

1. RG&E Voice Your Choice Program Report

Rochester Gas and Electric Corporation

Voice Your Choice Program Report
First Enrollment Period

Case 03-E-0765

Case 02-E-0198

March 31, 2005

RG&E *Voice Your Choice* Program Report
First Enrollment Period
Table of Contents

- I. Introduction
- II. Comprehensive Outreach and Education Program
 - Plan Objectives, Theme and Key Messages
 - Outreach Vehicles and Target Audiences
 - Budget
 - Description of Electricity Supply Pricing Options and Switching Rules
- III. Pre-Program Activities
 - Collaborative Meetings with Staff and Other Parties
 - Customer Input - Customer Awareness Survey
- IV. Description of Outreach Activities (Data/samples included as appendices)
 - ESCO Orientations
 - Special Audiences
 - External Presentations
 - Bill Inserts & Envelopes
 - Media Strategy and Advertising Campaign
 - www.rge.com
 - Enrollment Kit
 - Customer Communications
 - Market Expo
 - Town Meetings & Energy Fairs
 - Outbound Calling
- V. Outstanding Program Results
- VI. Conclusion

RG&E *Voice Your Choice* Program Report
First Enrollment Period
Table of Contents (continued)

List of Appendices

- Joint Proposal, Appendix N
- RG&E Voice Your Choice Campaign:
 - Enrollments Kits (Residential, Spanish Residential, Residential TOU, Small Non-Residential, Large Non-Residential, ESCO customer postcard)
 - ESCO Postcard
 - Employee Fact Card
- EnergyLines:
 - August bill insert - Freedom of Choice
 - September EnergyLines
 - October EnergyLines
 - November EnergyLines
 - December EnergyLines
 - January bill insert - Unbundled bill
 - October, November, December bill envelopes
- Customer Confirmation Letters
- Frequently Asked Questions
- Media Flow Chart
- Examples of Media Used
 - Print Ads
 - Radio Scripts
 - TV Scripts
 - Cinema Ad
 - Bus Ads/ Bus Wraps/TakeOnes
 - Web Banner
 - Direct Mail Reminder 2
 - Direct Mail Final Reminder
 - Market Expo invitation
- VYC Outreach & Education RG&E – Media Interviews and Presentations Summary
- RG&E Presentation – Town Hall Meetings
- Customer Awareness and Propensities Toward Choice Report – Survey Results

I. INTRODUCTION

In accordance with the Joint Proposal and the New York Public Service Commission's ("PSC" or the "Commission") May 20, 2004 Order in *Case Nos. 03-E-0765, 02-E-0198 - Rochester Gas and Electric Corporation Rate Joint Proposal* ("the Order"), RG&E (or "the Company") collaborated with PSC Staff, including the Office of Retail Market Development, ("ORMD") and other interested parties to develop and implement an aggressive customer outreach and education plan ("The Plan") prior to the first enrollment period. The objective was to design a plan to explain retail choice and the components of the competitive market initiatives.

The Company worked with ORMD Staff and the parties, and sought customer input into the development of fair, unbiased and accurate outreach materials. The Program, named **Voice Your Choice** (VYC) was an intensive, integrated mail, web, print, television, radio and outbound dialing campaign.

The Outreach and Education Plan (Appendix N of the Electric Rate Joint Proposal in Case 03-E-0765), submitted to Staff and parties on March 9, 2004, was the foundation for RG&E's comprehensive customer awareness and education campaign. The most comprehensive plan offered in New York State.

The Company began collaborations with Staff and other interested parties at the first meeting held on June 22, 2004. The Company met again with Staff and parties on July 20 and August 10. Communications continued through August and September via conference calls and email.

The success of this program is demonstrated by the fact that more than **50%** of RG&E's electric customers expressed their preference for a commodity supplier and commodity price option. Of those, **77%** chose the price certainty of a Fixed Price Option. More than 27,000 additional customers chose to receive their electricity supply from an ESCO, resulting in a 61% increase in customer migration. RG&E has an overall migration of **18%**, which is the second highest level of any New York State utility.

This report describes the Program objectives, collaborative process and Program implementation and results.

II. COMPREHENSIVE OUTREACH AND EDUCATION PROGRAM

Plan Objectives, Theme and Key Messages

Customer outreach and education about competitive choices is an important element in the successful transition to a competitive retail market. RG&E's outreach and education plan focused on the following objectives:

- Educate customers that they may choose a supplier other than RG&E and that they may purchase their supply separately from their delivery.
- Explain how costs of supply and delivery are treated differently.
- Inform customers that they may select from four Electricity Supply Pricing Options during the Enrollment Period and the importance of making an active choice.
- Inform customers what Electricity Supply Pricing Option they will default to should they not make an active choice.
- Specify switching rules during each commodity option period.

RG&E adopted the previous NYSEG enrollment theme *Voice Your Choice*. The adoption of the *Voice Your Choice* (VYC) theme emphasized customer's ability to choose from a full menu of Electricity Supply Pricing Options.

The first outreach messages began in summer 2004 and reinforced customers' ability to select RG&E or an ESCO as their energy supplier and explained RG&E's role as the energy delivery company. Customers were provided with information on the process of choosing an ESCO and given suggested questions to ask ESCOs.

During September and early October 2004, customers were reminded to watch for their blue VYC enrollment kit by mail. Outreach messages were designed to help customers understand the difference between supply and delivery charges and the difference between fixed and variable supply price offerings.

