

New Mexico One Call Workshop Minutes January 12, 2009 Docket No. 08-03342-PL

Commissioner Jason Marks opened meeting stating that this is to make NM One Call an even better program. Thank you to everyone, including all of our stakeholders and utility companies for doing a phenomenal job. One Call is working and damages are being prevented, but it has become clear that the funding is not there to do everything that can be done.

Introductions - copies of the sign in sheets will be available on website.

Bruno Carrara: Purpose of this workshop is to brainstorm for funding options for 811 and generating public awareness as part of the federal program. A service notice was sent out and was posted on our website and placed in the ABQ Journal. Please feel free to send us a letter if you would like to see the service list. This is an informal, open forum workshop. Please feel free to ask questions and give your input. We will add the sign-in sheet to the minutes, so please sign in.

Gary Sloman's Presentation: (Please refer to slides that can be found on nmonecall.org.) I will give you an overview of NM One Call and talk about one solution that has some viability for an alternate source of funding for public awareness. To what extent do we fund public awareness? We will cover the financial situation. We would like the commission to determine how much money should be spent, is there a viable alternative and is the commission willing to support it. We are a 501-C4, nonprofit corporation, meaning that we are funded by our membership dues.

Our costs that are covered by these dues include: administrative costs, fixed costs, and variable costs - these make up your bill. There are 377 members now even though we should have about 1,200.

Slide introducing board members - they are the people you need to speak to if you have concerns about NM One Call. The board is responsible for everything.

Overview of NMOC's organizational chart.

There is a list of requirements that the PRC has jurisdictional control over that NM One Call must meet. Two requirements in particular are not well defined deal with public awareness and setting maximum allowable membership rates.

New Mexico is the 5th largest state, 36th in population, and the 10th poorest with \$40,629 per capita income. With that said, we only have 377 members, 129,341 miles UG with 1,014,511 tickets a year. The problem is that we are a poor, large state with not a lot of people to spread the cost out over. We use most of our funds to run our call center even though we are supposed to be doing more education and public awareness. Public awareness and education are essential to minimizing excavation damage.

Tickets: in 2005 there were 1.4M tickets and in 2008 we were down to one million tickets. The number of phone calls is slightly increasing causing the number of staff to stay constant. The number of tickets is down due to the new mapping system and economic conditions.

¾ of tickets are acquired through the phone, with the rest being acquired through fax and the web. Fax is the most costly and most unreliable, whereas web is the most reliable and the cheapest. The question is how we get more people to use the web. The other issue is that only 1/3 of the calls are coming over 811 versus the old 800 number. 71% are still using the old 800 number.

Gary presented a historical perspective/review of NMOC's expenses and revenues. We were reactive in nature therefore our revenue was consistently below our expenses - we have since adjusted this which is helping.

See charts on slides to see how expenses are spread out over members - small companies are paying small amounts. Gas and Telephone are the only two companies in the double digit percentage in regards to cost. Eighteen members are paying 66.3% and the other 359 members are paying less than 1%.

We wrote a financial plan and developed priority exposures:

1. Pay off debt of approximately \$400,000
2. Disaster recovery plan to include facility and new equipment
3. Dues increases spread out over three years (3 cents a ticket ea. quarter)

The net revenue is only about \$4,500 per quarter due to the increase in the dues and the effect of the declining number of tickets.

Budget Revenue Comparison: 2008: \$1.29M vs. 2009: \$1.38M

Common Ground Alliance (CGA) Best Practices:

Total of 144 best practices with 55 pertaining to NMOC, we adhere to only 39 of the best practices.

The following are some of the Best Practices NMOC does not currently adhere to:

1. One call center should develop, implement, and maintain an effective disaster recovery plan enabling one call to function in event of a disaster.
2. One call center should have a secure building that offers fire and electrical protection.
3. Have an effective strategic marketing plan.
4. Have a target audience and perform target mailings.
5. Paid advertising and the utilization of free media and giveaways.
6. Develop and maintain strategic relationships.
7. Measure public education success.

