about your project in a newsletter or bulletin of an existing publication, such as the newsletter of a stakeholder group. Thirty-one respondents said their commissions do not use existing publications. Eleven respondents said their commissions do use existing publications.

Typical Uses

Six respondents said they would use existing publications to promote the availability of a speakers bureau or the date for an upcoming event. Five respondents said they would use existing publications to publish articles from commissioners. Other comments on typical uses of existing publications included the following: (1) to provide process or issue information, as appropriate; (2) to target consumers with information the commissions feel would be of interest to the subscriber (i.e., a newsletter published by a senior citizens center would be a good source to publish information about Link Up and Lifeline programs); (3) to educate consumers about specific problems; (4) to publish articles/columns written by commissioners in a variety of publications; and (5) to use existing publications to build bridges to consumer groups and reach the grassroots level.

Are Existing Publications Cost Effective For Your Agency?

Ten respondents said that existing publications are definitely cost effective to their agency, three respondents said somewhat, one respondent said not at all, and twenty-eight respondents did not answer the question.

Advantages

Nine respondents said stakeholder groups are often looking for articles or notices to fill space in their publications. Seventeen said the publications are a good way to reach members of the public with a likely interest in the topic. Other comments on advantages included the following: (1) existing publications are more closely read than commission publications, and (2) existing publications provide good publicity for the commissions. Twenty-six respondents did not answer the question.

Disadvantages

Seven respondents said it may be difficult to coordinate efforts with the editors of the individual publications. Ten respondents said it may be difficult because publication dates vary. Other comments on disadvantages included the following: (1) it requires effort to keep up with publication information such as who produces them, or which

publications have changed; (2) loss of editorial control; and (3) potential conflict of interest for the commission. Twenty-seven respondents did not answer the question.

Interactive Computer Formats

Interactive computer formats include computer programs that enable the public to ask questions or provide input. A notebook PC can be equipped with a program that asks for consumer opinions and shows some result or how opinions relate to consequences. Twenty-three respondents said their commissions use interactive computer formats, seventeen respondents said "no," and two respondents said "waiting" and "planned."

Typical Uses

Two respondents said they use interactive computer formats at fairs, shopping malls, lobby or reception areas, and other places where there is a broad range of traffic. Twenty-two respondents said they use interactive computer formats on their commission home page. Other comments on typical uses included the following: (1) we accept complaints and customer comments via email — our Web site has electronic forms that consumers can use for these purposes, (2) we handle complaints through email on our home page, and (3) we use a bulletin board.

Are Interactive Computer Formats Cost Effective for Your Agency?

Sixteen respondents said that interactive computer formats are definitely cost effective, five said somewhat, one respondent said we're unsure, and nineteen respondents did not answer the question.

Advantages

Fourteen respondents said interactive computer formats provide a high impact because they are a relatively new technology and can show interesting graphics. Fourteen respondents said its interactive nature involves people much more than when they are simply receiving. Fifteen respondents said using interactive computer formats communicates an image of leadership and cutting-edge technology. Other comments on advantages of interactive computer formats included the following: (1) reduce

workload of administrative staff, (2) allow public access to the PUC home page from home computers, (3) allow citizens to obtain free information without photocopying and distribution charges, (4) provide easy transport of voluminous information over distance, and (5) provide additional public access. Eighteen respondents did not answer the question.

Disadvantages

Three respondents said interactive computer formats were too expensive. Fourteen respondents said some segments of the public do not like to use computers. Five respondents said it needs to be more than a gimmick; it must relate to the issues in question. Other comments on disadvantages included the following: (1) it is important to carefully select the content so that it does not become a dump; (2) there is difficulty in informing the public of the PUC home page address; (3) it is necessary to have a well-known format for complaints and comments; (4) the format needs a clear, functional path for questions and requests to be served by staff; (5) the format needs constant updating of information; and (6) citizens who cannot afford computers must be informed about library and school access possibilities (and libraries and schools must be willing to cooperate). Twenty-three respondents did not answer the question.

Kiosks

Kiosks (i.e., set up at malls and state fairs) provide immediate information about the agency and allow people to ask questions and fill out surveys or submit other comments. They are sometimes staffed by someone knowledgeable about the agency or program. Forty-one respondents said their agencies do not use kiosks. Zero respondents said their agencies used kiosks. One respondent did not answer the question.

Typical Uses

Businesses usually use kiosks for projects where the site is a heavily traveled public place or when ongoing project activities affect a specific area or community over

a long period. None of the survey respondents answered this question probably because none of the commissions use kiosks.

Advantages

Three respondents said kiosks present a high visibility and represent a major commitment. One respondent said kiosks reach a portion of the public who are most aware of the project. Thirty-seven respondents did not respond.

Disadvantages

Four respondents said it may be difficult to keep the kiosk staffed. Three said security could be a problem. Three said if space is not donated or part of other commission facilities, then the cost of both space and staff can skyrocket. Other comments on disadvantages included the following: (1) there is little reason for the public to use the kiosk if it is only for information, and (2) it is not a business-function purpose. Thirty-six respondents did not answer the question.

Radio Talk Shows

Some commissions provide a guest for radio or television talk shows. The format may include answering questions from telephone callers or from a studio audience. This medium can help people better understand a commission case. Public access television channels often have a regular time slot for this type of program and can provide production advice and assistance. Twenty-one respondents said their commissions use radio talk shows. Twenty said their commissions do not use radio talk shows. One respondent said the commission uses radio talk shows "a little."

Typical Uses

Twenty-one respondents said their commissions use radio talk shows when issues have already surfaced and debate is underway. Twelve respondents said this format enables you to show that you have been receiving and paying attention to public input and that you can respond to controversial issues in a nonconfrontational setting. Other comments on typical uses of radio talk shows included the following: (1) when invited, our commission appears — this is an access issue; (2) to promote special

events; (3) it is another means of communication; and (4) we participate only when invited.

Are Radio Talk Shows Cost Effective For Your Agency?

Fourteen respondents said that radio talk shows are definitely cost effective for their agency, seven said somewhat, one said not at all, and twenty respondents chose not to answer.

Advantages

Eighteen respondents said radio talk shows require little time and financial commitment to test the waters. Five respondents said it creates a tape that can be part of the public involvement documentation, which shows outreach efforts to the whole community. Other comments on advantages included the following: (1) it is a means to communicate with a large audience, (2) it can reach a different and actively thinking segment of the community, (3) it provides information to the public, (4) it reaches a large audience, (5) it allows for immediate feedback, (6) it allows the agency to explain topics of interest that may affect the community, and (7) being on radio talk shows demonstrates a real interest by the PSC. Twenty-one respondents did not answer the question.

Disadvantages

Seven respondents said radio shows typically do not yield much input. Twelve were uncertain how many people talk shows reach. Eleven respondents said there is a possibility that the host is hostile. Nine respondents said it is sometimes difficult to respond to any question that may be called in. Other comments on disadvantages included the following: (1) the topic is often at the discretion of the host, and (2) talk shows are extremely limited by time constraints of the programs. Twenty-three respondents did not answer the question.

Speakers Bureau

Having a speakers bureau means being prepared to send people out to speak to groups about your agency or project. The speakers can use overheads or a ten-minute

video or slide show for a more consistent presentation; this makes the speaking assignment easier. Speakers can take along a survey or ask questions to elicit input at these meetings. Commissions may recruit speaking engagements or simply make this service available on request. Sixteen respondents said their commissions use a speakers bureau as part of their educational effort. Twenty-three respondents said their commissions do not have a speakers bureau, and three respondents replied "yes" on a very limited basis.

Typical Uses

Sixteen respondents said a typical use of a speakers bureau is to inform groups about complex subjects that have a broad public impact. Other comments on typical uses included the following: (1) to improve "consumer-friendly" perceptions, (2) to provide general information about the PUC, and (3) to provide a community service. Other respondents chose not to answer the question.

Is a Speakers Bureau Cost Effective For Your Agency?

Eleven respondents said that a speakers bureau is definitely cost effective, five said somewhat, two said not at all, and twenty-four respondents did not answer the question.

Advantages

Eighteen respondents said that a speakers bureau creates powerful, direct communication that presents your story and makes people feel that the commission is not a faceless bureaucracy. Seventeen respondents also said the outreach aspect of a speakers bureau demonstrates an agency's commitment to public involvement and accountability. Other comments on advantages of a speakers bureau include the following: (1) a speakers bureau can divide the responsibility for direct response among a number of skilled staff, (2) a speakers bureau can accumulate and organize questions so that good responses can be made later by appropriate staff, and (3) a speakers bureau provides an opportunity to inform community and receive immediate feedback on consumer issues. Twenty-three respondents did not answer the question.

Disadvantages

Eleven respondents said a speakers bureau can be time consuming. Eleven respondents said that speakers must be well prepared so that the presentations are beneficial. Nine respondents also said that usually the most credible and effective speakers already have too many demands on their time and may not be available when needed. Other comments on disadvantages include the following: (1) can be costly, (2) not many staff can speak on wide range of PUC issues, (3) it requires commitment and coordination, and (4) it has an extremely limited audience. Twenty-six respondents did not answer the question.

Advisory Groups

Advisory groups are usually loosely divided into two categories: technical and public advisory groups. Technical advisory groups may consist of regulators from appropriate agencies or outside technical experts and may facilitate a regulatory review process or lend credibility in some circles. Technical panels, however, may not represent the values of the publics concerned with the project and should not be considered a substitute for a public advisory group if one is warranted.

Public advisory groups ideally represent the geographical and interest group distribution of the affected community. Public advisory groups can be either standing (that is, they continue to exist and are not tied to a specific effort) or they can be created for a specific project. Some public advisory groups develop their own leadership roles, such as chair and vice chair, while others are facilitated by a member of the commission or by an outside consultant. Some public advisory groups function with some autonomy. They can hire their own consultants or expert speakers and meet without representation by the commission. The degree of leadership and autonomy depends on the needs of the project for public credibility and the needs of the utility convening the committee.

Twenty-one respondents said their commissions use advisory groups. Eighteen respondents said their commissions do not use advisory groups. Two said "yes" their

commissions use advisory groups on a "very limited basis." One respondent did not answer.

Typical Uses

Nineteen respondents said public advisory groups are most often used to review and comment on project alternatives developed by the commission. Eleven respondents said public advisory groups can provide value setting or ranking of alternatives through participation in an explicit decision process.

Are Advisory Groups Cost Effective For Your Agency?

Thirteen respondents said that advisory groups are definitely cost effective, nine respondents said somewhat, two said not at all, and eighteen respondents did not answer the question.

Advantages

Twenty-one respondents said advisory groups can provide diverse opinions that may not exist on a technical panel or on a commission's internal project team. Fifteen respondents said if the group is structured correctly and is allowed to affect the outcome of the project, then it is likely that the problem-solving process will account for and reflect the values of the community. It also increases the credibility of the commission process. Twenty-one respondents did not answer the question.

Disadvantages

Eight respondents said an advisory group can be helpful or it can be harmful to the credibility of the commission. Thirteen respondents said advisory groups that do not accurately represent the key stake holders of the community will lack credibility with the public and may be labeled "a sham" or "a whitewash." Eight said advisory groups that are convened before a commission has determined what to do with them can lose interest quickly or create their own objectives. Additional comments regarding disadvantages included the following: (1) members of the group do not participate fully, only gather information; (2) a clear, functional path must be set for staff or the commission on how they use the results of the advisory group work; (3) use of advisory

groups often lengthens the process; and (4) all our advisory groups are legislatively mandated. Twenty-six respondents did not answer the question.

Large Meetings

Public meetings can take a variety of forms, depending on your objectives and the amount of information about a case already available to the public. In a large meeting, the size may vary considerably — from 30 to 1,000 people. Large group meetings are usually open invitations to all members of the public to learn more about a case and to express their concerns to commissioners. The standard format usually includes presentations supported by audiovisuals from representatives of the utility and other interested interveners followed by public testimony.

Forty-one respondents said their commissions use large meetings. One respondent did not answer.

Typical Uses

Twenty-one respondents said large public meetings are often held at the beginning or at the end of a project. Twenty-six respondents said large meetings are held to provide information about a study/case that will be undertaken or the commission activities that are proposed. Twenty-two respondents said large meetings are held because they often constitute the typical definition of public involvement. Other comments on typical uses included the following: (1) large meetings allow community input, (2) large meetings are most often held in conjunction with utility service hearings or in rate cases, (3) large meetings allow the public to comment directly on draft EIS's and similar documents on new policy development, (4) large meetings are the forums to allow public comment in docketed proceedings, (5) large meetings provide informed public input outside the formal hearing process, and (6) large meetings assist the utilities in producing the best project applications or policy proposals possible. Two respondents did not answer.

Are Large Meetings Cost Effective For Your Agency?

Twenty-four respondents said large meetings are somewhat cost effective, fifteen respondents said definitely, one said not at all, and two respondents did not answer.

Advantages

Twenty-eight respondents said large meetings are a good way to show the public that the commission is open and willing to provide information (and to receive information). Twenty-nine respondents also said they can provide project information to a large group and can "test the water" for public opinion. Twenty-five respondents said they can be a mechanism of relieving community anger if tension is high. Other comments on advantages included the following: (1) convenient, (2) they can serve as a vehicle for learning what the public wants, (3) they can serve as an avenue for directly obtaining information that citizens believe is valuable for PSC consideration, (4) these meetings (sessions) are a part of the process, (5) the meetings provide technical education in an interactive setting, and (6) the meetings provide an open avenue for public involvement. Three respondents did not answer the question.

Disadvantages

Eleven respondents said relatively little substantive information is exchanged during large public meetings. Thirteen said emotion and group mores or "mob mentality" is the rewarded form of behavior. Sixteen said any topic can come up during a large meeting. Other comments on disadvantages included the following: (1) attendance may be low; (2) large meetings do not always reach as many participants as you want to, except through press coverage; (3) staff participation, sensitivity, and focus are essential or you will encounter problems in public meetings; and (4) there are no real disadvantages, except staff travel and time. Fourteen respondents did not answer.

News Releases

A news release is typically a one-page notification to area media of an upcoming event or the availability of information on a newsworthy event. A brief description of the event is accompanied with a contact name to call for more information. Forty-two respondents said their commissions use news releases.

Typical Uses

News releases are used to generate media interest in media-oriented events, such as press conferences, facility tours, or public meetings. Thirty-five respondents said their commissions use news releases to let the public know of a commission decision. Thirty-one respondents said their commissions use news releases to alert the public to an issue that the commission must decide. Thirty-two respondents said their commissions uses news releases to warn the public about a problem, scam, etc. Other comments related to typical uses of news releases included the following: (1) to notice the public of opportunities and other areas of consumer interest, (2) to announce public involvement opportunities, (3) to announce availability of documents and information, (4) to list procedures and commentary, (5) to discuss key commission decisions, and (6) to introduce key staff members (i.e., new commissioners or executive-level staff).

Are News Releases Cost Effective For Your Agency?

Thirty-one respondents said that news releases are definitely cost effective, seven said somewhat, and four respondents did not answer the question.

Advantages

News releases are easy to prepare and can be faxed to the appropriate contact(s). Because they are intended to generate media interest about a commission decision, they usually receive best results if followed up with a telephone call. Thirty-nine respondents said the advantage of a news release is that it reaches a large number of people. Thirty-seven respondents said news releases are of minimal cost. Thirty respondents said reporters are looking for news that has an impact on consumers. Other comments related to the advantages of news releases included the

following: (1) news releases increase credibility with the media — they know you will tell them when an important decision is reached; (2) news releases are cheap; (3) news releases are very informative; (4) if published, a news release reaches a lot of people; (5) news releases allow the commission to put its "spin" on events; (6) news releases provide an excellent initial step toward more involved media relations on a subject, which can expand an audience greatly; and (7) news releases may generate additional articles or radio interviews. Four respondents did not answer.

Disadvantages

If a media contact list is not current or complete, the news release will have minimal effect. Telephone calls are supplanting the use of written releases in many media markets. Seventeen respondents said some consumers do not subscribe to newspapers. Seventeen respondents said some reporters/editors cut out important facts. Twelve respondents said the commission position on an issue is sometimes not evident. Twenty-five respondents said some papers may not print the story. Other comments related to disadvantages of news releases included the following: (1) some news accounts leave out important information; (2) while there are many disadvantages to news releases, commissions should not outweigh the value of the release; and (3) consumers may not read newspapers. Six respondents did not answer the question.

Videos

Some commissions use videotapes as enhancements to their speakers bureau. Most cable TV companies now offer a public access station. Possibilities may exist for commissions to produce their own program by and about commission operations. Many public access programs are also interested in promoting governmental activities on their governmental access channels. Ten respondents currently use video production. Thirty respondents said their commissions do not use videos. Two respondents said "not yet but in the planning stage."

Typical Uses

Six respondents said videos may be used to disseminate information at nonprime time via cable TV stations. Six respondents said video production reaches a wider audience. Three respondents said video helps provide educational materials for use in the public school curriculum. One respondent said video could be used to reach individuals with hearing disabilities or those who learn best through visual examples. One commission recently produced a video related to telecommunications competition and is planning to produce another one on "choices" in the wake of competition. Another commission said it once used "The Balancing Act" but now that it is outdated, the commission has not pursued other video ventures.

Are Videos Cost Effective For Your Agency?

Four respondents said videos are not at all cost effective, six respondents said somewhat, four respondents said definitely, one respondent said not sure, and twenty-seven respondents did not answer the question.

Advantages

Eight respondents said videos can be viewed at a time selected by the user. Eight also said videos are the best tool to reach some audiences. Nine respondents said the message content of videos can be used for discussion purposes. Thirty-two respondents did not answer the question.

Disadvantages

Four respondents said it is difficult retain audience attention for more than seven to ten minutes for complex topics. Ten respondents said videos are expensive to produce. Eight respondents said careful coordination between writers/producers and PSC staff is required to ensure the accuracy of the information. Other comments related to the disadvantages of video included the following: (1) for remote use video production would require more equipment, (2) videos can become outdated quickly, and (3) it is hard to update completed video without reediting. Thirty respondents did not answer the question.

Public Service Announcements

Some commissions are producing public service announcements (PSAs), which are short information items that usually announce events or provide educational information of interest to the public. They are usually offered to radio and/or TV stations. If a station agrees to use a PSA, it may be at no cost to the commission. They will usually schedule the PSA to run periodically for a week, a month, or other given period. Every station has different format requirements for PSAs. Eighteen respondents said their commissions used PSAs, and twenty-three respondents said their commissions did not use PSAs. One respondent did not answer.

Typical Uses

Nine respondents said their commissions use PSAs to let the public know of a commission decision. Ten respondents said their commissions use PSAs to alert the public to an issue that the commission must decide. Thirteen respondents said PSAs are used to warn the public about a problem, scam, etc. Fourteen respondents said PSAs are used to let the public know when the commission is seeking input on an issue. Other comments related to typical uses included the following: (1) to notice the public on appointees, consumer interests, etc.; (2) to announce important meetings, hearings, etc.; (3) to warn consumers to call a certain utility before they dig; (4) and are used as part of Operation Lifesaver, a rail safety program, and have very limited use. One commission is currently producing a number of educational PSAs (thirty-second spots) on issues related to telecommunications, water, and energy conservation, and is purchasing broadcast time ("four for the price of one" spots) through a cable association agreement and an association of broadcasters contract.

Are PSAs Cost Effective For Your Agency?

Two respondents said PSAs are not cost effective, seven respondents said somewhat, thirteen respondents said definitely, and twenty respondents did not answer.

Advantages

Twelve respondents said more people look at TV rather than reading the newspaper. Twelve respondents said PSAs are cost effective. Eighteen respondents said stations will air PSAs as a public service if the news impacts consumers in the area. Other comments related to advantages included the following: (1) our commission rarely uses TV, radio and newspapers are most commonly used; (2) our commission targets radio audiences; (3) PSAs complement other communication vehicles. Twenty respondents did not answer.

Disadvantages

Six respondents said a specific audience cannot be targeted for a PSA. Ten respondents said PSAs are too short for complex issues. Four respondents said the commission position on an issue is sometimes not evident. Fifteen respondents said the PSA may be run at odd hours. Also, there is no guarantee that the PSA will be run by any particular station. Twenty-four respondents did not answer.

Conclusions and Recommendations

Of the various outreach methods mentioned in the survey, most commissions appear to use news releases, fact sheets, and a newsletter the most. Most also make use of public hearings, a speakers bureau, and interactive computer formats on a limited basis. Some commissions have advisory groups and frequently include interested parties in workshops on various issues, including area codes, electric wholesale transmission of power, and more. Because of the cost prohibitions, most commissions have not invested in videos, public service announcements, kiosks, newspaper display advertising, or information repositories.

During the past two years, many commissions have been reviewing (and are continuing to do so) their consumer affairs activities with the goal of expanding existing services and consumer education efforts. Judging from comments provided during recent meetings of the NARUC Public Information and Consumer Affairs Subcommittees, many commissions appear committed to expanding consumer efforts by adding

more staff for complaint resolution, education, and protection areas. In some commissions, money is being redirected to allow for greater use of some outreach methods and to develop PSAs and displays. More commissions appear to be using their Internet Home Pages to publish more information and to provide better interactive forms for consumers to respond with comments and complaints. Some commissions are putting a much greater emphasis on consumer education, using public awareness campaigns with multiple strategies, including mass media, partnerships with consumer advocacy groups, and activities at the local and regional levels.

The final question on the survey was blank space for general comments regarding public utility commission ventures into public education for consumers. Some survey respondents commented that experience has shown that utilities have had no problems creating their own well-produced paid advertising or printed materials. In fact, some respondents said utilities have often omitted information that would have helped consumers, and have designed informational materials that are hard for the lay person to follow, or have created TV and radio work that is brief, high-impact, and self-serving. The commissions could overcome the well-oiled utility advertising campaign by creating a consumer education program that is comprehensive, fair, neutral, well-promoted, and able to build agency credibility. It may also be helpful to build requirements, or review requirements, for consumer information into provider licensing programs — if there is no better way to monitor them.

For example, several commissions said newspaper notices should be paid for by utilities. These notices usually cover many topics including changes in rates and services. Survey respondents also said that commissions should recommend or mandate that utilities produce bill stuffers and suggest that commission staff review this information for "plain language" usage. Some survey respondents also mentioned that the commission staff could use videos produced by the utilities and other agencies as part of their educational outreach efforts.

Some respondents said that many new approaches to disseminate information (other than news releases and public hearings) have not been tried due to lack of

human resources and budgets. One respondent said, "It would be difficult take on new projects that are time consuming unless there is a high-efficiency factor."

One respondent said that more commissions should try television interviews because of their potential wide range of coverage. Another respondent suggested having a "listening line," where interested parties can call a toll-free number and hear the commission proceedings live via telephone.

Based on ongoing discussions among consumer affairs and public information employees at commissions, the following recommendations were offered to the committee and subcommittee members for their consideration.

Regarding public utility commission ventures into public education for consumers, committee and subcommittee members decided in November 1997, that the following ideas should be adopted for consideration:

- I. First, consumer education must be a stated goal as part of the agency's mission statement. Otherwise, the educational program may become a "lip-service," piecemeal function with little or no direction or personnel. Included in this goal should be a financial commitment.

A statement of mission by each consumer affairs department should be written in language that is inspirational, as well as informative. It should reflect agency policy and objectives, as well as provide a road map showing how the department plans to reach those objectives. It should also state what the department is expected to contribute to the agency's overall goals and define the operations that will enable it to do so.

The mission statement must avoid any intimation of "empire building" for the department and focus on the objectives that are acceptable to management and other departments. When the department submits the mission statement for comments and/or approval, it may be the first time that executive management may have had to think of consumer service as an agency strategy. Getting executive management to address the real and

potential contribution of the department to the agency's success will be a major achievement in itself. At the same time, the department will be creating, possibly for the first time, a real sense of identity and status for the department and its personnel.

The National Regulatory Research (NRRI) is helping commissions respond to the challenges of educating the public about the new regulatory environment and make optimal use of the new forms of electronic communication available. For example, NRRI has published five *NRRI Quarterly Bulletin* articles focusing on commissions as education organizations, use of commission-sponsored Web sites as vehicles of information dissemination, and application of instructional design strategies to the development of consumer education materials.² As public utility commissions adapt to these new regulatory challenges, the Subcommittees on Consumer Affairs and Public Information maintain that NRRI's continued assistance is vital.

In addition, the NRRI, in conjunction with the NARUC Staff Subcommittees on Consumer Affairs and Public Information, has compiled this compendium of resources related to educating and communicating with the public. It has been suggested that NRRI also research the future role of the consumer affairs, public information, and consumer education functions in the commissions, including the type of elements that comprise the total consumer service system, including: (1) financial commitment by management, (2) measurable and practical consumer service standards, (3) ongoing service monitoring, (4) policies that streamline rather than complicate consumer service, (5) consumer-orientated, state-of-the-art technology, (6) trained personnel, and (7) internal agency culture.

²These articles are contained within this *Compendium*.

- II. Second, consumer education should be the responsibility of both the consumer affairs and public information sections of the commission to produce an effective program. Expertise and coordination from both the consumer and the media side is critical to meet the stated goals.

The consumer affairs department has been described by some commissions as the "nerve center" of the agency; however, to customers it is the heart and soul of the commission. Most consumers' first and only contact with the commission is with the consumer affairs department. And as managers, we are primarily accountable for most consumer communications, and we have a vested interest in those communications that may be controlled by others.

Most of the commissions have a communications department responsible for preparing educational materials and public information literature that directly affect the kinds and numbers of customer communications staff must address in the consumer service department. It is very important for the consumer affairs department to develop a cooperative working relationship with the public information office for mutual benefit. Each commission also has an information systems department and a telecommunications department. Their concern is primarily with technology and communications media rather than with the content and objectives of those communications, but consumer affairs staff depend on these departments to keep their systems operational. Historically, these departments have not always given high priority to consumer service systems problems, so the efforts of consumer affairs staff may need to be somewhat aggressive in making sure that the needs of consumer affairs get the necessary attention as part of that priceless nerve center of the commission.

Communication is an integral part of consumer service. Commissions need to examine and to assess communications with consumers via two critical measures:

- **Quality.** Do all communications, in whatever media, reflect the quality image the organization wishes to convey? Is the organization perceived as it wants to be perceived?
- **Efficiency/Effectiveness.** Given the nature of the company and its market, do all communications represent the most efficient way of giving, obtaining, or exchanging information? Are these communications getting the desired result.

III. Third, the consumer education program must be objective and not project the "spin" of a political goal. The commission must stick with what it does best and maintain control over its core activities.

IV. Fourth, the educational effort must be readily accessible by a variety of sources — print, audio, video, Internet, etc.

For example, commissions need to consider:

- What information will need to be provided to the public.
- Whether the information already exists in an easy-to-understand form.
- What type of internal review will occur for newly developed information.
- How the information will be produced.
- Who will produce it.
- How much time the public will be given to provide feedback (if any).

V. Fifth, before initiating educational programs, commissions should learn from other regulatory entities that are used to "hands off" rather than "command and control" oversight. For example, agencies that regulate financial institutions, insurance, securities, general businesses, or consumer protection laws.

VI. Finally, state public utility commissions will need to quantify the effectiveness of their information/education campaigns in reaching consumers with targeted information. This feedback can be used to report back to the state legislature and to Congress, as well as to monitor the penetration of the message.

One of the most valuable contributions consumer affairs divisions can make to their commissions is to set up a sound method for auditing consumer

service performance and quality. This will help commissions gain recognition for consumer service as a legitimate management discipline with measurable results — not just a clerical job. It will also ensure that a commission's consumer service program stays on target and makes a provable contribution to the overall work of the commission.

As its name implies, an audit is a composite of measurements and crosschecks that enable commissions to assess the entire consumer service operation, not just isolated parts of it, and at the same time to pinpoint specific problem areas that could compromise objectives. A consumer service audit may include: (1) internal measures of work output and productivity, (2) internal measures of consumer service quality, (3) external measures of consumer service quality, (4) measures of consumer service offerings by other, similar agencies, and (5) benchmarking. Some of these measures can be applied continually, since they are typically generated as a by-product of routine telephone transactions, whereas others are generally applied periodically on a project-type basis.

CHAPTER FOUR

SOME GUIDELINES FOR A PHILOSOPHY OF COMMUNICATING WITH CITIZENS IN THE NEW REGULATORY ENVIRONMENT

by
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*He who loves practice without theory
is like the sailor who boards ship without
a rudder and compass
and never knows where he has been cast.*

-Leonardo daVinci

*Treat people well
Treat them as if they are real
Perhaps they are.*

-Ralph Waldo Emerson

The context of our chapter is the changing regulatory environment, an environment which numerous authors have pointed to as presenting public utility commissions with new challenges on myriad fronts — their roles, responsibilities, structures, functions, and even at bedrock their missions, their reasons for being.² As

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²Sevel reviews these in two articles: Francine Sevel, "Commissions as Educating Organizations: How to Educate the Public Regarding the Mission of the Public Utilities Commission in the New Regulatory Environment," *NRRRI Quarterly Bulletin*, 17, no. 4 (1996): 509-520; Francine Sevel, "Educating

Sevel points out, these changes necessarily position public utility commissions (PUCs) as organizations undergoing "evolutionary" changes.³ Among the most startling of these changes is the necessity of proactive communication with the various publics of the PUCs — citizens, legislators, politicians, regulators, providers, civic organizations, professional associations, educational institutions, media, etc.

Not that PUCs have not been active communicators in the past. Rather, it is projected that the new regulatory environment foists the attention of PUCs to a new order of communication mandates. These mandates have been described in detail primarily by Sevel. For our purposes, we abstract from the detail to two generalized mandates. One of these is really an old mandate in a new, more complex, more chaotic, and more demanding form. This is the mandate to educate citizens about the regulatory environment, its implications, and how citizens can best utilize the environment and protect themselves within it. What differs here, of course, is that in the past the education/protection mandate arose in a fairly predictable regulated environment characterized by the monopoly supply of services. Now the mandate arises from a new regulatory environment characterized by competition, an environment which by definition will be constantly changing. Even the competitive structure itself is still evolving and the technological context can only be described as implosive. Sevel describes this mandate as a "multifaceted task" requiring "...educating the public regarding the new regulatory environment...and rationalizing seemingly complex processes which have replaced traditional processes."⁴

the Public: Where do We Begin?" *NRRI Quarterly Bulletin*, 18, no. 2 (1997): 249-261. See also, David W. Wirick, et. al., *Transforming Public Utility Commissions in the New Regulatory Environment: Some Issues and Ideas for Managing Change* (Columbus, OH: The National Regulatory Research Institute, 1996).

³Sevel, "How to Educate the Public Regarding the Mission of the Public Utilities Commission in the New Regulatory Environment," 509.

⁴*Ibid*, 511.

The second communication mandate for the PUCs in the new regulatory environment — one that is conceptually new — is the necessity of selling the very idea of a PUC, its *raison-d'etre*. As Wirick et al. state: PUCs "...must adapt to radically shifting environments by creating flexible and effective organizations. And [sic] they must also simultaneously convince elected officials that they are relevant and necessary to the protection of the public."⁵

It is useful to note that in the descriptions of these new mandates the emphasis has not been placed on communicating per se but rather on educating and convincing. We have purposively, however, focused on communicating and it is this subtle shift in word use that forms the focus of our chapter. Several reviews recent discourses regarding the new education/persuasion mandates of the PUCs. An examination of these reviews shows that to date both general commentaries and specific education plans have taken a primarily normative public relations/information stance. Typically, these efforts involve lists of potential publics and potential channels for reaching them and a call for increasing public relations/information staffs to meet the new mandates.

Implicit in these discussions has been a set of assumptions that are best illustrated with a metaphor that we label as the "empty bucket" metaphor. Picture a PUC public relations/information officer whose head is filled with all the information bits that the PUC deems necessary for the members of a given public to understand. In this metaphor, the members of the public are like empty buckets and the task of the PUC is to get the information bits into those buckets by creating conditions conducive to their learning and reception.

Clearly this is a normatively accepted picture of what public education is about, not only in this new discourse regarding changing regulatory environments and their impacts on PUCs, but even more generally in society. We submit, however, that educating and convincing are not processes in themselves but are rather outcomes of communication processes. Further, we submit that because these outcomes are

⁵Wirick et al., *Transforming Public Utility Commissions*, 2.

mediated internally by the cognitive-emotional processes of living-breathing-struggling human beings, the outcomes necessarily arise from communication processes which involve dialogue and interaction rather than the tossing of messages containing information bits, no matter how well intentioned, to audience members conceptualized as empty buckets.