On October 1, 2004, the first day of the Voice Your Choice Program, RG&E published its Fixed Price Option, posting it on RG&E's VYC web page. This visible and transparent display of the Fixed Price was a critical signal to customers and set an open benchmark from which ESCOs could compete.

During the Enrollment Period (October 1 – December 30, 2004), customer outreach reinforced RG&E's role as the delivery company, features of the available Electricity Supply Pricing Options, how to contact and select an ESCO, how to enroll, and the supply option for customers who made no active election. Customers were encouraged to seek additional information about competition and supply pricing options from outside sources, such as ESCOs and the PSC.

Outreach messages consistently featured a picture of RG&E's blue enrollment kit and urged customers to make an active choice and the need to do so before the end of the Enrollment Period.

Outreach Vehicles and Target Audiences

An assortment of outreach vehicles were used to educate the public about customer choice and the available Electricity Supply Pricing Options. An intensive campaign, integrating mail, web, print, television, radio and personal contact, was implemented to move customers to make an active choice during the Enrollment Period. As described in detail in this report, bill inserts, print, radio and television, the Web site, and numerous public presentations were employed to achieve maximum participation. Many of these methods were performed in conjunction with ORMD Staff. The foremost vehicle for customer education and enrollment was the enrollment kit, a direct mail piece. The Company targeted elected officials, community leaders, human service agencies, and business for more specific outreach efforts. Over 260 external presentations were given, including several Energy Forums and Energy Fairs conducted with ORMD Staff.

Outreach and Education Budget

	<i>(\$ thousands)</i>
Overall O&E Spending for 2004	\$2,648.0

Key expenditures:

Enrollment Kits (design, printing, mailing, etc.)	\$ 321.0
Other direct mailings	\$ 205.0
Advertising	\$1,638.0
Market Expo	\$ 1.4
Outbound Calling	\$ 180.0
Community Outreach	\$ 61.0
RG&E Contractors	\$ 217.0
RG&E Employee Training, Overtime, and Travel	\$ 25.0

Description of Electricity Supply Pricing Options and Switching Rules

The following descriptions were used as the basis for the development of information for RG&E's outreach and education materials:

Each option consists of a supply charge and a transition charge. These charges are either *fixed* – the same amount each month – or *variable* – changing on a monthly basis.

Fixed Price Option

This option from RG&E consists of a *fixed* supply charge and a *fixed* transition charge. The fixed supply charge includes the cost of electricity plus the costs of procuring electricity and managing the risk of providing a fixed price over the one-year period.

Variable Price Option

This option from RG&E consists of a *variable* supply charge and a *variable* transition charge. The *variable* supply charge reflects the changing market cost of electricity in each month of the year.

ESCO Option with Supply Adjustment

This option consists of an ESCO supply charge, a *fixed* transition charge, and a credit on your RG&E charges because you purchase your supply from an ESCO. The amount of the credit is based on the market price of electricity in each month of the one-year period.

ESCO Price Option

This option consists of an ESCO supply charge and a *variable* RG&E transition charge.

General information on customers' ability to change Electricity Supply Pricing Options was included in the enrollment kits as follows:

What If You Change Your Mind After January 1, 2005?

During the one-year period, January 1, 2005 through December 31, 2005:

You can switch anytime from the RG&E Fixed Price Option to the ESCO Option with Supply Adjustment.

You can switch anytime from the RG&E Variable Price Option to the ESCO Price Option and vice versa.

Customers were also alerted that if an Electricity Supply Pricing Option was not chosen by December 30, 2004, the customer would be automatically enrolled in the RG&E Variable Price Option and would not be eligible to change to a fixed price option until January 1, 2006.

III. PRE-PROGRAM ACTIVITIES

Collaborative Meetings with Staff and Other Parties

RG&E, Staff and the parties met to discuss their preferences for customer outreach during the first enrollment period.

In particular, the Collaborative agreed to have RG&E send an enrollment postcard to existing retail access customers, rather than the larger enrollment kit. In the postcard, retail access customers were made aware of the program and were advised that their ESCO would enroll their account with RG&E. The Collaborative also agreed to schedule an RG&E Market Expo in Rochester.

Customer Input - Customer Awareness Survey

A survey instrument, previously developed in collaboration with Staff, was adapted to measure customer awareness of retail choice. Between July 8 and July 12, 2004, 301 residential customers and 301 commercial customers were contacted via telephone by Zogby International and interviewed about their awareness of, and interest in, choice regarding their electricity or natural gas supplier.

Key Results of this Survey were as follows:

- Almost half of the customers surveyed, (commercial 49%, residential 45%) were aware that they have a choice of electricity suppliers.
- Commercial customers are most likely to learn about choice from an RG&E representative (19%) followed by newspaper articles (17%). Residential customers are more likely to find out through "*EnergyLines*" (formerly *HighLights*) (18%) and newspaper articles (14%). Unmeasured media (re: word of mouth, news, and other advertising) is a significant channel for both groups.
- Nearly nine in ten of both commercial (89%) and residential (88%) customers say that having an option to choose suppliers is important. Nearly as many express interest in pursuing the idea (commercial 81%, residential 83%) and over half say they are very interested (commercial 55%, residential 52%).

Complete survey results are provided as an appendix to this report.

IV. DESCRIPTION OF OUTREACH ACTIVITIES

- *ESCO Orientations*

RG&E hosted meetings for ESCOs on July 29, 2004, August 19, 2004, and September 21, 2004. The first meeting provided an overview of the VYC program, a description of Electricity Supply Pricing Options and information about planned Market Match and Market Expo. The second meeting provided ESCOs with more detail around RG&E's Fixed Price Option and associated transition charge and conversion/implementation. The final ESCO Orientation was devoted to RG&E's Purchase of Receivables program, supplemented by VYC information relating to ESCO customer enrollments. All meetings were attended by various PSC staff members. As a result of these meetings, ESCOs received all of the information they needed in order to provide timely and accurate marketing and pricing information to customers.