We do currently adhere to having an education plan although it is minimal. All members are required to report third party damages under the law.

Damage Prevention must have three components to work: public education, a good law, and enforcement. (Three legged stool refer to slide) Without one, it just doesn't work.

We would like PRC to decide how much money should we spend on our marketing efforts, propose alternative funding, and then support that alternative funding. NMOC proposes between \$600,000 and \$800,000 annually. Membership dues don't adequately cover the nature of the effort needed for general public health, safety, and welfare.

Proposed Alternative Funding: 911 Trust Fund Concept

We need to add public awareness and advertising and increase our educational efforts. To do this we need more money. We propose the 911 Trust Fund Concept which is similar to the 911 Trust Fund. This would be our source of alternate funding that would not be used to run the center but solely for the purpose of public awareness, advertising and education. The fund would:

- Have no impact on the state general fund
- PRC would have jurisdiction over the disbursement of the funds
- Consumers would pay one to two cents per month to generate funds
- Companies with less than 5,000 consumers could be exempt
- Funds would be collected by the utilities and distributed by NM Taxation & Revenue Dept.
- As a trust, this would prevent state from using the fund in any other way

Public awareness and education benefits all of New Mexico and consumers end up paying for this one way or another. The fund would be *de minimis* and keep litigation costs from consumers. If left to the members, the large companies will carry the burden. If we don't find an alternative source of funding, the members face an increase of 36% in dues over the next 3 years. NMOC would like to avoid this but wants also to have an effective damage prevention program.

Q&A:

Q: Why the 5,000 consumer limit and how many members would this be applicable to?

A: We don't know how many members this would apply to. We don't have the number of consumers that are served. Companies collect an administrative fee of 1% or \$50, so \$50 would be the minimum to collect. Small companies may not have the systems to be able to add the one cent easily without incurring more cost/labor.

Q: How would you measure the success of the program?

A: By the decline in damages to underground facilities and fewer people not complying with the rules and regulations.

Q: We don't measure the number of incidences now, how would we measure from past history up until now?

A: Facility owners are required to report third party damages, so we could go back and gather this data.

Q: Would the DIRT program be another way to recall back?

A: Yes. It would be an ideal tool to measure the overall effectiveness of 811.

Q: One Call is free to excavators now. Would there be a chance of anything being tolled on them.

A: No. Nationally it is a free service. They won't use it if they have to pay for it.

Q: Has NMOC looked at any other one calls to see how they are marketing/running their programs?

A: Yes, we have looked at several and many have shared data, information, and processes, but they all run differently. Some are state run, some are for-profit centers and they don't share their data and some are non-profit and they use fines for funding. Fines in NM don't offer a big enough number. Some go through legislature, some use grants but grants are not sustainable. NMOC cannot apply for grants.

Q: Would you consider rolling both costs of running the one call center and public awareness into the trust fund?

A: The board and I have considered it. Yes, it would be convenient but asking the consumers to pay for the operation of the call center as well as public awareness and education is just not doable. The utility companies will probably not like collecting a tax and how do you stop the state from controlling the funds. The fund is set up to benefit the general public specifically.

Phyllis Baker's Presentation: (Please refer to slides that can be found on nmonecall.org.)

Sustainable Marketing Plan - the key is to have a sustainable and long term marketing plan that will change behaviors and not sell a product. This is called "Social Marketing".

Identify target groups, for example homeowners, schools, professional excavators, etc and create a year round educational marketing plan with a minimal but dynamic annual spending budget for review every five years.

We could measure success by seeing an increase in the number of calls and a decrease in loss of life, injuries, and damage thus showing a change in behavior. Measure and quantify success and then adjust campaign as necessary.