Our statements in the preceding paragraphs are too strong, of course, but they serve our rhetorical purposes. What we want to do in this chapter is to advocate for attention at an abstract level, a more philosophic and theoretic level, to the new communication mandates that PUCs face. The typical public relations/information plan starts with sources (in this case, PUCs) and their needs and goals and struggles. Publics are then attended to within this context, seen through a mirror built by the source rather than a mirror built by the audience members. Our purpose here is to advocate for looking at what is referred to in the PUC discourse as "the public" through the eyes of the living, breathing, struggling human being who happens not to be in a PUC-world and happens, thus, not to have the needs and goals and struggles of those associated with PUCs.

At the highest level of abstraction we are calling for a reconceptualization of the citizen-government relationship and the implementation of new ways of communicating, of creating citizen-government dialogues. Specifically, we are calling for conceptualizations that go beyond the positioning of citizens as merely consumers or customers. The customer model currently dominates the reinventing government movement as the preferred model for changing the nature of public administration. As a model it borrows from the total-quality management movement and assumes that public administrators are fundamentally suppliers of government services.⁶ While well-intentioned, ironically the customer model in practice mandates primary attention to public sector bodies — how well they work and how well they deliver. In this model,

⁶See, for example: David Osborne and Ted Gaebler. *Reinventing Government: How the Entrepreneurial Spirit is Transforming the Public Sector, from Schoolhouse to Statehouse, City Hall to the Pentagon* (Reading: MA: Addison-Wesley, 1992).

government bodies act: citizens react. Citizens become conceptualized as passive consumers of government services interacting with the government primarily through satisfaction surveys or complaints.⁷

This is our general point: PUCs are now reinventing how they communicate with their publics. We argue that this is an opportunity space, a time for creating modes of interacting with citizens that are genuinely dialogic, which do not capture citizens merely in the mirrors provided to them by the government. What is needed are systematic procedures that allow citizens to present their own mirrors and reflect both themselves and government therein.

This change in perspective is crucial if PUCs are to realize their ambitions for more effective communication with their publics — communication which educates and convinces. This change in perspective may require, however, a humbling of PUC objectives, the kind of tempering that comes when one communicates with rather than at other human beings, when one treats other human beings as real rather than as objects in one's environment.

In calling for this change in perspective we are bringing to bear several sizable communication-related literatures, including those on information seeking and use, public communication campaigns, health and risk communication, and lay public use of technologies. These also include literatures documenting the nature of the policy discourses in each of these arenas, literatures which we have concluded far too frequently make unsupported assumptions about publics that, when put to test, turn out wrong.⁸

⁷For an example of criticisms of the customer model, see: Gerald E. Smith and Carole A. Huntsman, "Reframing the Metaphor of the Citizen-Government Relationship: A Value-Centered Perspective," *Public Administration Review*, 57, no. 4 (July/August 1997): 308-318.

⁸This chapter is drawn from literature reviews and perspectives on communication developed by the authors, including: Brenda Dervin and Peter Shields, "Users: The Missing Link in Technology Research" paper delivered at the International Association for Mass Communication Research, Communication Technology Section, Lake Bled, Yugoslavia, August 25-31, 1990; Peter Shields, Brenda Dervin, Christopher Richter and Richard Soller, "Who Needs POTS-plus Services? A Comparison of Residential User Needs Along the Rural-Urban Continuum," *Telecommunications Policy*, 17, no. 8 (1993): 563-587;

When taken as a whole these literatures point to both dire and disappointing outcomes from efforts of organizations and experts to communicate with publics. Thus, for example, the literature in doctor-patient communication shows that the probability that a patient "complies" with doctor's orders is usually 50 percent or less. The literature on public communication campaigns indicates that most often campaigns fail and when they succeed they do so at great cost. The literature on phone users has assumed that rural users need the phone more than urban users and has positioned this assumption as a primary reason for calling for increased expenditure for rural infrastructure. However, empirical evidence contests the assumption.

There is an inherent relationship, of course, between policy discourses and their implementations in education/persuasion efforts. It is not difficult, therefore, to find evidence of the basic empty bucket metaphor in specific education plans. A common core set of statements are frequently found in such plans, including:

Consumers/citizens are disinterested in and apathetic about [fill in the blank]; they will be fearful of change regarding [fill in the blank]; they will have difficulty understanding the complexities of [fill in the blank].⁹

As one example, it was assumed in the designs of many Caller ID education plans that most citizens would not care about the enactment of Caller ID and that it would be difficult to design communication campaigns that would result in a public informed about their options and how to use them. Yet, in the highly successful but only three-month long California education campaign, a survey found that 74 percent of

Brenda Dervin, "Users as Research Inventions: How Research Categories Perpetuate Inequities," *Journal of Communication*, 39, no. 3 (1989): 216-232; Brenda Dervin, "Audience as Listener and Learner, Teacher and Confidante: The Sense-Making Approach," in Ronald E. Rice and Charles K. Atkins, eds., *Public Communication Campaigns*, 2nd edition (Newbury Park, CA: Sage, 1989); 67-86; Peter Shields and Brenda Dervin, "Telephone Privacy: User Perspectives and Strategies and Their Policy Implications," paper delivered at the International Communication Association, Communication Technology Division, Montreal, Canada, May 22-26, 1997.

⁹We draw on evaluations of specific communication education plans conducted by senior author Dervin and on our general assessments of education efforts as made visible on the Internet. We are not naming specific campaigns in this chapter, however, as we see the erroneous assumptions we identify as epidemic and see no utility in criticizing a specific campaign.

a random sample knew about Caller ID and 67 percent were aware that there was a way to prevent the delivery of their phone numbers to the called parties. One observer commented: "This is a phenomenal rate of awareness for a three-month public education campaign. Unofficial sources indicate that about 50 percent of households [were] expected to have chosen...maximum security protection."¹⁰

Another example is a recently submitted proposal for a campaign to educate citizens about electricity restructuring that explicitly assumed that electricity is a "low interest category" for citizens who were conceptualized as uninterested in and apathetic about electricity. For her evaluation of this proposal, Dervin counter-pointed with the results of her interviews with ten citizens from a working-class neighborhood in Columbus, Ohio. She asked them when they had last thought about their electricity other than routinely paying their bills, what happened and what they thought. She then asked whether they had heard about the fact that soon electricity would be supplied by competing providers and asked them what concerns or questions this raised for them. From her modest set of interviews, she concluded: "Every one of my ten respondents had something to say and said it without hesitation. They were not disinterested or apathetic. They were intensely interested and interesting, sometimes volatile. They cared about cost and saving money, they cared about bad customer service, they cared about service disruption and its impact on their lives; and they were animated about telemarketing abuses already suffered."

These are but a few examples from an endless list of possibilities illustrating faulty assumptions regarding citizens. To give this a sense of reality for the reader, we ask that you bring to your mind a situation in which there is a structure or technology that you use but which you know little about and do not care to. For many of us, automobiles fall in this category — we do not know how they work and what's inside, but we want them to keep going so they can take us where we need to go. And, we

¹⁰The quote comes from Beth Givens of the Privacy Rights Clearinghouse at the University of San Diego. Her remarks were reproduced by Phil Agre on his Red Rock Eater News Services (rre@weber.ucsd.edu/archive, June 11, 1996).

want the folks we turn to for automotive help to be trustworthy and honest in their relationships with us and efficient and effective in their repairs. For others of us, it may be computers which we would prefer to keep humming along with minimal attention by us to their innards or the mysterious secrets of their software designs. When we read in the morning paper that The Computer Science and Telecommunications Board of the National Research Council is undertaking a project to identify what everyone needs to know about information technology, some of us chuckle quietly over our coffee. When we enter the chaotic maze of inattentions and contradictory answers that confronts most of us when we try to get answers to our questions about our computers, some of us rage and fume.

As simple minded as it may seem, in trying to picture ourselves as living-breathing-struggling human beings we can begin to understand the magnitude of the conceptual change we are calling for here. We submit that the important question to be asked is not "How can PUCs educate and convince publics?" but rather "How can PUCs be educated by and understand publics?" Further, we submit that because evidence shows that effective communication must be dialogic and iterative, the process of PUCs coming to understand their publics must be ongoing and built into the heart of PUC procedures.

We are not arguing, of course, that public information campaigns and education efforts are not important. In fact, we believe they are often crucial. Our point is that good public policy, including the implementation of information/education programs, presupposes that PUCs have been educated about and understand their publics; and that procedures for doing so are built fundamentally into the very fabrics of PUC structures.

To add detail to the above statements, we have enumerated below a series of fifteen propositions which summarize our knowledge of communicating with citizens. They are drawn from approximately forty years of communication research, proposed as a suggested foundation for the new communication mandates of the PUCs. Our

discussion emphasizes citizens and the general public but, in fact, the same set of propositions applies to understanding and communicating with any public.¹¹

1. Start with citizens — their lives, needs, goals, struggles. Perhaps it is sad news to a PUC administrator or staff member, but there is no necessary reason why the average citizen should care about or pay attention to the events of a PUC. There is no reason why the average citizen should understand the nature of the new regulatory environment. These issues are, of course, important for administrators and staffers at PUCs to understand. They are also important for providers, and some legislators, to understand for in the context of their professional lives, needs, goals, and struggles a PUC has definition. For average citizens, however, even well-educated ones, a PUC is irrelevant unless something of immediate material interest makes it relevant. People pay attention to things for which they have passion (e.g. they usually care about their families, sometimes they care about their jobs, hobbies, interests) or which impact their survival (e.g. paying their bills, earning money, finding time to handle everything, staying well, reducing stress). The bottom line of this mandate involves hearing from citizens about their passions and their survival needs — giving citizens the opportunity to tell us what a utility means in their lives and what potential changes will mean to them.

2. Start with lay theories and assumptions. Look at the historical experiences of citizens with the issues you care about. In the context of Caller ID, for example, lay theories understandably assume that one's phone number is a possession one pays for and only the buyer can choose what happens to it. In the context of electricity, as a second example, lay theories understandably assume that the cost is the same to everyone because it is controlled by a government agency. The lay theories must be addressed directly in messages that say "It used to be..." but "It's not longer true." Further, it must be understood that for all humans the necessity of changing long-held

¹¹The propositions are derived from literature reviews presented in footnote 6. The authors are grateful in particular to Dr. Katherine Rowan of Purdue University for her thoughts which usefully inform this discussion.

theories introduces stress. In fact, research shows all changes — good or bad, big or small, introduce stress. Rather than conceptualizing citizens as resistant to and fearful of change, we might better accept that protecting oneself from the impacts of change is selfprotectively human and then build on this humanness.

3. Focus on the human right to choose. There is a natural and virtually universal human interest in the right to choose. This includes if and when to act, if and when and how to protect oneself, even if and when to know and understand. Communication is most effective if it builds on empowering choice-making. Implementing this mandate can be as simple as avoiding messages that announce new structures and what they involve and instead focusing on options and their implications. And, it can be as complex as involving citizen in an input process as early as possible — if possible before all the decisions have been made by the more powerful and organized actors.

4. Utilize the natural human interest in fairness and justice, the natural anger and outrage at injustice; and the natural tendency of humans to want to protect themselves and their friends and family. It was not unexpected that the California Caller ID education campaign was so effective. A number of studies have shown that privacy intrusions are a hot issue for the U.S. public. Wisely, the California campaign was built around a slogan "Your phone, your privacy, your choice." It is not unexpected, too, that when Dervin queried ten working-class householders regarding potential electricity restructurings, four immediately asked whether the result would be even greater telemarketing assaults. As one citizen put it "Will we be thrown to the wolves like with the long distance companies so we can never figure out what is going on and understanding requires a college degree." As these examples and numerous others show, people attend to issues when they see themselves or those they care about treated unfairly.

5. Focus on action not information. Decades of research on human information seeking and use have shown that under most conditions for most audiences most of the time information seeking is a means not an end. By focusing on human actions —

what people want and need, what they struggle with — we obtain a framework for understanding how our actions potentially intersect with citizen actions and vice-versa. In short, what has so often been interpreted as the overbearing randomness of public behavior and attitudes becomes comprehensible because it is anchored to the universal processes of living and struggling day-to-day.

6. Focus on people's lives not demographic boxes. Traditionally, public information campaigns have been designed around demographic groupings. This approach is necessary for targeting the “where” and “when” of communicating. Thus, for example, women are more likely to routinely use specific channels at specific times; those who are economically impoverished are more likely to be reachable via particular sources. This relationship between demography and communication, however, applies primarily — and even then only modestly — to the relationship between demographic characteristics of audiences and the channels to which they are exposed. It does not apply to what goes on in people's minds and hearts. Research shows that it is how people see their life situations that best predicts what people attend to and do with messages. Further, research shows that when we conceptualize citizens in terms of their life situations the overbearing diversity among citizens is reduced to more manageable proportions. Further, by focusing on a variety of life action contexts rather than on a single informational message, we give audience members accessible entries so they can design their own navigational paths through our messages. In short, we make our messages more useful.

7. Do not underestimate the public. Research has shown that preconceptions of the capacities of citizens are frequently wrong and expectations of their reactions, even when based on research, are frequently incorrect. The history of the introduction of technologies is filled with examples: the marketers of VCRs entirely underestimated the speed of the spread of this technology and did not predict the innovative uses of citizens; the French government expected citizens to use the Minitel system for accessing information data bases but instead citizens have used it primarily for talking to each other; the Lotus Development Corporation planned to make available to

businesses directories of citizens by name, address, shopping habits, and income levels but had to abandon the plan in the face of public outcry and rage; and, despite a variety of marketing efforts, there has been less than spectacular public interest in videotexts, videodisks, and the AT&T picturephone. As individuals, perhaps we can relate to this best by thinking of the primary ways in which we use our phones in our daily lives and the fact that the nurturing of and connecting to family and friends by phone is now a primary use of this technology. Once upon a time, however, the phone was conceptualized by its manufacturers and marketers as a tool of business and government and these more personal uses were considered a "misuse" — something that only women did, a negative "gossiping" thing.¹²

We submit that these failures to understand the public come primarily from the use of "empty bucket models" implemented in research and practice — i.e. when we talk to people like they are empty buckets we can learn nothing from them and our actions can only be informed by our worlds and cannot be responsive to theirs. Further, we can see ourselves only as reflected in our own minds rather than as reflected in their minds. Research has shown that when life's necessities presents themselves (i.e. passion, survival, justice), people will learn enormously complex things and invent dazzling alternatives for themselves. It is well documented, for example, that it is average citizens world-wide who are using the Internet to build all manner of cyberspace communities to act against what they see as injustice, inflexibility, misinformation, and inhumanity in medical care systems.

8. Understand that emotional issues are fundamental to human information processing. In most normative discussions of public education and communication campaigns, emotions are conceptualized as barriers to communication. Citizens are seen as fearing change. For example: anger at corporations and government is seen

¹²See, in particular: Carolyn Marvin, *When Old Technologies were New : Thinking about Electric Communication in the Late Nineteenth Century* (New York : Oxford University Press, 1988). The Lotus example comes from: L.M. Fisher, "New Database Ended by Lotus and Equifax," *New York Times*, January 24, 1991, C3.

as preventing effective education. To the contrary, however, evidence suggests that feelings are inherently involved in information processing. We take a detour from our usual life paths to attend to new information because we care about something — concerns for passions, survival, and justice motivate. Rather than marginalizing emotions and conceptualizing them as barriers, effective communication acknowledges them and builds on them

9. Do not talk at people talk with them. Our informal survey of various World-Wide Web sites designed to educate and inform citizens convinced us that most focus on managing and channeling public demands rather than learning and hearing public concerns and issues. In most public information campaigns, the source has a set of messages to send to the audience. Attention to people focuses not on interaction but on what is called in the communication field either feedback (evaluating after action) or feedfore (evaluating prior to intended action). In both cases, however, people are examined in terms of how the organization conceptualizes the communication dyad. The agenda is controlled by one party in a necessarily two-party process. Feedfore is clearly better than only having a feedback process but both are primarily tools for implementing the source's intentions.

10. Involve people as early as possible in the process so that as few elements are imposed without public input as possible. Most attempts to involve people in communication processes earmark them as message receivers. They will be involved in focus groups, for example, to evaluate potential message elements. Sometimes political necessity mandates people be involved as evaluators of intended actions. Involving people in these ways, however, still marginalizes their interests. A PUC with a genuine interest in communicating with citizens would position their involvement as an automatic process, something that starts at the very beginning of each significant new change.

11. Do not shove conflict of interest issues under a rug. Do not try to pretend that citizens and providers have the same interests. As an example, one recent proposal for an education plan called for assuring that citizens understand the need for

a healthy competitive utility industry. From the perspective of the average citizen, this is certainly not an agenda item in their lives. Even more so, it ignores the fact that the public is increasingly savvy about the hidden agendas of various players in their environments and increasingly mistrustful of government and corporate entities that do not talk straight about reality or pretend that there are certainties and niceties out there that do not exist. Another example is the fact that many Caller ID education campaigns tried to avoid the privacy issues of Caller ID. While such a strategy can work in the short run, in the long run, as citizens figure out what is happening to them, this absence of straight talk in turn contributes to increased mistrust.

12. Do not try to build credibility; earn it. Too many education plans try to take a soft public relations approach — building an image for an organizational entity. The difficulty with this approach, however, is that the organizational entity is necessarily meaningful only for those people for whom the organization has a real everyday materiality in their worlds. For others, trying to create an image of an organization is trying to insert something that is not real into their life process. The most effective public relations is built on action communicated effectively. One does not ask someone to trust you. Trust is hard-earned and easily lost. It involves treating people well, respectfully and humanely. It involves not imposing on people, not creating an illusion of human caring without its substance, and not putting positive spins on difficult situations. It involves asking people to help in making things work well. It involves not assuming that an antagonistic relationship is a given, but rather assuming that dialogue can build a cooperative relationship.

13. Do not take a marketing approach. Many education efforts orient the communication task as if it fits into a marketing paradigm — i.e. high redundancy use of mass-mediated messages. It is well-documented in the public communication campaigns literature that education efforts are not well served by marketing approaches. For one thing, the basic need implied in marketing campaigns is well established. Citizens are taught from infancy that consumption is a good thing. The need for attending to information regarding utility restructuring and self-protection in a

competitive environment is not widely reinforced. Secondly, marketing is an enormously costly enterprise for which small shifts in buying behavior produce enormous profits. The public communication mandates of PUCs do not fit well within either of these conditions. Research documents that the use of a wide variety of more interactive and community-based approaches works best for the more complex communication goals of public education.

14. Interact with the public. Communicating with the public, any public, is a necessarily organic process. Time passes, circumstances change, people change. Tomorrow's communicating needs to be modified based on today's communicating. This will be particularly true in the chaotic and evolving context of the growth of technologies and the spread of new regulatory formations. However, it is also true as a general principle. While a marketing campaign is often based on a set of message strategies designed in advance, the public education effort needs to be flexible so it can change in response to what the organization learns from public input.

15. Do not assume that the interest group approach to policy discourse is natural or given. Policy discourses are dominated by supply-side concerns. When the interest-group approach is implemented (and it is indeed the prevalent approach), it is assumed that interested parties will voluntarily step forward to give input and seek information. However, the interest group approach favors those citizens for whom PUC-related issues are already on their agendas. We are not arguing that the play of interests is not central; nor are we arguing that PUCs should not continue their attentions to interest groups. Rather, we are arguing that there is an inherent imbalance in the interest group approach when one is concerned with hearing the voices of some publics, particularly the voices of everyday citizens.¹³

¹³The literature reviews which underpin this chapter provide examples of what can usefully happen when government agencies attempt to redress these imbalances. In one recent study, researchers conducted telephone interviews with 1,000 citizens and followup personal interviews with 42 citizens in two Texas cities. The respondents were asked to tell stories about their perceptions and experiences with particular public sector agencies. The stories were then reviewed by four public sector managers in the cities. The managers reacted to the stories with anger, frustration, surprise, shock, and defensiveness. But they also reacted with humor, relief, empathy, and with a recognition that in some instances change was necessary. The managers used the stories to improve communications with

When a PUC is interested in correcting this imbalance, it will require explicit procedural attention. It will not be enough to set up a hotline or have a Web site or email address or even announce public meetings across the state. All of these actions are better than no action, of course. However, to create a better balance between vested interests and average citizen interests, it is necessary to use a more deliberate and structured procedure for communicating with citizens.

Pretend, for example, that a PUC public information officer is mandated to call three citizens at random a day — approximately 780 a year. Imagine that for fifteen minutes the officer listens to the citizen — asking what concerns each citizen has regarding, for example, electricity and how these relate to her life, what questions and concerns she has about electricity now being sold like a product by many competing companies, etc. Imagine then that the officer asks the citizen's help in communicating with her relatives and neighbors and friends. Imagine that in the glow of having been really listened to each citizen does talk to four others and these in turn talk to one other. Or, pretend that a competition is held in the state's high schools for the best essay suggesting ways to inform all citizens of the electricity restructuring, or the best Web site, designed as a forum to hear citizen concerns regarding an upcoming set of decisions. Or, imagine that the debate topic in state high schools for the year is "deregulating utilities serves the public good."

These are but three small examples of how public information activities can be restructured in ways that treat human beings as if they are real and build citizens into the heart of PUC activities. Most of the discourse regarding the new communication mandates facing PUCs to date have focused on getting people to listen to PUCs. Our focus here has been on PUCs listening to the public. Over forty years of communication research has confirmed over and over again that effective communication is two-way. This does not simply mean PUCs deciding what they want

citizens, alter spending priorities, reverse political decisions, and improve their interpersonal skills. Richard J. Herzog and Ronald C. Claunch, "Stories Citizens Tell and How Administrators Use Types of Knowledge," *Public Administration Review*, 57, no. 5 (September/October 1997): 374-379.

citizens to know and then trying to understand citizens so well that they can squeak their message past all the formidable barriers it is assumed citizens erect. Rather, it demands entering a genuine dialogue where one speaks and listens and is spoken to and listened to; it demands establishing a *quid pro quo*. We all know this about working with our peers — they listen to us only to the extent that we listen to them. They are open to our ideas only to the extent that we are open to theirs. They cooperate with us to the extent that we cooperate with them. The same lesson needs to be applied to the communicating efforts of PUCs as organizations communicating with citizens.

Indeed, there are myriad complexities and details in launching and maintaining effective public information efforts — there are communicators to be hired and trained, messages to be constructed, channels to be selected, and timings to be planned. However, all of these are technical details. They necessarily flow from one's theories about the nature of citizens as human beings and what communicating with citizens is all about.

CHAPTER FIVE

THE CHALLENGES AND OPPORTUNITIES FACING THE CONSUMER SERVICES DIVISION

by

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The Public Utilities Commission of Ohio
The NARUC Staff Subcommittee on Consumer Affairs

The National Association of Regulatory Utility Commissioners (NARUC) Staff Subcommittee on Consumer Affairs has experienced dramatic change since its establishment during the November 18, 1981, NARUC annual convention. Membership today includes thirty-eight states, the New Orleans City Council Utility Regulatory Office, plus the District of Columbia. The following states, districts, and cities participate in the Staff Subcommittee:

Alabama	Kansas	Ohio
Alaska	Kentucky	Oklahoma
Arizona	Maine	Oregon
California	Massachusetts	Pennsylvania
Colorado	Michigan	South Carolina
Connecticut	Minnesota	South Dakota
Delaware	Missouri	Tennessee
District of Columbia	Montana	Texas
Florida	Nevada	Utah
Georgia	New Orleans City Council	Vermont
Idaho	New Jersey	Washington
Illinois	New York	Wisconsin
Indiana	North Carolina	Wyoming
Iowa	North Dakota	

The NARUC Staff Subcommittee on Consumer Affairs provides public utilities commissions' consumer affairs representatives encouragement, support, ideas, and information. The Subcommittee has grown in purpose and visibility, as have consumer

affairs offices. The roots of many consumer affairs offices began in the consumer movement of the 1970's, when commissions created an office to handle daily interaction with the public. The changing regulatory environment and the public's changing expectations for public service sector compelled continued growth of these offices. The initial consumer affairs staff investigated and documented consumer concerns, rule violations, and areas requiring further commission review. The success of consumer affairs offices' interaction with the public is evident in their staff's increasing participation in commission policy development and rule proceedings.

The NARUC Staff Subcommittee on Consumer Affairs was originally created to review Congressional developments in the energy assistance area, monitor and evaluate alternatives to disconnection of utility service, and share mutual challenges and pressing issues. Through networking with colleagues, mutual issues were identified and addressed. The Subcommittee currently monitors the development of customer service and reliability standards throughout the states, shares call management techniques, and discusses the role of public utility commissions in consumer education and consumer protection. One current project of the Staff Subcommittee on Consumer Affairs, in concert with the Staff Subcommittee on Public Information, is the production of public education templates. The templates are in the energy, telecommunications, and water industry areas and are accessible through NARUC's Web site. All templates are designed with the capability to be printed as brochures for public distribution as well as posted on NARUC's Web page (see 219).

The NARUC Staff Subcommittee on Consumer Affairs' growth has paralleled the consumer affairs offices' state-level experiences. Although state consumer affairs offices fall in different places on the commissions' organizational structure, their main function is similar. Consumer affairs offices today are the commissions' contact point with the public. Consumer interaction with consumer affairs offices includes calls, letters, faxes, emails, and direct contact. Most consumer affairs offices support toll-free hotlines to provide consumers with a neutral party able to provide education on utility

issues, mediation on utility-related disputes, and explanations of commission decisions, positions, and rules.

Challenges Facing the Consumer Affairs Office

The focus of the consumer affairs offices is shifting from service maintenance and payment assistance issues to education, service quality, and fraud issues. The development of competition in the utility industry is indeed the consumer affairs offices' present and future source of challenges and opportunities. As an example, the telecommunications sector has experienced unprecedented growth since the 1984 breakup of AT&T. Consumers are faced with numerous choices in the telecommunications sector. American consumers essentially went from one telecommunications provider in 1984 to over 3,000 providers in 1998. American consumers also have seen an explosion in services and goods in the telecommunications sector from voice mail to personalized toll-free phone numbers. The technological advances have reached the residential consumer and have caused confusion, billing problems, and the potential for fraud. As a result, consumer affairs offices have undergone a transformation from reactive to proactive as consumer education and protection have become essential components for meeting the public's needs.

The experiences gained in the telecommunications sector are the foundation for changes in consumer affairs offices as telecommunication competition expands and as competition is introduced into the energy sector. The expansion of competition into the energy sector is a result of political, economic, and technological changes. Successful pilot programs with industrial and commercial consumers in the natural gas industry have promoted the movement towards competitive environments. While consumer affairs offices address the education needs of the public regarding competition, there still must be resources available to ensure that basic consumer services are functioning properly. Ohio's experience in the telephone area has shown that as options

increased, the number of customers unable to obtain timely line repairs or have new service installed also increased.

One of the greatest challenges facing administrators today is the structure of consumer services departments. Most state consumer offices operate a call center for consumers. As an example, the Public Interest Center of the Ohio Public Utilities Commission has experienced a considerable shift in consumer demand for commission services in the last three years. The number of consumer contacts for Ohio has risen 68 percent since 1994. In addition, the nature of calls has shifted from disconnection, payment assistance, and billing issues to education, service quality, and potential fraud issues. Unauthorized switching of long distance services or "slamming" has become the preeminent consumer complaint. In the last three years, the Ohio Public Interest Center has experienced an 840 percent increase in complaints on slamming alone. The addition of other unauthorized competitive services to local telephone bills or "cramming" is quickly emerging as a major concern for Ohio consumers. This further demonstrates that, as competition moves forward, the demand for the complaint and education functions of consumer affairs offices also increases. The upcoming changes in both the telecommunications and the energy sectors will continue to impact the number of contacts to consumer affairs offices and drive the need for more technical staff skills to track and analyze the issues.

The Ohio Public Interest Center documented a shift in the nature of consumer contacts from 1994 to 1997. In 1994, telephone industry contacts were 37 percent of the total contacts and rose to 43 percent in 1997. Consumer confusion, the need for accurate, understandable information, and mediation services spurred the increase in telephone contacts. In 1994, the consumer contacts in the natural gas industry were 19 percent of the total contacts. The number increased to 28 percent in 1997. Customer choice gas pilots began in 1997 and advanced the increase in these contacts. This increase demonstrates the need for consumer affairs staffs to work harder — not less — due to deregulation.

Staffing Issues

The growth in consumer demand for information and services from consumer affairs offices places further challenges on these offices beyond merely addressing the increasing volume and technical nature of the consumer contacts. Obtaining budgets and appropriate staffing levels have become an increasing challenge for consumer affairs offices. As an example, the Ohio Public Interest Center has experienced a budgetary increase of 17 percent since 1995 and a personnel growth of 32 percent. This growth in personnel has occurred while the balance of the agency has remained constant. Although the Ohio Public Interest Center has been able to increase its resources, the growth in consumer demand is forcing the office to become even more innovative, creative, and efficient in the delivery of services. The challenges of meeting escalating demands, addressing complex, varied technical issues, and managing a larger staff provides unique opportunities.

The Ohio Public Interest Center tackled the staffing issue in 1994. The internal structure was flattened to acknowledge the need to work in industry teams and conduct utility company customer service audits. The office upgraded the investigator position to recognize the increase in duties and responsibilities in this area. All new hires must pass a test designed to assess the writing, verbal communication, and analytical skills needed to accomplish core work requirements. Strong interpersonal skills, a desire to serve the public, and the ability to maintain an all-encompassing command of the issues are additional minimum qualifications for success in this position. The customer service investigator also conducts field audits of utility customer service centers. Field audits enable customer service staff to monitor actual utility company-customer interaction. The opportunity to be proactive and influence company policy is great. As utilities are closing local offices and opening large centralized customer service phone centers (making audits more efficient for field staff) it is imperative to monitor critical aspects of customer service.

Current issues and educational development remains a challenge for staff. Demands on staff time for training, staffing the hotline, handling follow-up

investigations, and conducting field audits require flexibility and creativity to ensure that all these responsibilities are met. Staff moral can suffer unless a balance is maintained between front-line work and training. The goal is a knowledgeable, satisfied, well-performing staff.

Resource Development

Technological improvements have allowed consumer affairs offices to be more efficient and develop comprehensive data collection systems. Ohio has updated its tracking system from a mainframe system to a Windows-based system using a relational database on a LAN network. This system allows for increased data entry efficiency and improved data collection and analysis ability. As future budgeting allows, Ohio expects to purchase additional software offering staff even greater efficiencies such as an on-line help desk, a more powerful data reporting program and other data tracking improvements.

Issue and complaint tracking provides the consumer affairs office with comprehensive perspectives of consumer problems and allows the commission to react to consumer issues quickly. The participation of the consumer affairs office is considered critical in commission policy development. The consumer affairs office provides quick consumer feedback to commissioners on commission-ordered programs and policies. Such feedback also assists the commission in developing better consumer education materials. The data collected through consumer contacts is a vital evaluation tool used by the commission to judge the success of pilot restructuring programs.

The Ohio Commission recognizes the value and importance of devoting resources to providing Ohio consumers with accurate information to make informed choices in a competitive utility environment. The challenge for the consumer affairs office is to provide timely, unbiased, clear information in an understandable and usable manner. The Ohio Commission responded with a variety of offerings. A dedicated 800 number was installed to allow consumers to leave a voice mail message with their

name and address to obtain specific materials, which were also promoted in bill inserts and at press conferences. A comparison chart of all marketers' offerings was developed to allow consumers to make an "apples to apples" comparison of the options and costs available. Brochures explaining the nuts and bolts of the program were developed. These educational materials assisted investigators answering the main toll-free hotline by enabling them to first discuss the subject and then offer written materials to meet consumers' requests for specific information. In order to accomplish this educational task, the Ohio Public Interest Center coordinated resources throughout the Commission. Quick-response teams, comprised of staff from all areas of the Commission, ensure that the educational materials are available when needed.

Consumer Affairs offices, nationwide, are seeking creative, innovative solutions to today's challenges by developing internal resources and interacting with their fellow state colleagues. The opportunities in this new competitive environment will place consumer affairs offices in the commission spotlight. Proactive interaction by these consumer affairs offices will help create a smooth transition for consumers, ensure that public policy is addressed in all restructuring plans, and provide a forum for disputes.

CHAPTER SIX

THE CALIFORNIA EXPERIENCE COMMUNICATING WITH CONSUMERS

by
William Schulte
California Public Utilities Commission

Introduction

Night has fallen on monopoly electric service in California. After over a half century of vertically integrated monopoly service including generation, transmission and distribution, California opened the generation market to competition on March 31, 1998. The structure of the industry will never be the same. Many questions ensue, such as: How successful will competition be? Will the market respond? Will consumers respond to the opportunities presented? One thing is certain, if competition is to succeed and achieve lower electric energy prices for everyone — big and small alike — it will primarily be due to the fact that consumers are confident, prepared, and able to make informed choices. An educated constituency of empowered consumers will guarantee that success.