- *Special Audiences*

RG&E hosted four informational meetings on **Voice Your Choice** for elected officials, community leaders, community partners (personnel working in human service agencies across RG&E’s service area) and business. Existing outreach and customer lists were used to mail invitations containing details of each meeting. Attendees were asked to respond by returning or faxing the card on their invitation or by calling in their reservation.

Date	Time	Location	Audience (approximate numbers)
September 14, 2004	7:30 AM	RMSC Planetarium	17 Elected Officials; 250 invitations mailed
September 17, 2004	7:30 AM	Strong Museum	40 Community Leaders; 1,000 invitations mailed
September 20, 2004	8:30 AM	Strong Museum	23 Community Partners; 600 invitations mailed
October 7, 2004	7:30 AM	The Party House, Beahan Road	50 commercial & industrial customers; 800 invitations mailed

- *External Presentations*

To further support customer understanding of their Electricity Supply Pricing Options and to promote enrollment, RG&E personnel delivered 189 VYC external presentations for churches, senior centers, neighborhood associations, health fairs, community groups, labor unions, business and government, reaching over 10,000 customers. Presentations began as early as July and continued through December 30, 2004.

Some presentations received media coverage. In addition, RG&E provided information to local media by way of press releases and gave over 50 interviews to promote enrollment. A comprehensive list of media interviews is included in as an appendix.

At external presentations, as well as in print, radio and television interviews RG&E provided customers with information about their options, the Enrollment Period, how to get an additional enrollment kit, and how to enroll – by postage-paid reply card, by calling 1.800.743.8926 or online at www.rge.com.

- *Bill Inserts & Envelopes*

RG&E's *EnergyLines* and other special bill inserts were key components of the Outreach Plan and were used consistently before and during the Enrollment Period.

- An August special bill insert reminded customers of their freedom to choose their energy supplier. This insert also explained RG&E's role as an energy delivery company.
- September *EnergyLines* introduced the "mailbox graphic", announced the upcoming arrival of the enrollment kit in the customer's mail and highlighted the Enrollment Period. It also noted rge.com as a source of additional information.
- October *EnergyLines* launched the Enrollment Period and announced the upcoming arrival of the enrollment kit in the customer's mail. It described contents of the enrollment kit and the Enrollment Period deadline. This edition also highlighted the difference between delivery and supply charges and assured customers about RG&E's role as a their energy delivery company.
- October, November and December billing envelopes reminded customers to make their Electricity Supply Pricing Option before the enrollment deadline.
- November *EnergyLines* reviewed the enrollment process, highlighted rge.com, and introduced the new customer number dedicated to VYC - 1.800.RGE.VYCN.
- December *EnergyLines* alerted customers to the December 30, 2004 deadline and reminded customers how to enroll their account in VYC.
- A January 2005 special bill insert explained where customers would see the effective Electricity Supply Pricing Option printed on their bill.

- *Media Strategy and Advertising Campaign*

The advertising campaign strategy was designed as a call to action for customers to become educated on the full menu of choices and to actively select a commodity supplier. This campaign reached out and encompassed the community, provided a venue for customer response, and does so on a frequent basis. To reach out to the community, customers were educated and informed of the choice they needed to make by using media that was "community involving", that is, outlets where people seek information, such as newscasts and weather reports. Additionally, media was chosen that was well regarded and sought after for community news. Daily presence and timely placement/replacement were utilized to reinforce to customers that "people are choosing, so should you". To successfully compete with messages during the November elections and the holiday season, significant reach and frequency were demanded.

The advertising campaign began in early October. RG&E used print advertising in daily and weekly newspapers, supplemented by billboards, bus wraps, cinema screens and theatre guides. The print advertisement advised customers of the enrollment kit arriving in the mail, that the kit contained information about choice and options, and explained that they could use mail, phone or internet to "voice their choice".

Radio advertisements were placed on both FM and AM stations. In addition to paid advertising, local television and radio stations featured segments on **Voice Your Choice**. 1370 Connection devoted one program to industry restructuring and the VYC program. The two-hour show featured an RG&E representative discussing issues and responding to listeners' questions. The show aired twice on weekdays from noon to 2 p.m. and twice again from 9-11 p.m. on WXXI-AM 1370 and wxxi.org/media. The program was simulcast on Rochester Cable City 12. The audio program was also made available to WXXI Reachout Radio, a radio reading service for people who are print-handicapped. Eligible print-handicapped individuals include those with visual impairment or blindness, those who suffer from a physical disability, which prohibits the holding of printed material, or one with a learning disability such as dyslexia. WXXI Reachout Radio is closed-circuit and is accessible through a specially-tuned radio, which is provided free of charge to eligible applicants.

- www.rge.com

RG&E prominently featured **Voice Your Choice** on its web pages. At the core page for **Voice Your Choice**, the enrollment kit mailbox graphic appeared with key information regarding enrollment. The "Choosing Your Energy Supplier" section included general descriptions of supply and delivery and RG&E's role as the delivery company.

Beginning October 1, 2004, "Choosing Your Energy Supplier" was expanded to include:

- Frequently Asked Questions
- How to enroll
- Enrollment kits (available in .pdf)
- Information about electricity supply & delivery
- Description of your Electricity Supply Pricing Options
- Supply price comparisons to help you choose the option that's best for you
- A list of energy services companies (ESCO, also known as suppliers)
- Worksheet
- Questions to ask ESCOs
- Glossary of terms
- Pricing & Tariffs
- Enroll now!

