

May 11, 2015

Daniel P. Wolf  
Executive Secretary  
Minnesota Public Utilities Commission  
121 7<sup>th</sup> Place East, Suite 350  
St. Paul, Minnesota 55101-2147

RE: **Comments of the Minnesota Department of Commerce, Division of Energy Resources**  
Docket No. G008/M-15-397

Dear Mr. Wolf:

Attached are the comments of the Minnesota Department of Commerce, Division of Energy Resources (Department) in the following matter:

Petition of CenterPoint Energy for Approval of a Continued Variance from Minnesota Rule 7820.5300 DETERMINATION OF DELINQUENCY Related to Customer-Selected Due Dates.

The petition was filed on April 30, 2015 by:

Marie Doyle  
Regulatory Services  
CenterPoint Energy  
505 Nicollet Mall  
P.O. Box 59038  
Minneapolis, MN 55402

The Department recommends that the Minnesota Public Utilities Commission (Commission) **approve** the petition and is available to answer any questions the Commission may have on this matter.

Sincerely,

/s/ MICHELLE ST. PIERRE  
Financial Analyst

MS/ja  
Attachment

**BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION**

**COMMENTS OF THE  
MINNESOTA DEPARTMENT OF COMMERCE  
DIVISION OF ENERGY RESOURCES**

**DOCKET No. G008/M-15-397**

**I. BACKGROUND AND SUMMARY OF PETITION**

On December 12, 2005, the Minnesota Public Utilities Commission (Commission) issued an Order APPROVING TARIFF CHANGES, GRANTING A VARIANCE, AND CLARIFYING THAT DISCONNECTION NOTICE MUST BE SEPARATE FROM BILL in Docket No. G008/M-05-603 (Docket No. 05-603). Through this Order, CenterPoint Energy Minnesota Gas (CPE or the Company) was granted a four-year variance to Minnesota Rules, part 7820.5300, subp. 2<sup>1</sup> to enable the Company to print a due date on its customers' bills that is more than five days prior to the next scheduled billing date. This variance was necessary to accommodate those customers choosing to participate in CPE's Automated Bank Draft option who select a date when funds are to be withdrawn from their bank account to pay their bill that is more than five days prior to the next billing date. Subsequently, on September 8, 2009, CPE received a second variance for six years related to the Automatic Bank Draft<sup>2</sup> option in Docket No. G008/M-09-769 (Docket No. 09-769).

On April 30, 2015, CPE filed a petition and requested a six-year continued variance to Minnesota Rules, part 7820.5300, subp. 2. CPE proposes an effective date no later than September 8, 2015 since that is the date the current variance ends.<sup>3</sup>

**II. DEPARTMENT ANALYSIS**

Under Minnesota Rules, part 7829.3200, the Commission may grant a variance to a rule if the following three conditions are met:

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<sup>1</sup> *Determination of Delinquency, Residential Customer.*

<sup>2</sup> The Company noted in its request to update its bill format (Docket No. G008/M-14-753) that the program is soon to be renamed AutoPay.

<sup>3</sup> Filing, page 3. The Department notes that there are no page numbers on the filing.

- enforcement of the rule will impose an excessive burden upon the applicant or others affected by the rule. Regarding this point, CPE stated:

Enforcement of the rule imposes an excessive burden on customers since printing a Withdrawal Date and a Due Date on bills would be confusing. This would also pose a burden on CenterPoint Energy for programming costs related to changing the CCS billing system to display both a Withdrawal Date and Due Date.<sup>4</sup>

- granting the variance will not adversely affect the public interest. CPE agreed that granting the variance would not adversely affect the public interest since:

this is a voluntary program. If a customer has chosen a due date, the customer has thereby consented to a due date that might be more than 5 days before the customer's next billing date. However, and more importantly, there is no change to when CenterPoint Energy will impose late payment charges. Thus, the true intent of the rule is not diminished.<sup>5</sup>

- granting the variance will not conflict with standards imposed by law. CenterPoint Energy stated that it is not aware of any laws that would be violated by granting this variance.<sup>6</sup>

In its previous Orders,<sup>7</sup> the Commission found that these conditions were met and granted CPE variances to Minnesota Rules, part 7820.5300, subp. 2.