Background

Legislative initiatives, together with Commission policy, charted a course for electric competition. Concerned, however, that only large industrial customers with significant leverage would benefit, the legislature mandated savings for all customers and required that the Commission develop and implement an educational program that reaches all Californians. Special emphasis was placed on the vulnerable, hard to reach market segments. Enormous challenges awaited. California has thirty-four million people representing a broad, diverse range of cultures and languages. In Southern California alone, half of the twenty million residents are considered minorities; many of this population speak only their native language in the home. As an example,

over two million Asian-American consumers live in Southern California and in upwards of 80-90 percent of certain households (Vietnamese, Chinese) only their native language is spoken. In many minority communities, consumers do not obtain their information from conventional mass media such as "mainstream" television and regional papers, but rather depend on local community papers, associations, and other affiliations (church, business, social groups) for information. Many of these communities feel uncomfortable dealing with the government and have been, in the past, targets of market abuses by other services activities. In these areas, credibility really resides in Community Based Organizations (CBOs). In addition to cultural diversity, there are considerable challenges associated with geographic differences and, unfortunately, a high illiteracy rate. Timing was another considerable challenge. We knew from past efforts, especially the state's Caller ID Education Plan (\$58 million in total costs), that educational efforts should be started and continually reinforced at least six months prior to instituting a major change such as electric competition. It is important that education is viewed as a long term, continuing proposition made up of successive building blocks that take a long period to effectuate. Unfortunately, state process and procurement requirements posed considerable, and in the end terminal, barriers to a state developed and managed program.

Overall Program

Early in 1997, the Commission created an external nineteen-member stakeholder group composed of utility representatives, prospective electric service providers, consumer advocates, Commission staff, and public members. They proposed an ambitious \$87 million program that received extensive review and comments from stakeholder groups. Finally, in August 1997, the Commission approved an \$89 million program that consisted of three major elements: a \$73 million dollar initial effort; the Consumer Education Program, (CEP) which began in October 1997 and runs through June 1998; a \$13 million Electric Education Trust (EET), whose prime responsibility is to develop a network of CBOs to take the message to those hard to

reach vulnerable communities; and the Commission's own effort, which stresses its role as an objective, unbiased source of information and the entity created to ensure that consumers are protected from market abuses. The timeline is as follows: the CEP runs from October 1987 through May, 1998; the EET runs from approximately June/July 1998 through December 2001; and the Commission's effort is a continuing effort with heavy emphasis placed on the time period through June 1999.

Consumer Education Plan

The \$73 million CEP is an integrated education program, whose theme is "Plug In California, Knowledge is Power." The Plan, overseen by the major utilities and coordinated by the advertising firm of DDB Needham, and the public relations firm of Rogers & Associates, consists of an initial public relations and mass media campaign, whose objectives includes raising the awareness that change is coming and directing consumers to more specific sources of information. These include direct mail pieces that provide another level of information and lead consumers to more specific sources of information; collateral/fulfillment brochures which individuals can order on specific topics; grass roots efforts by community groups to set the stage for future long-term efforts; and an eleven-language call center providing the chance for consumers to talk to trained operators, order additional information, and receive one-on-one attention.

The core messages emanating from the program are the result of an almost one million dollar focused research endeavor. Over forty focused research groups were held in all of the major market segments including general population, seniors, low income, small business, Hispanic, and Asian Americans (Japanese, Chinese, Koreans, Vietnamese). The consumer concerns were as expected:

- How much will I be paying?
- Will the system be reliable?
- How can I become better shopper ?
- Who will be there to protect me if I need help?

Several core messages resulted from this research and form the basis of the initial CEP:

- Competition is Coming — I'll receive a 10 percent rate reduction now and more to come in 2002 when rates are finally opened up.
- Competition Equals Choices — Who generates my electricity, how I choose to use electricity (metering) and how I am billed for electricity.
- Safety and Reliability will NOT be Compromised.
- Consumers will be Protected — The Commission has been delegated responsibility for and is prepared to carry out a wide variety of consumer protections.

Each element of the integrated plan has a specific role and builds on the others in an effort to:

- Initiate awareness of change.
- Promote understanding of the change.
- Demonstrate how to take advantage of the new opportunities.
- Assure the public that they will be protected.
- Through community efforts, develop acceptance of the change and the opportunities.

A little over 25 percent of the budget was allotted to mass media including television, radio, newspapers, and magazines; this was augmented by an additional 5 percent for public relations and an initial CBO effort. To provide additional, more specific information and to answer anticipated questions (research developed), over 30 percent of the budget was allotted for collateral fulfillment brochures/materials and two direct mail pieces that went to each of the nine million households currently served by investor-owned utilities.

One of the key educational tools created was the Electric Education Call Center (EECC). Although budgeted at a little over 5 percent of the total budget, the EECC is the first line of personal contact between the consumer and the educational effort. Over 120 telephone operators were trained in eleven languages to answer questions, provide materials, and generally assist consumers to become informed shoppers. Between October 15, 1997, when the call center opened, and March 8, 1998 over 140,000 calls were answered at the Voice Response (IVR) centers. Over 60 percent of the calls were entered on the English 800-number, almost 15 percent were entered on the Spanish 800-number, 8 percent were entered on the combined Mandarin/

Cantonese 800-numbers, and the remainder were received from the small business number, and other ethnic languages number. The EECC's call management system allows consumers to access a recorded message, receive a FAX, request materials on specific topics, or access a line operator to answer questions.

Specific questions have primarily focused on the following issues: rates-bills-changes (31 percent), background information on why restructuring is necessary (16 percent), and information on who are the registered Electric Service Providers (ESPs) (13 percent). While the actual number of calls has been less than anticipated, the traffic in collateral/fulfillment materials has been brisk. Since October 1997, over 1.6 million brochures were provided — the number of requests have been evenly divided between topic booklets on the competitive transition charge, consumer protection, group buying power/aggregation, protecting the environment, public purpose programs, rates and billing changes, safety and reliability, and shopping for electricity.

Success of the CEP will be measured, not by a typical financial audit, but by a performance-based standard of 60 percent aided-awareness. Failure of the investor-owned utilities to meet the standard will result in a penalty of 3 percent of the budget (approximately \$2.1 million) for each percentage point below the 60 percent achievement mark. The CEP effort will be measured by two independent measurement and evaluation studies, one will be coordinated by DDB Needham, and one will be coordinated by the Commission staff. Approximately 2,300 consumers will be questioned regarding their knowledge of restructuring and the educational effort. Results of the separate studies will be filed with the Commission in July 1998.

Electric Education Trust

The Commission was concerned that many vulnerable or hard to reach consumers, who do not use conventional advertising sources to obtain information, would not reap the benefits of electric competition, or would become the target of those few companies intent on market abuses. Recognizing the challenges inherent in reaching these groups and also these individuals' established trust and credibility in

local community groups, the Commission created the EET to create a network of CBOs to carry the electric competition messages to the community. Ten million dollars was allocated for the deployment of a grant program to CBOs (through mid-1999) to conduct small group sessions, create focused materials relevant to individual groups or cultures, and generally respond to individual groups needs. The EET was also allocated an additional three million dollars to develop focused educational efforts, to begin in June 1998, and to reach communities or cultures where participation or understanding is low. The following factors will be critical to the success of the EET's efforts: consumer research from original focus groups results, inquiries to the call center and the utilities, the Commission, and feedback from CBO's. As it is funded through mid-1999, the EET is that element of the program intended to respond to long-term educational needs.¹

Commission Outreach

The Commission's own outreach efforts, although smaller in monetary terms (\$2 million) performs a vital role in the overall effort. Viewed by many focused-research study participants as the credible entity and entrusted change agent, the Commission's role will be fashioned to reflect its value-added, as well as its unique role. The Commission will develop focused educational efforts to assist the legislature and reach opinion leaders; develop objective, nonbiased information to assist consumers in becoming informed shoppers; register electric service providers; disseminate information to the public, and act as the prime entity responsible for protecting the public.

The legislature enacted several consumer protections that the Commission will be responsible for communicating to the public and implementing. All providers of electric service must register and demonstrate standards of acceptable financial ability, and act in a responsible manner in their operations and advertising. The Commission

¹Although the life of the EET has been extended, there is not an identified budget from 1999 to December 31, 2001.

will implement its own call center to respond to inquiries and complaints. The Commission has the responsibility to adjudicate complaints, formally and informally, and the ability to impose sanctions for noncompliance.

In response to complaints about abusive or annoying telemarketing practices, the legislature created a "Don't Call Me List," which requires the Commission to create a database of individuals who do not wish to be called by telemarketing efforts. The list, amended quarterly, is transmitted to all electric service providers who will be automatically sanctioned \$25 per occurrence for failure to comply. Based on the earlier Caller ID program, and the fact that approximately 50 percent of phone numbers in many parts of California are unlisted, we expect that a million households may eventually request inclusion on the "Don't Call Me List."

As a result of many trends that developed through the implementation of telecommunications competition, including slamming, cramming, and other types of fraud, the legislature gave enforcement tools to the Commission to aggressively respond and this will be widely communicated to the consumer/public.

Conclusion

California has embarked on a massive educational effort, perhaps the most expensive in state history, to ensure that all consumers are provided with the tools to become an informed shopper, to benefit from competition, and to avoid becoming the victim of market abuses. The effort includes a broad range of stakeholders carrying out an integrated, multilevel educational program, using public relations/mass media research, direct mail and collateral brochures, a call center, CBOs, and government agencies in a coordinated effort to make a successful transition to competition.

CHAPTER SEVEN

THE OHIO EXPERIENCE

by
Lee G. Veroski
The Public Utilities Commission of Ohio

Introduction

On January 9, 1997, the Public Utilities Commission of Ohio (PUCO) approved the first gas transportation program of its kind in Ohio. The state's largest local distribution company (LDC), Columbia Gas of Ohio, launched "Customer Choice," a program that allows residential and small business customers to select the supplier of their natural gas. In July 1997, East Ohio Gas' "Energy Choice" and Cincinnati Gas & Electric's customer choice, opened up commodity choice to nearly 700,000 Ohio residential and small business consumers.

Prior to these pilots, the first industrial gas transportation agreements were approved by the Commission in 1975. Supplier choice grew steadily for industrial and large commercial customers through 1985 when the PUCO approved the Uniform Gas Transportation Guidelines. Presently, as much as 40 percent of the gas handled by our large natural gas companies is transportation gas. Because the experience with transportation programs for large users was such a positive one, the PUCO was interested in sharing the economic benefits with residential customers and small businesses.

The Toledo Experiment

The "Customer Choice" program was developed through a collaborative formed by Columbia Gas of Ohio. The collaborative was created to discuss plans and programs in an environment of negotiation apart from litigation in the regulatory framework. The collaborative consists of representatives of Columbia Gas, state and

local government, business customers, and consumer interest organizations. Through the collaborative process, issues such as the institution of a transportation program could be largely settled prior to pursuing regulatory approval.

During the first year, the PUCO and the collaborative chose to limit the Choice program to provide all of the parties the opportunity to review the program prior to providing all consumers choice in their gas suppliers. Specifically, this pilot was limited to 170,000 of Columbia's 1.3 million customers. The greater metropolitan Toledo area, covering Lucas County and parts of Wood and Ottawa counties in northwestern Ohio, was targeted because of its relatively isolated media market. The entire area is served by one major newspaper (*The Toledo Blade*) and three major television stations. Because Toledo is a metropolitan area surrounded by unpopulated expanses, the media interest is entirely local. Education efforts involving mass media would be most effective, reaching mainly customers who would be eligible to participate.

The PUCO developed and executed a public education campaign. The plan included three major components: identifying the messages, executing the delivery of the messages, and surveying to determine the level of comprehension of the messages. An interdepartmental team was formed to bring together the expertise of technical staff, consumer-oriented staff, and communications staff to devise and execute a comprehensive education plan.

Four messages emerged as the focus of the education efforts:

1. Define the natural gas industry under a regulated environment.
2. Explain the parts of the system that would undergo change.
3. Convey the message that competition can have benefits for customers.
4. Encourage seeking the advice of the PUCO to help make utility decisions.

The interdepartmental team of Commission staff then developed an integrated marketing plan to convey the messages. Because of the extremely diverse nature of the audience, no one method of communicating produced the intended level of coverage. The integrated marketing plan included the use of the following:

- Forums.
- Bill stuffers.

- Paycheck stuffers.
- Toll-free hotline.
- Media blitz.
- A speaking tour.

During three consecutive months, the PUCO hosted three public forums and invited the media, industry representatives, and the general public. In an attempt to target all interested persons, the forums ranged from 1:00 p.m. to 7:00 p.m. The third forum was the most successful: attracting sixty consumers, twenty industry personnel, and fourteen different media representatives. Arguably, the media representation was most vital in spreading the message throughout the pilot area.

The PUCO then developed and distributed a pamphlet which presented an overview of the program. The pamphlets were distributed through bill inserts and through paycheck inserts by the area's larger employers. Approximately 230,000 pamphlets were distributed within three months. To facilitate the Commission's ability to respond to consumers' requests for information in March 1997, the PUCO set up the "Natural Gas Choice Infoline" — a simple voice mail system designed to let callers leave their name and address for more information. From March through August 1997, the minimally publicized line received approximately 1,500 calls.

Simultaneously, the media relations office sent out press releases, arranged and conducted editorial boards, and scheduled over thirty television and radio interviews. Consumer Services staff traveled to Toledo *en mass* and presented a series of speeches at local libraries throughout the pilot area.

The Cincinnati and Canton Experiments

On July 2, 1997, the PUCO adopted two more natural gas transportation pilot programs. The Cincinnati Gas & Electric pilot targeted CG&E's entire Ohio service territory encompassing 365,000 residential and small business customers. Because the Cincinnati area is relatively concentrated and the customer base was dense, a geographic split of the service territory would have been ineffective. The East Ohio Gas pilot, "Energy Choice," on the other hand, required a geographic split of its 1.2

million Ohio customers and resulted in the two Canton and Marietta pilot areas, and affected approximately 160,000 customers. The challenge of this twin territory selection was that neither area included a strong television presence. Through preliminary survey results, television had been identified by the Commission as the top mode of reaching consumers.

Following the Toledo experience, the PUCO identified a number of areas for improvement of the customer education efforts. The public forums, for example, involved many more resources than resulting benefits warranted. The bill stuffer contained too much detail and risked being discarded by recipients. The hotline was a success but required more promotion. Customers needed time to receive unbiased information before being confused by marketing pitches and finally, the PUCO needed to be able to answer the question, "How do I compare supplier's offers?"

Initially, a bill stuffer was designed and sent to the eligible customers of both the Cincinnati Gas & Electric pilot and the East Ohio Gas pilot. The bill stuffer was a simple, two-sided flyer promoting only the PUCO's "Gas Choice Infoline." Upon beginning the billing cycle, the hotline began to ring almost nonstop, generating 8,500 calls from August through November 1997.

The pamphlet used in the Toledo Experiment was completely revamped to reduce verbiage, increase white space and design, and make the subject matter more interesting and easy to understand. The result was a ten-panel brochure covering all consumer issues including safety and reliability, signing a contract, and comparing suppliers' offers. Approximately 35,000 brochures were mailed and included in paycheck envelopes of some of the larger local employers such as the city and county government offices.

The Moratoriums

One of the most important lessons from the Toledo Experiment was the finding that consumers became confused and skeptical when faced with an array of marketing messages from suppliers, the local distribution company (LDC) and even the

government agencies. In an effort to avoid such confusion, in the Cincinnati and Canton pilots the PUCO issued a “moratorium” on advertising by marketers. For a prescribed period of time from the date the Order was signed (forty-five to ninety days), the PUCO, Ohio’s Consumer Counsel, and the LDC were the only parties permitted to engage in mass communications. For this “pure education” period, suppliers were prohibited from any form of customer communication or solicitation. If a supplier violated the moratorium, the LDC had the right to delay the supplier’s entry into the program.

As part of all three pilots, the LDCs were given authorization to institute a surcharge to be paid by residential and small business consumers to assure the appropriate and extensive education of consumers in a newly competitive environment, as well as to maintain a “level playing field.” Because ratepayer dollars were at stake, the PUCO adopted the following policy of review and approval.

“the Commission expects East Ohio to develop a full customer and marketer education plan which will be subject to Commission oversight and modification if necessary. The company is to work directly with the commission staff to ensure that an effective and nondiscriminatory consumer education plan is undertaken.”¹

The PUCO staff’s review of LDC communication efforts was to ensure:

- Accuracy.
- Appropriate amount of effort.
- Clear and understandable language.
- Educational versus promotional content of the message.

Prior to the production of any LDC mass media, the PUCO reviewed the materials, made necessary changes, and gave final approval.

The result was forty-five days of “pure” education in the Cincinnati area and ninety days of “pure” education in the Canton and Marietta areas. Consumers were presented with unbiased newspaper articles, publications from both the LDC and the PUCO, and PUCO-approved advertising by the LDC that educated the consumer — not

¹Opinion & Order, East Ohio Gas 96-1019-GA-ATA, 6.

just informed the consumer. The early indicators of the success of the moratorium might include the drastic increase of customer sign-up during the first month — from 3,500 in the Toledo pilot to nearly 10,000 in the East Ohio pilot. The message seemed to be: an educated customer is a less-skeptical customer.

Apples to Apples

Throughout the Toledo Experiment, the recurrent theme of consumer questions was, “How do I compare these suppliers’ offers when their offers are so different from one another?” For example, supplier offers in Toledo ranged from a twelve-month fixed rate (versus the quarterly change in the gas cost recovery as is the practice in Ohio), fixed rates for the winter season, variable rates in the summer, percentage discounts off of the entire bill or percentage discounts off of gas costs, to rebates. The ensuing confusion was understandable.

The PUCO’s solution was a comparison chart of suppliers’ offers later called “Apples to Apples.” The chart breaks down every offer by a supplier and takes a “snapshot” of the current and past twelve months of industry conditions to come out with a total annual natural gas cost for each supplier. In effect, the chart compares what the average customer paid in the past twelve months to what they would have paid had they been with each supplier for the past twelve months. In other words, the annual cost to a consumer is determined, based on the gas cost recovery rates and the average gas usage. Then, factoring the marketers’ offers, the PUCO produces a chart that reasonably compares, on an “apples to apples” basis, the various supplier offers.

In addition, the Apples to Apples charts provide other program details such as contract terms and lengths, suppliers’ offers, estimated annual costs, and supplier phone numbers. The PUCO updates the chart on a monthly basis.

The chart was highly publicized through efforts of the PUCO and later through the LDCs, radio, TV, and extensive print coverage. The initial intent was to have the daily newspapers in the pilot areas print the comparison chart in its entirety on a monthly basis. The reception to this idea was varied and some rural papers printed the

chart while larger-circulation papers did not print the chart. Nevertheless, “Apples to Apples” has become the most highly demanded publication of the pilots and the centerpiece of the PUCO’s public education efforts — over 15,000 Ohioans currently receive monthly updates.

Measuring the Results

The PUCO conducted surveys of both residential and commercial customers at the beginning of the pilots. A second round of surveys will be conducted at the conclusion of the first winter heating season. The purpose of the survey is to:

- Evaluate the effectiveness of the customer education programs.
- Identify problems customers may be experiencing in making their choice of a natural gas supplier.
- Identify any customer service problems customers may be experiencing in receiving service from their supplier and/or in coordination with the local distribution company.
- Identify the most effective means and modes for providing consumer educational information.

Preliminary results of the first round of surveys show that price comparison is the issue most confusing to consumers and that the mass media — television and print, in particular — is the most effective mode of communicating with consumers. This indicates that the relationships with reporters, which are developed through the Commission’s media relations offices, will become increasingly important to the educational efforts of the consumer affairs professionals.

Conclusion

The PUCO’s proactive step in developing consumer education for the natural gas transition to a competitive market provided a testing ground and framework for future education efforts in all utility industries. For example, during the natural gas pilot programs, the PUCO simultaneously conducted six focus groups throughout the state to ascertain public opinion about electric restructuring and the consumers’ level of understanding about the utility industry. Two of the focus groups were held in areas

that were undergoing gas pilots and had been exposed to educational efforts. The subjects in these two areas displayed a marked increase in awareness of how utility industries work and how the introduction of competition can benefit the consumer. These focus groups distinguished themselves from the others not only by their jump on the education process, but by an increased level of acceptance of the idea of electric industry choice.

Following the recommendations of the focus group report, the PUCO established an office of Education Programs, and has begun to devote the necessary resources to arm Ohio consumers with the information necessary to make informed choices in competitive utility environments.

CHAPTER EIGHT

THE WASHINGTON STATE EXPERIENCE

by
Vicki Elliot
Washington Utilities and Transportation Commission

Introduction

The second half of this decade has been a period of reevaluation and refocusing for the Washington Utilities and Transportation Commission. Two years ago, the agency lost 40 percent of its staff when state regulation of the motor carrier industry was preempted by federal legislation. As a result of that action, increased competition in telecommunications and gas, and the possibility of competition in electric, the commission began an agency wide strategic-planning effort that began to redefine our mission and strategic goals.

A renewed focus on consumer protection, education, and participation began to emerge as cross-sectional teams found that these elements were common among industries, especially those where competition plays a role. As competition increases, decisions that are traditionally made by the commission are made by consumers. Consumers are beginning to set terms and conditions of service, as well as price in some areas. They may choose among providers and they use that choice to tell providers what they want. Centralized decision making at the commission is replaced by processes that focus on giving consumers the information they need to make informed decisions in areas where choice is possible. As a result, the commission has begun to take steps that increase our contribution to consumer protection, education, and participation, while still maintaining traditional economic regulation in those monopoly areas where it is appropriate.

Background

As it is in most states, consumer education in Washington State is an evolving process. In 1905, the state legislature formed the Washington Railroad Commission in order to oversee the rates, services, and facilities of the rail industry. In 1911, the name was changed to the Washington Public Service Commission to reflect the broader responsibilities of telephone, electric, natural gas, water, and related industries. Subsequently, the commission assumed regulation of motor carriers and busses. The name and responsibilities were changed several more times until 1961, when it became the Washington Utilities and Transportation Commission. In the intervening years, we have seen our regulatory duties ebb and flow as economic and societal changes have been reflected in federal and state law. Today, the commission regulates telecommunications, electric, gas, water, solid waste, household goods, boats, and busses. In addition, we have safety responsibility for gas pipeline and rail.

Consumer education in most industries is a fairly new phenomenon. Prior to 1985, the commission had virtually no consumer education program. Our contact with consumers was limited to those hearty souls who were brave enough to insert themselves into our cumbersome hearing processes, and to consumers who complained directly to us about the services they received from the regulated companies. In 1985, however, the commission established the public affairs office. Although this office focused primarily on legislative and media contacts, they also began the first ever consumer education work. Initially, this consisted of one multi-page brochure for each industry, titled "Your Rights and Responsibilities." While this effort was certainly an improvement over the nonexistent information that was in place, it became clear over the next several years that consumers both needed and demanded more in the way of education and participation.

The 1990s mark the decade that consumer education really came into its own in our state. Driven primarily by the increase in competition, we recognized the need to improve our consumer protection, education, and participation program. As competition increases, particularly in telecommunications, we are experiencing an

increased consumer demand for information about companies and services, and an increased demand to participate in the processes that affect their utility services.

In addition, as companies position themselves to be competitive, we have experienced an increased workload in our consumer complaints office. We see companies becoming more aggressive about collections and refusal of service to those customers with poor payment histories; and we see eroding customer service and reliability standards as companies work to cut expenses. Additionally, customers of the local telephone exchanges are experiencing network congestion, where calls cannot be completed because demand has exceeded the capacity of local exchange facilities. Staff continues to see increased complaint activity as consumers experience unauthorized changes in their long distance company, unauthorized charges on their telephone bill, and billing problems with information delivery service providers. We also see companies who are apparently reluctant to invest in facilities to meet increased demand and to upgrade existing facilities where needed. Many companies have begun to pass maintenance and installation charges on to their customers — charges that the company has historically absorbed. Complaint levels are at an all-time high, and we struggle to resolve each complaint quickly and reliably.

Because of increasing pressures in our competitive industries, the commission has recently adopted a number of consumer education and participation strategies, as follows:

Internal Work Groups

Over the past several years, staff has begun to understand the increasing importance of consumer protection, education, and participation in the regulatory environment. As a result, the commission has formed a cross-sectional team to find ways in which we can better incorporate these elements into our work. The team consists of staff from the consumer affairs, public affairs, regulatory services, information services, and compliances offices. There are approximately fifty staff on this team, representing almost one-third of the agency's total personnel. One of the

first efforts of the team was to identify specific projects that would allow cross-functional cooperation and further our consumer protection, education and participation purposes. During the first six months of this effort, we have concentrated on the following areas:

- (1) **Carrier Scorecard.** The carrier scorecard project is designed to provide consumers with accurate, factual information on which they can base informed choices about their carrier. While we intend to begin with long distance telecommunications companies, we expect this effort will eventually include local exchange companies, household goods movers, and other industries where consumers can make a choice of carrier. The group hopes to design an easily understood document which includes information about services levels, complaint levels, number of violations, etc., and incorporates a "scoring" mechanism that allows customers to compare companies within the same industry. We are still in the planning stages, and expect to publish our first scorecard in early 1998.
- (2) **Public Information Needs.** This group was formed to ensure that consumers have an understanding of their rights; and that they have easy access to information that enables them to avoid unfair or deceptive practices and to make informed choices about their utility services. This group has done some excellent work. It has been staffed by highly motivated, high-energy people who are enthusiastic about sharing information with consumers. Their specific suggestions for improving our consumer education program include developing portable displays; establishing a speakers' bureau to promote consumer rights, as well as information about other topics and trends; contracting with the education professionals to develop life skills programs for high school students that include information about utility services; coordinating with other state agencies to help provide one-stop consumer information shopping; etc.
- (3) **Focus Groups.** Both the carrier scorecard and the public information needs teams will be using focus groups to help define their work. We hope to provide the best information, in the best format, to the widest audience possible. We

find, however, that we do not always know what information consumers want and what format they prefer. In order to help articulate customer needs, we will be using focus groups. In these groups, we will ask consumers specific questions about what types of information they want or need; in what format they prefer to receive it; and their thoughts about the work the commission is doing. This will help direct the work of our consumer education efforts and will provide valuable feedback on our interactions with the public.

Public Meetings

Traditionally, the commission held public meetings only when they chose to in the context of a formally docketed proceeding. Even then, efforts to encourage the public to attend were limited and it was rare for anyone except the parties involved to appear. In the past few years, however, the commission has both increased its exposure to the public through the use of publicized meetings and has developed a documented process where the public can effectively participate. The commission holds its own meetings — formal and informal — regarding both docketed and nondocketed items. In addition, staff often attends the meetings of other organizations as a participating guest. For example, staff has attended a number of public meetings held by water companies prior to a rate increase request; and has attended meetings held by water or solid waste companies to talk about service quality issues with their customers. Staff finds these experiences valuable for several reasons. It improves the relationship between staff and the company, staff and the consumer, and the company and the consumer. In addition, it gives us an opportunity to be more visible in our communities and the chance to enhance consumer knowledge through in-person educational efforts.

Fact Sheets

Fact sheets were first introduced at the commission in 1996, when the public affairs office drafted its first fact sheet as a way to provide information to water

customers at public meetings. Since that time, they have been expanded to include a broad range of issues and are used in a number of forums. We have found fact sheets to be most useful when they serve one of two purposes:

- (1) To provide information to target audiences. Examples of these types include fact sheets on public pay phones, frequently asked consumer questions regarding water service, and telephone information provider services. Staff provides these fact sheets to interested groups or individuals, such as at public meetings regarding utilities issues.
- (2) To provide information that staff tends to spend a lot of time on over the phone. The best example of this type of fact sheet is information regarding taxes and other charges on telephone bills. According to consumer affairs staff, this is one of the most common types of calls in which they simply provide information. Consumers frequently have questions about the taxes and other charges on their telephone bills and staff often spent ten or fifteen minutes explaining these charges to each consumer. Once the fact sheet was available, staff would tell the caller that the information would be mailed to them and, if they had further questions after reading the fact sheet, they could call back. This has been an immense help in reducing the amount of time staff spends on issues that we have little or no control over, and allows staff to spend more time on resolving complaints.

Internet Web Site

The commission's Web site has proven to be a good source of information for companies and for consumers. Our first posting in 1993 was a Notice Of Inquiry on alternative forms of regulation. During the first few years, the Web site was accessed almost exclusively by regulated companies. As the World Wide Web evolves, the commission's Web site becomes a better tool for consumers as well. For example, we allow consumers to comment through the Internet on docketed and nondocketed items.

In a current rate case, involving the largest local exchange company in our state, we have received almost 400 comments through the Internet.

We recently redesigned and moved our site. Visitors to the site now have, through an easy to follow format, the ability to file a complaint, comment on a proceeding, or ask a question. They also have access to all of our consumer education materials, over 1,000 documents contained in our online library (i.e., orders, policy statements) and links to related Internet sites.

Consumer Contact Database

As our workload and the demands on our time grow, it becomes necessary to work more effectively and efficiently on an ongoing basis. Part of that effort includes the management of information. Our current computer database system for tracking customer complaints is obsolete. Originally built in the mid 1980s, it is cumbersome, slow and unresponsive to the needs of today. The commission has approved a project to build a new database. This system will allow us to record complaints and inquiries, and will provide the information we need in a systematic, cohesive way. It will also allow staff to track trends in our calls. This will be particularly helpful in identifying the kinds of information consumers are asking for, and will allow us to better respond to those information needs.

Consumer Questionnaire

For a number of years, the consumer affairs staff has sent a questionnaire to each consumer who has opened a complaint with the commission. In general, this questionnaire asks how well staff is doing their job. We have recently updated the questionnaire to clarify the questions we ask and ensure that we receive useful information. In addition, we have added a second page to the questionnaire that allows the consumer to return it in a postage-paid envelope and request any of our consumer education publications. Although the new questionnaire and publications request form are fairly new and we do not presently have very much experience with them, it

appears they have been well received. Of the questionnaires we have received, almost half of the respondents have requested commission publications. We hope this effort will educate individuals and, at the same time, allow them access to information they may pass on to others.

Consumer Newsletter

The commission has produced a quarterly newsletter for almost two years. The newsletter goes out to over 1,000 organizations and individuals in the state. The initial subscription list included a wide range of social service, community, and business organizations, as well as other business organizations, the legislature, and the media. Subscribers are added to the distribution list free of charge. The newsletter includes "how to" articles (i.e., how to avoid slamming) and other consumer tips. It also includes issue-based articles such as electric competition and solid waste disposal.

The newsletter has several objectives. It encourages staff to write short, consumer-friendly articles; it provides the media and other organizations with consumer protections articles on timely topics; it educates policy makers on issues relevant to the commission; and it holds the interest of those involved in consumer issues.

Education Means More Than Consumers

As the commission becomes more visible and parties talk aloud about competition, it is important to remember that education means more than consumers. In today's world, we must also educate our legislators and others who can directly impact policy decisions and regulatory structure decisions. Legislators need to understand the breadth of each regulatory issue in order to make informed decisions about how individual states will manage competition. In our state, we are just beginning to grapple with this problem. We have identified the following core set of principles we plan to share with our legislators in order to help them understand the impact their decisions may have on our state's public:

- Customers should have a right to privacy and the release of customer information should be addressed at the legislative level.
- The legislature should address accuracy, standards, and ownership of electric and gas meters.
- Customer bills for services provided should include the identity of the billing company; the services being billed; the basis for billing (i.e., rates); disclosure of conditions such as estimated billing, source of generation, and customer usage.
- Legislation should include an obligation to serve a company's core customer.
- Legislation should address universal service.
- Credit and collection practices should include the ability of a customer to designate how a payment is applied; what payment arrangements are available to customers; protection of deposit dollars; and guidelines and notice for disconnection of service.
- Unfair trade and marketing practices should be prohibited, including slamming, gifts and inducements for signing with a company, and inaccurate price portrayal. In addition, customers should have access to the right of rescission, remedies to problems, and disclosure requirements for environment claims (or other claims made by competing companies).
- Legislation should include a dispute resolution process, with complaint tracking requirements and third party mediation.
- Legislation should address rules governing a change in supplier.

We intend that any proposed electric restructuring legislation should include these basic consumer protection principles. If this happens, then we believe we have effectively educated our law makers about consumer protections.

Future Educational Efforts

When we talk about regulation in the future and imagine what lies ahead for our commission, one element clearly stands out — the consumer's ability to make informed

choices about the services they receive. We recognize that many of the decisions we used to make in a hearing room will be made instead by consumers. In order to make good decisions, the public must have access to our information. We also recognize that the rules of competition must be structured around the consumers' needs. Public utility commissions are best positioned to help mold that structure and inform policy makers about issues that will affect consumers. The better we do our job now, the easier it will be later — for our commissions and for the public.