In the "supply price comparisons" section, customers were able to view the daily rate by pricing option and service classification (with assistance provided to determine their service class). Each component of the total price was displayed as appropriate. (Supply prices could not be displayed for ESCO options; therefore, no total was displayed.) Customers could also view the Average Monthly New York Wholesale Electricity Supply Price trend.

Online enrollment also began on October 1, 2004. By entering their account number, customers could select or change their enrollment option. They could also view their 24-month usage information to assist them in choosing an Electricity Supply Pricing Option.

- *Enrollment Kit*

The enrollment kit, a direct mail brochure, was a major vehicle by which customers could become educated on the full menu of choices and choose an Electricity Supply Pricing Option:

- An explanation of the enrollment process;
- Instructions on how to use the kit (contents);
- Information on how to enroll;
- Explanation of supply and delivery charges;
- RG&E's role as the delivery company;
- Information on each of the Electricity Supply Pricing Options;
- Table comparing the options;
- ESCO list specific to the customer type based on ESCO input;
- Questions to ask ESCOs;
- List of ways to get additional information;
- Postage-paid enrollment card to complete and mail to RG&E;
- The PSC website and phone number; and
- The price (e.g., rate) of the RG&E Fixed Price Option.

In collaboration with Staff and other interested parties, RG&E determined that four separate enrollment kits should be developed to assist customers in comparing price information. Due to eligibility requirements, separate postcards were developed for current retail access customers, directing the customer to contact their ESCO, who would enroll their account.

The kits, divided into four customer categories, and ESCO-customer postcards were sent via first class mail in the following (approximate) numbers:

- Residential – 308,000 kits mailed;
- Residential time-of-use customers – 5,000 kits mailed;
- Small nonresidential customers – 28,000 kits mailed;
- Large nonresidential customers – 550 kits mailed; and
- ESCO-customer postcards – 45,000 mailed.

A total of approximately 341,000 enrollment kits were mailed. Prior to mailing, customer extracts were reviewed to ensure that:

- Large commercial customers with multiple accounts did not receive multiple copies of the same kit;
- Foreign mail addresses (Canada, Europe) were sorted for special handling;
- RG&E summary billing customers received the appropriate kit(s) with an explanatory letter.

In consultation with Staff and the ESCOs, a mailing schedule was developed. To enable RG&E as well as ESCOs to better manage the expected increase in call volume, mailings were segmented by billing cycle. Two billing cycles (or approximately 30,000 – 40,000 kits) were mailed each day. This schedule was shared with ESCOs to assist them in organizing their marketing programs.

- *Customer Communications - Special Mailings, Confirmation Outreach and New Customers*

In addition to the Enrollment Kit, other special mailings were developed and sent to landlords, street lighting customers, customers with contract, standby-by, Economic Development and/or other special rate customers.

Customers each received a letter confirming their choice during the enrollment period. If they changed their initial selection during the enrollment period, a new letter was sent confirming the change. Customers enrolling via the automated phone system or the Web site also received a confirmation message (a recorded or printable message) as they entered their enrollment choice. This formal confirmation of customer choice is a critical communication tool for customers to eliminate any potential confusion regarding their choice status and an important element of control and transparency for the VYC. Program.

Over 182,000 letters were mailed (first class) to customers in the following categories:

- Letters confirming a supply choice (RG&E or an ESCO as the supplier) – 161,688
- Letters confirming selection of a new ESCO – 20,857.

As of December 1, 2004, new or relocating electricity customers were offered thirty days from the date of service to make a supply choice.

Now that the offer period is in effect, new or relocating electricity customers can make their electricity supply choice when they turn on service; if they are unsure of their choice, they will be placed in the Variable Price Option and allowed 30 days to make an alternative electricity supply choice. Information about the Electricity Supply Pricing Options and explanation regarding where to find pricing information is provided in a new customer pricing option letter.

- *Market Expo*

RG&E agreed to conduct a Market Expo in order to bring ESCOs and RG&E's business customers together to exchange information related to electric commodity options. Eligible customers were those who met a threshold peak demand of 250 kW or greater at least once in the last twelve months, including customers who were currently participating in retail access. More than 900 invitations were mailed.

RG&E contacted participants by mail in September, with responses due back in early September. RG&E marketing representatives made proactive contacts with customers who had not yet participated to answer questions and ensure the customer received the mailing. ESCOs received customer data at least two weeks prior to the date of the event.

The Market Expo event was held on October 21, 2004 at the Strathallan Hotel in Rochester, New York. Twenty-six customers attended, representing nineteen companies. Six ESCOs attended. Also in attendance were members of the PSC staff. At the event, RG&E made a presentation on the status of the Northeast electricity market and provided space to six ESCOs for a "trade show" atmosphere. The common themes to customer questions were to clarify their understanding of the rate structures, as well as confirming what to ask the ESCOs when shopping for pricing information.