Focus Areas:

1. Paid Media: Est. \$407k spent on tv, radio, publications, trades, newspapers, etc.
2. Earned Media: Est. \$13k spent to create opinion/editorial pieces, graphics, press releases
3. Education Materials for Exempt entities: Est. \$57k on areas where PRC had no jurisdiction, ie: military bases, reservations, etc.
4. Rental Equipment Program: Est. \$22,500 spent on stickers and other materials for rental companies to hand out to those who rent digging equipment
5. Emergency Response Program: Est. \$25,500 on data compilation, research, materials, relationship building, manuals, etc.
6. "Golden Triangle" (Public Awareness, Training, & Enforcement): Est. \$85k spent on focus groups, research, data collection, identifying target audience, reports, etc.
7. Miscellaneous: Est. \$25k for distribution, delivery, postage, etc.

8. Overhead: Est. \$100k for labor, benefits, administrative overhead.

Total Recommended Annual Budget = \$785,000

Discussion/Input from audience members:

1. Awareness and education don't necessarily change behavior. Enforcement is a large part of the three legged stool that is needed to make this happen.
2. Capture third party damage and incorporate it into the national DIRT program.
3. Damages each year cost more than \$785,000.
4. 15-25% of damages are self inflicted, 15-20% of damages are from individuals, and the excavators do the rest.
5. This marketing plan does not mimic anything that any other one call centers are doing because the needs are so different from state to state. The needs are dynamic and that's why this will have to be a dynamic plan unique to NM. This will be a new approach that others might want to model.
6. Getting the rental companies involved is a good idea given that they aren't advertising anything now. The plan is to get Lowes and Home Depot to work with us.

John Pepper's Presentation: (Please refer to slides that can be found on nmonecall.org.)

Office of Pipeline Safety - it is our job to offer safe, reliable, environmentally sound operation of the pipeline system.

- Third party damage is a major threat to pipeline safety.
- Public Awareness/Education is one solution to damage prevention. Ultimately some will learn and will get the message.
- Enforcement is necessary because education doesn't always work; maybe we need to do more in the way of enforcement.

Industry Perspective:

- Electric high power lines sponsored public awareness campaigns in the past which were very successful.
- Refrigerators, blasting caps, swimming pools, and bicycle helmets: all of these had to generate public awareness campaigns to keep the public safe and all of them worked.

The pipeline industry has been unable to fund any public awareness initiatives. It has been left up to the government. The federal government has sponsored some initiatives such as the Common Ground Alliance. We have also initiated new public awareness campaigns and regulations. I will be making sure that your companies are enforcing these new regulations and communicating to those people who are along your right-aways. Some of those people along your right-aways live far away. The only way to communicate to these people is through developing this new marketing plan and implementing it.

One call centers are great programs that work well and can be effective, but not unless people know about them. An effective public awareness campaign is key. But an effective campaign requires money. Education can't stand alone - we must have enforcement as well.

Third parties do cause pipeline failure and one way to prevent damage is through an effective public awareness campaign, and penalties are required when education fails.

Public Awareness + Enforcement = Enhanced Pipeline Safety

Websites: www.phmsa.dot.gov/pipline www.commongroundalliance.com www.nts.gov

Open Forum:

(David Mitchell): As far as strategic relationships go, I would like to get an "11" directory on the county website so the public could know what all the "11" are, and to get the phonebooks, Qwest, and PNM to publicize the "11" directory. Maybe there could be a coalition created for all "11" to create general awareness of what they each do.

(Lloyd Bell): We support what you're trying to do.

(Paula McAfee): If we support this, aren't we hitting our customers twice for public awareness?

(Commissioner Marks): Depends on the utility company and how they choose to handle it. If you are a cost based utility, then whatever you're doing today the customer is paying for already and if you need to do more than you charge more. As long as what the utility company is spending money on is prudent, then they can change their rates.

(Gary Sloman): The one cent a month increase would effect the general public, not the companies themselves. The problem that might arise is that those in the city would pay on all of the utilities that they have, so if they have six bills, they would have to pay six cents a month versus someone in the county. But this is only true if you engage in all of those services and your chances of damaging those services are that much higher.

(Gary Jenkins): I support what you are doing. If this does go through, how will this work, what's the process?