CHAPTER NINE

THE ESTABLISHMENT OF WISCONSIN'S TELECOMMUNICATIONS CONSUMER EDUCATION PROGRAM¹

by
The Public Service Commission of Wisconsin

The Need for Telecommunications Consumer Education

The need for telecommunications consumer education is evidenced by the rapid pace of change in technology and options. Most consumers can draw on confusing personal experiences regarding their telephone service. One can, and some people do, spend hours researching which company can provide the least expensive phone service based on their calling needs, or how to resolve a problem with slamming. Even with persistent efforts, some of the information is misleading, inaccurate, or simply not readily available. Many consumers figure that the task of becoming informed about their telecommunications choices is too overwhelming a task to even start, so they prefer to play it safe and stick with their present company. However, this lack of information could lead to inefficient competition, and consumers could be taken advantage of.

This need for education is also evidenced by the volume of complaints that are received by state agencies. Telecommunications is now the number one category of complaints in the State of Wisconsin. During 1997, over 7,000 customers contacted the Public Service Commission (PSC) or the Department of Agriculture, Trade, and Consumer Protection (DATCP) with complaints regarding their telecommunications service. This likely understates the magnitude of consumer dissatisfaction since

¹This chapter was originally published, in slightly different form as the *Report to the Commission Regarding Establishment of a Telecommunications Consumer Education Program* (Madison: The Public Service Commission of Wisconsin, 1998).

experience has shown that only a small fraction of those who have a problem actually complain to a government agency. The top categories of complaints are as follows:

TABLE 1

**TOP CATEGORIES OF TELECOMMUNICATIONS COMPLAINTS
RECEIVED AT THE WISCONSIN PSC**

CATEGORY	NUMBER OF COMPLAINTS
Deferred Payment Arrangements	1,454
Disconnections	880
Misbilling/Billing Errors	618
Slamming	582
Billing Procedures	395
900 Number Issues	202
Unauthorized Adding of Services	151
Miscellaneous Billing Issues	151
Initial Service	140
Additional or Changed Service	119

The top categories of complaints received at the DATCP are slamming, billing dispute, service representations, and untrue, deceptive, or misleading advertising.

Recognizing the need to ensure that customers are informed, the PSC found that it was in the public interest to establish a committee to evaluate the most appropriate means of educating the public about changes in the telecommunications market, including the local, intraLATA and interLATA exchange markets. The Telecommunications Consumer Education Industry Forum, consisting of 19 members from different sectors of the telecommunications industry, consumer advocacy groups,

a university, and other state agencies, and headed by Commissioner Daniel Eastman, issued a report dated April 27, 1998. This section includes excerpts from that report.

The Forum believes that customers have a need for information on slamming, choosing a telecommunications provider, use of calling cards, and telecommunications privacy issues. In addition, consumers would benefit from an accurate and independent comparison of rates, service availability, and quality of service in order to make informed choices of long distance, local long distance, and local telecommunications providers.

What Information is Currently Available?

The primary sources of consumer information about telecommunications are advertisements, phone calls from or to providers, brochures, and phone directories. Consumers are barraged by direct mail, television, and radio ads that are often misleading or do not provide enough information for a consumer to make an informed decision about which phone company to choose. Sales representatives who call or are called by customers often cannot give accurate answers to basic questions. Phone directories are a good source of consumer information about area codes, calling areas, how to use your phone, privacy, and customer rights.

There are currently many publications containing telecommunications consumer information, but most, if not all are not widely distributed

TABLE 2

OTHER PUBLICATIONS CONTAINING TELECOMMUNICATIONS CONSUMER INFORMATION

PUBLICATION	PRODUCED BY
Getting Connected	United States Telephone Association
Consumer Action News Long Distance Rate Survey	Consumer Action

PUBLICATION	PRODUCED BY
Choosing Your Telecommunications Provider	Minnesota Telephone Association
Countdown to Smart Dialing	Call for Action
Making the Best Call	Consumer Federation of America
Making Sense of your New Communications Choices	National Consumers League, with Support from GTE
Competition Calling: How to Choose a Local Toll Company	Florida PSC
How to Save on Long Distance Calls	Consumer Reports
Common Carrier Scorecard	Federal Communications Commission
How to Select a Long Distance Phone Company	Federal Communications Commission
Public Phone Users Beware	Federal Communications Commission
Been Slammed?	Federal Communications Commission
Taxes and Other Charges on Your Telephone Bill	Federal Communications Commission
Consumer Facts: Switching Long Distance Telephone Service	Wisconsin Department of Agriculture, Trade and Consumer Protection
How to Select a Long Distance Telephone Company	Arizona PSC
How You Gonna Call	Wyoming PSC
Questions About . . .	AT&T
How to Buy and Install Telephone Products	Electronic Industries Association Consumer Electronics Group
Buying Time: The facts About Pre-Paid Phone Cards	Consumer Information Center
You Make the Call	National Consumers League, with support from Ameritech
Cordless/Cellular Telephones http://www.privacyrights.org	Privacy Rights Clearinghouse of San Diego

PUBLICATION	PRODUCED BY
How to Put an End to Harassing Phone Calls	Privacy Rights Clearinghouse of San Diego
Caller ID and Privacy What Do I Need to Know	Privacy Rights Clearinghouse of San Diego
Focus on Phone Leasing	Federal Trade Commission

Phone books are a readily and widely available source of consumer information regarding billing, payments, low-income programs, calling instructions, and right and responsibilities. Other information available includes a Web Pricer sponsored by the Telecommunications Research and Action Center (TRAC), which compares interstate phone rates. This is discussed in more detail later in this chapter.

What Have Other States Done?

The Vermont Department of Public Service and the New York Public Service Commission each present information on intraLATA 1+ on their Web sites, as well as toll-free consumer information numbers. Vermont's Web site includes names and phone numbers of providers. Numerous other states, as noted in Table 2, above, have produced consumer education materials.

How to Expand the Information Available to Customers

The PSC of Wisconsin's consumer education campaign uses an appropriate mix of media to ensure that consumers have ready access to relevant information. Because of the large volume of information to communicate, the campaign needed to center on information-rich forms of communication, such as print brochures and Web pages. Salient media, like television and radio, are then used to notify consumers where to find detailed printed information.

Print Media

Brochures

Brochures were developed by the PSC, DATCP, and the Department of Justice (DOJ), in conjunction with media consultant Waldbillig & Besteman (W&B). The education program's brand identity is "State of Wisconsin Telewatch: Plain Talk About Your Telephone Service." The Forum supports this effort.

The brochures were distributed to all public libraries, social service agencies, state government district offices, and legislators in the state, as well as select aging groups, citizen advocacy groups, multicultural organizations, university libraries, housing and energy assistance groups, and community outreach groups.

Public Service Announcements

W&B produced newspaper, radio, and television public service announcements to publicize the availability of this information. A new toll-free information number, (888) 809-9772 (WPSC) is available for people to request brochures or more information.

Bill Message

On a voluntary basis, telecommunications companies will print a bill message or a one-page bill stuffer announcing the brochure's availability, as well as print and distribute brochures at bill payment locations and/or through other customer-service contacts.

Phone Books

Phone books are a readily and widely available source of consumer information. The Forum believes that phone books should contain a LATA map, and in those areas with intraLATA presubscription, a clear statement that such choice is available. The Forum also believes that it is appropriate to add a reference in the business directories' sections regarding telephone companies and/or long distance service which publicizes the availability of the Telewatch brochures available from the PSC, including the PSC's Web site address and toll-free number.

Web Page

Internet Web sites are increasingly becoming accepted and used as a communications vehicle. While advantages of this mode of communications are speed, convenience, and flexibility, many consumers do not have access to the Internet. The Forum recommends that the PSC expand its Web site to include the following information: service availability, rate comparisons, and a telecommunications quality scorecard.

Service Availability

Before consumers can choose a carrier, they need to know the range of choices. While some carriers may provide service statewide, many serve limited areas or only business customers. Accurate sources for this information are limited or nonexistent.

Staff proposed that a letter be sent from the PSC to all intrastate toll providers, requesting information as to the NNXs² in which the company provides service, and a customer order phone number. The Forum recommends that the PSC include a form along with the annual report that requests providers to update this information. A listing of intrastate toll providers, service areas, and phone numbers would then be compiled from the responses, and placed on the PSC's Web site.

Rate Comparisons

It is important for consumers to be able to identify which company offers the lowest rates for their individual calling patterns. Company sales representatives often cannot give accurate information. This is due to different rates in different jurisdictions and the frequency of rate changes. While useful comparisons of interstate long distance rates already exist, the Forum is not aware of any such independent comparison of intrastate rates.

Salestar is a for-profit company which maintains a Web site link for the TRAC. The "Web Pricer" compares interstate long distance rates, and is free to residential customers. Residential customers can enter their area code and prefix, their average

²NNX is a three-digit code to identify the local central office, N represents any digit from two to nine, and X is any digit.

long distance bill, and information for up to six calls. The Web Pricer then computes the least expensive calling plan, as well as a total bill for various calling plans from seven companies.

Salestar will provide a similar Web site service to compare Wisconsin intrastate toll rates, at no cost to residential customers or the PSC. The PSC will provide Salestar with copies of currently authorized tariffs for Ameritech, AT&T, GTE, MCI, and Sprint. These are the only companies which are required to file intrastate toll tariffs. The PSC will ask these five companies to provide Salestar with subsequent tariff changes that affect intrastate toll rates.

A letter will be sent from the PSC to all intrastate toll providers, informing them of the Web site plans, and asking if they would like to be included in the rate comparison by submitting rate data directly to Salestar.

The Forum recommends that the PSC work with TRAC to create intrastate long distance rate comparisons. These comparisons could then be used by residential customers or by the PSC in responding to customer inquiries. The usefulness of such a comparison would be enhanced by integrating the Wisconsin intrastate rate comparison with the existing interstate comparison. When sufficient competition develops in the local market, the Forum recommends that the PSC pursue expansion of the rate comparison Web site to include local rates.

TRAC also creates a comparison of interstate long distance rates using eighteen different calling patterns. The calling patterns, or baskets, cover heavy day use, heavy night and weekend use, and average daily use, and include a range of spending from \$7 - \$350 per month. TRAC sells these comparisons to residential customers for \$5 and to small businesses for \$7. The PSC or a consumer group could also produce a comparison of intrastate long distance rates by using the same eighteen calling baskets as TRAC or by creating new baskets.

Telecommunications Quality Scorecard

Quality of service is another factor to consider in choosing a carrier. This may be measured in any number of ways, including number of complaints, number of hours-

per-week customer service is available, average speed of answer for repair calls, and customer satisfaction surveys. The Federal Communications Commission (FCC) produces a "Telecommunications Quality Scorecard," which compares complaint ratios of all carriers. The ratios are computed by dividing the number of complaints received at the FCC by each company's total communications revenues.

The Forum is not aware of any independent comparison of intrastate quality of service. To fill this customer need, the Forum recommends that the PSC create its own "Telecommunications Quality Scorecard." At a minimum, this scorecard could contain complaint ratios based on PSC and DATCP data on the number of complaints against each carrier. Complaints outside of the company's control, or those that are often the result of appropriate company action, such as disconnects, deferred payment agreements, alternative operator service, etc., could be excluded from the scorecard. The remaining complaint data would be combined with revenue data obtained from the Department of Revenue, the FCC, and/or the Universal Service Fund to create a ratio of complaints per million dollars of revenue. The results could be placed on the PSC's Web page. Customers could then compare complaint ratios between competing carriers. This comparison could then be used by residential customers, or by the PSC and the DATCP in responding to customer inquiries.

While complaint ratios may be the simplest method of comparing quality, they only provide an indication as to how poorly a company is performing. One option is to measure the positive side of service quality by expanding the "Telecommunications Quality Scorecard" to include the results of customer satisfaction surveys.

Many companies conduct their own customer satisfaction surveys. Because every survey phrases questions differently, it may be misleading to compare results of these surveys side by side. To overcome this problem, the Forum recommends that the Commission develop a standard list of questions. On a voluntary basis, companies could include these questions in their customer satisfaction survey. The results could then be compiled by the PSC, included in the Scorecard, and placed on the Web site.

The PSC is currently in the process of rewriting its quality-of-service rules, and as part of this process is considering how to communicate quality statistics to customers. The Forum encourages and supports these efforts, and recommends that the PSC consider expansion of the "Telecommunications Quality Scorecard" to include key measures of quality such as the number of hours per week customer service is available, the percentage of out-of-service problems cleared within twenty-four hours, the average speed of answer for repair calls, and the availability of an internal grievance procedure.

The Forum recommends that the PSC send a letter to the United States Telephone Association and the National Association of Regulatory Utility Commissioners encouraging the creation of a quality accreditation process similar to what the National Committee on Quality Assurance does for HMOs. Standards could be set for such measurements as troubles per 100 lines service, time out of service, and repeat problems.

Community Workshops and Collaboration with Community and Consumer Organizations

The Forum encourages the PSC, the DATCP, and/or the DOJ to work with community organizations and consumer groups to organize one or more community workshops or forums, where representatives of each agency could provide a short presentation on telecommunications consumer issues and be available to answer public questions. The Center for Public Representation has held such workshops for a number of years.

Efforts to Protect and Redress

Introduction

Legitimate companies follow the rules, but fraudulent companies may try to take advantage of customers by deceptive or misleading advertising and marketing. While

existing law provides protection for customers, enforcement is complex, multijurisdictional, and resources are limited.

Because resources are limited, the government cannot effect a remedy for all consumers who are wronged. Often times, a company will have gone bankrupt by the time an enforcement action can be completed. As a result, while setting appropriate laws and rules and enforcing them is important, it is critically important to educate consumers about how to protect themselves.

Wisconsin Laws and Rules

Federal and state laws and regulations target deceptive practices, prohibit discrimination, and require sellers to give pertinent information to prospective buyers. Sellers must provide information about service and cost before the subscription and adequate notice of proposed changes during the course of the subscription. A prohibition against negative option billing requires affirmative orders for new or expanded services.

The specific following Wisconsin laws and rules are as follows:

Section 100.207, Stats.

- Prohibits representations which are false, deceptive, or misleading.
- Prohibits negative option sales, requires affirmative orders

Sections 196.219 and 196.37(2), Stats.

- Provides for enforcement as § 100.207, Stats., and prohibits unreasonable, unjust practices of certain telecommunications utilities.

ATCP 123, Wis. Adm. Code

- Requires disclosure of service and price to customer prior to subscription.
- Requires written confirmation of agreement at or before first bill.
- Requires notice of subscription changes and right to cancel.
- Prohibits negative option billing (requires affirmative order).
- Regulates automatic renewal of limited term contracts.
- Regulates prize offers, and free or reduced price offers.

The DATCP and the PSC share responsibility for administration of these statutes and rules. For example, while the DATCP rules apply to individual contracts, they do not apply if the PSC specifically authorizes the contract under ch. 196, Stats. The DOJ is responsible for enforcement of the statutes. Because of the shared responsibility between the DATCP, the DOJ, and the PSC, the Forum encourages systematic sharing of information about consumer complaints and enforcement activities between them to maximize the impact of resources.

Suggested Educational Endeavors

The Forum recommends that the state initiate efforts to educate telecommunications providers about existing laws and regulations. Two ways of accomplishing this are as follows:

- Hold workshops focused on providing practical information about the requirements of those laws directly to industry.
- Send out a “Welcome to Wisconsin” package when telecommunications companies register with or are certified by the state.

Possible Improvements in Existing Regulations

There are several areas in existing law that should be examined for possible improvement. Market-based solutions should be considered. Airline overbooking is an example where the industry is required to resolve problems caused by selling more seats than they can deliver. Another example is laws that allow consumers to keep unsolicited merchandise.

Possible areas for regulatory change include:

- Improve the rights of customers who have been slammed or crammed.
- Ensure that regulatory agencies have access to business records and other information necessary to investigate and enforce existing laws.
- Ensure that billing and collection practices are fair and not used in an abusive manner.
- Address other specific issues such as international pay-per-call.

While the state does have some jurisdiction regarding these issues, action at the Federal level could be more effective since much of the activity involves providers which operate in multiple states. There are several efforts at the FCC and Congress to address these issues. The Forum recommends that the PSC, DATCP, and the DOJ keep abreast of these proceedings, file comments, and take other actions as appropriate

Estimated Costs and Funding

The PSC has received \$39,550 as part of a DOJ settlement with a company accused of slamming. This amount was used for the design, translation, printing, and distribution of a limited number of brochures, as well as the establishment of a toll-free number. These funds are now exhausted. This amount will not cover any additional printing and postage costs or other ongoing consumer education efforts.

The above recommendations have been designed so that most of the programs recommended in this chapter can be funded within the PSC's existing budget. As additional brochures are required, and other educational programs are undertaken, it would be advantageous to have a funding vehicle for such programs.

There are at least four options to fund ongoing consumer education efforts: a budget request; an assessment on all providers under § 16.515, Stats.; fines assessed against companies that engage in slamming or deceptive marketing; or voluntary cash or "in kind" contributions from providers.

The Forum recommends that ongoing consumer education efforts be funded by either a combination of forfeitures and penalties imposed under §§ 196.65 and 196.66, Stats. and voluntary contributions from providers, or by possibly assessing telecommunications providers if funding from the other two sources proves inadequate.

The PSC should develop an annual consumer education plan with input from the industry, community groups, consumer groups, and other interested organizations. Parties will be given an opportunity to comment on the plan before it is finalized. The

Forum encourages the PSC to continue an ongoing dialogue on consumer education issues by reconvening the Forum group as needed, or by a similar group or committee.

The Forum recommends that the PSC pursue legislation that would establish a telecommunications consumer education fund. The Forum recommends that a sunset clause be included in the legislation so that the fund is reevaluated after four years. The recommended statutory language is set forth in the legislative recommendations section of this chapter.

This consumer education fund would operate in a manner similar to educational efforts already employed by other administrative agencies in this state. For example, under § 426.203, Stats., forfeitures assessed for failing to comply with the Consumer Act's registration requirements are credited to a budget item under the Department of Financial Institutions (DFI) labeled *Gifts, grants, settlements and publications*. (§ 20.144(1)(h), Stats.) Under § 551.605(2), Stats., administrative assessments imposed under the Securities Law are credited to a budget item under DFI labeled *Investor education fund*. (§ 20.144(1)(l), Stats.) Under § 165.87, Stats., a court imposing a fine or forfeiture shall also impose a penalty assessment. This penalty assessment is allocated in part to two budget items under the DOJ which are labeled Law Enforcement Training Fund, Local Assistance and Law Enforcement Training Fund, State Operations.

Legislative Recommendations

Create a Consumer Education Fund

The Forum considered two alternative proposals for legislation to create a telecommunications consumer education fund. The Forum did not reach consensus on which alternative to use. Therefore, the Forum included both and recommends that the legislature adopt one of the alternatives.

Alternative 1

Section 20.155(1) should be amended to include:

(k) Telecommunications consumer education fund PR A
50,000

(ka) Telecommunications consumer education fund
voluntary contributions PR C
-0-

NOTE: Sub. (1)(k) is repealed effective (four years after enactment). Section 196.859 should be created to read:

196.859 Telecommunications consumer education fund. (1) The commission shall establish and administer a program to assist consumers of telecommunications services in this state in evaluating the offers of competing telecommunications providers, identifying practices and services that are unjust, unreasonable, preferential or inadequate, and reporting unlawful service practices.

(2) Any penalty or forfeiture paid by a telecommunications provider under order issued pursuant to §§ 196.65 and 196.66 shall be credited to the appropriation under § 20.155(1)(k). The Commission shall annually assess against telecommunications providers the total, not to exceed \$50,000, of the amounts appropriated under § 20.155(1)(k), less any amount received through penalty or forfeiture under this paragraph and less any amount received through voluntary contribution under § 20.155(1)(ka).

NOTE: Sub. (2) is repealed and recreated effective (four years after enactment) to read:

(2) Any penalty or forfeiture paid by a telecommunications provider under order issued pursuant to §§ 196.65 and 196.66 shall be credited to the appropriation under § 20.155(1)(ka).

Alternative 2

Section 20.155(1) should be amended to include:

(ka) Telecommunications consumer education fund
voluntary contributions PR C
-0-

Section 196.859 should be created to read:

196.589 Telecommunications consumer education fund. (1) The Commission shall establish and administer a program to assist consumers of telecommunications services in this state in evaluating the offers of competing telecommunications providers, identifying practices and services that are unjust, unreasonable, preferential or inadequate, and reporting unlawful service practices.

(2) Any penalty or forfeiture paid by a telecommunications provider under order issued pursuant to §§ 196.65 and 196.66 shall be credited to the appropriation under § 20.155(1)(ka).

Summary of Activities for PSC, DATCP and DOJ Implementation

The following is a summary of activities for implementation by the PSC the DATCP, and the DOJ:

- Create a Web site database that would enable consumers to identify which telecommunications providers serve their area. PSC staff could pass along information to customers who cannot access this information.
- Work with an independent company to establish a Web site service that would enable consumers to compare rates of long distance providers.
- Establish a "Telecommunications Quality Scorecard," that would compare complaint ratios, customer satisfaction, and other key service-quality measures of providers. This would include developing standard survey questions for telecommunications companies to include in their customer surveys.
- Send a letter to the United States Telephone Association, the National Association of Regulatory Utility Commissioners, Bellcore, and the National Exchange Carrier Association that encourages the development of national standards for telecommunications quality of service.
- Consider holding community workshops, possibly in conjunction with the DATCP and/or DOJ, on topics of telecommunications consumer interest.
- Create a telecommunications consumer education fund within the PSC's budget. Administer this fund, including the development of an annual budget, with input from the telecommunications industry.

- Continue good job of complaint handling.
- Keep abreast of consumer protection needs and Federal proceedings regarding enforcement of statutes relating to telecommunications consumer problems and file comments and take other actions as appropriate.

CHAPTER TEN

CONSUMER EDUCATION OUTREACH PROGRAMS IN TENNESSEE: A NEW MISSION FOR A STATE REGULATORY COMMISSION

by
Eddie Roberson
Tennessee Regulatory Authority

One of the roles that is increasingly requiring the special attention of state utility commissions is in the area of consumer education. The requirement of a more active role for state commissions in this area is being prompted by a paradigm shift in the way public utilities are regulated in the United States. Since 1984, the trend in telecommunications regulation is away from the highly regulated monopoly structure. Regulation and monopolies are being replaced by deregulation and competition. This change in the regulatory paradigm is forcing consumers to make decisions that they are not accustomed to making. Consumers need someone to turn to for accurate and unbiased information on utility services.

Evidence indicates that state commissions are beginning to fill this need. From California to New York, state commissions are developing programs designed to educate consumers about the new utility environment. However, smaller states, like Tennessee, may not have the same level of resources for consumer education programs as larger states. States must come up with new ideas for not only reaching the public but also for funding options for consumer education outreach programs. This case study explores several consumer education programs that the Tennessee Regulatory Authority (TRA) has initiated, as well as a mechanism to fund the program at least partially. This case study may provide insight to state commissions on how to fund future educational programs.

In September 1996, the Tennessee Regulatory Authority formulated a strategic plan that identified a mission statement for the agency. The statement reads:

The mission of the Tennessee Regulatory Authority is to promote the public interest by balancing the interests of utility consumers and providers while facilitating the transition to a more competitive environment.

Along with the mission statement the TRA also identified several goals. One of the goals state: "The TRA will develop a proactive education and public affairs strategy." In identifying this goal, the TRA recognized the growing importance of consumer education in emerging competitive markets. In order to implement this goal, the TRA developed the following outreach programs:

- Consumer Workshops.
- Telephone Area Code Relief Plan Community Meetings.
- Good Government Fairs.
- Senior Citizens Day Exhibits.

Consumer Workshops

From 1995-1997, the TRA conducted seven consumer workshops around the state. These workshops focused upon current utility issues. The workshops were either one-half or a full day. Subjects included discussions on: how to prevent your long distance service from being slammed, how to read your telephone bill, and how telephone competition might benefit the consumer. The workshops were organized in thirty to sixty minute sessions with a panel of presenters discussing different aspects of the topic. At the end of each session, time was always left for questions and answers.

Workshop attendance varied from a high of 100 to a low of 15. Some of the strategies we have used to encourage attendance include:

- Mailing invitations to interested groups, such as the American Association of Retired Persons.
- Requesting support from local organizations to cosponsor the workshop.
- Advertising the workshop in the media.
- Making a Director of the Authority available for radio and television interviews prior to the workshop.
- Eliciting the support of community leaders such as ministers, political leaders, etc.

Evaluations of the workshops by the attendees have been favorable. However, we have not been satisfied with attendance. Some of the new strategies that are being explored that would promote attendance include the following:

- Shorten the workshops by covering fewer subjects.
- Conduct miniworkshops in conjunction with other events, such as Chamber of Commerce Expos and AARP Conventions.
- Target workshops in areas where problems appear, for example, conduct a slamming workshop in a community which is having a rash of slamming complaints.
- Conduct workshops after work hours.

Workshops are an excellent method of providing information to consumers, but the “have it and they will come” mentality is not likely to work. Our experience indicates that consumer workshops require extensive planning with clear objectives and a targeted audience. We have also discovered that consumer workshops appear to be most effective when cosponsored by local organizations or elected public officials.

Telephone Area Code Relief Plan Community Meetings

The exhaustion of telephone area codes is affecting consumers in every state. It is elementary to note that consumers do not like having their telephone numbers changed. However, state commissions are being called upon to review and approve plans to add new area codes. The adding of new area codes can cause consumer confusion and frustration. Public utility commissions have an opportunity to be proactive in educating the public on this issue.

In 1997, Tennessee was faced with the task of adding a new area code for middle Tennessee, and was immediately faced with public opposition over the telecommunications industry’s proposed relief plan. Opposition also came from certain members of the Tennessee General Assembly. The primary opposition to the industry plan came from its proposal to divide several rural counties by area codes. In response to the opposition, the TRA directed its staff to conduct a series of community meetings in the affected counties for the purpose of providing information on the plan and receiving comments.

A total of seventeen community meetings were held to discuss the area code relief plan. In four of the meetings the public raised objections to the industry's plan. The industry modified its plan and it was approved by the TRA. These community meetings allowed the TRA to educate the public on the need for area code relief, listen to the public's concerns, and facilitate a change in the plan to accommodate valid objections.

Good Government Fairs

The TRA also recognized that participation in Good Government Fairs sponsored by elected officials is a good opportunity to provide consumer education. These fairs are normally held in public locations such as shopping malls. Some Tennessee elected officials sponsor these fairs as a way of bringing government to the people. These fairs provide access to government agencies and allow interaction between the public and the government.

The TRA sets up a booth at the fairs and staffs it with personnel available to answer questions from the public regarding public utilities. Printed information is also available on topics such as slamming, consumer utility rights, relay services, 900 calls, and how to file a utility complaint. The TRA participated in two Good Government Fairs during 1996.

Senior Citizens Day Exhibits

Another opportunity that the TRA uses to provide proactive consumer education is Senior Citizens Day events. These events are often sponsored by organizations such as AARP and county senior citizens centers. These events are typically one-half day events, which are productive because they permit a great deal of one-on-one interaction with consumers.

Funding Consumer Education Outreach Programs

The TRA has discovered that there are several opportunities to provide consumer education on utility issues. However, finding the money to fund these efforts is always a challenge. Tennessee, like other state government agencies, has limited resources, both human and financial, and finding the money for new programs is often difficult. Utility fines is one funding source that the TRA has used to help fund consumer education outreach efforts.

The TRA has statutory authority to fine utilities \$50 per day for violation of its rules and regulations. Under Tennessee statutes, the TRA also has authority to use the money for its operations. The TRA has issued fines against utilities for violations of its rules and has approved a percentage of the fine to go toward consumer education projects. Of course, utility fines are best used for one-time expenditures such as brochures, displays, and advertising. Successful funding of consumer education programs requires a long-term commitment by the agency. However, fines can help provide valuable support for consumer education programs.

Conclusion

In its strategy plan, Tennessee recognized that there is an increasing need to provide consumer education in the changing utility marketplace. Although beneficial, competition in utility services is producing confusion and in some instances consumer abuses. Our experience of opening up the telephone long distance markets and the abuse of long distance service through slamming supports the need for greater focus on consumer education by public utility commissions.

Tennessee has found that opportunities exist to provide consumer education in public forums and that new funding sources may be available for these projects by allocating a percentage of utility fines. However, Tennessee is still attempting to identify the best strategies to provide consumer education. Tennessee, like other states, has experienced low turn out in public education forums. Educational symposiums on utility issues are not likely to be able to compete with Monday Night

Football. For this reason, we believe that the best opportunities to reach the public to discuss utility issues are at meetings sponsored by other well-known organizations. This piggy-back strategy uses the established network of well-known organizations to help publicize the event. Some of the organizations that commissions should consider include the League of Women Voters, the AARP, the American Legion, the Chamber of Commerce, the National Association for the Advancement of Colored People, the Urban League, civic club meetings, and events sponsored by elected officials.

It is unlikely that a single approach to consumer education is optimum. A "cookie cutter" approach is unlikely to work in every state nor will the same approach work year after year. Consumer education strategies need to be dynamic to fit the particular consumer need at the time. State commissions should develop a comprehensive plan based on their consumer education needs and should make the funding of the plan a priority. One of the first steps in developing a plan is to conduct a needs analysis of what type of public education is needed. Consumer complaints are one source of existing information that can help state commissions design consumer education plans. A commission's complaint data should provide a good starting point for focusing consumer education.

As we enter a new paradigm in telecommunications public policy, state commissions will be required to think "outside the box" in order to implement new policies. New regulatory tools will be developed and experimentation will take place. It is important that these experiments in consumer education are shared among state commissions. The National Association of Regulatory Utility Commissioners has also recognized the growing importance of consumer education by its 1997 appointment of an Ad Hoc Committee on Consumer Affairs. This committee can serve as a catalyst on this subject by highlighting the new regulatory tools that states are using to educate their citizens regarding the opportunities and the dangers in the ever-changing utility marketplace.

CHAPTER ELEVEN

WHAT'S IN IT FOR ME? SELLING THE PUBLIC SERVICE COMMISSION TO THE TAXPAYER

by
Nancy Zearfoss
Maryland Public Service Commission¹

Introduction

Taxpayers, particularly those who vote, are looking for ways to lower their taxes. As a result, regulatory commissions have found themselves the target of budget cuts, as well as increased legislative oversight and decreased regulatory authority. This trend is being propelled by the belief that competition will eliminate the need for regulation. As competition is introduced into the utility markets, the average consumer may ask: "Why do we need regulation? Won't competition keep prices low and quality reasonable?" The answer, based on current as well as past experience, is no. There are three reasons for this answer. The first is that, while competition may be coming, it has not yet arrived in most residential areas and may not arrive for quite a while — if ever. In both the telephone and electric markets, the current incumbent provider owns the lines that deliver the service to the home. Although this may change as new providers build facilities and run lines in new developments, currently the former monopoly providers allow other providers to use their lines and their services for a fee. Thus, they still have monopolistic control over the provision and quality of the service at the point where it is received by the customer. And without competition if there is no regulatory oversight, the providers can raise their prices.

The second reason regulation is needed in a competitive environment has to do with public safety. Both gas and electricity are potentially dangerous, and society is

¹The views and opinions expressed herein are the author's and are not necessarily those of the Maryland Public Service Commission.

better off if government oversees the safe delivery of these commodities. Just as government enforces certain standards with regard to foods and drugs, there is a need for government to ensure that certain standards are met and procedures are followed with regard to the provision of gas and electric service. Underlying this governmental oversight is the belief that, without government enforcement of certain rules of conduct for all participants, some providers would try to circumvent the rules in order to increase profits. Ultimately, both safety and reliability would be adversely affected. As the marketplace becomes more competitive, companies will look for more ways to reduce costs. If companies can reduce costs by lowering service quality or reliability without any adverse financial impact, they probably will have a clear economic incentive to do so.

The third reason regulation is needed is tied to society's desire for universal service and the necessary investment in new technology by the utility. The concept of universal service encompasses the ability and willingness of the utility to serve all customers who request service and to do so at reasonable and nondiscriminatory rates. In order to do this, utilities have to make investments in infrastructure so that they can serve customers in rural and/or hard to reach areas, as well as economically depressed areas. Because the potential return may be too small or too long range to offset current costs, these investments may not be as financially rewarding as other potential utility investments. However, without such investment some classes of customers will not be served. Regulatory commissions oversee utilities to make sure that they do make the necessary investments in infrastructure to offer service to all who request service.

This ability to provide utility service to all at a reasonable rate is also directly related to the economic development of a state. This concept is discussed in detail in a recent NRRI publication, *Organizational Transformation: Ensuring the Relevance of Public Utility Commissions*.² In this current context, economic development refers to the

²David Wirick et al., *Organizational Transformation: Ensuring the Relevance of Public Utility Commissions* (Columbus, Ohio: The National Regulatory Research Institute, 1998).

maintenance of a state or local community's economy through the satisfaction of the demand of business firms for quality utility services at competitive rates. When utilities have not invested or have not invested adequately in new technology, companies may leave the area or never choose to locate there in the first place because they cannot get the level or type of service their business demands or because some classes of customers are not served by the utility and, therefore, are not accessible to the companies.