- *Town Meetings & Energy Fairs*

RG&E supported Town Meetings hosted by PSC staff in the RG&E service area. The Town Meeting dates, times and locations were as follows:

- Monday, November 29
1:30-3:30, Canandaigua Town Hall, 5440 Route 5 and 20 West, Canandaigua
6:30-8:30, Penfield Town Hall, 3100 Atlantic Ave., Penfield (This meeting was recorded and provided to Public Access television stations.)
- Tuesday, November 30
1:30-3:30, The Court Room at Town Hall, 48 Main Street, LeRoy
6:30-8:30, Town of Brighton Town Hall, 2300 Elmwood Ave., Rochester
- Wednesday, December 1
1:30-3:30, City Hall Council Chambers, Room 302-A, 30 Church Street, Rochester
6:30-8:30, Holiday Inn, Rochester South, 1111 Jefferson Road, Henrietta
- Thursday, December 2
6:30-8:30, Greece Town Hall, 1 Vince Tofany Blvd., Greece
- Friday, December 3
1:30-3:30, Victor Town Hall, 85 East Main Street, Victor
6:30-8:30, Livingston County Government Center, 6 Court Street, Geneseo

The format of the Town Meetings included a PSC presentation followed by an RG&E presentation on the VYC program. After the presentations, extensive Q&A sessions were held. The questions most commonly asked by customers were:

- Why aren't the ESCOs here?
- Where can I see a comparison of ESCO prices?
- What will happen to my NYPA Power Allocation?

Collectively, over 1,000 customers attended these meetings.

Additionally, RG&E staff supported PSC-hosted Energy Fairs on Sunday, December 19, from 1:00 PM to 8:00 PM at the Holiday Inn Henrietta and on Monday, December 20, from 11:00 AM to 9:00 PM at the Airport Marriott. The most frequently asked questions by customers at these events were:

- Can you explain the transition charge?
- How will this impact my budget/balanced bill?
- Will I get one bill or two?
- How frequently can I switch?

An estimated 1,000 customers attended these events.

- *Outbound Calling*

RG&E conducted a multi-level outbound calling campaign to further support customer education on the full menu of choices available for their Electricity Supply Pricing Options. Five levels of calling were conducted as indicated in the table below.

Calling Level	Customer Segment(s)	# of Accounts Contacted	Calling Resources / Methods Utilized	Start Date	End Date
Level 1	Commercial, Municipal, Industrial & Street Lighting	619	Interactive Contact – RG&E Marketing & Sales representatives	October, 2004	12/29/04
Level 2	Commercial, Municipal, Industrial & Residential	23,517	Interactive Telephone Contact - RG&E Marketing & Sales representatives and other employees	11/17/04	12/23/04
Level 3	Residential	11,030	Interactive Telephone Contact - Outsourced	11/19/04	12/09/04
Level 4	Residential	53,747	Pre-recorded Telephone Messaging with “Zero Out” option – Outsourced	11/19/04	12/13/04
Level 5	Residential	103,324	Pre-recorded Telephone Messaging with enrollment option – Outsourced	12/20/04	12/29/04
	Total # of Accounts Contacted	192,237			

Scripts were developed in advance for all calling levels, including scripts for live conversations and pre-recorded messages.

V. OUTSTANDING PROGRAM RESULTS

Customer Participation

An overwhelming **50% of RG&E customers, over 171,000**, responded to the call to action to make an active choice.

Customer Choice Preference

The predominant choice was RG&E's Fixed Price Option: nearly 8 out 10 customers

Of 171,787 enrollments received during the Enrollment Period:

- 77% chose the RG&E Fixed Price Option
- 19% chose the RG&E Variable Price Option
- 1% chose the ESCO Price Option
- 3% chose the ESCO Option with Supply Adjustment

Customer Migration

Customer response to retail access was also positive. More than 27,000 additional customers chose to receive their electricity supply from an ESCO, a **61%** increase from the pre-VYC time period.

RG&E continued its Market Match program to provide opportunities for ESCOs and RG&E's business customers to exchange information related to electricity supply pricing options. RG&E promoted the program throughout 2004 with a mailing to customers whose RG&E eligible load reaches at least 100 kW billing demand once in a 12-month period. Eligible customers were required to provide written authorization for RG&E to release their account information to participating ESCOs approved by the PSC. As of January 2005, the Market Match program included 397 participating accounts, representing 102 companies. Market Match will continue to be offered on www.rge.com.

Current retail access participants (in 2004) that were not eligible to participate in Market Match were, however, invited to attend the Market Expo event. The Market Expo event, held on October 21, 2004 at the Strathallan Hotel in Rochester, New York, hosted thirty-five customers representing nineteen companies. None of the accounts were already enrolled in retail access. Of those attending, twenty-three customers, or 67%, chose to participate in retail access.

Customer Choice Method

Enrollments (by method) occurred as follows:

- 81% by reply card or customer representative
- 9% by web
- 6% by automated phone (1.800.743.8926)
- 4% by ESCO (through December 31, 2004)

VI. Conclusion

This Voice Your Choice Program is the most comprehensive and highly successful retail access program in the state. It provided customers extensive information on the full menu of choices available to them, which enabled them to make an educated, fully informed choice. This program is in accordance with PSC policy on furthering competition as it resulted in significant participation and an increase in customer migration. Customers overwhelmingly chose the RG&E Fixed Price Option, indicating their clear preference for price certainty.

RG&E's Fixed Price Option, released on the first day of the Voice Your Choice Program (10/1/04), set a visible and transparent benchmark price from which ESCOs could compete. This benchmark is a critical element in establishing and furthering a competitive environment for ESCOs while offering the protection of price certainty for those customers who prefer it.

