

National Fuel Gas Distribution Corporation
Pennsylvania Division
Natural Gas Choice and Competition Filing Requirement
Docket R-00994785

- I. Consumer Education Program
 1. Describe the natural gas distribution company's proposed consumer education and information program giving details on each planned activity and a description of the anticipated costs the natural gas distribution company intends to claim. Section 2206(d).
 2. Describe the consumer education program cost recovery mechanism and state whether any part of the costs of this program will be deferred pursuant to Section 2211(c).

Response:

1. System-wide customer choice public education plan

Distribution proposes using the same approach to consumer education for restructuring that was used for the company's system-wide supplier choice program. To that end the company expects to incur approximately the same costs to introduce restructuring to customers. In total, the following plan will cost approximately \$104,000.

General Public Notice

Distribution's Corporate Communications personnel will issue news releases, make editorial contact and in-person calls providing detailed education materials for media personnel. Travel, materials, and postage associated with this component will total approximately \$5,000.

An advertising program alerting the public to supplier choice availability will be developed. The ads will provide only general information to raise awareness. The ad program will include radio and newspaper ads, both offering leaflets for more information. The advertising program will commence with the print ad and follow with the shorter, radio ads which are designed to answer some of the more frequently asked questions. The advertising program will be heaviest in the radio segment. Traditionally this medium buys the most exposure in National Fuel's service territory. The plan is to buy 3 weeks of print ads in the area's major dailies and 5 weeks of radio ads in the most influential areas. Ad

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design, development and production will cost roughly \$25,000. There will then be additional advertising costs including approximately \$18,000 for newspaper space and \$29,000 for radio time. The total advertising costs then will be approximately \$72,000.

Public presentations will be made in strategic locations throughout the company's service territory. Service clubs and organizations will be notified of speaker availability for their groups. It is estimated that mailing and other costs will be minimal.

Individual Customer Notice

Each customer will be sent a bill insert explaining natural gas restructuring and providing information on how to select an alternate supplier. It will cost approximately \$16,500 to produce.

Supporting Information

A Question & Answer leaflet will be designed for general distribution containing frequently asked questions about supplier choice, with the answers provided in plain language. This piece will be designed in-house to keep the cost down and also to keep the appearance of the leaflet simple. Design and copying costs will be roughly \$500.

An 800 number will provide recorded general information including much of the same material as the leaflets. Customers will have the option of speaking with a representative for more information. Since the line is already in place, the only costs involved will be usage costs incurred by the volume of customer calls. This cost is expected to be minimal.

The company web site will be modified to include updated supplier choice information.

Leaflets, public presentations, employee briefings and the recorded 800 number will all include information on how to shop for a new supplier. Guidance will be provided for asking appropriate and consistent questions of the suppliers.

The company will coordinate with suppliers where possible to assure the maximum customer information. Suppliers will need to provide the

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specifics of their offers to customers. Distribution can only raise awareness about supplier choice and how to shop intelligently.

Training

Employees will be trained on the details of customer choice of natural gas supplier. Training will focus on customer contact personnel first, then expand to key employee groups at the request of the department manager. Training will be done in-house and costs are expected to be minimal.

Customer Surveys

Distribution will complete surveys to mark the progress of the customer outreach education program. Follow up surveys may also be scheduled at the anniversary. Outside consultant fees are expected to be approximately \$10,000.

2. Distribution is proposing in the instant filing a non-bypassable cost recovery mechanism for the recovery of consumer education costs as a result of the Act pursuant to Sections 2206(d) and 2211(c).

This non-bypassable charge will include all costs associated with the proposed consumer education and information program as proposed by Distribution as well as any modifications to this proposal which may result from initiatives required by the Act. The charge will be applicable to customers eligible for small volume transportation services.

A general description of this charge is explained in the testimony of Mr. J. Gruchala. Draft Tariff leaves, as provided, further explains the details with respect to the applicability, calculation and reconciliation of this charge.

Distribution also proposes that any and all other incremental costs resulting from this restructuring initiative including customer notifications, collaboratives, and task forces required by the Act or otherwise suggested of Distribution incurred before the effective date of this charge on January 1, 2001 be deferred for subsequent inclusion as a cost in the proposed non-bypassable charge.