Overall, the justification for utility commissions is embedded in the technical complexity of the regulated industries which makes it nearly impossible, for all practical purposes, for ordinary citizens to act as the guardians of the public interest — to set rules that apply equally to all competitors in order to produce results that benefit society as a whole. The function of public utility commissions is to balance the demands of both the utilities and the ratepayers in such a manner that neither party benefits at the expense of the other. Unless commissions are technically proficient — possessing the staff with the necessary knowledge and skills, they will not be competent to arbitrate fairly. This is because utilities are capable of employing regulatory experts, such as regulatory economists, lawyers, and accountants. Without the resources to employ capable professionals who can present arguments to refute those presented by the utilities, decisions may be made that are suboptimal. Indeed, research has shown that commissions with greater resources and better trained staff are more likely to enact measures to protect the captive ratepayer from service quality degradation than are commissions with less resources and less well-trained staff.³

The Problem

While these arguments may be understandable to those familiar with regulation, as competition increases, the majority of the voters/ratepayers are likely to remain unconvinced of the need to continue funding state public service commissions.

³Nancy Zearfoss, *The Structure of State Utility Commissions and Protection of the Captive Ratepayer: Is There a Connection?* (Columbus, OH: The National Regulatory Research Institute, 1998).

Consequently, commissions face serious difficulties in presenting their case to the taxpayer/voter. If they speak harshly of the utilities, the utilities will take offense and pressure elected officials to curtail their regulatory authority or cut their budgets. If commissions argue too vigorously that they are needed to protect the captive ratepayer, they will be challenged by consumers' counsels. And possibly by the utilities who rightfully take offense at being portrayed as an entity from which consumers need to be protected. Instead, commissions must accept a nontraditional mission: making themselves attractive and familiar to taxpayers and legislators. The most immediately available method for doing this is through education.

The Solution

As competition increases in the markets for telephone, gas, and electric service, ratepayers, who are also voters and taxpayers, have to choose a supplier for services that have historically been offered by monopolists. Since most are uncertain about how to make such a choice, commissions can, first and foremost, market themselves by offering to be the source of comparative information about available choices offered by providers. Using radio, television, billboards, and local magazines, they can offer their comparative knowledge and expertise in a neutral fashion to a confused public. Using marketing strategies such as surveys, they can determine and meet consumers' need for evaluative information. They can particularly aid consumers by providing side-by-side comparisons of the rates and services being offered by competing providers; this would make the differences between services more obvious. The New Hampshire Commission offers a good example of this form of assistance.

The provision of such information gives commissions a legitimate reason to put themselves before the public while using the situation as an opportunity to demonstrate their value to the public. Thus, they are serving the public interest while ensuring their own continued viability.

Conclusion

Maintaining strong utility commissions is in the public interest. Commissions need to educate voters about themselves while educating voters about making choices of utility services or suppliers. Commissions serve an important function — that of guardian of the public interest. Their decisions affect all citizens; these decisions impact consumers' access to quality service and fair prices. How capable commissions are of fulfilling their mission to make decisions in the public interest is dependent on the quality of their staff and the resources they receive through the state legislature. Optimal decisions can only be made by those who have all the information and are capable of understanding its significance, for both the present and the future. If legislatures and governors take the authority to make regulatory decisions, odds are those decisions will be less balanced with more unexpected and unpleasant consequences for the captive ratepayer than if those decisions were made by well-funded and adequately-staffed regulatory commissions.

CHAPTER TWELVE

SUMMARY OF CONSUMER SERVICES/AFFAIRS OFFICE SURVEY¹

by

Lisa Colosimo and Craig Smith
Public Utilities Commission of Ohio

Introduction

The utility industry is in the midst of a transition from a regulatory monopolistic environment to a relaxed regulatory/competitive environment. The rapid changes in the utility industry are creating new challenges and opportunities for Public Utility/Service Commissions. One of the most pronounced changes for commissions is the increasing role of consumer services/affairs offices. Consumer services/affairs offices are providing consumers with more information, education, and complaint resolution as demand for these services increases. The impacts of the utility industry changes on consumer services/affairs offices include changing jurisdictional boundaries (more and more gray areas), issue complexity and redefinition, an increase in the number of fraud cases, and an overall increase in the volume of customer contacts. The purpose of this survey is to provide a national perspective of the structure, organization, functions, current trends, and opinions regarding future concerns of consumer services/affairs offices.

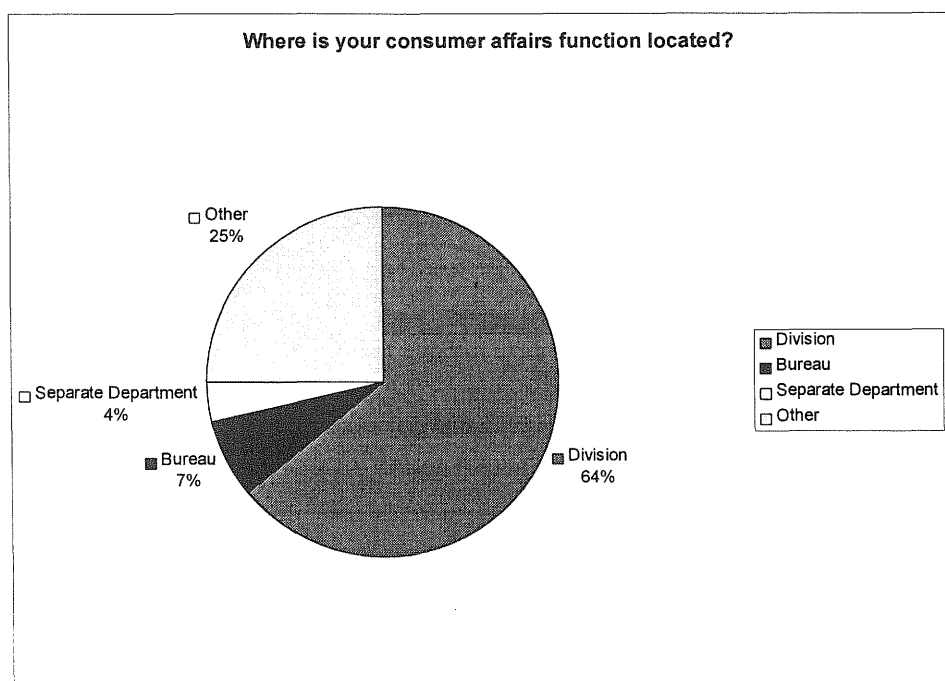
Nationally, consumer services/affairs offices are similar — in structure and function. Consumer services/affairs offices, however, are facing a crisis as contacts and complaints dramatically increase (increased volumes) but resources (budgets and personnel) remain stagnant. Furthermore competitive issues such as “slamming” (unauthorized switching of long distance telephone service) are escalating, as utility industry competition expands. These current conditions have forced many offices to rethink their processes and have forced administrators to adopt and institute innovations to meet the increasing and changing needs of commissions and consumers. The

opinions of most administrators are that these trends will continue in the next three years as the utility industry remains in transition. Consumer services/affairs offices are utilizing creative and innovative tools to assist consumers.

The survey was distributed to fifty-one consumer service/affairs offices. The results contained within this chapter are the product of twenty-eight responses. Not all questions received responses, mostly due to lack of internal tracking capabilities or lack of applicability. The results do provide a national perspective of the activities and concerns of consumer services/affairs offices. The survey also provides consumer services/affairs offices with insights into how to improve their organization based on the experience of other offices.

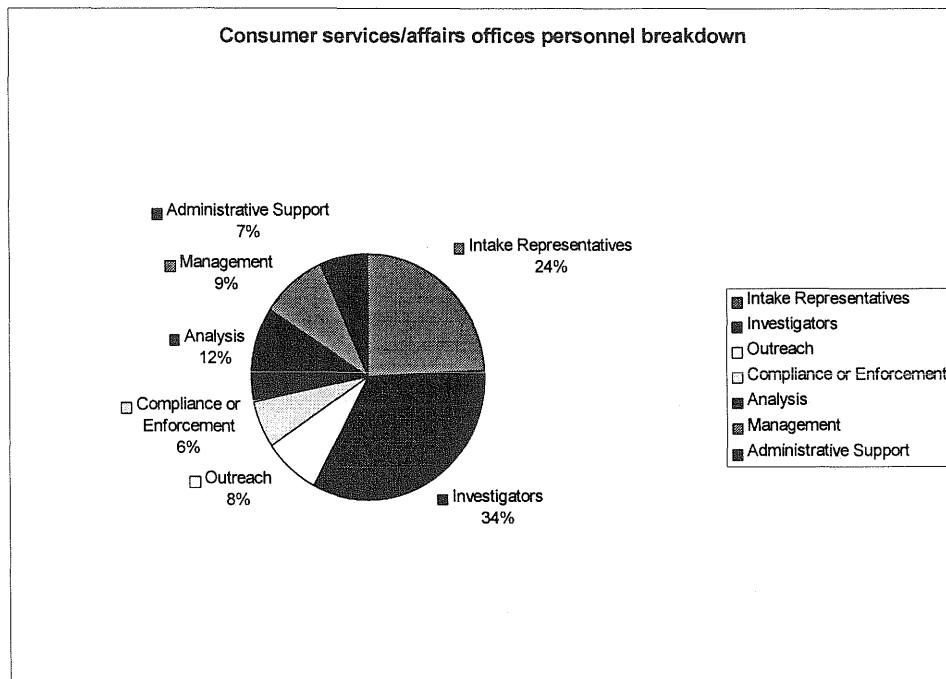
CONSUMER SERVICES/AFFAIRS OFFICES STRUCTURE, ORGANIZATION, AND FUNCTION

Consumer Services/Affairs Office Location Within Commissions —



¹This chapter was originally distributed in slightly different form as a report to the NARUC Staff Subcommittees on Consumer Affairs and Public Information, and other audiences.

Consumer Services/Affairs Offices Personnel Descriptions —



Method of Consumer Contact with Consumer Services/Affairs Offices

100% Mail

100% Walk-in

96% Local telephone number

96% Fax transmission

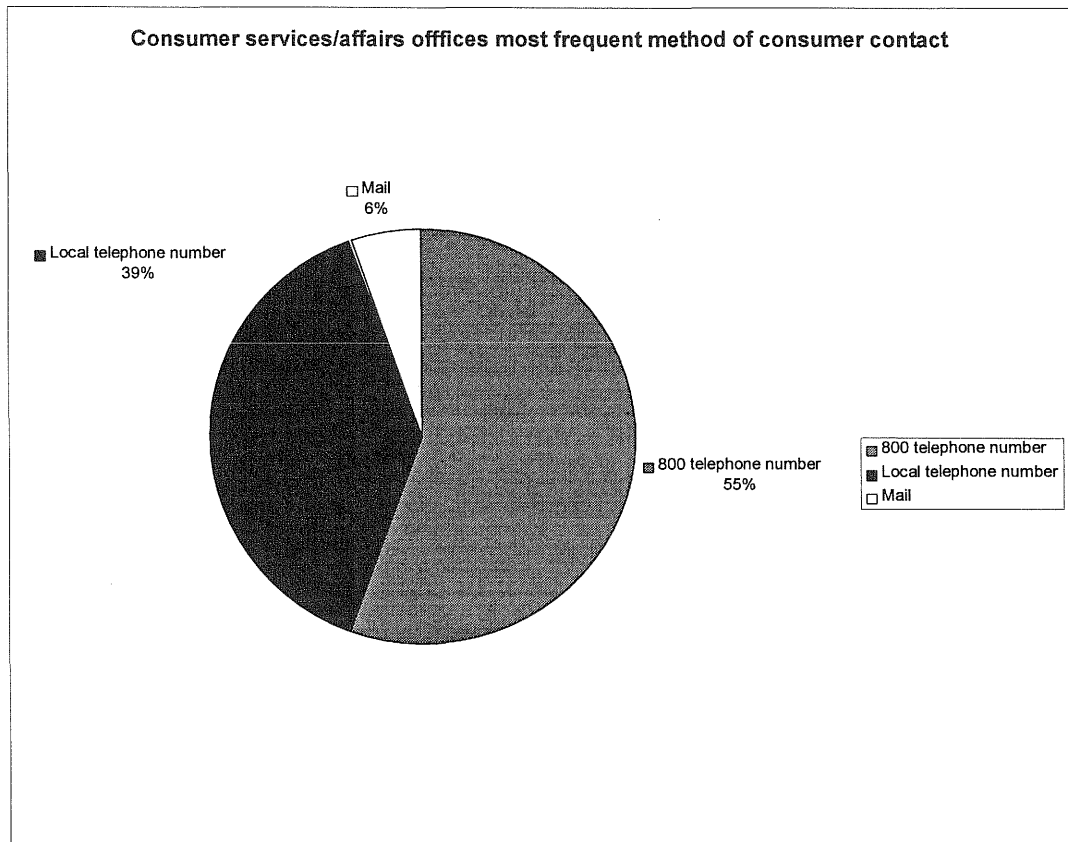
96% Referral from another agency

89% 800 telephone number

89% Governor or legislative mail

82% Internet or email

Most Frequent Method of Contact for Consumer Services/Affairs Offices



Hours Consumer Services/Affairs Offices are Open to Take Consumer Telephone Calls

The majority of the respondents receive consumer calls weekdays between the hours of 8:00 a.m. and 5:00 p.m. The rest of the respondents receive consumers calls between the varied hours of 6:30 a.m. and 5:30 p.m., most provide a total of nine hours of access. None of the consumer service/affairs offices indicated that they assist consumers on Saturday or Sunday.

Average Number of Hours Per Day that Staff Receives Calls from Consumers

Consumer services/affairs office staff spend an average of 7.08 hours per day taking consumer telephone calls.

Consumer Services/Affairs Office Customer Classifications

Consumer services/affairs office customers are 88 percent residential and 12 percent commercial and industrial.

Services Provided by Consumer Services/Affairs Offices

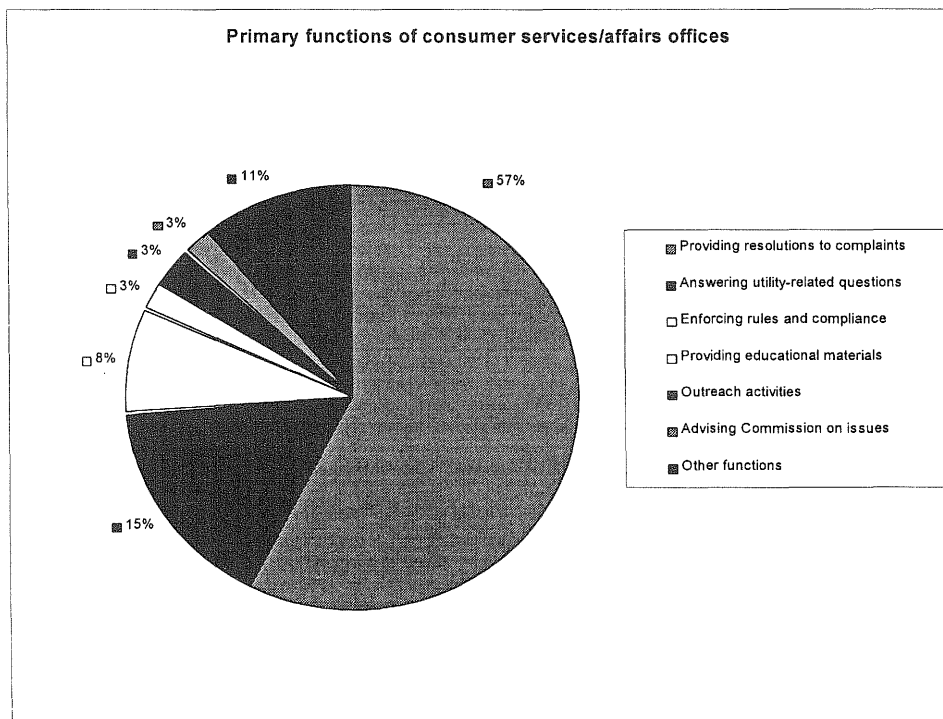
- 100% Answer consumer's utility related questions
- 100% Provide resolutions to consumers' complaints through investigations
- 100% Advise Commission on consumer issues and activities
- 100% Answer general request for information
- 96% Refer complaints to other agencies
- 89% Refer complaints to other PUC/PSC staff
- 86% Provide educational materials to consumers
- 79% Enforce rules and provide compliance
- 68% Perform outreach activities
- 68% Analyze service and quality trends within the industry
- 39% Measure consumer satisfaction between consumers and utilities
- 32% Measure consumer satisfaction of their office
- 29% Provide service audits of companies

Other Services Provided by Consumer Services/Affairs Offices Include

- Referring to utilities executive customer assistance offices at the major utility companies
- Reviewing tariffs of company to ensure compliance with rules
- Public education

- All PSC public information
- Tariff filings
- Rate case analysis
- Mediations and field investigations
- Media liaison/spokesperson
- Extended area service
- Represent the interests of residential and small consumers in utility proceedings before the public service commission
- Certification of gas marketers

Primary Functions of Consumer Services/Affairs Offices —



CONSUMER SERVICES/AFFAIRS OFFICES TRENDS

Consumer Services/Affairs Office Staffing Changes

Consumer Services/Affairs offices surveyed have only experienced an 8 percent increase in staff size between 1995 and 1997.

Change in Consumer Services/Affairs Office Volume of Consumer Contacts

Twenty offices provided complete contact information for all five years. These consumer services/affairs offices have experienced a 28 percent increase in consumer contact between 1993 and 1997.

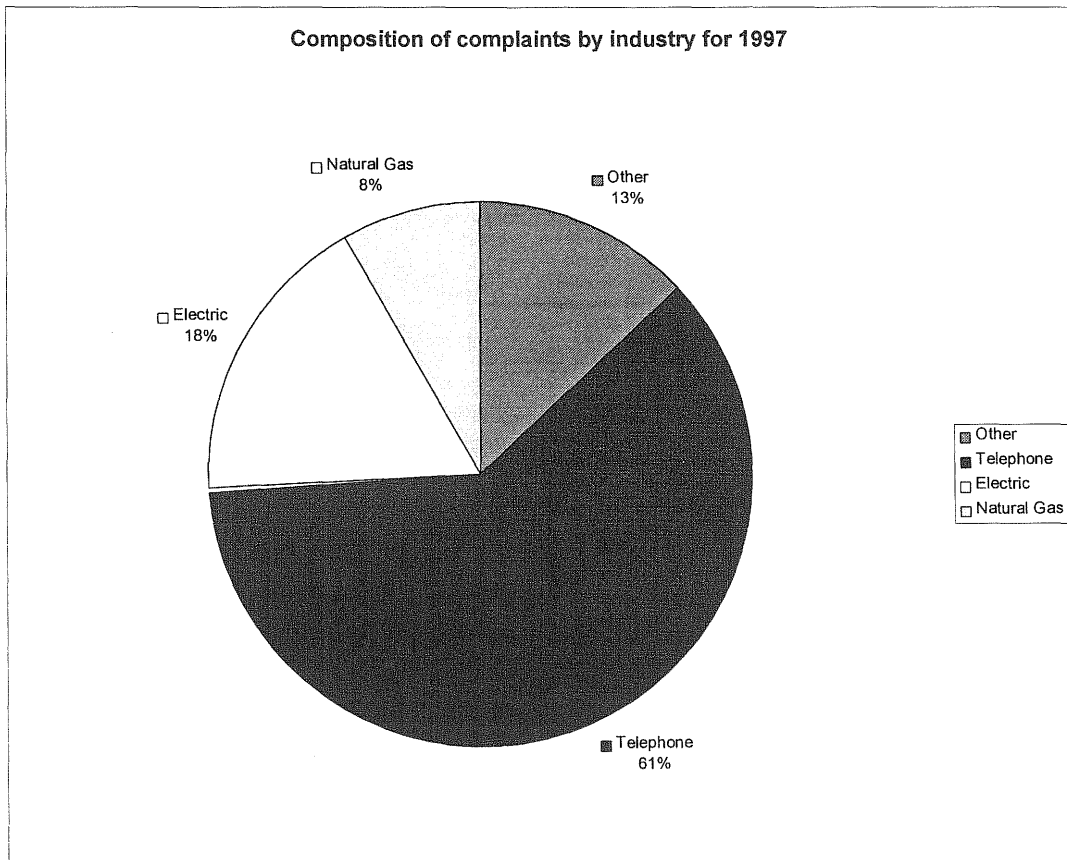
Change in Complaint Volumes by Industry Between 1993 and 1997

91% Increase in telephone complaints

58% Increase in electric complaints

40% Increase in natural gas complaints

Composition of Complaints by Industry for 1997 —



Change in Slamming Complaints Between 1993 and 1997

Consumer services/affairs offices report that the occurrence of slamming complaints has increased 550 percent between 1993 and 1997.

Customer Satisfaction of Consumer Services/Affairs Office

Only eleven of the twenty-eight respondents reported measurement of customer satisfaction. All respondents, who measure customer satisfaction, use a survey or a questionnaire as the method of measurement usually from a randomly selected sample of their customers. The respondents indicate an average 86 percent satisfied with the services provided by the consumer services/affairs offices.

CONSUMER SERVICES/AFFAIRS OFFICE CHANGES, INNOVATIONS, AND OPINIONS

Functions That Consumer Services/Affairs Office Would Like to Improve

- 21% Would like to improve complaint handling.
- 46% Would like to improve production of consumer education materials.
- 32% Would like to improve research and analysis.
- 43% Would like to improve their ability in providing consumer information.
- 18% Would like to improve field audits.
- 43% Would like to improve outreach.

Other Functions that Consumer Services/Affairs Office Would Like to Improve

- Enforcement in investigating complaints, we find that a company is not in compliance with our rules and do not have the means to get the companies to comply
- Staffing
- Improving all gradually as resources adjustments permit
- Improved computer system

Impact of New Technology on Consumer Services/Affairs Office Customer Service

24% Greatly improved

68% Improved

8% No change

New Technologies that Have Made the Greatest Impact on Consumer Services/Affairs Office

Internet, email, networking, and homepages

- Saves time
- Easier and more efficient staff communication
- Easier consumer access to Commission

Computers and databases

- Improves letter and report creation
- Improves complaint tracking and data analysis
- Decreases duplication of effort
- Records information quicker
- Improves accuracy
- Enhances ability to use complaint data for policy purposes

Telephone call systems, Automatic Call Distribution (ACD), and voice mail

- Eliminates phone tag
- Promotes live call handling
- Improves consumer access

Consumer Services/Affairs Office Recent Innovative Practices that Have Improved Customer Service

- Complaint tracking software — efficiency
- Rewrote complaint management software in windows environment
- Moving to real time data entry, which should significantly improve ability to provide service
- Toll-free number for complaints

- Use of full time temporaries as workload escalates
- Brochures on Web site
- Implementing performance measures and call monitoring
- Providing the customer the opportunity to call in and leave a message whether they favor or object to a proposal. These statements are then submitted as evidence during the formal hearing of the proposal.
- Three-way complaint mediation over the phone to provide same day or twenty-four hour resolution (three-way is conference call between customer, PUC, and utility)
- Online data processing — a pilot project for thirty days
- Expanded use of standard replies containing extensive consumer information generated from our data system; streamlined standard process for slamming complaint
- Developing informational brochures, which provide answers to common questions

Projected Change in Total Customer Contacts

- 27% Dramatic increase
- 69% Increase
- 4% No change

Projected Change in Consumer Services/Affairs Offices Budgets

- 4% Dramatic increase
- 50% Increase
- 42% No change
- 4% Decrease

Projected Change in Number of Complaints or Investigations

- 24% Dramatic increase
- 72% Increase
- 4% No change

Projected Change in the Scope of Services of Consumer Services/Affairs Office

- 12% Dramatic increase
- 73% Increase
- 15% No change

Projected Change in Consumer Services/Affairs Office Staffing Levels

- 58% Increase
- 38% No change
- 4% Decrease

Projected Change in Consumer Services/Affairs Office Ability to Serve Consumers

- 68% Increase
- 20% No change
- 12% Decrease

Projected Change in the Number of Competitive, Unregulated, and Nonjurisdictional Issues and Complaints

- 52% Dramatic increase
- 48% Increase

How Consumer Services/Affairs Office Handle Calls from Consumers Who are Outside of Their Jurisdiction

- Depends — we handle some federally regulated complaints, but we do it only because we are faster and more efficient. Some issues are definitely not in our jurisdiction: cellular service and cable TV — we refer to other agencies.
- Refer to appropriate agency — FCC
- Attempts are made to address every call we receive and assist in areas of nonjurisdiction.
- Frequently, as a courtesy to the consumers, we send complaints to the offending company and request that they respond directly to the consumers. We also advise consumers of the regulatory body, if applicable.

CHAPTER THIRTEEN

COMMISSIONS AS INFORMATION ORGANIZATIONS: MEETING THE INFORMATION NEEDS OF AN ELECTRONIC SOCIETY¹

by
Francine Sevel, Ph.D.
The National Regulatory Research Institute

Introduction

Numerous authors discuss the need for commissions to put greater emphasis on their role as conveyors of information.² In an earlier chapter this author discussed the need for public utility commissions to inform the public regarding both the new regulatory environment and the roles, responsibilities, structure, function, and mission of the public utilities commission within the new regulatory environment.³

Several agencies have recently begun to place greater emphasis on their role as conveyors of information. As an example, the Vermont Department of Public Service recently announced the creation of the position of Director for its expanding consumer affairs and public information functions.

In recognition of the need to be more responsive to consumer needs, the New Jersey Board of Public Utilities (BPU) elevated its Consumer Relations Bureau to a division level. The Bureau, now known as the Division of Consumer Relations, was expanded and consists of a Bureau of Customer Relations and a Bureau of Customer

¹This chapter was previously published in the *NRRI Quarterly Bulletin* 17, no. 4 (1996): 77-90.

²The Staff of the National Regulatory Research Institute (NRRI), *Missions, Strategies, and Implementation Steps for State Public Utility Commissions in the Year 2000: Proceedings of the NARUC/NRRI Commissioners Summit* (Columbus, OH: NRRI, 1995); David W. Wirick et al., *Transforming Public Utility Commissions in the New Regulatory Environment: Some Issues and Ideas for Managing Change* (Columbus, OH: NRRI, 1996).

³Francine Sevel, "Commissions as Educating Organizations: How to Educate the Public Regarding the Mission of the Public Utilities Commission in the New Regulatory Environment," *NRRI Quarterly Bulletin* 17, no. 4 (1996-1997): 509-519.

Outreach. The Bureau of Customer Relations is primarily involved in the handling of day-to-day customer complaints. The Bureau of Customer Outreach is described below:

The Bureau of Customer Outreach is responsible for establishing a communications link between the BPU and the customers of the utilities it regulates. In order to accomplish its mission, the bureau will gather and disseminate information regarding the new competitive markets to which the utilities are shifting. It will participate in outreach events such as conventions, forums, and town meetings, and along with the new Director of Communications will develop publications, plan broadcasts, and prepare presentations to be given at schools, award programs, and other public events.⁴

In the article "The Learning Organization Model for Commission Change: Collaboration and Adjudication in the Regulatory Environment" authors Commissioner William Gillis and Molly Gibbs discuss the value that the Washington Utilities and Transportation (WUTC) Commission places on information.⁵

A particular challenge in moving from an environment based primarily on adjudication to one which includes collaboration is the need to improve information flow within the agency. Where adjudication is the primary focus, staff have a strong incentive to retain information for strategic gain in creating an aggressive argument to best influence outcomes. To be effective in collaborative problem solving processes it is critical for staff as well as company representatives to develop bonds of trust and be willing to openly share information.⁶

In implementing the Learning Organization Model, the WUTC placed new emphasis on its role as an information organization.

⁴*New Jersey BPU 1995 Annual Report* (Trenton, NJ: BPU, 1995). 9

⁵*Ibid.*

⁶William Gillis and Molly Gibbs, "The Learning Model for Commission Change: Collaboration and Adjudication in the Regulatory Environment," *NRRI Quarterly Bulletin* 18, no.1 (1997): 51-64.

Improvements were made in external communications, including proactive offering of legislation, working with a broader stakeholder group by creating a speakers bureau, creating a new consumer education role, . . .

Over the last years work has targeted horizontal communication among management team members. Currently, work is focused on avoiding hierarchical thinking and improving communication vertically and horizontally, to create an organization rather than departmental focus. Lotus Notes are being examined as a way to enhance internal communication, and informational improvements to the agency's Internet home page are emphasized. One-on-one and cross departmental communication need continual emphasis, as well as agency-wide dialogue. Team or collaborative approaches require that 20 percent of our time be focused on relationship building, with the WUTC's broad based constituency, including legislators, companies, unions, jurisdictional representatives, such as the Federal Communications Commission, the Federal Energy Regulatory Commission, or the Bonneville Power Authority.⁷

The agenda for the February 23, 1997, organizational meeting of the Ad Hoc Commissioner's Consumer Affairs Committee also indicated an emphasis on commissions as information organizations.⁸ Possible purposes for the committee included the following: "consumer outreach and education obligations" and "developing effective, timely, and efficient ways to disseminate information" regarding consumer alerts.

Moreover, numerous authors have recognized the importance of Internet Web sites as vehicles through which commissions can enhance the availability of information.⁹ The overwhelming success of the Web site of the National Association of

⁷Ibid.

⁸Memo from Commissioner Robert Rowe to Ad Hoc Consumer Affairs "Volunteers," President Bruce Ellsworth, and President Greg Conlon, February 13, 1997.

⁹Francine Sevel, "Strategic Planning for Web Site Managers: Designing Effective Commission-Sponsored Internet Sites" *NRRI Quarterly Bulletin* 17, no. 3 (1996): 413-424; Ron Choura, "Electronic Access for State Regulatory Agencies," *NRRI Quarterly Bulletin* 17, no. 1 (1996): 81-94; Ron Choura, "Internet Connections to State Governments," *NRRI Quarterly Bulletin* 17, no. 1 (1995): 95-102; Michael Clements, "NARUC-Related and State Commission Internet Sites," *NRRI Quarterly Bulletin* 17, no. 1 (1996): 103-106; Todd Simpson, "The World Wide Web Water World Page," *NRRI Quarterly Bulletin* 17, no. 1 (1996): 107-114; Francine Sevel, "Energy-Related Internet Sites," *NRRI Quarterly Bulletin* 17, no. 2

Regulatory Utility Commissioners (NARUC) further attests to the relevance of commission-sponsored Web sites as communication vehicles for commissions. According to Michael Foley, NARUC Director of Financial Analysis, use of the NARUC site, which as of this writing has had close to 30,000 users, has significantly expanded within the last few months. "It took us six to seven months to hit the first 10,000 users and six months to hit the next 20,000 users," reflected Foley.¹⁰ "As commission staff see the growth of the awareness of the effectiveness and power of the Internet, their use of the Internet as a communications tool will increase."

In the article "Strategic Planning for Web Site Managers: Designing Effective Commission-Sponsored Internet Sites,"¹¹ this author discussed the importance of Web sites as an important vehicle for commissions to disseminate information to the public. Specifically, the article focused on the following:

- The virtues of use of the Internet by state public utility commissions.
- The information explosion and the ramifications relevant to public utility commissions.
- Issues regarding the evolution of regulation-oriented Internet sites.
- Prevalence data regarding Internet usage patterns.
- Recommendations regarding target marketing of Web pages.
- Web sites as positioning tools.
- Developing an effective visual identity for your Web site.
- Evaluating the effectiveness of your Web site.

According to the article, the ability to meet consumer needs is a critical component to the success of a Web site:

...market leaders can retain their superiority only by recognizing the needs of new consumers and responding to them. Likewise, new entrants will present credible challenges only to the extent that they too

(1996): 265-273; and Michael Clements, "Telecommunications Internet Sites," *NRRI Quarterly Bulletin* 17, no. 2 (1996): 275-278.

¹⁰Phone conversation, January 14, 1997.

¹¹Francine Sevel, "Strategic Planning for Web Site Managers."

understand how to target the right product to the right consumer using the right medium.¹²

Unfortunately, in the fever to go online many organizations have focused their energies primarily on technical considerations, graphics, and just getting up and running. Thus, they have not devoted significant energies to contemplating other important issues such as:

- Who is our target market?
- What is our target market's greatest information need?
- Does this information lend itself to electronic dissemination?
- What are our target market's secondary information needs?
- Does this information lend itself to electronic dissemination?
- What type of information is this target market seeking from our Web site?
- Where else can our target market obtain this information?
- What are the costs (time, money, convenience, etc.) of obtaining this information from other sources?
- What are the factors that would motivate our target market to use our Web site?
- What are the factors that would impede use?
- How can we attract and retain this target market to our Web site?

Although many organizations, think of their Web site as a "hobby" as opposed to a product or service, in view of the fact that a commission's Web site is one of its most expensive and most visible communications products, it is imperative that commission Web sites receive the same careful marketing considerations as other commission-sponsored communications products and services.