The scope and intensity of campaign can be best summarized by the following VYC program statistics:

- RG&E mailed more than **341,000** Voice Your Choice (“VYC”) enrollment kits to RG&E customers.
- Three reminder notices were mailed to customers not yet enrolled in late November, early December and mid-December. The total number of reminder notices mailed was more than **728,120**.
- Company spokespersons conducted approximately **50** media interviews and press conferences and participated in talk show appearances to explain the VYC Plan and responded to inquiries.
- RG&E designed and executed the most extensive utility related media campaign in the region’s history including extensive television, radio, and cinema and newspaper information campaigns.
- The Company’s special VYC information and enrollment telephone line (1-800- RGE VYCNow) received over **68,680** calls and enrolled **10,432** customers.
- RG&E’s Call Center fielded more than **125,000** VYC-related calls exceeding the volume of calls normally received by **29%**.
- Over **93,000** hits were made to the RG&E’s website VYC section which resulted in **16,251** enrollments. The VYC section contains enrollment kits, supply-pricing data, ESCO links, a worksheet, access to customer usage information and other helpful information.
- RG&E contacted more than **42,305** customers with a live telephone contact campaign and **208,882** pre-recorded messages to inform them about VYC options.
- Specially trained RG&E personnel made over 260 presentations to churches, senior centers, neighborhood associations, health fairs, community groups, labor unions, town meetings, energy fairs, business and government organizations reaching over **12,000** customers.

- VYC advertisements were placed on **2** expressway billboards and **26** poster boards throughout the service territory from October 4th through the end of the campaign.
- VYC advertisements were shrink-wrapped on **2** public transportation system buses and enrollment cards were placed in **100** buses.
- VYC materials were placed in libraries and government offices.

The success of this program is demonstrated by the fact that more than 50% of RG&E's electric customers expressed their preference for a commodity supplier and commodity price option. The Company believes this level of customer response has been achieved nowhere else in the country and validates the soundness of our approach in implementing retail choice. Further, because 8 out of 10 customers selected the RG&E Fixed Price Option, it is clear that the benefit of price certainty is a top priority for our customers. At the same time, customer migration was significantly increased by 61%, as customers chose a third party supplier.

These facts make clear that RG&E's Voice Your Choice Program was implemented in accordance with PSC policy on furthering competition.

2. Appendix N of the RG&E Joint Proposal Dated May 20, 2004

Rochester Gas and Electric Corporation
Electric
Outreach and Education Plan (the "Plan")

I. Introduction

Customer outreach and education about competitive choices is an important element in the successful transition to a competitive retail market. In addition to continuing its effective retail access outreach and education program, Rochester Gas and Electric Corporation ("RG&E" or the "Company") will further develop and implement this comprehensive customer awareness and education campaign in conjunction with the Enrollment Period¹ for RG&E's Commodity Pricing Options² being proposed in Case 03-E-0765.

RG&E will seek customer input and will collaborate with suppliers, Staff of the Department of Public Service ("Staff") and interested parties in the development and presentation of fair, unbiased and accurate outreach and education materials.

II. Outreach and Education Overview

Plan Objectives

The objectives of the Plan are to:

- Educate customers that they may choose a supplier other than RG&E and that customers may purchase their supply separately from their delivery;
- Explain how costs of supply and delivery are treated differently;
- Inform customers that they may select from four Commodity Pricing Options during the Enrollment Period and the importance of making an affirmative choice;
- Inform customers what Commodity Pricing Option they will default to should they not make an affirmative choice; and
- Specify switching rules during each commodity option period.

Through the O&E program, customers will learn how to make competitive choices, including the benefits and risks of the choice made. Customers will

¹ The first Enrollment Period is the three-month interval immediately preceding the First Commodity Rate Period. The First Commodity Rate Period begins January 1, 2005 and continues for one year ending December 31, 2005. Thus, the Enrollment Period for the First Commodity Rate Period would cover the three months October, November and December 2004.

² The Commodity Pricing Options consist of four options related to commodity service: (1) the Fixed Price Commodity Option ("FPO") from RG&E; (2) the Variable Price Commodity Option ("VPO") from RG&E; (3) the ESCO Price Option ("EPO") from an alternative supplier; or (4) the Fixed Price Option with a Market Based Backout Credit ("FPO with MBBC") from an alternative supplier. The Commodity Pricing Options are described below.

also receive information to assist them in selecting among the available Commodity Pricing Options.

In addition to providing information designed to achieve the objectives described above, the Plan will communicate the following key messages:

- RG&E is an active participant in the transition to a competitive electric market;
- Safety, reliability and customer service from RG&E for its services are not affected if a customer switches to another supplier;
- RG&E will continue to provide emergency services such as storm restoration to customers regardless of the commodity supplier;
- RG&E will not discriminate against customers who buy their commodity from another supplier; and
- There are benefits and risks associated with each customer choice.

Theme of the Plan

RG&E will create an enrollment theme for this commodity option program. Outreach messages will explain RG&E's role as the delivery company and customers' option in selecting RG&E or a competitive supplier for their electricity. These messages incorporate the reassurances associated with RG&E's role as the delivery company: continuation of outstanding customer service; emergency response services; and safety and reliability whether or not the customer chooses RG&E as its supplier.

Additional outreach messages will be designed to help customers understand how supply and delivery costs are treated differently and the difference between the four commodity price offerings. Customer education prior to the mailing of enrollment kits in October 2004 will focus on the attributes of RG&E's Commodity Pricing Options. Included in these messages will be an explanation of the EPO, how the FPO from RG&E will be set, how RG&E will calculate the VPO amount for each customer bill and how the Non-Bypassable Charge will be calculated and applied under each option. Customers will be provided information on the process of buying their electricity supply from a supplier.

