

**ORDER NO. 75121**

**IN THE MATTER OF THE  
COMMISSION'S INQUIRY  
INTO THE PROVISION AND  
REGULATION OF ELECTRIC  
SERVICE.**

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\*                   **BEFORE THE**  
\*                   **PUBLIC SERVICE COMMISSION**  
\*                   **OF MARYLAND**

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**CASE NO. 8738**

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**I.     INTRODUCTION**

In Order No. 73834,<sup>1</sup> issued on December 3, 1997, the Public Service Commission (“Commission”) determined that Maryland’s electric industry should be restructured. As part of the restructuring process, we noted the importance of an education program to help consumers understand Maryland’s move from a monopoly-provider environment to a competitive retail electric power market. Specifically, we stated:

It is our goal that Maryland consumers receive all necessary information to permit them to participate effectively in, and benefit from, the competitive electric supply market. The delivery of clear, concise and unbiased information is critical to a successful transition to a fully competitive marketplace. In the delivery of this information, many entities will have roles, especially this Commission, distribution companies, alternative generation suppliers, and many others. We must all make concerted efforts to reach consumers in an effective and efficient manner.... To ensure the attainment of this central objective, we will approve and monitor the contents and effectiveness of these programs.<sup>2</sup>

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<sup>1</sup> Re Provision and Regulation of Electric Service, Case No. 8738, 181 PUR 4th 185, 88 Md. PSC 249, (December 3, 1997).

<sup>2</sup> *Id.* at 309.

We then proceeded to form a Statewide Electric Restructuring Roundtable charged with, among other tasks, developing a Consumer Education Program. We directed the Roundtable to report back to the Commission by May 1, 1999.

On November 2, 1998, the Roundtable issued an Interim Report. The Interim Report included the Report of the Consumer Education Working Group.<sup>3</sup> In its Report, the Working Group Report describes many issues on which consensus was reached. Among other items, the Working Group recommends that the Commission establish a Consumer Education Advisory Board (“CEAB”) to advise the Commission on carrying out the consumer education functions.

Despite the consensus positions reached, the Working Group’s Report lists seven specific questions for the Commission to resolve prior to adoption and implementation of the consumer education program:

1. Is enabling legislation required to implement the proposed consumer education program?<sup>4</sup>
2. Is enabling legislation required to implement the utility funding methodology?
3. Will the CEAB be composed of eight or nine members?
4. Who will be the members of the CEAB?
5. Who will contract with the proposed consultant?
6. Will funding for the education program be collected by utilities or will supplemental budgetary requests be made to the General Assembly?<sup>5</sup>

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<sup>3</sup> The Consumer Education Working Group’s Report (“Report” or “Working Group Report”) is found at pages A-1 – A-31 of the Interim Report.

<sup>4</sup> The General Assembly recently enacted legislation which requires the Commission to institute a consumer education program. See SB 300, § 7-505(F). Thus, it is no longer necessary for the Commission to resolve this issue.

7. If funding is collected by the utilities, how will the appropriate charge be calculated – on a per account basis with customer class-capped differentials, or on a percentage of revenue basis?

In a February 23, 1999 letter, the Commission solicited comments from all participants in the Roundtable on the seven issues identified in the Working Group Report as requiring Commission determinations. The letter observed that:

. . . [T]he Commission is particularly interested in comments on the CEAB issues since, according to the consensus of the members, establishment of the CEAB is a necessary precondition to the rest of the consumer education effort.<sup>6</sup>

Since the Maryland General Assembly passed electric restructuring legislation this session that continues the procedural timeline for residential ratepayers established by the Commission in its Restructuring Order, it is necessary to have the CEAB in place prior to May 1999.<sup>7</sup> The Working Group Report consensus is that Phase I of the consumer education program must begin in May 1999 for effective competition to begin as currently scheduled on July 1, 2000.<sup>8</sup>

Given the need to establish the CEAB now, we will today establish the CEAB and determine its makeup,<sup>9</sup> but reserve on the issues of funding.<sup>10</sup>

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<sup>5</sup> Uncodified Section 5 of SB 300 provides for an initial \$6 million to be used for consumer education. Thus, while the method of funding the program remains to be determined, the legislative enactment has substantially lessened the urgency of resolving this issue.

<sup>6</sup> February 23, 1999 letter from Executive Secretary Felecia L. Greer To All Participants in the Initial Electric Restructuring Roundtable, p. 2.

<sup>7</sup> See SB 300, § 7-510(A).

<sup>8</sup> Interim Report of the Public Service Commission's Generic Electric Industry Restructuring Roundtable, pp. A-6, A-7.

<sup>9</sup> The CEAB makeup is addressed in issues 3 and 4 listed above.

<sup>10</sup> Funding issues are addressed by questions 5, 6 and 7 listed above.

## **II. POSITIONS OF THE PARTIES ON THE COMPOSITION OF THE CEAB.**

Ten sets of comments, representing 19 parties, were received in response to the Commission's February 23, 1999 letter. Joint comments were submitted by the Office of People's Counsel, the Maryland Energy Administration, and the Maryland Energy Assistance Program ("MEAP") (collectively referred to as the "State Agencies"); Bethlehem Steel Corporation and Eastalco Aluminum Company; Allegheny Power, Baltimore Gas and Electric Company, Choptank Electric Cooperative, Conectiv, Easton Utilities, Potomac Electric Power Company, and Southern Maryland Electric Cooperative (jointly referred to here as "the Utilities"). Individual comments were filed by the Commission Staff ("Staff"); the Maryland Industrial Group ("MIG"); Westvaco Corporation; Washington Gas Light Company; the Maryland Association of Community Action Agencies, Inc. ("MACAA"); Maryland Department of the Environment ("MDE"); and the City of Baltimore. All parties' positions on the CEAB's makeup are summarized below.