Who is Online?

When developing a marketing plan for a commission's Web site, it is very important to first identify the target market and then to develop a plan for electronically publishing the type of information that meets the needs of the target market. In their book, *Strategic Marketing for NonProfit Organizations*, marketing gurus Philip Kotler and Alan R. Andreasen define target marketing as follows:

¹²Odyssey, *Bringing the Future of Online Services at Home into Full View: A Survey of Consumers* (San Francisco: Odyssey, 1995), 2 as quoted in *Ibid.*, 418-419.

Target marketing is a style of marketing appropriate to a customer-oriented organization. In it the organization distinguishes between the different segments making up the market, chooses several of these segments to focus on, and develops market offers and marketing mixes tailored to meet the needs of each segment.¹³

When identifying the different market segments that comprise a target market, most marketers agree that it is important to look at both the demographics and the psychographics of the target market. Traditional demographic consumer-research techniques measure attributes such as age, gender, education, and income and provide helpful marketing information regarding where people stand in society. A psychographic approach takes the analysis a step further, measuring people's attitudes and lifestyle characteristics. This marketing information provides insight into how people are thinking, what their values are, and where they are going with their lives. It also provides valuable marketing information regarding the attitudes and motivations surrounding consumer choice.

Considerable research has been conducted to identify both the demographics and the psychographics of the typical user of online services. This information can help commission Webmasters develop a composite profile of the potential target market for their Web site. Although commission Webmasters will have in mind potential target markets that they want their Web site to reach, examination of this data will help commission Webmasters determine the overlap between the potential target market that they wish to reach and the actual online concentration.

Demographics

Interestingly, as indicated by Table 1, CyberAtlas' literature review indicates that the demographic profile of the typical Internet user is virtually identical to that of a typical computer user.

¹³Philip Kotler and Alan R. Andreasen, *Strategic Marketing for NonProfit Organizations*, fifth edition (Upper Saddle, River, New Jersey: Prentice Hall, 1996), 153.

TABLE 1
DEMOGRAPHICS OF INTERNET USERS

Gender	A consensus of various studies indicates that 32 percent of Internet users are female.
Age	The average age of computer users is 39, while the average age of Internet users is 32. About 1 in 10 Internet users (more than 3 million) is a child under 18 who uses the Internet from home or school.
Education	Nielsen Media Research reports that 64 percent have at least a college degree.
Income	Nielsen reports a median household income of \$60,000. GVU says the average household income is \$59,000.
Marital Status	GVU reports that 41 percent of Internet users are married and 41 percent are single.
Occupation	GVU reports Internet users are most likely to be employed in either computer-or education-related industries.
Politics	GVU reports that the largest group of Web users, 30 percent, classify themselves as "moderate." Among U.S. respondents, 25 percent identify themselves as Democrats and 21 percent identify themselves as Republicans.

Source: CyberAtlas, "Demographics," 1-3. The Internet (October 24, 1996). Available from www.cyberatlas.com/demographics.html.

Implications for Commission-Sponsored Web Sites

With a demographic profile of 64 percent of users holding college degrees, the Internet is a good vehicle for reaching a professional/managerial audience. However, it is also important to consider the age of the average Internet user. Because the average Internet user is in his or her early thirties, it can be surmised that this is a

rising star and middle-management group, as opposed to an upper-management group. Although an initial reaction may be that this is probably not the most effective vehicle for reaching upper-management and high-ranking government officials, this is not necessarily the case. It is important to remember that within an organization the information gatherers and information analysts are usually the rising star and middle-management employees. These are the employees who gather and analyze the information for upper management. As an example, the legislative aides and administrative assistants act as gatekeepers, often wielding a tremendous amount of power regarding the information that is presented to elected officials. Thus, a commission Webmaster, who wanted to reach elected officials should find the Internet to be a good vehicle to reach their gatekeepers.

When selecting information for your commission's Web site, it will be important to select the type of information that this demographic group is seeking. As an example, middle-management staff at the Public Utilities Commission of Ohio routinely check the Web sites of other public utility commissions to see how other commissions have handled an issue they are facing.

In his role as Webmaster of the NARUC site, Michael Foley has seen upper management participation. "I'm getting email messages from all levels of commission staff, including commissioners and secretaries writing on behalf of their commissioner," commented Foley.¹⁴ Thus, it is important to remember the potential of the Internet to reach vast audiences, and to ensure that the information on your Web site is appropriate both to your primary audience and other secondary audiences.

The Psychographic Dimension

SRI's Values and Lifestyles (VALS) program, established in 1978, is one of the original and most respected consumer segmentation systems based on psychographics. Typically, companies will contract with SRI to use VALS to better

¹⁴Personal conversation, January 14, 1997.

understand the consumers that purchase/use or potentially purchase/use their products or services.

The development of SRI's VALS 2 survey, which explored the psychology of people's choices and behavior on the Web,¹⁵ was the result of a two-year, \$1.5 million research effort. Survey results divided users into two groups, which SRI calls the "Upstream Audience" and the "Other Half."¹⁶ Analysis of the characteristics of these two groups provides commission Webmasters with a psychological profile of Web users. An understanding of the attitudes and motivations of Web users can help commission Webmasters to develop online information productions that meet the psychological needs of Web users, and consequently, attract and retain visitors to their Web site and help to position their commission to external stakeholders.

The Upstream Audience

The group that receives the most media attention and stereotypes the typical Web user, the Upstream Audience, is upscale, technically oriented academics and professionals.¹⁷ Research by SRI indicates that the prototypical Upstream Web user falls into a single consumer segment of the population which they call Actualizers. Members of this segment possess the following characteristics:

- Highly educated and work in academic or technical fields.
- Primary motive for using the Web is work related.
- Active, discriminating, adventurous consumers.
- In the prime of life, nearing the peak of occupational income.
- Consumers of higher-brow, quality-associated products.¹⁸

¹⁵For further information on VALS2 consumer segments visit SRI's Web site: vals@sri.com.

¹⁶SRI, "Exploring the World Wide Web Population's Other Half," 1.

¹⁷Ibid., 1.

¹⁸Ibid., 1-2.

The Other Half

Strivers and Experiencers — The group that the Internet must appeal to in order to flourish, the Other Half, is clearly a Generation X crowd — most are under thirty (70 percent); most are students or recent graduates working in technical, managerial, or other professional fields.¹⁹ This population is primarily represented by two VALS2 segments, who as described in Table 2, are similar demographically but are different psychographically: Strivers and Experiencers.

Underrepresented Segments — Two other secondary groups, Fulfilleds and Achievers, also appear in the Web's Other Half. However, because of their small size they will not be discussed here.

Implications for Commission-Sponsored Web Sites

When targeting information to Internet users, it is important to consider to what degree the psychographic profile of a commission's target market corresponds to the psychographic profiles of Internet users. It is important for commission Webmasters to consider how the psychographic profile of a commission's target market matches that of the Upstream Audience? Here, it is important to remember that this audience is composed primarily of highly educated users. A commission that is seeking to appeal to this audience might include information on its Web site that would appeal to academics doing scholarly research, policy makers, technical professionals, and research analysts at other commissions and other branches of government.

However, when developing long-range plans for a commission's Internet site, it will be important to consider the psychographic profile of the Other Half, because as noted earlier, in order for the Internet to flourish it will need to appeal to this market segment. As mentioned previously, the Other Half "is clearly a Generation X crowd — most are under thirty (70 percent); most are students or recent graduates working in technical, managerial, or other professional fields."²⁰ This evidence indicates that

¹⁹Ibid., 2.

²⁰SRI, "Exploring the World Wide Web Population's Other Half," 1-2.

commissions should not expect to directly reach large numbers of government officials and other high-ranking external stakeholders with their Web site. At the present, commissions can reach their gatekeepers via their Web site.

TABLE 2
CHARACTERISTICS OF STRIVERS AND EXPERIENCERS

Strivers

- More technically sophisticated and more proWeb than Experiencers.
- Represent the group that spends the most time using the Web.
- Disagree with the statement that the Web is less useful than the media say it is.
- Typically represent followers rather than leaders.

Experiencers

- Comprised of age twenty-something users.
- More easily bored by the Web than Strivers.
- Believe the Internet makes them less productive.
- Innovative, stimulation seekers, and fashionable consumers.
- For recreation they like action, physically or vicariously.
- Dissatisfied by the Web's click-and-wait dynamics and its preponderance of text.

Source: SRI, "Exploring the World Wide Web Population's Other Half," 2.

Online Activities

Just as conference planners try to identify activities that people like to do at meetings, so that they can attract and retain their target market, Webmasters also are concerned with presenting online activities that are appealing to their target market.

The following information regarding the behavior patterns of users of online information services can provide commission Web site managers with a better

understanding of the behavior patterns and motivations of the Cybercitizens. This information can help commission Webmasters to plan activities that will attract and retain visitors to their Web site.

What are Americans doing online? As indicated by Table 3, results of the Times Mirror study indicated that communications and research, not entertainment, are the primary online activities. The Times Mirror study asked respondents a wide-range of questions regarding use and frequency of online activities and tasks. Results indicate that sending or receiving email is the most popular activity (53 percent), followed by conducting research or communicating with a colleague (41 percent).

TABLE 3
ONLINE ACTIVITIES PERFORMED AT LEAST ONE DAY PER WEEK
(among people who ever go online)

<u>Activity</u>	<u>Percentage</u>
Send or receive email	53
Conduct research or communicate with colleague	41
Get news	30
Participate in discussions, forums, chat groups, etc.	23
Get entertainment information	19
Get financial information	14
Play games	7

Source: Times Mirror Center for the People & The Press, *Technology in the American Household: Americans Going Online . . . Explosive Growth, Uncertain Destinations* (Washington, D.C.: Times Mirror Center for the People & The Press, 1995), 40.

Implications for Commission-Sponsored Web Sites

Since email is a popular activity, commission Webmasters might consider ways to incorporate sending and receiving email into their Web site activities. Examples of

ways in which commission-sponsored Web sites incorporate email activities include the following:

- The Massachusetts Department of Public Utilities' (MDPU's) Web site provides an opportunity for visitors to receive the MDPU's Issuances by email. They also provide email addresses through which one can email them regarding an electric industry restructuring question or file a complaint against a utility.²¹ In addition, their email area contains thirteen subdivisions on utility-related topics and the opportunity to email the Commission's Chairman.
- The New York Public Service Commission's (NYPC's) Web Site affords the opportunity for consumers to electronically comment on over twenty issues related to utility regulation.²²
- The WUTC's Web site asks visitors if they would like to receive email when the site is updated.²³
- Other sites give the visitor the opportunity to click on someone's name if they would like to leave a message for that person.

When designing Web activities, it is important that commission Webmasters consider the following factors which help to foster the visitor's perception of a positive experience and hopefully promote a repeat visit and positive word-of-mouth publicity.

- Online activities should be ones that are easy to do and should have clear, concise directions. As an example, if you want visitors to email your commission, be sure that they can do it from your Web site, as opposed to having to leave the site and then send an email message.
- Information presented within a Web site should be well organized and easily identified by topics. A consumer interested in information regarding a commission's energy efficiency programs should not have to first wade through an electronic stack of commission orders.
- Information should be frequently updated. Nothing deters online visitors quicker than the perception that a Web site's primary contents are

²¹Visit the MDPU at : www.state.ma.us/dpu/dpu.htm.

²²Visit the NYPSC at: www.dps.state.ny.us.

²³Visit the WUTC at: [/www.washington.edu/wtuc](http://www.washington.edu/wtuc).

yesterday's news. Many Web marketers recommend updating your Web site on a weekly basis, at minimum.

- Links to other Web sites are a popular way to attract visitors. As an example, one of the benefits of the NARUC site is the ability to access the Web sites of all of the state public utility commissions, as well as a wide-range of other regulation-related sites.

Where Do People Connect From?

The way that the Internet is accessed also has important implications for commission Webmasters. According to CyberAtlas, "the Internet is the second technology to be fueled by home users, multimedia being the first."²⁴ As indicated by Table 4, survey research by Nielsen, FIND/SVP, and VALS2 indicates that home is the most popular access location.

This finding suggests a potential for commissions to reach residential customers, albeit upscale customers, via the Internet. As more and more utility services become unbundled and commissions assume more of an aggressive role in consumer education, the Internet will provide a vehicle for reaching an information-oriented segment of the residential market. The research indicates that this is an audience which likes to make decisions based on solid information. In order for unbundling to create residential lower prices, it will be imperative that consumers chose utility services based on solid information as opposed to utility-sponsored incentive packages and utility advertisements. Although it will not be possible to reach lower income consumers via a commission's Web site, it will be possible to reach social service professionals who work with this population.

²⁴25 CyberAtlas, "Demographics," 1-3.

TABLE 4
ACCESS DATA

Access location	Nielsen	FIND/SVP	VALS2
Home	62%	69%	42%
Work	54%	47%	33%
School	30%	21%	25%

Source: CyberAtlas, "Demographics," 2.

The At-Home Market

Unsurprisingly, online services are upscale purchases. The Odyssey study reports that people who use online services from home are better educated and wealthier than other Americans.²⁵ In fact, 22 percent of at-home users come from households with an annual income of \$75,000 and above; these at-home users are twice as likely to have college degrees.²⁶ Results of the study also indicate that at-home users perceive online services as playing an important role in at-home information acquisition.

Many commissions have already recognized the potential of their Web site as both an education vehicle and a vehicle with which to position themselves as information organizations. As an example, the West Virginia Public Service Commission places comparison information on its Web site regarding long distance carrier rates. Sponsored by the Consumer Advocate Division, this information contains a comparison of the "Cost of a Ten Minute Onpeak Call" from eleven different telephone companies. Other examples of consumer information posted on commission-sponsored Web sites include the following:

²⁵Odyssey, 3.

²⁶Ibid., 3.

- The Colorado Public Utilities Commission (CPUC) has a series of PUC F.Y.I. Publications on subjects related to commission services, commission processes, electric and gas, telephone, and transportation.²⁷
- The Georgia Public Service Commission (GPSC) posts information regarding public meetings and the Commission's calendar (as do other commissions).²⁸
- The WUTC Consumer Information Page contains a Consumer Newsstand, which is a monthly newsletter designed to provide business and home consumers with useful information related to the industries that the commission regulates.

Developing Marketing Objectives for Commission-Sponsored Web Sites

The development of solid marketing objectives is vital to the success of any information organization. It is appropriate that commission Webmasters contemplate the development of marketing objectives for their Web site with the same vigor that is used for other information dissemination endeavors. Why do you want people to visit your Web site? What is the primary purpose of your Web site? Is the purpose to promote the commission to external stakeholders? Is the purpose to explain changes in the regulatory environment to residential customers? Is the purpose to reshape the image of the commission in the context of the new regulatory environment? Or is the purpose merely to have a presence in electronic space?

As previously indicated it is important that commission Webmasters carefully contemplate the objectives that they want their Web site to achieve. Examples of objectives might include the following:

- Generating direct response orders. This might include orders for commission pamphlets on energy conservation or orders for commission reports.
- Building a list of online clientele interested in receiving press releases and forthcoming information regarding changes in your Web site.

²⁷Visit the CPUC at: ww.cpuc.ca.gov.

²⁸Visit the GPSC at: www.State.Ga.US/PSC.

- Increasing awareness of the functions of your commission or enhancing your commission's corporate image.
- Gathering information regarding consumer preferences regarding commission services to help guide the development of future services.
- Testing consumer response to special programs or services.
- Improving customer service.
- Recruiting employees.²⁹

Regardless of the objective of a commission Web site, it is important that the objectives be concrete, measurable, and attainable. Examples of concrete and abstract, measurable and unmeasurable, and attainable and unattainable objectives are presented below.

Concrete objectives

- To increase the number of requests for a specific brochure.
- To increase attendance at public meetings.

Abstract objectives

- To be the best commission.
- To be known as a commission that is receptive to the public.

Measurable objectives

- To increase media contact by 25 percent.
- To increase participation in low-income energy programs by 15 percent.

Unmeasurable objectives

- To increase the credibility of the commission.
- To enhance the reputation of the commission.

Attainable Objectives

- To increase media contact by 10 percent within six months.
- To increase public awareness of the function of the commission by 15 percent within the next year.

²⁹Adapted from Michael Mathiesen, *Marketing on the Internet*, second edition (Maximum Press: Gulf Breeze, FL), 70-71.

Unattainable Objectives

To increase media contact by 100 percent within the next three months.

To increase legislative support by 50 percent within the next month.

Regardless of the objectives that a commission chooses for its Web site, it is important to remember that a Web site is perhaps your commission's most visible positioning tool — one that is potentially visible to millions of people throughout the world. Consequently, it is appropriate that commissions strategically position their Web site to convey information to external stakeholders in a manner that most effectively positions the commission.

CHAPTER FOURTEEN

STRATEGIC PLANNING FOR WEB SITE MANAGERS: DESIGNING EFFECTIVE COMMISSION-SPONSORED INTERNET SITES¹

by
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To bring the future of the online services market into full view, it is essential to understand who is likely to be using online services in the future and why they are drawn to them. Only through understanding the needs, wants, and attitudes of consumers is it possible to observe the extent to which online service providers are meeting those needs and to predict future penetration rates with any degree of accuracy.³

Introduction

Numerous authors have discussed the virtues of state public utility regulators using online information services.⁴ Indeed, information services such as the Internet provide regulators with instant access to a vast array of regulatory, financial, legal, and environmental information. Regulators' interest in the Internet is attested to by the fact that most offices of the federal government, many foreign governments, thirty-seven

¹This chapter was previously published in the *NRRI Quarterly Bulletin* 17, no. 3 (1996):413-423.

²Although all information regarding Web sites was current at the time that this article was written, it is important to remember that the content of Web sites does change rapidly. Thus, information that was current at the time of this writing may not be current at the time of your reading.

³Odyssey, *Bringing the Future of Online Services at Home into Full View: A Survey of Consumers* (San Francisco: Odyssey, 1995) 1.

⁴See Ron Choura, "Electronic Access for State Regulatory Agencies," *NRRI Quarterly Bulletin* 17, no.1 (1996): 81-94; Ron Choura, "Internet Connections to State Governments," *NRRI Quarterly Bulletin* 17, no. 1 (1996): 95-102; Michael Clements, "NARUC-Related and State Commission Internet Sites," *NRRI Quarterly Bulletin* 17, no. 1 (1996): 103-106; Todd Simpson, "The World Wide Web Water World Page," *NRRI Quarterly Bulletin* 17, no. 1 (1996): 107-114; Francine Sevel, "Energy-Related Internet Sites," *NRRI Quarterly Bulletin* 17, no. 2 (1996): 265-273; and Michael Clements, "Telecommunications Internet Sites," *NRRI Quarterly Bulletin* 17, no. 2 (1996): 275-278.

state public utility commissions, and most regulation-related professional association have Web sites. Other regulation-related sites include the sites of the National Association of Regulatory Utility Commissioners (NARUC), the National Regulatory Research Institute (NRRI), and the Energy and Regulatory Matters Information Service (ERMIS).

The popularity of online information services is attested to by the prevalence data, which varies considerably according to authors:

One research outfit, Matrix, believes that approximately 26 million people use the Internet—a number that exceeds the 19.4 North American million people that Nielsen now claims used the Internet in the past ninety days.⁵ Nielsen's revised estimate of Web users is 14.6 million. Vanderbilt University professors Donna Hoffman and Thomas Novak have come up with a more reasonable estimate based on Nielsen's raw data: 16.4 million people use the Internet and 11.5 people use the Web.⁶

Everyone agrees, however, that the Internet is growing rapidly. Current growth rate: between 51% and 63%.⁷

Moreover, the research indicates that we are at a crucial turning point in usage patterns:

There is ample evidence that the next three years may be critical in determining the competitive landscape of the online service market. Consumer awareness of online services, their attitudes toward these services and the benefits they could provide, and their interest in adopting them, all indicate that this market is poised for rapid growth.⁸

⁵The Internet refers to electronic messaging systems, including bulletin boards, as well as Web sites.

⁶CyberAtlas, "Internet Market," 1. The Internet (cited May 17, 1996). Available from www.cyberatlas.com/market.html.

⁷CyberAtlas, "More Concentrated: 100% More Data Than The Leading Brand!," 1. The Internet (cited May 17, 1996). Available from www.cyberatlas.com/.

⁸Odyssey, 1-2.

In *The Use of Information Systems To Transform Utilities and Regulatory Commissions: The Application Of Geographic Information Systems*, David Wirick discusses the importance of information to both the regulator and the utility:

Success will not depend upon service franchises granted and protected by force of law. Nor will it depend upon building and accumulating vast quantities of hard assets whose cost can be included in a rate base and recovered from captive customers. Instead, competitiveness will depend upon how successfully a utility acquires, analyzes, and uses information about itself, its customers, and its market territory.⁹

Within the field of public utility regulation, many questions ensue regarding how greater and more rapid access to information will make a difference in the lives of the people whom we serve. Wirick raises the following questions regarding the role of information:

- How can information technologies change the way commissions and utilities provide services to their customers?
- How can utilities and regulatory commissions use information systems to transform the ways in which they operate?
- What types of information are required by utilities and regulators in the new, more competitive utility marketplace?
- How can utilities and regulators make the transition to information-based organizations and make decisions about the regulatory treatment of investments in information technologies?¹⁰

Proponents of online information services hope that universal use of these services will ultimately improve the quality of our lives. Within the field of medicine, for over a decade we have seen this direct correlation. A classic example is the recall of the drug Zomax. By posting a notice on CompuServe, doctors were able to gather

⁹David Wirick, et al., *The Use of Information Systems To Transform Utilities and Regulatory Commissions: The Application Of Geographic Information Systems* (Columbus, Ohio: The National Regulatory Research Institute, 1995), 1.

¹⁰Wirick, 3.

information regarding adverse side-effects and have the drug taken off the market years earlier than they would have through normal channels.¹¹

Within the utility industry, the assumption underlying most arguments in favor of using online information services is that rapid access to more regulatory information will help regulators, utilities, legislative officials, public interest groups, and consumers make better decisions. Wirick discusses the importance of information in the organization of the future:

In the future, as information is recognized as the most valuable resource of the organization (second only, perhaps to its people), information systems will be employed to create a competitive position. In the utility industry, the need to gain a competitive edge through superior and innovative customer service will cause utilities to scramble to hone their ability to effectively use information systems like GIS in competitive wars. As regulators adapt to the new utility environment, they will rely on new information technologies including GIS to define and accomplish their mission as well.¹²

The Information Explosion

According to *Business Week* "As of January 2, [1996], the Web included some 200,000 Web sites, or servers, that offered close to 20 million pages of information."¹³ Moreover, it is estimated that there are over 4,000 newspapers, magazines, journals, and other periodicals available online.¹⁴ Within the field of regulation, there is also considerable activity. At present it is possible to download anything from Supreme Court decisions, to Environmental Protection Agency regulations, to speeches by Federal Communications Commissioners, to dockets pending before state commissions. As an example, shortly after the passage of the Federal Energy

¹¹Francine Sevel, "Responding to the Challenges of Tomorrow: Changes in the Dissemination of Clinical Information," *Proceedings of the Collaborative Research in Allied Health Symposium* (Columbus, OH: The Ohio State University, School of Allied Medical Professions, 1986), 126.

¹²Wirick, 6.

¹³As cited in CyperAtlas, "Internet Market," 2.

¹⁴Nicholas Bran, *Inside the Information Superhighway Revolution* (Scottsdale, Arizona: The Coriolis Group Inc., 1995), 28.

Regulatory Commission Order 888, the order was available online via the NARUC and other regulatory sites.

The Web site Telecom Information Resources contains links to more than 2,000 telecommunications sites. Ranked Number 2 among all Communications and Networking Web sites by *I-way Magazine* and ranked among the top 5 percent of all Web sites by Point Communications, this site offers sophisticated search mechanisms and the opportunity to receive email notification of changes to the directory, which is divided into more than twenty-five subcategories.

However, for over a decade authors have addressed the problems associated with the information explosion.¹⁵ Many authors still feel that one's ability to acquire online information far exceeds one's ability to manage the information. Although the Internet brings a wealth of information to one's fingertips, many critics feel that the process of sifting through the myriad of online information is not cost-effective. As an example, Nicholas Baran, author of *Inside the Information Superhighway Revolution*, writes:

There are legal databases, medical databases, databases containing indexes and abstracts, airline schedule databases, patent and copyright databases, financial information databases—the variety is endless. The problem is figuring out which database to use.¹⁶

Anyone who has “surfed” the Internet can attest to the fact that sifting through the myriad of home pages can be likened to sifting sand in the desert. Thus, it is not surprising that “. . . six out of ten Web surfers visit only ten sites, or less, per month, and that the average user has only thirty-six sites book-marked.”¹⁷ Moreover, research

¹⁵Sevel, “Responding to the Challenges of Tomorrow,” 126.

¹⁶Baran, 29.

¹⁷*Ibid.*, 2.

by CyberAtlas indicates that only 16 percent of users are satisfied with their ability to find information on the Web.¹⁸

How Will Regulation-Oriented Web Sites Evolve?

Intrinsic within this question of the evolution of regulation-oriented Web sites is the issue of the evolution of market expectations. Like all products, the evolution of online services, will to some degree be market driven. The success or failure of online services in general, and individual sites specifically, will be governed by usage patterns. And usage patterns will be governed by the ability of the service to meet user expectations. User expectations will revolve around price, speed, ease of use, quality of the material, and the newness of the material. "Careful targeting of product, message, and medium will greatly enhance online marketers' ability to attract and retain these customers."¹⁹

Clearly, a service without users is not a useful service. But what is a useful home page? How many visitors per year do you need to justify costs? And how will user expectations evolve? What will become the norm? What will it take to catch and maintain the interest of site visitors? Will tourists expect to see new information every week? Every day? Every hour? Every half hour? Every minute? To what degree will sophisticated computer graphics and sound earmark the characteristics of a "good site?"

If you have any doubt that the utilities have recognized the Internet's potential consider the following: according to New York-based research firm WebTrack, AT&T leads the 250 Web advertisers with fourth-quarter 1996 spending of \$567,000, and MCI is ninth with fourth quarter of 1996 spending of \$231,000.²⁰

¹⁸CyberAtlas, "Agents," 1. The Internet (cited May 17, 1996). Available at: www.cyberatlas.com/agents.html.

¹⁹Odyssey, 1

²⁰CyberAtlas, "Advertising," 3. The Internet (cited May 17, 1996). Available at: www.cyberatlas.com/advertising.html.

How will all of this effect those of us in the not-for-profit sector? Will our Web sites look homemade in comparison to those of the utilities? How will this impact our day-to-day lives? Will the flashy home pages of the utilities grab the media's attention first? Will the media perceive the utilities as the ones who post the news first? How will this influence our ability to generate media attention?

To what degree will the home pages of specific state departments influence elected officials' perceptions of that department? Will departments with the most comprehensive sites appear the most proactive? Will departments who never really get around to properly maintaining their sites appear to have time management difficulties?

How about the public? To what degree will they be influenced by a pretty face (site)? In an era of tight government spending, will public utility commissions receive criticism for pumping money into electronic space as opposed to social programs? Will we soon learn that having a site is one thing, properly maintaining it is a very expensive hobby? And to what degree will public interest groups view this as a misuse of public funds?

In the article "The Look of the New Local Distribution Company" author Susan Kelly raises the question as to whether the consumer of the future "will dial up current burnertip natural gas prices twenty-four hours a day on the Internet and change their suppliers with the click of a mouse to take advantages of any price difference."²¹

What will be the expectations of the consumer of the future? Will they expect their public service commission's Internet site to be a definitive source of information regarding utility rates, energy conservation, cost containment, and related safety issues?

Many commissions have already identified the at-home user as a target market. For example, the Web site of the New Hampshire Public Utilities Commission contains consumer information about its retail electricity competition pilot program. Similarly, the home page of the Maine Public Utilities Commission, among other commissions, has

²¹Susan Kelly, "The New Look of the Local Distribution Company, *NRRI Quarterly Bulletin*, 16, no. 4 (1995): 531.

information regarding how to get help with your utility bill. The home page of the Michigan Public Service Commission contains a number of informational publications on topics such as, "Be Winter Wise," "Cutting Telephone Cost," "The Formal Utility Complaint," and "Surviving Electrical Power Outages."

The West Virginia Public Service Commission's Web page contains information regarding "Choosing Alternate Long Distance Companies." Sponsored by the Consumer Advocate Division, this information contains a comparison of the "Cost of a Ten Minute Onpeak Call" from eleven different telephone companies.

Usage Patterns²²

"The information highway is something that people talk about, but the applications that will be used and the people who will win are still uncertain."
— Bill Gates, Chairman and CEO of Microsoft Corporation²³

User Data

Although some would have us believe that everybody is surfing his/her way through cyberspace, research studies indicate that this is not the case. According to Times Mirror's second annual study of the way new information technology is being used by American consumers, *Technology in the American Household: Americans Going Online . . . Explosive Growth, Uncertain Destinations*, "few consumers see online activities as essential and no single online feature, with the exception of email, is used with any regularity."²⁴ Results of The Commercenet/Nielsen Internet Demographic

²²Although some writers argue that the Internet is very different from other online services and therefore utilization research pertaining to online services is not generalizable to the Internet, research by FIND/SVP indicates that nearly half of all Internet users (46 percent) use a commercial online service to access the Internet. Therefore, an understanding of the factors which motivate and impede people to use online services is an important piece of the Internet utilization puzzle.

²³Bill Gates, speech to the Commonwealth Club, October 21, 1993, as quoted in Nicholas Baran, *The Information Superhighway Revolution*, 1.

²⁴Times Mirror Center for The People & The Press, *Technology in the American Household: Americans Going Online...Explosive Growth, Uncertain Destinations* (Washington, D.C.: Times Mirror Center for The People & The Press, 1995), 1. For the purposes of the study, the definition of online services included using a home, work, or school computer and a modem to connect to information services, bulletin boards, or computers at work or school; or using a computer to connect to other

Survey provide important demographical responses to key questions regarding Internet use:

- 17 percent (37 million) of the total persons age sixteen and above in the U.S. and Canada have access to the Internet.
- 11 percent (24 million) of the total persons age sixteen and above in the U.S. and Canada have used the Internet in the past three months.^{25,26}

However, the good news is that the market is rapidly evolving, The research indicates that four times as many Americans use the Web at home as compared to six months ago.²⁷ Moreover, The Internet Society, expects that 120 million hosts will be connected to the Internet by the end of the decade.²⁸

The fact that the market is currently evolving is further demonstrated by the fact that nearly 50 percent of all current at-home online service users have been subscribing for one year or less.²⁹ Moreover, research by Odyssey indicates that the vast majority of consumers (75 percent) believe it is the "wave of the future."³⁰

Recommendations

Target Marketing

As indicated by the Odyssey study, careful targeting will be the key to online success:

computers over the Internet, or information services, bulletin boards.

²⁵As discussed on page 2, there is wide disparity among researchers regarding the actual number of Internet users.

²⁶Nielsen Media Research, *The Commercent/Nielsen Internet Demographics Survey*, Executive Summary, 4. The Internet (cited May 17, 1996). Available at: www.nielsenmedia.com/whatsnew/execsum2.htm.

²⁷NPD Research Group as cited in CyberAtlas, "Internet Market," 2.

²⁸The Internet Society as cited in CyberAtlas, "Internet Market," 3.

²⁹Odyssey, 2.

³⁰Ibid., 6.

...market leaders can retain their superiority only by recognizing the needs of new consumers and responding to them. Likewise, new entrants will present credible challenges only to the extent that they too understand how to target the right product to the right consumer using the right medium.³¹

In their book, *Strategic Marketing for NonProfit Organizations*, Philip Kotler and Alan R. Andreasen define target marketing as follows:

Target marketing is a style of marketing appropriate to a customer-oriented organization. In it the organization distinguishes between the different segments making up the market, chooses several of these segments to focus on, and develops market offers and marketing mixes tailored to meet the needs of each segment.³²

When defining target markets for commission-sponsored Internet sites, it is important to consider the following:

- Who are the target markets of your Web page?
- Are the target markets consumers, legislative officials, utilities, commission staff, or other state government departments?
- What are the primary information needs of your target markets?
- Is this the most effective way to transmit that information to your target markets?
- To what extent do the demographics of your target markets correspond with the demographic profiles of Internet users?
- To what extent do the psychographics of your target markets correspond with the psychographic profile of Internet users?

As an example, if one of your target markets is the governor of your state, this may not be the most effective way of communicating with the governor— chances are high that the governor is not spending a great deal of time net surfing. Similarly, consumer information regarding alternatives to disconnection is probably not reaching its target audience if it is placed on the Internet, as demographic research indicates that low-income people are not high-users of new technology.

³¹Ibid., 2.