During the Enrollment Period, customer outreach efforts will reinforce the above-referenced messages regarding RG&E's role as the delivery company, available supply choices for customers, how to contact and select a competitive supplier, how to enroll in a supply choice, the applicable default option for customers who make no affirmative choice, and the length of the Enrollment Period. As noted in Section III, Customer Enrollment, the material for the enrollment kits will be targeted to various customer segments. Customers will be encouraged to seek additional information from outside sources regarding their choices.

Description of Commodity Service Options

The following descriptions will be used as the basis for the development of information for RG&E's outreach and education materials. Specific wording may be modified. For each option, customers will receive information about the components of the bill and how they operate for the selected option.

1. ESCO Price Option (EPO)

You can choose to buy your electricity **supply** from a supplier other than RG&E. Participating suppliers are certified by the New York State Public Service Commission ("PSC") and the New York State Independent System Operator ("NYISO") to offer electricity **supply** to RG&E customers. Your price for electricity **supply** will depend on arrangements you make with the electricity supplier you select. You must select and agree to receive your electricity **supply** from an approved supplier and RG&E must be contacted by your supplier in order for you to be served by an ESCO.

A list of participating suppliers will be provided to customers along with the suppliers' phone numbers web addresses..

2. The Fixed Price Option with a Market Based Backout Credit ("FPO with MBBC") from an alternative supplier

You can also choose another way in which to buy your electricity **supply** from a supplier other than RG&E. Under this arrangement, your price for electricity **supply** will be based on RG&E's FPO. You will also receive a Market Based Backout Credit (which will vary to reflect changes in market prices) as well as a retail access backout credit.

3. RG&E's Variable Price Commodity Option (VPO)

You can choose to have RG&E provide your electricity **supply** at a price that varies according to electric wholesale market conditions. If market prices change, your per kilowatt hour electric price will change each month.

If you select the VPO, you will remain on the RG&E variable **supply** charge unless you decide to switch to a competitive supplier.

The VPO is the default for all customers that do not make an affirmative choice by December 31, 2004.

4. RG&E's Fixed Price Commodity Option (FPO)

You can choose to have RG&E provide your electricity **supply** at a fixed price. The electricity **supply** price will become effective on January 1, 2005

and will remain set at that price (“fixed”) for one year ending December 31, 2005.

Description of Customer Switching Rules

General information on customers’ ability to change Commodity Pricing Options will be included in the enrollment kits.

Outreach and Education Activities and Schedule

Outreach Vehicles Targeted for All Customers

In addition to providing information through the Call Center and integrated voice response (IVR system), RG&E will use the following outreach vehicles:

1. Bill Inserts and Bill Messages

Information will be included as bill inserts through December 2004 as described in the following sections. The inserts will encourage customers to go to the Company’s website for online enrollment or for information. Messages on the bill will also be used as appropriate.

2. Website

The RG&E Homepage will have a direct link to the electronic version of the enrollment kits to provide customers another path to obtain information and way to enroll via the Web. RG&E will file tariffs for implementation of the enrollment and switching procedures. Those tariffs will be available online as another way for customers to obtain information.

3. Media

Radio and newspaper will be used. Radio reaches many of RG&E’s customers, and will deliver the message in clear terms. Newspaper is a complement to radio messages because it can carry more detailed information. Television may be utilized if it is found to be cost effective. Where practicable, the media education campaign will be coordinated with the suppliers and PSC outreach and education efforts.

4. Community Events

At community events, as appropriate, tabletop and standing displays will inform customers of the Enrollment Period, supply choices, RG&E’s role as the delivery company, customer choices (including default alternatives) and customer protections.

5. Direct Mail

Direct mail will be used to disseminate the customer enrollment kits and enrollment confirmations.

Schedule

Upon Commission Approval of the Joint Proposal:

The company will conduct an outreach and education campaign regarding electric and gas retail choice prior to the electric enrollment period and gas heating season. The campaign will be developed in collaboration with Staff and other interested parties. Prior to launching the campaign, the Company will conduct a competition awareness and understanding survey developed in collaboration with Staff and other interested parties. This survey should be undertaken within 30 days of Commission approval of the Electric and Gas Joint Proposals.

May – June

- A survey will be conducted to measure customer awareness and understanding of electric and gas retail choice.
- The Company will meet with Staff and other interested parties to develop the plan for the campaign to educate customers about electric and gas retail choice and the commodity options available during the enrollment period.

July-August

- Bill inserts will be used to educate customers about retail choice and RG&E's role as a delivery company.

September 2004:

- A media campaign will begin. Advertisements will inform customers about the upcoming Enrollment Period and the mailing of enrollment kits in October 2004;
- Press releases will be issued announcing the Enrollment Period and mailing of the enrollment kits;
- Bill insert messages will inform customers about the upcoming Enrollment Period and mailing of enrollment kits; and
- Messages will be printed on bill envelopes to inform customers of their enrollment kits.

October 2004:

- Bill insert messages will remind customers to watch for the enrollment kits in their mail and educate/remind customers of RG&E's role as a delivery company;
- Customers will receive the enrollment kits in the mail. Mailings will be staggered based on input from suppliers, Staff and interested parties to enable both the Company and suppliers to effectively respond to customer inquiries; and

- The enrollment kits and forms will be available at the Company's website. The RG&E Homepage will link the customer directly to the enrollment page.

November 2004:

- Bill insert messages will be sent to remind customers to enroll and educate/remind customers of RG&E's role as a delivery company.

December 2004:

- Bill insert messages will be sent to remind customers to enroll and educate/remind customers of RG&E's role as a delivery company; and
- Advertisements will remind customers to enroll and provide information regarding their choices.