Additionally, the Commission's December 12, 2005 Order required CPE to submit annual compliance filings showing the:

- total number of customers participating in the Automatic Bank Draft program;
- number of customers who choose a due date greater than five days from their billing date;
- number of customers that drop off the Automatic Bank Draft program annually and reasons for their departure; and

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<sup>4</sup> Filing, page 5.

<sup>5</sup> *Id.*

<sup>6</sup> *Id.*

<sup>7</sup> Docket Nos. 05-603 and 09-769.

- number and nature of complaints received each year regarding the Automatic Bank Draft program.

The following table summarizes information from CPE’s annual compliance reports.<sup>8</sup>

	Participants	Departures	# of Customers Choosing Due Date >5 days from Billing Date	% of Customers Choosing Due Date >5 days from Billing Date	# of Complaints	% of Complaints
2006	128,435	8,029	65,969	51%	18	0.014%
2007	121,020	9,108	65,549	54%	12	0.010%
2008	134,250	8,372	23,244	17%	6	0.004%
2009	141,021	12,387	20,240	14%	10	0.007%
2010	148,715	14,671	17,139	12%	24	0.016%
2011	161,715	16,890	16,344	10%	66	0.041%
2012	180,877	21,002	22,275	12%	70	0.039%
2013	197,508	22,985	20,499	10%	52	0.026%
2014	211,818	21,280	29,248	14%	50	0.024%

As can be seen from the information in the table:

- excluding 2007, the number of customers participating has gone up;
- fewer customers are choosing to pay “early” compared to 2006 and 2007; and
- since 2012, the number of complaints concerning the program has decreased in proportion to the number of participants .

Further, the reasons for departing the program and the nature of complaints as reported by CPE in its annual compliance reports mainly concern:

- enrollment issues;
- application of payments/withdrawals;
- changing banks/account numbers; and
- customers wanting to pay using credit cards.

The voluntary nature of the program and the ability for a customer to self-select a due date supports a conclusion that the public interest is not adversely affected.

The Department concludes that the justifications for granting the original four-year variance remain valid and experience with the program has not revealed unintended adverse consequences due to the variance.

<sup>8</sup> See Attachment 1 for copies of CPE’s six annual compliance reports since the last variance was implemented in 2009.

**III. DEPARTMENT RECOMMENDATION**

The Department recommends that the Commission approve the petition.

/ja

**ANNUAL REPORT - 2009**  
CenterPoint Energy  
Compliance Report  
Docket NO. G008/M-09-769  
Automatic Bank Draft Plan

- A. The number of customers participating in the Automatic Bank Draft Plan:  
141,021 participants as of December 2009.
- B. The number of customers who choose a due date greater than five days from their billing date:  
20,240 customers.
- C. How many customers drop off the Automatic Bank Draft Program annually and their reasons for departure:  
12,387 customers dropped in 2009.  
Customers drop the program for the following reasons:  
Bank Account Closed  
Change Bank Information  
Customer Dissatisfaction  
Customer Moves  
Customer Request (no specific reason stated)  
Non-Sufficient Funds  
Switch from Automatic Bank Draft Plan to Online Payments
- D. Number and nature of complaints received each year regarding the Automatic Bank Draft Program:  
10 complaints were noted. Breakdown of complaints:  
6 application of payments/withdrawals  
3 customers want to pay with credit cards.  
1 customer wants to have fixed amount withdrawn, not actual amount due.

**ANNUAL REPORT - 2010**  
CenterPoint Energy  
Compliance Report  
Docket NO. G008/M-09-769  
Automatic Bank Draft Plan

- A. The number of customers participating in the Automatic Bank Draft Plan:  
148,715 participants as of December 2010.
- B. The number of customers who choose a due date greater than five days from their billing date:  
17,139 customers.
- C. How many customers drop off the Automatic Bank Draft Program annually and their reasons for departure:

14,671 customers dropped in 2010.

Customers drop the program for the following reasons:

Bank Account Closed  
Change Bank Information  
Customer Dissatisfaction  
Customer Moves  
Customer Request (no specific reason stated)  
Non-Sufficient Funds  
Switch from Automatic Bank Draft Plan to Online Payments

- D. Number and nature of complaints received each year regarding the Automatic Bank Draft Program:

24 complaints were noted. Breakdown of complaints:  
13 applications of payments/withdrawals  
1 customer wants to pay with credit card.  
1 customer doesn't want to send a voided check  
4 interim rate refunds and/or energy assistance caused a lower amount to be withdrawn/  
5 changing banks/timing.

