

**STATE OF MINNESOTA
BEFORE THE PUBLIC UTILITIES COMMISSION**

Katie Sieben	Chair
Joseph K. Sullivan	Vice Chair
Hwikwon Ham	Commissioner
Valerie Means	Commissioner
John Tuma	Commissioner

In the Matter of the Consumer Appeal of
Consumer Complaint 82340

DOCKET NO. G-008/C-24-191

**COMMENTS OF THE OFFICE OF
THE ATTORNEY GENERAL**

INTRODUCTION

The Office of the Attorney General—Residential Utilities Division (OAG) respectfully submits the following Comments in response to the Public Utilities Commission’s Notice of Comment Period issued on November 22, 2024 concerning a consumer appeal of a complaint made to the Commission’s Consumer Affairs Office about CenterPoint Energy’s (CenterPoint) billing practices. These comments describe how CenterPoint’s practice of combining its regulated and unregulated business sales into a single account for customers of both businesses exacerbated the Complainant’s financial situation and contributed to her disconnection in July 2023. The OAG recommends that the Commission order CenterPoint to provide its utility customers with separate accounts and separate bills for its regulated and unregulated businesses.¹

BACKGROUND

The Complainant is a customer of CenterPoint Energy for natural gas service, which is regulated by the Public Utilities Commission.² CenterPoint also sold her and financed a furnace in

¹ The OAG may offer additional recommendations in reply based on the initial comments of other parties.

² See *generally* Consumer Affairs Office Case Record (May 22, 2024) (CAO Case Record).

2020, and signed her up for multiple appliance service plans.³ The furnace and service plans are unregulated business activities of CenterPoint, which it advertises under the banner Home Service Plus®.⁴

The Complainant initially contacted the Consumer Affairs Office (CAO) on October 16, 2023 because her gas had been disconnected by CenterPoint.⁵ At that point, her gas had been disconnected for nearly four months.⁶ She had called CenterPoint in July 2023 in an attempt to get her gas reconnected, but, according to the Complainant and the CAO, who reviewed a recording of this call, neither she nor CenterPoint's customer service representative understood the company's billing methods when a customer account contains both regulated and unregulated products.⁷ The CAO contacted CenterPoint about the Complainant's situation, and CenterPoint then reconnected her gas and sent ledgers for her account to the CAO.⁸

The ledgers revealed that CenterPoint has a single customer account for customers of both its regulated and unregulated business activities, and customers who purchase the various Home Service Plus® products are billed through the same billing system that CenterPoint uses for its gas service.⁹ The ledgers also showed that CenterPoint frequently applied payments from the Complainant to the unregulated products on her account before applying payments to her gas bill.¹⁰ CenterPoint admitted that this is its policy – it applies payments to arrears for its unregulated Home

³ CAO Case Record at 25, 39.

⁴ *Home Service Plus*, CenterPoint Energy <https://www.centerpointenergy.com/en-us/home-service-plus/> (last visited Dec. 22, 2024) (permalink: <https://perma.cc/Z7NT-RHME>).

⁵ CAO Case Record at 25.

⁶ *Id.*

⁷ *Id.*

⁸ *Id.* at 1-3.

⁹ *Id.* at 39-45, 54; Corrected Ex. A to Response to Consumer Appeal by CenterPoint Energy Resources Corp. (Dec. 12, 2024) (Ex. A).

¹⁰ *See, e.g.*, CAO Case Record at 2-3.

Service Plus® products before it applies payments to a customer's current gas bill.¹¹ The full order in which it settles payments is: (1) gas arrears installment plan, if any; (2) gas arrears not included in installment plan; (3) Home Service Plus® arrears; (4) current gas charges; (5) current Home Service Plus® charges.¹²

The ledgers first show a payment being applied to Home Service Plus® products before gas on February 23, 2021, three months after the Complainant financed the furnace.¹³ This resulted in arrears on all three products,¹⁴ and she went on an averaged monthly billing plan on April 6, 2021.¹⁵ She also made a payment on April 6, but it was credited entirely to the unregulated businesses,¹⁶ leaving her with a gas balance of \$417.94.¹⁷ From then until December 2022, there were five more occasions when the Complainant made a payment that was at least the amount of the payment plan, but her gas account was credited less than the payment plan amount, and the difference was instead credited to the unregulated businesses.¹⁸ On two of those occasions,

¹¹ *Id.* at 3.

¹² CAO Case Record at 38; Response to Consumer Appeal by CenterPoint Energy Resources Corp. at 3 (Nov. 15, 2024) (CenterPoint Response).