(Commissioner Marks): This is the first I have heard of this proposal so I don't know.

(Gary Sloman): This would be a tax collected by the utilities and then the tax would be collected and dolled out. PRC would administer these funds. It would have to go through the legislative process and it may or may not pass. If there seems to be a lot of support for it and the commission decides that it is worthwhile, then the commission could lead the effort to go to the legislature. Then the industry would be in a position to support it and stand behind it.

(Bill Garcia): As a carrier, I am concerned about adding another charge. As a board member, I am concerned about increasing membership dues and the significant challenges we face regarding space, public awareness, a disaster recovery plan, etc. We have a lot of statutory requirements too. Should it be a state run program? Or run by the PRC? Should it be a nonprofit that carries this burden? Members are going to end up carrying this burden if we don't

come up with a plan. I challenge you to talk to your legislators about this issue; I have. The way this is structured is not correct.

(James Pigg): Is one cent a good estimate?

(Commissioner Marks): One call is cost effective to avoid underground facility damage. \$1million spent in a year on one call is much less than loss of life, health, and the raw costs to fix damages.

(Gary Sloman): One cent is a good estimate but at this point we are unsure of the number of consumers. The numbers aren't as important as finding a solution.

(Mike McLaughlin): What is the realistic time frame for implementation?

(Gary Sloman): Commission would have to come up with a conclusion which would take 30-90 days, then it would have to be put in front of the legislature in 2010 and then committees would need to be created and so forth.

(Bruno Carrara): We are looking at 2011 or 2012 before some of the money would be available.

(Lloyd Bell): Are there public awareness programs going on now?

(Gary Sloman): Yes. There is some education going on. We ask members to donate and the foundation helps,

(Bill Garcia): The attempt to get donations through the foundation doesn't work.

(Gary Sloman): The foundation has filed for dissolution.

(Lloyd Bell): Is there actually a mandate from the state and/or federal government that we have to do this?

(Gary Sloman): Yes. One call does have to provide public awareness and work with other local governments.

(Bruno Carrara): One call must be a nonprofit. It's the federal government's DIMP and it requires one call and the pipelines to participate in public awareness and education and there will be a score card tied to our federal funding.

(Charlie Ferrell): There should be a committee formed of members to see what other one call centers are doing and then it can come back with a recommendation to the board. This committee can set a time frame, collect data, and offer solutions.

(John Olech): Tells story of a retired fireman digging a post-hole and just missing a natural gas pipeline. Thus emphasizing public education is needed.

(James Stanovcak): What level of advertising is expected?

(Commissioner Marks): We are unsure at this time. Enforcement has become a lot more important to us along with public awareness. We need to do more but not necessarily become 911. The commission hasn't really considered how much needs to be done. There needs to be a sweet point discovered. We do minimal public awareness now but we need to do more. We need to reach as many people as we can cost effectively. I'm not sure about the \$800,000 amount but we need to focus on educating excavators. I'm almost wondering if we shouldn't tax rental equipment companies.

(Bruno Carrara): We can't isolate parts of the state, but effectiveness of blanket marketing has been proven to be not effective. With more public awareness we can bring down the number of incidences. We need to do data research and create a tracking system of violators which will be downloaded to DIRT. We will have to dissect it regionally because areas are so different. There is no expectation. We need to spend what is needed and determine how to measure the success of the plan.

(Kory Webb): Maybe we could create a requirement that a renter must have a one call ticket number before renting/using equipment.

(Jack Calaway): I need clarification, we have approximately 4,000 members but we have 12,000 meters. How would that effect us based on the consumer number?

(Gary Sloman): Number of consumers would be based on meter count.

(Bill Garcia): As per Charles Ferrell's suggestion of volunteers for committee: Jeff Moore, Charlie Ferrell, Kory Webb, Don Bales, James Pigg, Gary Roybal of PNM, Beecher Garrison, Lloyd Bell or someone from Williams, Bruno Carrara, Jane Jernigan.