³² Philip Kotler and Alan R. Andreasen, *Strategic Marketing for NonProfit Organizations*, fifth edition (Upper Saddle River, New Jersey: Prentice Hall, 1996), 153.

Reaching Your Target Markets

In a sense public service commission home pages are electronic commercials for commission services. Unfortunately, it is not possible to develop specific home pages for specific markets. Thus, it is important that your target markets perceive that your home page is geared toward them. Their perception of the relevancy of the material to them will influence their usage patterns. If legislative officials perceive that your site is geared primarily to consumers, this will impact their use of the site.

Reaching your target markets can be accomplished through careful selection of material, positioning of your material within the home page, and through effective use of headings and subheadings.

Material related to your target markets should always be near the top of the home page. Many organizations and government offices make the mistake of putting biographies of their chief executive officers and directors at the front of the home page. However, unless the site visitor is a head hunter, chances are high that the effectiveness of the sight could be enhanced by moving that information to a less prominent position within the Web site.

Make sure that the tone and reading level matches that of your target markets. Although information regarding your state's electric restructuring efforts that is geared toward policymakers needs to be very technical, consumer information regarding your commission's energy assistance program would benefit from a less technical tone.

Creative use of headings and subheadings will certainly alert audiences to the fact that certain information is directed toward them. As an example, the subheading, "Consumer Assistance Programs," or the subheading, "Here's Help with Your Utility Bills," will probably be more effective in catching consumers' attention than the subheading, "Alternatives to Disconnection."

The New York Public Service Commission's home page is a good example of a well-designed Web site that is geared toward consumers. A Help Center contains a

complaint department, consumer alerts, and consumer brochures. Effective use of graphics and creative typefaces add visual appeal to this site.³³

Objectives

Primary Objectives

The growth of the number of business and government-related Web sites, has created pressure for many organizations to develop and maintain a Web site. However, the fact that everyone is doing it may not be the best reason to have a Web site. Web site development should encompass consideration of the following questions:

- What is your primary objective for having a Web site?
- What is your secondary objective?
- How do these objectives coincide with your commission's strategic plans?
- How do these objectives coincide with your commission's public relations objectives?
- What are the user benefits of your Web site?

Are you using your Web site primarily as a vehicle to rapidly disseminate information to your target markets? If so, it is important to consider regularly updating your information. If it has been more than a week since your Web site was updated, chances are you are not making optimal use of the technology.

Are you primarily using your Web site as a vehicle to help implement your commission's strategic plan? If so, is your Web site helping or hindering you from achieving that goal? As we move from traditional rate-base, rate-of-return regulation to alternative and incentive regulation, many commissions are faced with the dilemma of reeducating the public regarding their roles and responsibilities. If a Commission's primary objective for implementing a Web site was to assist their public relations endeavors related to repositioning themselves in the eyes of the state legislature and the general public, then consideration of the following questions might be important:

- How do target markets describe your Web site?

³³Visit the New York State Public Service Commission at: www.dps.state.ny.us/.

- To what degree does this description match the current image of your Web site? Does your Web page reflect any repositioning efforts of your commission?
- Does your Web page reflect an old image that your commission may be struggling to combat?

Web Sites As Positioning Tools

If a commission wanted to reposition itself as being responsive and proactive in a new regulatory environment, it would be in the commission's best interest to include information that demonstrated a proactive approach to regulation. Similarly, it would be important that this commission's Web site contain material which demonstrated the development of innovative programs or strategies.

Failure to update their home page would also work against this commission's desire to appear proactive. However, it is important to never put material on the Web site just for the sake of updating it.

Creative use of Web page headings could help to convey the image of being proactive. Headlines such as, "News" or "Current Developments," can help to create the impression that this commission keeps abreast of current trends. However, it is important that information in these sections is both newsworthy and new—not three months old.

It is always important that any Web page repositioning efforts be consistent with a commission's strategic plan. Along those lines, creation and maintenance of your Web site should always include input from your public relations department. Far too many organizations make the mistake of delegating Web site management to the person with the most technical expertise. Although this person may be well qualified to do the technical work, far too often the importance of the strategic planning and public relations perspective is overlooked.

Developing a Visual Identity

The visual image of your Web page should be congruent with the commission's image. If a Commission wanted to reposition itself as responsive to a new regulatory environment, it would be important to use typefaces and graphics that visually

conveyed this image, as opposed to creating a more traditional visual image.

Background colors are also important. Recall the public relations efforts of hospitals during the late 1980s. During the latter half of the eighties, due to changes in demographics, insurance, and rising costs associated with new technology, many hospitals found themselves competing for patients for the first time. As hospitals began to take a hard look at how they were presenting themselves to the public, it became apparent that every aspect of their interactions with the public needed to be a component of their public relations endeavors. Corporate colors became an integral part of public relations plans. Hospitals strove to select colors that were uplifting and spring like and conveyed not only a sense of patient wellness but also a sense of organizational rebirth.³⁴

Although few organizations have chosen colors such as pink and green for the background of their home page, many organizations seeking to convey a new image make the mistake of choosing traditional background colors, such as grey or light blue. If you do not want to choose the more vibrant new colors for the background of your home page, you might consider choosing some of them for headlines or graphic images. However, caution should be exercised when tempted to use light colored type on a light background. Generally speaking, a greater contrast is achieved when the typeface is darker than the background.

Along those lines, make sure that your typeface is easy to read. Remember many baby boomers now have middle-aged eyes and appreciate the difference between ten and twelve point type. Selection of a newer typeface can also help to convey a new image. Arial, the typeface used in this publication, is one example.

Despite the fact that most organizations would never dream of sending out a brochure or an annual report that was poorly organized, contained typographical errors, and did not contain current information, these are distinguishable characteristics of

³⁴Francine Sevel, "Strategic Planning for the High-Tech Era," presented at the Health Science Communications Association Annual Conference, Denver, Colorado, May 1986.

many Web sites. Many Web site managers do not seem to realize that their Web site is a component of their corporate identity.

Although anyone with the proper software can create a Web site in a few hours, developing, and maintaining a Web site that is congruent with your commission's long- and short-range plan should be based on strategic planning and public relations objectives. It is important to remember that, unlike your office, your Web site is open to the public twenty-four hours per day, seven days per week. Unexpected guests could include the Speaker of the General Assembly of your state, the chairman of your commission, the chairman of the FERC, or the public.

Evaluation

How will you evaluate the effectiveness of your Web site? Although it is imperative to carefully consider the comments of your commission's chairman, it is also important to have other measurable evaluation criteria. Although Web clickers, which record the number of visitors to a site, have become increasingly popular, many authors question their value as an evaluation tool.

According to CyberAtlas, "hits and visits [unique visitors to a site] can be miles apart due to such factors as size of Web site, server loads and complexity of online graphics. As a result, a whole host of new companies have risen to the challenge of legitimizing clickstream measurement."³⁵

The San Francisco-based I/PRO (Internet Profiles Corp.) has become the leader in Web tracking. Their system tracks site accesses and provides statistics regarding most-accessed pages and how much time users spend on a site.

Another example of use of a more sophisticated tracking mechanism is found in the ERMIS quarterly activity reports on their Web site.³⁶ Report statistics include the number of user accounts, average total user-hours per day, total number of users who

³⁵CyberAtlas, "Advertising," 4.

³⁶ ERMIS Activity Report, February 1996, 1-3. The Internet (cited May 15, 1996). Available at: ermisweb.state.mu.us/a-report.html.

log in weekly and monthly, number of email messages sent, etc. As indicated by Appendix A, the popularity of specific activities is also logged.

Numbers count in many fields, including public utility regulation. With regard to commission-sponsored Internet sites, ultimately the magic numbers will not calculate the number of visitors to a site, most accessed pages, or how much time users spend on a site—they will calculate the degree to which our efforts make a positive impact on the lives of the people whom we serve.

Appendix A

ERMIS DATA

ERMIS ACTIVITY REPORT FOR NOVEMBER 1995 TO FEBRUARY 1996

<u>Activity</u>	<u>Percentage of Usage</u>
File Transfer	28.0%
Client/Server mode	26.0
All other parts of the system	8.5%
Forums	18.0%
Message Editor	6.0%
Private Email System	5.5%

Note: All other parts of the system refers to Rolodex, logoff, databases, libraries, etc. Although tracking Web visits has become increasingly popular, most Web masters agree that this also can be misleading.³⁷

Source: ERMIS Activity Report, February 1996, 1. The Internet (cited May 15, 1996). Available at: ermis.web.state.mi.us/a.report.html.

³⁷CyberAtlas, "Advertising," 4.

CHAPTER FIFTEEN

DESIGNING EFFECTIVE CONSUMER EDUCATION PRINT MATERIALS¹

by
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Introduction

As states make a transition from the traditional ratebase, rate-of-return regulation to a more competitive environment emphasizing consumer choice, public utility commissions will increasingly be called upon by legislative mandate to explain the myriad of changes to the public. Indeed, according to DeMello and Van Norte:

Most of the commissions are already implementing consumer education programs to inform consumers of the possibility of choice, under the law, of competitive providers of local exchange telecommunications services, of their rights as customers of these alternative providers, and of other information the commission deems appropriate. Consumer education by and through public utility commissions will become a very important function in a more competitive utility environment.²

While experts usually recommend use of a variety of media for public education campaigns, most large-scale public information campaigns rely heavily on a mix of print materials. Two recent studies by NARUC Committees present evidence that indicates the popularity of print materials for commission-sponsored consumer education: *Bibliography of Consumer Education/Public Information Materials from*

¹This chapter was previously printed in the *NRRI Quarterly Bulletin* 18, no. 4 (1997-98): 537-549.

²Bev DeMello and Harriet Van Norte et al., *Draft Consumer Education Survey*, as prepared for the NARUC Ad Hoc Consumer Affairs Committee, NARUC Summer Meetings, San Francisco, CA, July 20, 1997.

*Public Utilities Commissions Throughout the United States and Consumer Education Survey.*³

The *Bibliography* lists and describes by utility sector the consumer education materials used by each state. The *Consumer Education Survey*, was designed to determine how commissions are obtaining and using media coverage and what public information techniques commissions are currently using to educate consumers. Forty-one states responded to the questionnaire. As indicated by Table 1, the *Consumer Education Survey* reported that news releases, fact sheets, and newsletters are the consumer education materials used the most by state public utility commissions.⁴ Table 1 gives some details in narrative form.

TABLE 1
Commission Use of Print Materials for Consumer Education

- **Fact Sheets**
Thirty-five respondents said their commissions use fact sheets; six did not.
- **Newsletters**
Twenty-one agencies use newsletters (with one commission using them only for issues related to motor carriers—not utilities). Twenty agencies do not currently publish them.
- **New Releases**
Forty-one respondents said their commissions use news releases for these purposes.

The range of print materials used for consumer education will in all likelihood also include a mix of the following materials:

³Ibid.; for a bibliography of consumer education/public information materials currently available from state public utility commissions see: Vicki Elliot, *Bibliography of Consumer Education/Public Information Materials from Public Utilities Commissions throughout the United States*, presented to the NARUC Ad Hoc Consumer Affairs Committee, NARUC Summer Meetings, San Francisco, CA, July 20, 1997.

⁴Ibid.

- **Brochures**
Brochures of various sizes will be used for explaining the new regulatory environment to consumers and helping consumers make complex decisions regarding carrier selections. As indicated by the *Bibliography*, brochures of this nature are already being disseminated in print and electronic form.
- **Training Manuals**
Meeting a need to train professionals, such as teachers and social workers, about how to educate their respective publics regarding the new regulatory environment.⁵
- **Reports and Executive Briefings**
Meeting a need to design concise consumer education materials that keep legislative officials and other policymakers aware of how the new regulatory environment impacts their constituents.
- **Flyers and Posters**
Some of the more popular general uses of public education flyers include flyers inserted in door-to-door shoppers' materials, flyers (or posters) handed out and posted in public buildings such as libraries, supermarkets, government buildings, etc. These will be especially helpful in targeting hard-to-reach populations who cannot be accessed by direct mail.⁶
- **Internet Materials**
As indicated by the results of the *Consumer Education Survey*, many commissions are already disseminating consumer education materials via the Web.⁷ In addition, the NARUC Web site will soon offer templates of three consumer education brochures that state public utility commissions can download and customize for their needs.⁸

⁵As an example, the assistance of social service agencies and associations, such as the American Association of Retired Persons (AARP), might be enlisted to help them make wise decisions regarding service carriers.

⁶A state that is legislatively mandated to educate all of its citizens would be mandated to reach populations such as the homeless, although they do not presently have utility accounts.

⁷*Consumer Education Survey*, 22.

⁸For further information contact Ken Schrad, Chair of the NARUC Staff Subcommittee on Public Information, at the Virginia State Corporation Commission.

How to maximize the effectiveness of consumer education materials is clearly a concern for state public utility commissions. At present, three NARUC committees are focusing attention on consumer education and the design of effective consumer education materials.

In a previous article, *Educating the Public: Where do We Begin?*,⁹ this author developed a planning model for designing effective consumer education materials. As indicated below, this model focused on the following components of the planning process:

Needs Assessment

- Identification of the Problem
- Audience Analysis
- Method of Instruction

Designing the Instructional Product

- Developing Goals and Objectives
- Identification of Instructional Resources
- Budgeting
- Identification of Evaluation Methods
- Production

This article builds on the material presented in the previous article and takes a more focused look at the process of designing effective consumer education print materials. Specifically, the article focuses on:

The Planning Stage

- Intended Use
- Understanding Your Readers
- Tips for Communicating with Consumer Audiences

The Planning Stage

Prior to putting ideas on paper it is wise to contemplate the following questions regarding purpose and intended use of your consumer education product.¹⁰

⁹Francine Sevel, "Educating the Public: Where Do We Begin?" *NRRRI Quarterly Bulletin* 18, no.2 (1997): 249-261; this writing is also in Chapter 2 of this report.

- Why are you producing this product?
This encompasses issues such as product purpose and intended readership outcomes. Are you producing the product to give the audience general background information about electric industry restructuring or are you trying to assist them in making wise decisions regarding service providers?
- Who will be reading the product?
Is the product intended for a mass audience or is it targeted toward a specific population such as the elderly? Will the person making the decision about utility service be the one actually reading the brochure? As an example, in California, where over 25 percent of the population immigrated to the US within the last ten years, parents often make decisions based on the information conveyed to them by highschool age children.¹¹
- What is the problem that you want to solve/prevent?
It is important to narrow the focus of your brochure. Examples of solvable problems are:
 - Potential public confusion regarding utility industry restructuring.
 - Large numbers of people making poor choices regarding service providers.
 - Negative public feelings toward competition.
 - Loss of public support for the commission.
 - Avoidance of scams and outright fraudulent marketing.
- What is your position on the issue discussed in the product?
Not all issues are going to be issues on which you will want to take a neutral stand; however, it is important to ensure that your bias toward a particular position does not prevent you from fairly presenting both sides of the issue. As an example, a brochure regarding the new competitive environment would run the risk of being seen as less credible if it painted an obviously biased picture of the benefits of competition.
- What are the questions that the reader might ask?
As an example, since a brochure usually is a relatively short communications vehicle, it is important that it focuses on a few carefully selected questions, as opposed to trying to overwhelm the reader with information. A brochure discussing the new regulatory environment might

¹¹Bill Schulte, Conversation with the NARUC Ad Hoc Consumer Affairs Committee, Summer Committee Meetings, San Francisco, CA, July 20, 1997.

address a few questions, as opposed to presenting a laundry list of regulatory changes and impacts.

- What conclusions do you want the reader to reach?
An example of a desired conclusion might be that electric industry restructuring will benefit consumers. Another example of a desired conclusion might be that choosing a service carrier is not a confusing and overwhelming task.
- What, if any, actions do you want the reader to take?
What do you want the reader to do after finishing the product? Examples might include calling your public service commission to receive other educational products, calling several service providers to receive information regarding their services, or simply reevaluating whether their current carrier is the best choice for their needs.

Prior to contemplating these questions, it will be important to delineate a target audience. Although an initial reaction may be to try to reach as many audiences as possible with the same product, with a generalist approach one runs the risk of the readers not perceiving that the product is applicable to their needs. Clearly, a consumer education brochure designed to keep legislative officials abreast of the new regulatory environment will have a different perspective than a similar brochure targeted toward residential ratepayers.

Public relations practitioners generally divide the public into four groups:¹²

- **Functional publics.**
These enable the organization to perform its chosen task, and include customers (whether consumers or businesses), employees and the trade unions which represent them, and suppliers of raw materials, components, or, in the case of a retailer, of the good being sold. For public utility commissions, functional publics would include residential and commercial customers, and commission employees.
- **Enabling publics.**
These permit the organization to function within the framework of the society to which it belongs, such as regulatory bodies, community leaders, including politicians, and shareholders. For public utility commissions, enabling publics would include elected officials, other

¹²Note that there will be some overlap between these groups of "publics."

government regulatory bodies, such as the State Attorney General's Office, and community leaders.

- Diffused publics.
This term is used to describe the media, pressure groups, and local residents, largely because they are varied audiences, and often, in the case of pressure groups and the media, an avenue to other major audiences. Here, examples include the media; advocacy groups, such as the American Association of Retired Persons; ratepayers; and helping professionals, such as teachers and social workers, who often have an impact on ratepayers.
- Normative publics.
Although the term is most often applied to trade associations and professional bodies, it can also include political parties. For public utility commissions, examples include trade associations, such as the American Gas Association, professional bodies, such as the American Bar Association, and political parties.¹³

Intended Use

How will your print materials be used? When choosing between the various types of consumer education print materials, it is important to consider the following questions:

- Will the product be a direct mail piece?
- If so, will it be sent individually or with other consumer education materials?
- Will the product be available through the Internet or other electronic information provider?
- Will the product be distributed as a handout at consumer education booths at community events or fairs?
- Will the product be used to supplement information provided at community education programs?
- Will the reader use the product in conjunction with materials from other sources? Utility sources?
- What budget constraints are associated with the production process?

¹³David W. Wragg, *The Public Relations Handbook*, (Oxford, UK: Blackwell Publishers, 1992), 5-6.

Clearly, the intended use of the consumer education materials will have a direct bearing on factors such as the size and shape of your product. As an example, many community educators find that sending brochures or flyers as self-mailers saves both the cost of envelopes and the time and cost associated with envelope stuffing. Similarly, utility bill inserts side step most of the costs associated with direct-mail campaigns.

Understanding Your Readers

How will your readers use the information presented in the consumer education product? How can you ensure that they will integrate the information into their existing knowledge of the new regulatory environment? And how will you be able to ensure that they will value and utilize this information as opposed to the myriad of information and tempting promotional offers from other sources.

Unfortunately, even the most carefully selected consumer audiences do not always read educational materials in the way that the instructional designer envisioned. It is not uncommon for audiences not to read a brochure from cover to cover or to read a brochure in a seemingly illogically progression. Indeed, many readers will selectively choose sections that appeal to their interests or information needs. Therefore, it is important to carefully contemplate how the target audience will use the brochure and to contemplate ways to maximize the chances that the key consumer information is read by your target audience. Specific tips for accomplishing this will be discussed later in this article.

Who Are Your Readers?

Many instructional designers find it beneficial to use a target marketing approach to audience analysis. In their book, *Strategic Marketing for NonProfit Organizations*, marketing gurus Philip Kotler and Alan R. Andreasen define target marketing as follows:

Target marketing is a style of marketing appropriate to a customer-oriented organization. In it the organization distinguishes between the different segments making up the market, chooses several of these segments to focus on, and develops market offers and marketing mixes tailored to meet the needs of each segment.¹⁴

Many instructional designers find it beneficial to develop demographic and psychographic profiles of their readers. Traditional demographic consumer-research techniques measure attributes such as age, gender, education, and income. A psychographic approach takes the analysis a step further, measuring people's attitudes and lifestyle characteristics. This marketing information provides insight into how people are thinking, what their values are, and where they are going with their lives. It also provides valuable information regarding the attitudes and motivations surrounding consumer choice.¹⁵

Fortunately, many state and social service agencies who are already providing services to specific target markets, such as the elderly, immigrants, and low-income populations, will already have a wealth of demographic information regarding their clientele.

What Do They Already Know?

An understanding of the reader's existing knowledge base is critical to the ability to successfully build on that knowledge base. This information can be obtained through the use of interviews, questionnaires, surveys, and focus groups.¹⁶ The use of focus groups is an excellent way to determine your target audience's knowledge base, gaps in regulatory knowledge, interest in the subject matter, and information needs. Once you have a solid understanding of your target audience's consumer education

¹⁴Philip Kotler and Alan R. Andreasen, *Strategic Marketing for NonProfit Organizations*, fifth edition (Upper Saddle River, New Jersey: Prentice Hall, 1996), 153.

¹⁵Further information on psychographics may be found on the VALS Website at: future.sri.com/vals.description.html.

¹⁶For a good discussion on acquiring and using consumer information see, *Strategic Marketing for NonProfit Organizations*, 211-238.

knowledge and needs, you can begin to build on their existing knowledge base. As an example, if your audience is already familiar with the deregulation of the long distance telephone market or the deregulation of the airline industry this might be a good place to start to explain the deregulation of the electric industry. Or if your research indicates that as happened in one state, some people think that electric industry restructuring means replacing the electric poles and wires, dispelling this myth would be your first course of action.

What Do They Need to Know

Indeed finding the balance between providing ratepayers with too much information and not giving them enough information can be quite a balancing act.¹⁷ Certainly an electric industry restructuring brochure targeted toward enabling publics will contain a different amount of information than a brochure targeted toward functional publics. Table 2 provides a general overview of the types of information that each of the four publics will be interested in.

TABLE 2
Types of Information for the Four Publics

- **Functional Publics**
Customers will be interested in how industry restructuring will impact their day-to-day lives. They will be concerned with how competition will affect their rates and quality-of-service issues. They may need some basic education regarding how industry restructuring will occur in their state. Commission employees will be concerned about how industry restructuring will impact their commission, their job security, and their job responsibilities.¹⁸

¹⁷For a good discussion on how to make information accessible to readers see: Barbara Gastel, M.D., *Presenting Science to the Public* (Philadelphia: ISI Press, 1983); and Janice Redish, Robin M. Battison, Edward S. Gold, "Making Information Accessible to Readers," in Lee Odell and Dixie Goswami, *Writing in Nonacademic Settings* (New York: The Guilford Press, 1985) 129-153.

¹⁸For further information on how commissions have restructured see: Iowa Utilities Board, "Iowa Utilities Board Survey of State Commission Restructuring Efforts," *NRRI Quarterly Bulletin*, 18, no.2 (1997): 233-248.

- **Enabling Publics**
Enabling publics will be concerned with the economic, political, and sociological impacts of industry restructuring. They will be concerned with both immediate and long-term impacts. They will be interested in consumer education information that will help them in their day-to-day roles as decision makers.
- **Diffused Publics**
To a varying degree, diffused publics are the “gatekeepers” to the people that they represent. Because of their preestablished credibility with their audiences, they are a powerful vehicle through which commissions can educate the public. Although diffused publics will have diffused interests, generally speaking they are concerned with the short- and long-term impacts of industry restructuring on the people that they represent. They will be interested in information that helps them in their role as “public advocates” or lobbyists, information that helps them in their role as “public educators,” and information that helps them in their role as “urban planners.”¹⁹
- **Normative Publics**
Trade associations will be concerned with gathering the necessary information to educate their membership on the impacts of restructuring on their industry. Professional associations, such as the Bar Association, will be interested in keeping their membership abreast of impacts of restructuring on their professional practice.

When striving to find the right balance between providing each of the four publics with too much or not enough information, it is important to consider the following questions:

- How will the reader use the information?
- Will the reader base decisions on the contents of the product? If so, which decisions?
- When will the reader use the information?
- What questions will they ask?
- Will they read the entire product?
- Will they read the product in a chronological order?

¹⁹As an example, social service agencies providing services to the low income will be in need of projections as to whether electric industry competition will significantly impact seniors' income and thus, increase or decrease the need for their services.

- Will the target audience keep the product as a reference piece?
- Will the target audience use the product as a primary source of information or will it be used to supplement existing knowledge?
- Will the target audience use the product as background information on which they will build their knowledge from other sources?
- Will consumers use the product as a guide for decisionmaking (such as choosing a service carrier)?
- What are the target audience's motivations for reading the product?²⁰
- When are they going to use the information?
- What is the lifespan of the information?
- Will the reader be able to recognize when the information becomes obsolete?
- Will the reader be in need of resources through which to obtain additional information?

An excellent way to obtain answers to these questions is through the use of focus groups. As mentioned previously, focus groups, representing the target market, provide valuable insights into how the target market will use the consumer educational product.

Communicating With Consumer Audiences

Analyzing the Audience

It is very important to understand the audience's predisposition to the subject matter. Over the years consumer researchers have expended considerable effort to understand the factors that motivate consumer behavior and consumer decisionmaking. A number of studies have looked at how factors such as knowledge, attitudes, beliefs, intentions, values, goals, skills, etc., impact consumer behavior.²¹ As an example, the "social cognitive theory" (SCT) "describes human behavior as being reciprocally

²⁰Examples include staying informed and saving money on utility costs.

²¹See Martin Fishbein and Icek Ajzen, *Belief, Attitude, Intention, and Behavior* (Reading, MA: Addison-Wesley Publishing Company, 1975); and Edward Mailbach and Roxanne Louise Parrott (eds.), *Designing Health Messages* (London: Sage Publications, 1995).

determined by internal personal factors and the environment in which a person lives.”²² The social cognitive perspective on health behavior change is that an individual’s behavior change can be facilitated by modifying their personal factors and by altering environmental factors to encourage healthful behavior. ²³ If one were to apply some of the thoughts regarding consumer behavior to the design of commission-sponsored consumer education materials, one might look at maximizing the effectiveness of consumer education materials by attempting to modify some of the audience’s personal factors, as illustrated by the examples below.

Knowledge

In this instance it would be important to ensure that the audience had adequate information to make a sound decision regarding selecting a service provider.

Beliefs

Beliefs refer to statements that the audience holds as facts. What is the audiences’ belief toward the process of selecting a service provider? If the audience has the belief that “all carriers charge about the same prices” they may not be interested in comparison shopping. In this case, education could help the audience to realize the range of prices for the same service.

Attitudes

Attitudes refer to the conclusions that the audience has drawn toward the subject matter based on their frame of reference or world view. If the audience has the attitude that “it is impossible for the little guy to get a good rate” they also may not be interested in shopping for rates. In this case, education could help the audience to realize that competitive prices are available for residential consumers. As an example, testimonies from satisfied customers, representing the target market, might work well.

Values

Basically, values refer to what is important to consumers. If a consumer values time more than money they might not want to invest the time into researching which carrier has the lowest rates. In this case education could help the audience to value the savings netted from a good decision. Providing the audience with examples of how they might enjoy their savings is one example. Testimonies from satisfied customers might also work well here.

²²Edward W. Maibach and David Cotton, “Moving People to Behavior Change,” in *Ibid.*, 43.

²³*Ibid.*, 43-44.

Personal Goals

"SCT describes personal goals as one of the major sources of motivation for behavior change and maintenance."²⁴ Basically, goals provide both a direction and a reference point against which people can compare their progress. If a consumer education piece wanted to encourage residential ratepayers to choose carriers that provided competitive rates (of course, as well as good service), the following slogan might be used: "Make it Your Goal to Decrease Your Energy Costs in 1998."

Self-efficacy

Self-efficacy refers to "people's belief in their capability to organize and execute the course of action required to perform a given behavior successfully." If for example, your consumer research indicates that people lack confidence in their ability to make a good decision regarding a carrier, it might be wise to direct a portion of your message to boosting their confidence regarding their decisionmaking skills. Slogans such as "you choose the right house, the right car, the right college for the kids, now its time to chose the energy carrier that's right for you," might help to accomplish this goal.

Skills

One reason that knowledge gains do not always lead to behavior change is the lack of skills necessary to perform the behavior.²⁵ Perhaps the audience is unable to make a good decision about selecting a service carrier because they do not understand how to compare rates, as in the case of hourly rates. In this case, education regarding how to compare rates should be the focus.

Relate Information to the Audience's Background

At various stages of their interaction with the product, the audience will be making decisions as to whether or not they want to continue to read the product, and subsequently follow the course of action suggested by the product. As an instructional designer, your primary tasks are first to motivate the audience to select your consumer materials and second to motivate the audience to make a cognitive commitment to read the materials. Through the use of photographs, graphics, headlines and subheadings, as well as sidebars the instructional designer can increase the chances that the reader will relate to the information. Through the use of specific examples and

²⁴Ibid., 50.

²⁵Ibid., 46.

word choices that relate to the audience's background or frame of reference, an instructional designer can increase the probability that the audience will perceive that the information in the product is relevant to them. According to communications theory, readers interpret text based on their prior knowledge and expectations about the subject matter, the type of document, and the context in which they are reading the document. Their knowledge and expectations are organized into schemata, which helps them to make meaning from disparate pieces of information.²⁶ As Redish explains:

...Schemata are networks of information connected by chronology, functions, topics, and so on. They can be fragmentary and restructured on the spot. They are multidimensional, rather like hypertext, in that one piece of information can be linked to many others, each of which has its own set of connections.²⁷

Successful print materials are those that make explicit connections to readers' prior knowledge and expectations. Helping the readers to activate an appropriate schema is an effective way to help the reader make the necessary connections.²⁸ Research by Bransford and Johnson indicated that subjects who read a passage with a useful title recalled more than twice as many ideas as those who read the passage without a title.²⁹

Although making connections to a reader's schemata is critical, an effective consumer education brochure must also move forward and expand that schemata. Research from the fields of linguistics, rhetoric, and psychology indicate that the following four principles are useful ways to achieve this goal:

²⁶R.C. Anderson and P.D. Pearson, "A Schema-Theoretic View of Basic Processes in Reading Comprehension" in P.D. Pearson (ed.), *Handbook of Reading Research* (New York: Longman, 1984), 255-291 as cited in Janice C. Radish, "Understanding Readers" in Carol M. Barnum and Saul Carliner (eds.) *Techniques for Technical Communicators* (Allyn and Beacon: Needham Heights, MA, 1993), 27.

²⁷Janice C. Radish, "Understanding Readers," in *Techniques for Technical Communicators*, 15-41.

²⁸Ibid, 28.

²⁹Ibid, 28.

- Provide an Explicit Schema
- Follow the Given-New Contract
- Maintain Coherence and Consistency
- Provide Multiple Pathways³⁰

Provide an Explicit Schema

One way to help the readers is to frame the consumer education brochure with a title, headings, and subheadings that explicitly show the schema that you want to invoke. In the case of choosing an electricity service provider an appropriate schema might include titles or headings that contain phrases such as “Making Good Choices” “Selecting Quality Service” “Finding the Rate Plan That’s Best for You.” These phrases set up the expectation that the reader will be successful in making a decision regarding an electricity service provider, and hopefully help to relieve some of the anxiety associated with the decisionmaking process.

Follow the Given -- New Contract

Research by Haviland and Clark showed that readers expect new information to come couched in a framework of known or previously given information.³¹ The essence of the given-new contract is that readers best understand new information when it is presented in a framework of known or previously given information. Within a brochure, headings and subheadings can help to organize information in a way that forms a logical framework for the reader. Repetition of key words within the headings will also help to achieve this goal. In the context of our example, a series of how-to-headings might be effective:

- How to Select the Carrier That’s Right for You
- How to Select the Best Rate Plan
- How to Determine Service Quality
- How to Receive Further Assistance

³⁰Ibid, 30.

³¹S. Haviland and H. Clark, “What’s New? Acquiring New Information as a Process in Comprehension,” *Journal of Verbal Learning and Verbal Behavior*, 13, (1974): 512-521 as cited in Ibid, 31.

Repetition of visual patterns such as page layouts, logos, graphic symbols, and photographs will also help to ease the information transition.³² As an example, if certain information is always presented in bulleted, indented or numbered lists, readers will build an expectation of where to find that type of information. Similarly, if summary information regarding carrier selection is always presented in boldfaced or boxed type the reader will build an expectation regarding where to find that information. Or if information regarding how to obtain further assistance is always preceded by a graphic image of a telephone, the reader will quickly learn to associate the telephone with assistance information. However, to prevent boredom or loss of reader interest it is important that repetition of visual patterns does not inhibit creativity.

Maintain Coherence and Consistency

Coherence can be achieved by the consistency of the framework that is created by the structural elements—the headings and by the visual patterns of the pages.³³ A combination of the techniques of chunking, layering, and outlining will help to organize the information into a coherent and consistent framework.³⁴ By using these techniques, the instructional designer can help the reader to segment and organize complex pieces of information.

- **Chunking**
Chunking is a way of breaking up the content into smaller units. Consumer information might be broken up by paragraphs, lists, tables, colored background screens, and boxed information. As an example, the brochure “How Utility Rates Are Determined,” from the Public Utilities Commission of Ohio (PUCO), uses light brown screens to separate information.