**ANNUAL REPORT - 2011**  
CenterPoint Energy  
Compliance Report  
Docket NO. G008/M-09-769  
Automatic Bank Draft Plan

- A. The number of customers participating in the Automatic Bank Draft Plan:  
161,715 participants as of December 2011.
- B. The number of customers who choose a due date greater than five days from their billing date:  
16,344 customers.
- C. How many customers drop off the Automatic Bank Draft Program annually and their reasons for departure:  
16,890 customers dropped in 2011.  
Customers drop the program for the following reasons:  
Bank Account Closed  
Change Bank Information  
Customer Dissatisfaction  
Customer Moves  
Customer Request (no specific reason stated)  
Non-Sufficient Funds  
Switch from Automatic Bank Draft Plan to Online Payments
- D. Number and nature of complaints received each year regarding the Automatic Bank Draft Program:  
66 complaints were noted.  
Breakdown of complaints:  
29 Enrollment issues  
20 Application of payments/withdrawals  
13 Changing banks, account numbers  
4 Customers want to pay using credit cards



**ANNUAL REPORT - 2012**  
CenterPoint Energy  
Compliance Report  
Docket NO. G008/M-09-769  
Automatic Bank Draft Plan

- A. The number of customers participating in the Automatic Bank Draft Plan:
- 180,877 participants as of December 2012.
- B. The number of customers who choose a due date greater than five days from their billing date:
- 22,275 customers.
- C. How many customers drop off the Automatic Bank Draft Program annually and their reasons for departure:
- 21,002 customers dropped in 2012.
- Customers drop the program for the following reasons:  
Bank Account Closed  
Change Bank Information  
Customer Dissatisfaction  
Customer Moves  
Customer Request (no specific reason stated)  
Non-Sufficient Funds  
Switch from Automatic Bank Draft Plan to Online Payments
- D. Number and nature of complaints received each year regarding the Automatic Bank Draft Program:
- 70 complaints were noted.
- Breakdown of complaints:  
33 Enrollment issues  
14 Application of payments/withdrawals  
16 Changing banks, account numbers  
7 Customers want to pay using credit cards

**ANNUAL REPORT - 2013**  
CenterPoint Energy  
Compliance Report  
Docket No. G008/M-09-769  
Automatic Bank Draft Plan

- A. The number of customers participating in the Automatic Bank Draft Plan:
- 197,508 participants as of December 2013.
- B. The number of customers who choose a due date greater than five days from their billing date:
- 20,499 customers.
- C. How many customers drop off the Automatic Bank Draft Program annually and their reasons for departure:

22,985 customers dropped in 2012.

Customers drop the program for the following reasons:

Bank Account Closed  
Change Bank Information  
Customer Dissatisfaction  
Customer Moves  
Customer Request (no specific reason stated)  
Non-Sufficient Funds  
Switch from Automatic Bank Draft Plan to Online Payments

- D. Number and nature of complaints received each year regarding the Automatic Bank Draft Program:

52 complaints were noted.

Breakdown of complaints:

23 Enrollment issues  
18 Application of payments/withdrawals  
7 Changing banks, account numbers  
4 Customers want to pay using credit cards

**ANNUAL REPORT - 2014**  
CenterPoint Energy  
Compliance Report  
Docket No. G008/M-09-769  
Automatic Bank Draft Plan

- A. The number of customers participating in the Automatic Bank Draft Plan:
- 211,818 participants as of December 2014.
- B. The number of customers who choose a due date greater than five days from their billing date:
- 29,248 customers.
- C. How many customers drop off the Automatic Bank Draft Program annually and their reasons for departure:
- 21,280 customers dropped in 2014.
- Customers drop the program for the following reasons:  
Bank Account Closed  
Change Bank Information  
Customer Dissatisfaction  
Customer Moves  
Customer Request (no specific reason stated)  
Non-Sufficient Funds  
Switch from Automatic Bank Draft Plan to Online Payments
- D. Number and nature of complaints received each year regarding the Automatic Bank Draft Program:
- 50 complaints were noted.
- Breakdown of complaints:  
24 Enrollment issues  
22 Application of payments/withdrawals  
4 Changing banks, account numbers