### **A. The Utilities, MIG, and the City of Baltimore**

The Utilities, MIG, and the City of Baltimore all supported an eight-member CEAB with membership as outlined in the Report.<sup>11</sup> Those parties recommending an eight-member board recommend that four members represent energy suppliers and/or utilities and four members represent consumers and/or public interest groups. According to the Working Group's Report, "[p]roponents of the eight (8) member board believe that an equal balance of

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<sup>11</sup> Interim Report, pp. A-9, A-10.

energy suppliers/utilities and consumer/public interests is essential and encourages consensus building.”<sup>12</sup>

**B. The State Agencies, Staff and MACAA**

The State Agencies, Staff and MACAA support a nine-member board with four representatives of energy suppliers and/or utilities and five representatives from consumer and/or public interest groups. According to the Working Group’s Report, some members believe that a nine-member board with “five (5) members representing consumer groups is important to maintain the consumer focus and to assure adequate representation of diverse consumer issues in the Consumer Education Program.”<sup>13</sup>

**C. Bethlehem Steel Corporation, Eastalco Corporation, and Westvaco**

Bethlehem Steel, Eastalco, and Westvaco did not comment on the number of members or makeup of the CEAB.

**D. MIG**

MIG would accept a CEAB with either eight or nine members, but argues that the CEAB should include a representative for commercial customers and a representative for industrial customers. MIG argues that if industrial customers are going to contribute funds to the Consumer Education Program, they should be represented on the CEAB.

**E. MDE**

The MDE asks that the Commission include a CEAB member from the environmental community who is knowledgeable about electric utility and environmental issues.

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<sup>12</sup> Interim Report, p. A-9.

<sup>13</sup> Interim Report, p. A-9.

## **II. DISCUSSION**

The Commission understands that the Interim Report raised at least seven issues requiring Commission action. We also understand that we need to create the Consumer Education Advisory Board now to begin laying the groundwork for an effective and efficient program to educate Maryland consumers about electric restructuring. Therefore, the Commission, by this Order, creates a Consumer Education Advisory Board for the State of Maryland to advise the Commission on educating consumers about the emerging competitive market for electric supply and the choices consumers will be making in the next several years. Consistent with the Working Group's recommendations, the Board created today is a voluntary advisory body, whose members will not be compensated by salary, stipend or reimbursement of expenses. Each member or member organization must support its designated representative's participation in the CEAB.

As noted above, the Working Group's participants had dissimilar views on whether the CEAB should have eight or nine members, and whether the CEAB should be "weighted in favor of consumer interests" or "weighted equally between consumer interests and suppliers/utilities." The issue of whether small business customers or industrial customers should be represented on the CEAB was also raised.

We believe that the advisory role contemplated for the CEAB – assisting the Commission in determining the scope, scale, direction and content of Maryland's statewide

electric restructuring consumer education program – can be achieved best with the membership as discussed in this Order. The Commission further determines that the ability to muster a majority for any one perspective will be unnecessary, and that an even split between consumers and suppliers will foster consensus building.

As to the organizations selected for membership, the Office of People’s Counsel will represent residential customers in general. The American Association of Retired Persons (“AARP”) and MACAA also will provide residential customer viewpoints, with special emphasis on senior citizens, low-income and other special needs constituencies. The Maryland Retailers Association (“MRA”) will voice the concerns of small commercial customers. The Commission directs MRA’s designee to be a small commercial customer. Finally, each type of electric service provider will be represented to offer opinions on what it believes customers need to know about the restructured industry. The Commission specifically finds that appointing representatives of AARP and MACAA to the CEAB meets the General Assembly’s directive that membership on the Board include two members of the public.<sup>14</sup>

A representative for large industrial customers was not included on the CEAB. Large industrial customers’ comments confirm that consumer education efforts will not be focused on this customer group. This group is already a sophisticated purchaser of electric services. The Commission, therefore, concludes that direct advisory input from large industrial companies is not necessary to develop education programs for the target audience, mainly residential and small businesses.

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<sup>14</sup> See SB 300, §7-505 (F)(3).

For the reasons explained above, the Commission today orders a Consumer Education Advisory Board consisting of eight members. The following customer and supplier classes or organizations will designate one person to represent that class or organization (“the designee”) on the CEAB:

1. The Office of People’s Counsel;
2. The Maryland Association of Community Action Agencies;
3. The American Association of Retired Persons;
4. The Maryland Retailers Association;
5. Maryland’s investor-owned electric utilities;
6. Maryland’s municipal electric utilities;
7. Maryland’s electric cooperatives; and
8. Competitive electric suppliers who are parties to Case No. 8738.

The name of each designee shall be forwarded by letter to the Executive Secretary within 15 days of the date of this Order. The Commission then will designate the time and place for the CEAB’s first meeting. The Commission also will designate a representative from the Commission to serve as a liaison to the CEAB, consistent with the Working Group’s Report.<sup>15</sup>

The Commission accepts the Working Group’s consensus that the Commission retain ultimate responsibility for Maryland’s consumer education efforts and the delivery of clear, concise and unbiased information. We also accept the Working Group’s suggestion that we monitor the CEAB’s workings and rule on the CEAB’s recommendations. The CEAB members named today can, we are certain, provide the knowledge necessary for the level of consumer education to be provided. We also observe and adopt the Working Group’s recommendation that CEAB meetings be open to the public to encourage any organization not selected for CEAB membership to work through one or more CEAB members to ensure that all important points of view are considered by the CEAB.

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<sup>15</sup> Interim Report, pp. A-5, A-6.