³²For further information on layout and graphic design see: Edward R. Tuffe, *Envisioning Information* (Cheshire, Connecticut: Graphics Press, 1990; Parmalee Hawk, Nancy P. McLeod, and David H. Jonassen, “Graphic Organizers in Texts, Courseware, and Supplemental Materials,” in David H. Jonassen (ed.), *The Technology of Text*, Vol. 2 (Englewood Cliffs, New Jersey: Educational Technology Publications), 1985.

³³*Ibid.*, 31.

³⁴Martha Andrews Nord and Beth Tanner, “Design that Delivers — Formatting Information for Print and Online Documents, in *Techniques for Technical Communicators*, 220-252.

- **Layering**
Layering of information signals relationships between information. A layer is a level of a information within a hierarchy. Information can be layered, through the use of headings and lines, to stress the order and importance of the material to the reader. Within consumer education materials, layering can also be achieved through the use of subheadings, graphic icons (such as check boxes), bullet sizes, changes in typeface size, style, and color. Charts, diagrams, illustrations, and formulas also serve as way to layer information. As an example, the PUCO's brochure "Extended Area Service" layers information through the use of reverse-printed headlines, headlines in all capital letters, subheadings using only initial capital letters, and numbering.

- **Outlining**
Outlining the text is a method of showing the readers its structure. It helps them to remember hierarchy and relationships. Usability tests have shown that readers rely heavily on outlining techniques such as tables of contents, indexes, and tabs.³⁵ Within a consumer education brochure, the technique of outlining can be achieved by the use of headlines, graphic icons, and by putting summary information in shadow boxes. As an example, the Internet brochure, "Customer Tips for the Customer Choice Natural Gas Program of Columbia Gas of Ohio" outlines information by using the following headlines:
 - What are my choices?
 - Know the supplier
 - Safety & Reliability

Larger consumer education materials, such as executive briefings and training manuals, can benefit from tables of contents or side tabs. Positioning of headings within a page is another way of establishing a hierarchy.³⁶ Use of underlining and boldface type is another way to show the hierarchy of headings. The hierarchy of headings and subheadings can also be established through the use of different colored type.

³⁵Ibid, 230

³⁶For a good discussion on the advantages of over ten different headline positions see: Jan V. White, *Graphic Design for the Electronic Age* (New York: Watson-Guption Publications, 1988).

Provide Multiple Pathways

Because readers have a variety of reading styles, it is important to provide them with a variety of paths through which they may tour your consumer education product. As an example, some readers are primarily visual readers, others primarily text readers, and still others appreciate the synergy of text and visuals. Therefore, it is important to include a variety of information organizers.

As discussed previously, visuals can include type size and face variety, charts, tables, pictures, drawings, lines, boxes, and spot color. Text oriented readers will prefer to have the information organizers include headings, subheadings, paragraphs, sidebars, and quotes placed in sidebars. They will appreciate word as opposed to visual examples, tight transitions between concepts, and clear analogies.

Conclusion

As we transition from the traditional regulatory environment to the new regulatory environment, consumer education will increasingly become a key commission priority. Effective print materials will be an important vehicle through which commissions will be able to achieve this goal. This article has attempted to describe what contributes to that effectiveness.

CHAPTER SIXTEEN

CONSUMER EDUCATION TEMPLATES

by

Ken Schrad

**The NARUC Staff Subcommittees on
Consumer Affairs and Public Information**

A product of one year's worth of joint effort between the NARUC Staff Subcommittees on Consumer Affairs and Public Information, the following three generic consumer information pieces are now available on the NARUC homepage (www.naruc.org) and the Virginia Corporation Commissions host site (www.state.va.us/scc/naruc). The three consumer education templates: "Powerful Choices: Customer Choice for Electric and Natural Gas Services," "You Make the Call: Customer Choice for Telecommunications Services," and "Water: Purity at a Price, Quality Standards for Water Systems," can be used by state public utility commissions in several ways including: modified to meet the need's of individual states or simply distributed. States can choose to use the online version or states can print out a camera-ready version to mail to consumers.



Powerful Choices

Customer Choice for Electric and Natural Gas Services

If your state is considering a competitive market



**How Utility Industry
Change Affects You**



Why Change is Happening



What is Changing



Realistic Expectations

If your state has adopted a competitive market



Making Choices



**Key Questions
to Ask Before Deciding**

The information presented here is a public education project of the National Association of Regulatory Utility Commissioners Ad Hoc Committee on Consumer Affairs. It is presented solely to help the public understand the new competitive environment emerging in the electric and natural gas industries.

The following provides a general description of changes occurring in the public utility industry and may not be reflective of specific actions under way in your state. You are encouraged to contact your state public utility commission for specific information regarding the status of efforts in your state to develop a competitive market for energy services.

How Utility Industry Change May Affect You

Change is under way in the electric and natural gas industries. You may be hearing promises of lower utility bills if given the opportunity to choose your energy supplier. However, the transition to a more competitive market is just beginning. As change occurs, all consumers should continue to expect adequate, safe, reliable and efficient energy services at fair and reasonable prices.

In the near future, you may be given a choice of energy service providers. That means customer needs and market forces will determine the price and delivery of energy services in the future. While federal, state and local government agencies will continue to oversee aspects of the industry, competition will determine the rates charged and services delivered.

Why Change is Happening

During the last 20 years, federal and state policies have been implemented to allow wholesale competition in both the electric and natural gas industries. The federal government has made the electric transmission lines and natural gas pipelines through which the energy flows accessible to all.

These developments in wholesale competition are leading the industry to the next logical step, retail competition. Retail competition means you would be given the opportunity to purchase from the energy supplier of your choice.

The move toward competition in the electric and natural gas industries is based on the expectation that competition will offer customers choices, lower prices, and better service. The transition from monopoly to competition in the utility industry is a complex and controversial issue that is still being considered at the state and federal levels. As they did in the transportation and communications industries, policymakers are increasingly relying on deregulation and competition to take the place of traditional regulation of utility rates and services.

You must carefully examine the new options available to you to make certain that you receive the maximum possible benefits in the new world of utility competition.

What is changing?

Today, arranging utility service for your home or business is simple. You call the utility company granted the exclusive right to provide service in your geographic area and pay the rate set by the state regulatory authority.

The company is obligated to provide service to anyone who requests it. No one within the service territory who is willing to pay can be denied service.

To meet the obligation to serve, utility companies are required to supply the energy, transport it, and distribute it to customers in a reliable and safe manner. Your state's regulatory commission assures that rates remain affordable while allowing the utility the opportunity to earn a reasonable return on the investment it made in the facilities needed to provide dependable service.

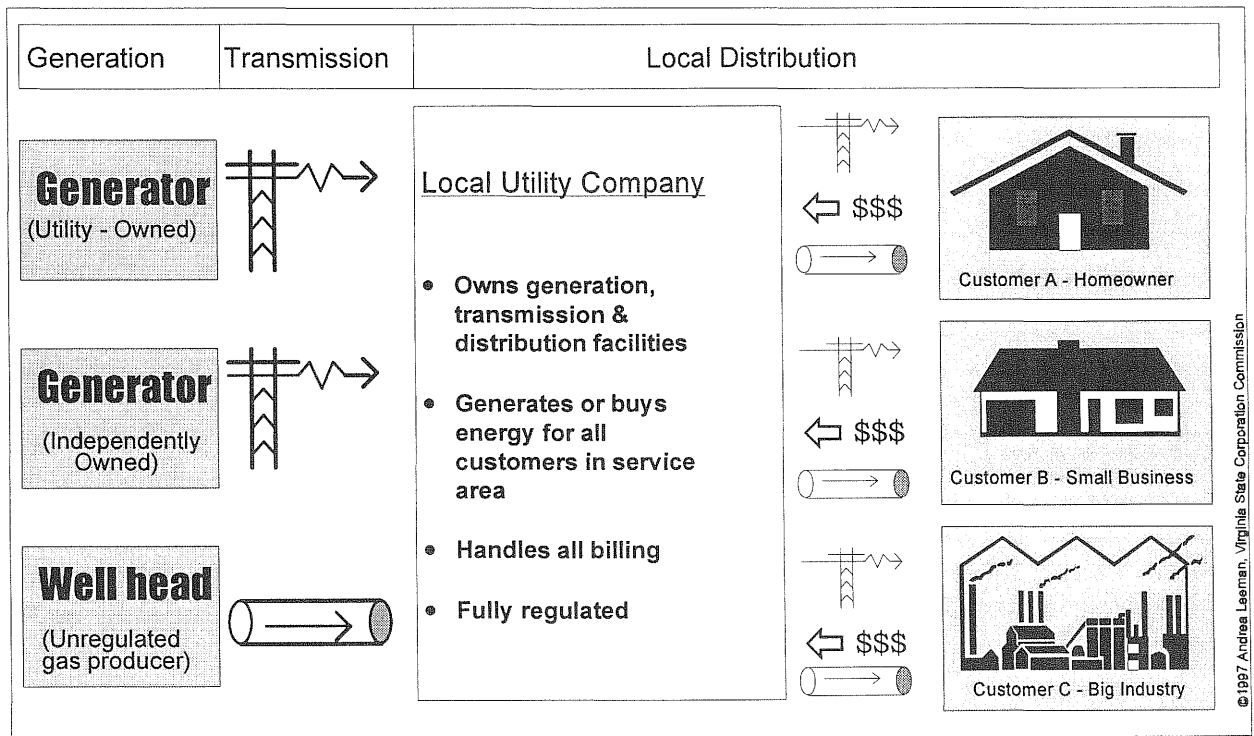
Now, many states are either experimenting with or giving electric and natural gas customers the opportunity to purchase energy from someone other than their traditional utility company.

These policy decisions have led to the creation of power marketers who act as independent brokers that buy and sell wholesale electricity or natural gas at market

prices. Meanwhile, traditional utility companies are creating subsidiary companies to compete in this new environment. All will attempt to attract customers by offering an array of energy services regardless of the fuel type used in your home.

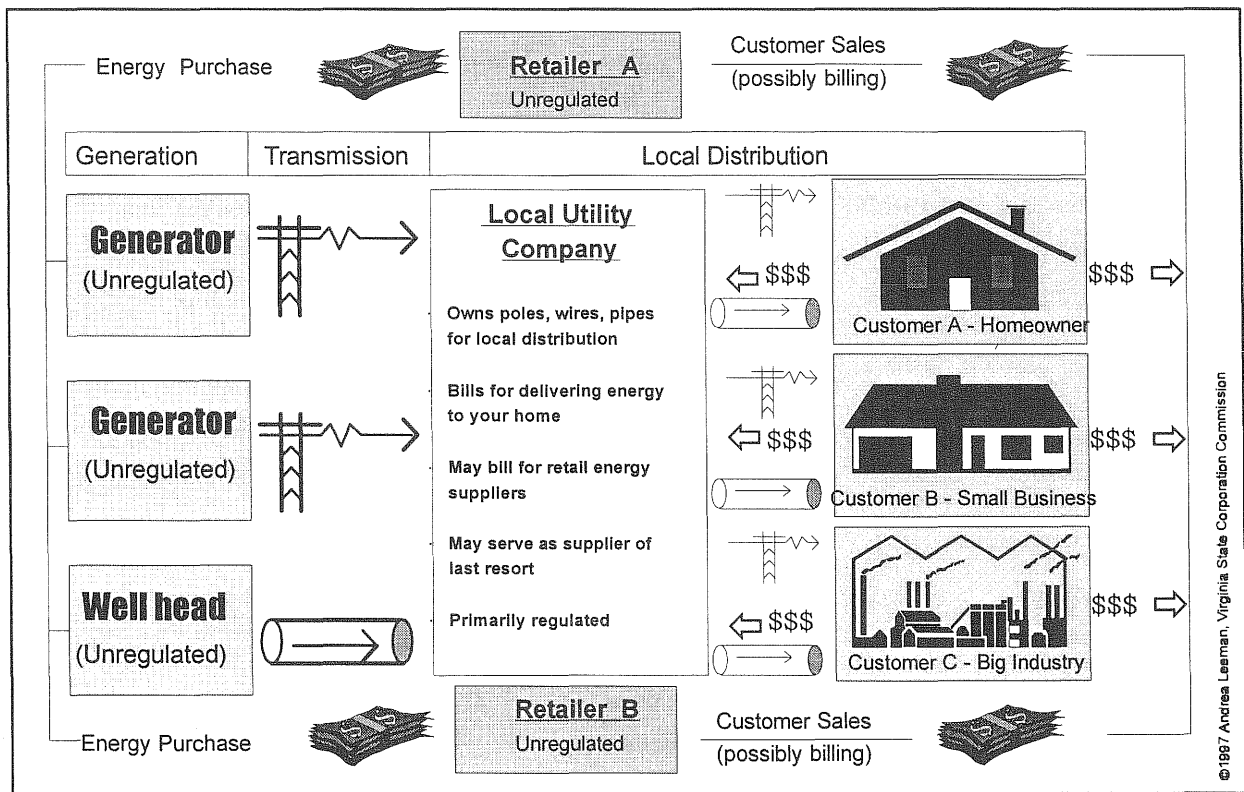
In the future, utility companies will be much different. Instead of one company with a strictly defined service area, consumers will be able to shop among a number of companies. Some will offer complete energy service packages. Others will offer customized services. Competition between electric and natural gas companies will blur the lines between the two industries. Gas companies may become marketers of electricity and electric companies may become marketers of natural gas.

Regulated Monopoly



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Competitive Choice



Realistic Expectations

Many think that competition in energy services will immediately allow them to abandon their existing utility, choose a new supplier, and gain the benefit of substantially reduced rates. The full benefits of competition may only be realized over time.

Almost every state is considering whether and how to make its energy business competitive and is facing issues that must be dealt with in a transition from monopoly to competition. States with the highest energy prices are moving more quickly than those states with energy prices at or below the national average. The transition to competition is being undertaken in hopes that competitive markets will be able to manage a complex, capital-intensive industry better than regulation.

There are two common misperceptions regarding the transition:

“I won’t have to deal with my existing utility company any more.”

Since your current utility company will continue to own and operate the pipes and wires that go to your home and business, you may still have to deal with your current company for repair, safety, billing and customer service.

“My energy bill will definitely go down.”

The actual impact on bills will be determined by market forces and the costs associated with the change to a more competitive market. Individual states will decide how quickly consumers have access to a fully competitive market. The decision includes whether and, if so, the length of time consumers should pay for investments utility companies were required to make as monopoly providers (known as stranded costs).

Making Choices

You need to be able to make informed choices among providers of energy services. Customer choice gives you a greater variety of pricing options as providers compete with one another to deliver services to you. Competition brings with it a greater incentive to provide diverse terms, conditions, and payment plans in response to customer interests and needs.

Most consumers will be influenced by price, but you should also ask questions about service reliability and the financial stability of the company offering energy services. Expect more services to be offered. Some may provide energy audits to help customers lower their energy bills. Some may offer frequent flier miles, toasters, or other promotional items to attract customers. Expect a lot of creativity to be employed in competitive markets.

Aggregators — marketers who collect a large number of small consumers and arrange to match their energy needs with suppliers — will seek you out through advertising, direct mail and telemarketing. To prepare for the marketing effort, you as a consumer need to understand your energy needs whether they be for home, business, office or commercial building, farm or industrial facility. Review past utility bills. You should know how much energy you use, when you use it and what you pay for it.

You may see significant variations over the course of a year. This will be important if a company offers you a plan that varies the price during certain times of the year. Prices may vary according to season, day of week or time of day.

Most customers have been receiving bills in which all charges are rolled into one bottom-line payment amount. Now, the bill may be an itemized list of charges. Depending on how and when you use energy, each charge may help you decide how to use energy more wisely.

Key Questions To Ask Before Choosing



Other than price, what factors should I consider?

You will focus on price, but many other factors may influence your decision. During experiments in some states, marketers have promoted specific benefits. Some examples include price stability, better service and “green power” — meaning environmentally friendly. Some providers will focus on name recognition, emphasizing that they are an affiliate of a utility company. You may choose to stay with your present utility, which will emphasize reliability, familiarity and stability as its strengths.



How can I get the best deal?

Large customers will be able to negotiate special terms and conditions that suit their energy needs.

Individual customers may have several service options offered by a given supplier and may have several suppliers from which to choose, each offering a set price. You will need to shop and compare.

Residential and small business customers may be able to join together through a marketer who will negotiate the best price on behalf of the entire group.

Remember, you can choose to do nothing and service will remain as it is today.



Will the lights always come on at the flick of a switch, and will the pilot light burn even on the coldest day of the year?

Be assured that state and federal government agencies will continue to insist on system reliability. Federal policies ensure that electricity will be available on a nationwide transmission system and natural gas will continue to flow through interstate pipelines. State policies ensure that reliability remains high for the company that delivers energy to you over electric wires or through local gas pipelines.



What should I know, ask or do before choosing a supplier?

Ask the supplier if they are on a state-approved list or if they have been certified or licensed by the state.

Read the material provided by the supplier.



Ask for the terms of the offer:

- Fixed price? And, for what time period?
- Variable price? Based on season, day of week, or time of day?
- Are there restrictions on how much energy is used and when it is used?

- Is special metering required? If so, who pays for it? How much?
- What happens to the meter if I move?



Ask if there is a contract or written agreement:

- What is its length?
- Does it automatically renew?
- Is there a cancellation fee?



Ask about the source of your energy:

- Where does the supply come from?
- What is the fuel source?
- What is its environmental impact?



Ask about billing options:

- When does the first bill arrive?
- How many bills and from whom?
- How quickly is payment due?
- Can payment be made by cash, check, electronic transfer, credit card?
- Is there a late payment fee?
- Is there a budget plan?



Ask how customer service will be handled:

- Is there a local business office?
- Who do you call if the service goes out or if there is a billing problem?
- Is this call free?
- Can I call anytime, day or night?
- Will personal information (name, address, phone number) be released or sold to a third party?



You Make the Call

Customer Choice for Telecommunications Services

 **How Telephone Competition Affects You**

 **Levels of Competition**

 **What You Need to Do**

 **Making Choices**

 **Realistic Expectations**

 **Key Questions to Ask Before Deciding**

The information presented here is a public education effort of the National Association of Regulatory Utility Commissioners Ad Hoc Committee on Consumer Affairs. It is presented solely to help the public understand the new competitive environment emerging in the telecommunications industry.

The following provides a general description of changes occurring in the public utility industry and may not be reflective of specific actions under way in your state. You are encouraged to contact your state public utility commission for specific information regarding the status of efforts in your state to develop a competitive market for telecommunications services.

How Telephone Competition Affects You

Twenty years ago, choice was pretty much non-existent in the telephone world. In fact, the telephone was about all there was in what today is referred to as the telecommunications industry. Consumers got a dial tone for their dollar and very little else.

Times have changed.

Soon, your cable company may provide your telephone service. Your home computer may become a primary research tool as well as a medium for entertainment. Your telephone line may carry much more than your voice. Means of communicating — video conferencing, cellular phoning, digital paging or e-mailing via the Internet — may be as varied as the languages spoken the world over. Countless companies will compete to provide the services you want.

Certainly, all these changes won't happen at once. The federal Telecommunications Act of 1996 set the stage for replacing government regulated monopoly services with competition. A competitive market is expected to control price and provide access to a variety of telecommunications services. The providers — long distance and local telephone companies, cable TV companies, cellular and paging companies, and direct

broadcast satellite service providers — are now free to compete with each other for your business.

Levels of Competition

There are three levels of telephone service. Most people know that a call across the country is a long-distance call. But, calls within your state are either local, local toll, or long distance. A call across the street to your neighbor is a local call. A call to a neighboring town may be a local toll call because it is beyond the local calling area. A call across the state may be considered long distance, much like a call across the country.

For more than a decade, hundreds of companies have been competing for your long-distance business. Just recently these long-distance companies were given permission to carry local toll calls — a service once provided only by the local telephone company that served the region.

Now local phone companies must allow competitors into their local service area as well. In exchange, local companies have the opportunity to compete in the long-distance market.

You may prefer to have one company handle everything as part of a package deal for local, local toll, and long-distance service. You may prefer to have each level handled by a different company. You may choose to do nothing and service will likely remain as it is today.

What You Need to Do

Already you've been exposed to one level of telephone competition. No doubt, you've received dinner-hour phone calls from long-distance companies offering their services. As the market opens to more and more companies providing more and more services, consumers have more choices to make. It's not enough to know there are choices, consumers must decide which service options work best for them.

Many "bells and whistles" are available with today's technology and can be helpful. However, they come with a cost. Before you sign up for the package deal, make sure what's in the package best suits your needs.

Those with home computers may want Internet access. Frequent travelers may want interconnected telephone equipment — a home phone that forwards to a cellular phone that forwards to a pager or a voice mailbox. Others may be content with service that simply meets their local calling needs.

It's your responsibility to make informed decisions. Consider the cost. Consider the usefulness of the service. And pay only for those services you want.

Making Choices

Choosing among competing companies may be confusing. Which offer the best deals? Which are most reliable? The more information you can gather, the better equipped you'll be to decide. You may find a company that features "one-stop shopping" is best for you. Or you may want to mix and match services from several different providers.

Once you've determined the services you need, research the companies that offer them. Are there restrictions associated with various plans? Is there a minimum length of service? Are the benefits of added services worth the extra cost?

There will be companies with new, unfamiliar names seeking your business. Ask companies to provide information in writing about what they offer. Check out companies through your local better business bureau, your state's consumer affairs agency or your public utility commission. The experiences of friends, neighbors and relatives also may be helpful in making your decision.

Remember, too, that a service provided in a competitive environment is traditionally more responsive to customer satisfaction simply because losing customers means losing money. Competition can put you in the driver's seat; it's still up to you to reach your destination.








Realistic Expectations

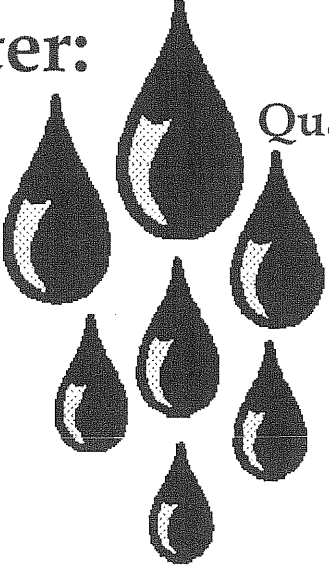
Preparing to make choices in the expanding world of communications is important, but it is just as important to realize that all services will not be available to everyone at the same time. Competition in the telecommunications industry and all it entails will not suddenly blanket the country. Consumers will gradually gain access to a multitude of services from many companies.

While competition is considered an effective regulator of rates, there are significant costs associated with providing telecommunications services. Access to those services will not necessarily have identical price tags. Consumers in more highly populated areas will likely reap the initial benefits of a competitive environment.

Regardless of how rapidly competition develops where you live, an informed consumer gets the best deal on whatever is offered.

Key Questions Before Deciding

-  Have I done enough research to make an informed decision about what is available to me?
-  Which services must I have and which can I do without?
-  Have I budgeted for the cost of additional services?
-  Do I know enough about the companies I'm considering to feel comfortable doing business with them?
-  Will the company I choose be available for technical support if I need it?
-  Have I compared costs of one company's service options with another, and am I comparing "apples" to "apples?"
-  Am I reasonably sure I'm getting the best deal?

Water:  **Purity at a Price**
Quality standards for water systems

Water = Life
A question of quality
Why isn't it free?
What needs to be done?
What will it cost?
Prepare yourself

The information presented on this website is a public education effort of the National Association of Regulatory Utility Commissioners Ad Hoc Committee on Consumer Affairs. It is presented solely to help the public understand new federal requirements ensuring the quality of water from regulated water systems.

Water=Life

Picture your daily routine. Now imagine it without water.

Picture the life of any living thing. Now imagine it without water.

The images are stark for sure.

Most of us take water for granted. But what if it were not there when we turned on the faucet? Water is essential to every form of life.

We — and all living things around us — cannot exist without life-giving water. Like the air we breathe, it is an essential element to our very being.

Most of the human body is made up water. You need about 2 1/2 quarts of it (from eating and drinking) every day to stay healthy.¹ You may be able to last several days without water — but you must have it to continue to live.

The earth's plants and trees — from where we get most of our food — cannot grow without water. If they fail to grow they cannot produce the food we need from them. The earth's animals would die without water, too.

Almost 80 percent of the earth's surface is covered with water. But 97 percent of that is salt water and the other two percent is glacier ice — neither of which is usable by humans in those forms. Less than one percent of the Earth's water is fresh water we can use.

Many health and safety requirements have been placed on water utilities. These requirements protect your drinking water —but these protections have costs, which are

passed on to you, the consumer. These costs are a small price to pay for our health and well being.

A question of quality

We can see water around us — in a puddle created from a rainfall, in rivers, streams, ponds, and flowing from our faucets at work and home. We need to drink the water to live, but not all water is healthy for us to drink.

The water we drink should be clean. It should meet basic quality standards. Drinking substandard — or poor quality — water can make people sick.

Even water that looks clean can be impure.

Delivering clean water for public consumption is no easy task. Both the forces of nature and the activities of modern, industrialized society affect the cleanliness and safety of our lakes, rivers, reservoirs and groundwater wells.

Nature itself contributes to the impurity. Bacteria, viruses, naturally occurring radioactive materials (such as radon) and metals (such as arsenic), and nitrates all come from nature, but can make water unfit to drink.ⁱⁱ

The activities of many also introduce impurities into our water supply. Industrial processes discharge chemicals; rainwater runs off from streets, lots and rooftops picking up contaminants along the way; underground storage tanks may leak chemicals and waste that eventually reach water supplies; water that runs off from farm land and back yards carries pesticides and fertilizers into water sources; homeowners may improperly use and dispose of household waste like used oil.ⁱⁱⁱ

Because of the risk of contaminants like these, water must be treated before it is safe to drink. Once it has been treated, you should have no question whether the water in your glass is of good enough quality to drink.

Why isn't it free?

There are three main components to a water utility that supplies your water:

Source. Some utilities get their water supply from surface water sources, such as lakes or rivers. Other utilities obtain water from groundwater sources, or aquifers, including underground rock, clay, sand and gravel materials that store this precious resource. Without proper caution, these water sources can become polluted.

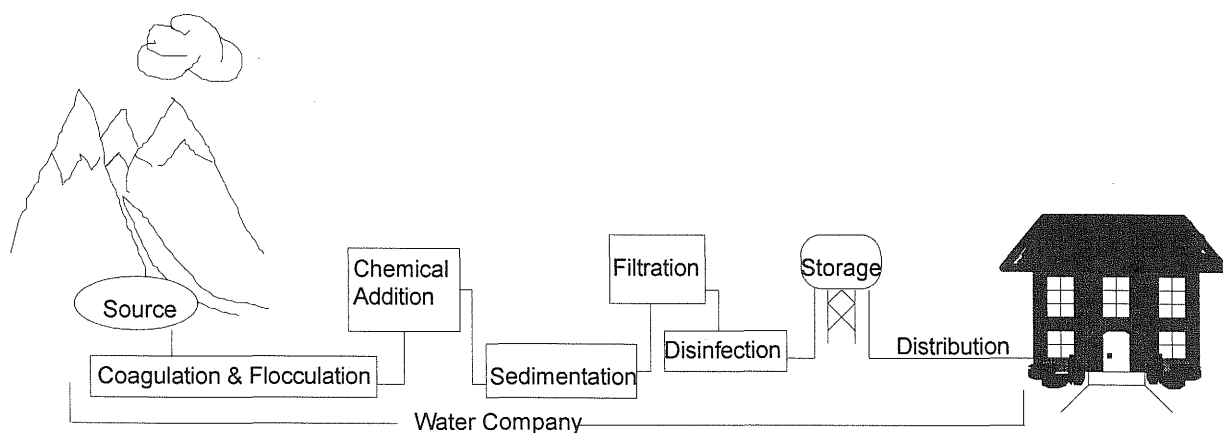
Treatment. Water in its natural state is tasteless, odorless and colorless, and it can be unsafe for human consumption. It may contain naturally occurring inorganic material, and manmade contaminants such as pesticides, bacteria and other pollutants. The water utility must clean and disinfect the water to remove impurities. Federal and state government agencies enforce numerous requirements on the production of drinkable water. For your safety, water utilities are required to perform numerous tests on the water and meet stringent treatment requirements before the water can be distributed for human consumption.

Distribution. Many water utilities must build storage tanks or reservoirs to hold the clean water until you are ready to use it. You get your water delivered to your home from the treatment plant through numerous pipes called mains. Many of these mains

are large and extend for miles. Mains feed the pipes that bring water into your home. Valves control the flow and direction of water, and meters measure the volume of water you use.

Given the importance of water to life, the fact that it is delivered safely and efficiently to your home makes it very valuable.

Water is a bargain; we must use it wisely!



What needs to be done?

Concerned by news accounts about toxic waste sites, organic chemicals in municipal water supplies and outbreaks of infectious diseases, the Congress of the United States has demanded tighter regulation of water and has passed laws to ensure its quality.

Congress enacted the Safe Drinking Water Act in 1974 with the goal of providing safe drinking water to all persons served by public water supplies. The purpose of the act was to make sure our drinking water is safe. The U.S. Environmental Protection Agency (EPA) accomplishes this goal by setting national drinking water standards. Individual states carry out and enforce these regulations.

Congress expanded and strengthened the Safe Drinking Water Act (SDWA) in 1986. The 1986 amendments require EPA to regulate more contaminants, define maximum contaminant levels, set compliance deadlines, regulate surface water treatment, remove lead, require disinfection and protection for wells and strengthen enforcement.

In 1996, President Clinton signed into law a bill which amended the SDWA. This law significantly increases money available for repairing deteriorating water systems; requires water providers to issue annual, written water quality reports for systems serving more than 10,000 people; requires water providers to provide 24-hour public notification when a contaminant poses a health risk; and provides guidelines for states to develop source water protection programs.

The SDWA requires the EPA not only to establish water quality standards, it also presents rules for notifying the public of water problems. These rules differ from substance to substance, as do the levels considered harmful for each contaminant.

These new regulations require many water systems to improve the way they treat their water.

What will it cost?

To meet federal regulations that ensure the water you drink is safe, many water systems may find themselves with big bills to pay. Improvements to a water system cost money. Testing for contaminants can be expensive, as can the installation of better filtration and disinfection systems. These improvements must be made. The cost to our health is too great to forego these improvements. But — no doubt about it — these improvements will end up costing the system more money.

How it will affect your budget will depend on the water system that serves you. A person who gets his water from a system that serves a lot of people may not see as much of an increase in his bill as a person who belongs to a small system.

That's because a larger system can spread out the cost of improvements among more customers. A small system must spread the cost among fewer customers — thus a larger increase may be in store for those system users.

Prepare Yourself

Depending on your household budgeting style, you may find it helpful to prepare yourself for seeing an increase in your water bill. It may not be so much that you'll need to set aside a rainy day fund, but you may want to make a mental note that your water bill is headed for an increase. Will that extra money come from your household entertainment or food budget?

You may have an opportunity to participate in the proceeding in which your water system's quality is decided. Under new federal provisions each state is required to consider and solicit public comments on how best to identify and prioritize the drinking water systems most in need of improvements. States are directly involved in formulating policies concerning water conservation and the rising costs of water due to federal and state regulations. Check with your regional Environmental Protection Agency or state water quality department.

More than 30 million people in the United States are served by private investor-owned systems.^{iv} State public utility commissions regulate these systems and most often establish proceedings when the systems request to increase rates. Consumers should feel welcome to participate in these proceedings. Through its membership organization, the National Association of Regulatory Utility Commissioners (NARUC), state commissioners across the nation have committed themselves to the national policy goal of "universal water service," or high quality drinking water at affordable rates for every consumer.^v

If you do not get your water from a private investor-owned system, chances are you are served by a public water system of a municipality or other government authority. Check with your local government to find out how your rates are set.

Caring for our water resources and balancing the demands on them is challenging, but we are learning more about water management every day. Information provided by

scientists and engineers through new technology in the water industry is helping us avoid many of the problems experienced in other areas of our nation and world. You can be a better water consumer if you are informed and prepared for the changes ahead.

ⁱ Environmental Protection Agency, Facts About Water, <http://www.epa.gov/OW/facts-quotes>, June 30, 1997

ⁱⁱ Safe Drinking Water NARUC Committee on Water and the Subcommittee on Public Information and the National Association of Regulatory Utility Commissioners, 1994

ⁱⁱⁱ Safe Drinking Water NARUC Committee on Water and the Subcommittee on Public Information and the National Association of Regulatory Utility Commissioners, 1994

^{iv} Environmental Protection Agency, Facts About Water, <http://www.epa.gov/OW/facts-quotes>, June 30, 1997

^v Safe Drinking Water NARUC Committee on Water and the Subcommittee on Public Information and the National Association of Regulatory Utility Commissioners, 1994.