Special Needs Customers

Seniors

A special message for our senior citizens will be sent containing information about the upcoming Enrollment Period, the Commodity Pricing Options and RG&E's role as the delivery company.

RG&E will work with community agencies (e.g., Office for the Aging, Community Action Agencies, Consumer Credit Counseling) to assist them in providing customer education to senior and special needs customers during the Enrollment Period and the Grace Period.

Low Income Customers

RG&E will provide information and training about the Commodity Pricing Options and Enrollment Period to human service agencies (e.g., Department of Social Services, Community Action Agencies) that work with low-income customers.

Retail Access Participants

Before the outreach and education campaign begins, RG&E's retail access customers will be advised to communicate with their supplier regarding enrollment. RG&E will meet with staff and suppliers to explore development of a coordinated media campaign.

Commercial/Industrial (C/I) Customers

The company will undertake outreach and education efforts to inform C/I customers of their commodity options. These efforts will include

announced group meetings, where customers will have an opportunity to meet with suppliers, as well as individual meetings between individual customers and company account representatives.

Suppliers

Suppliers will play a critical role in communicating the supply choices and enrollment information to customers. RG&E will work closely with suppliers to coordinate offerings with RG&E's outreach and education messages and schedule. RG&E will set a date by which participating suppliers will be required to communicate to RG&E their book of business by customer type (residential, small non-residential, large non-residential) for inclusion in the enrollment kits.

Proposed Schedule

Meetings will be held with suppliers to provide details about the electricity supply choices along with program rules and guidelines. RG&E will also respond to supplier questions as needed.

Communication Plan

RG&E will be communicating with suppliers on a regular and ongoing basis. Coordination of education efforts with suppliers will be discussed. Suppliers will have access to RG&E's FPO supply price estimates to be posted on the Company's website in September 2004. RG&E will respond to supplier questions regarding the supply estimates.

RG&E Supplier Liaison

RG&E will designate a liaison between the Company and the suppliers to address any concerns or issues that may develop.

RG&E Employees

Training will be conducted with RG&E employees including marketing and sales, customer service and community outreach staff. All customer representatives will be trained on responding to customer inquiries regarding enrollment, choice and changes in bill format. In addition, Company representatives will receive training on how to explain the enrollment process to customers. Customer advocates will also be available to present enrollment information to customer groups or agencies. Staff will be provided with copies of RG&E's training materials in order to coordinate outreach and education activities.

RG&E Communities

Community leaders (e.g., government officials, business people and agency staff) will be invited to attend presentations covering the Commodity Pricing Options, the role of suppliers, the enrollment process, RG&E's role

as the delivery company, customer protections, and customer choices (including default alternatives).

RG&E will work with community agencies (e.g., Office for the Aging, Community Action Agencies, Consumer Credit Counseling) to assist them in customer education during the Enrollment Period.

III. Customer Enrollment

Description of Enrollment Kits

There will be different enrollment kits as specified below. Each of the enrollment kits will be a multi-page, brightly colored mailing intended to elicit a customer response. The cover of the kits will indicate the type of account (e.g., residential, non-residential, retail access) and be prominently displayed in a different colored text bar. The enrollment kits will include:

- Overview announcing the enrollment process;
- Instructions on how to use the kit (contents);
- Information on how to enroll;
- Explanation of supply and delivery costs;
- RG&E's responsibilities and role as the delivery company;
- Information on each of the Commodity Pricing Options (default service detailed and switching options noted);
- Table comparing the choices with each other (highlighting their differences and similarities) and information for customers allowing them to determine which choice may be best;
- Questions to ask suppliers when shopping;
- List of ways that the customer can enroll, and where to find answers to questions (e.g., via phone, website, bill inserts);
- Enrollment card to complete and mail to RG&E for customers who choose that means of enrollment;
- The PSC website and Ask PSC phone number will be listed as a source of information;
- Supplier lists based upon information provided by suppliers;
- The price (i.e., rate) of RG&E's FPO; and
- Historical information on electricity supply and wholesale market prices and how that information would affect the RG&E VPO. This will allow customers to compare these prices to other offers. It will also be part of the electronic enrollment kits on the Company's website.

Development of the Enrollment Kits

The proposed enrollment kits will be provided to suppliers, Staff and interested parties for their review. RG&E will work with suppliers, Staff and interested parties to complete the design of the enrollment kits. RG&E will incorporate comments as appropriate and seek customer input as the schedule permits.

Timing of Mailing

Enrollment kits will be mailed daily. Mailings will begin on October 1, 2004 and will be completed by the end of that month.

Process for Customer Enrollment

Customer enrollment may be accomplished in a number of ways depending on the option selected:

- Having a supplier enroll the customer;
- Returning the enrollment card included in the kit;
- Calling RG&E's 800 number and speaking with a representative;
- Calling RG&E's automated enrollment system;
- Using RG&E's website enrollment process;
- Mailing the enrollment form with the RG&E bill payment; and
- RG&E will include information in bill inserts to instruct customers where they can get additional enrollment materials in the event that they have lost or misplaced their enrollment kits.

Confirmation Outreach

Customers will receive a letter confirming their choice during the Enrollment Period. If they change their initial selection during the Enrollment Period, a new letter will be sent confirming the change. Customers enrolling via the automated phone system or the website will also receive a confirmation message (a recorded or printable message) as they enter their enrollment choice, in addition to the letter.

Customer materials will be updated and continue to be distributed in customer bills annually. Customers choosing a competitive supplier will receive a copy of the retail access rights and responsibilities brochure annually.