¹³ Ex. A, line 5.

¹⁴ The Complainant had received a gas bill of \$171.09 in January 2021, along with a bill of \$92.37 for the furnace and \$30.85 for the service plans. Ex. A, line 4. She missed her payment that month. Ex. A, cell D4. She then received a gas bill of \$216.20 in February 2021, along with February Home Service Plus® bills. Ex. A, cells I5, P5, V5. She paid \$282.47 on February 23, of which \$159.25 went to gas, \$92.37 went to the furnace, and \$30.85 went to the service plans. Ex. A, cells E5, L5, R5, X5. In other words, her February payment went first towards the January gas arrears and then towards the January Home Service Plus arrears, rather than going entirely towards her gas bill. This made the February 2021 charges for all three products into arrears in March 2021.

¹⁵ Ex. A, "Explanation Sheet."

¹⁶ Ex. A, cells R7, X7.

¹⁷ Ex. A, cell N7.

¹⁸ Ex. A, lines 11, 13, 19, 22, 26.

CenterPoint charged her a late fee.¹⁹ Every six months when CenterPoint recalculated the payment plan, her monthly required payments increased.²⁰

Arrears on the Complainant's account for all three products fluctuated from January 2021 until December 2022, when she left averaged monthly billing.²¹ Her gas balance at the end of December was \$71.77.²² In January 2023, she received a gas bill of \$459.33.²³ She paid \$423, but only \$71.77 of it was credited to her gas bill because she had arrears on the other products.²⁴ Her February and March payments went entirely to gas, but her April 2023 payment went entirely to the furnace, even though she had gas arrears.²⁵ By then, she was put on a payment plan, and when she missed her payment in May²⁶ and couldn't pay the entire outstanding balance in June, she was disconnected.²⁷

It is worth describing the Home Service Plus® products that CenterPoint sold to her in more detail. As mentioned above, CenterPoint uses Home Service Plus® to refer to both its "home repair and maintenance plans"²⁸ and to its appliance sales and financing.²⁹ CenterPoint's natural gas customers have no other option for provision of their natural gas, but the unregulated Home Service Plus® appliance sales and repair plans are optional, and customers may choose not to

¹⁹ Ex. A, cells M11, M22.

²⁰ Ex. A, cells H13, H20, H27; *Id.*, "Explanation Sheet."

²¹ Ex. A, columns N, T, Y; Ex. A, cell H29.

²² Ex. A, cell N29.

²³ Ex. A, cell I30.

²⁴ Ex. A, cells T30, Y30.

²⁵ Ex. A, cells N34, R34.

²⁶ Ex. A, cell L36.

²⁷ Ex. A, cell L37.

²⁸ *Home Service Plus® Plans*, CenterPoint Energy, <https://www.centerpointenergy.com/en-us/home-service-plus/plans> (last visited Dec. 22, 2024) (permalink: <https://perma.cc/25BU-6NBU>).

²⁹ *Home Service Plus® Products*, CenterPoint Energy, <https://www.centerpointenergy.com/en-us/home-service-plus/products> (last visited Dec. 22, 2024) (permalink: <https://perma.cc/27Z8-T7UU>).

purchase them or to purchase them from CenterPoint’s competitors. However, CenterPoint enjoys a marketing advantage for its unregulated businesses in the form of brand goodwill due to its regulated business, as well as direct access to its natural gas customers for advertising purposes.³⁰

There are varying levels of “service” that Home Service Plus® plans provide, but broadly speaking, customers pay CenterPoint a monthly fee for the potential to receive free maintenance or service for a covered appliance, subject to exclusions and restrictions.³¹ One such exclusion is that CenterPoint reserves the right not to repair an appliance if the cost of repair exceeds the remaining value of the appliance.³² There is no indication that the potential remaining life of the appliance is taken into account when CenterPoint declines to make a repair.³³ If a customer misses payments on the Home Service Plus® contract and then requires maintenance, CenterPoint may demand payment of the outstanding amount due or even payment for the “covered” parts and services.³⁴ This means that a customer effectively loses coverage the moment they fall behind, but CenterPoint will continue to collect the monthly payments. If a customer falls 120 days or more

³⁰ For example, on CenterPoint’s homepage for Minnesota residential customers, it advertises “Explore Our Services” with a Home Service Plus® link next to the link for Natural Gas Services. See CenterPoint Energy Minnesota Residential Homepage <https://www.centerpointenergy.com/en-us/residential?sa=mn> (last visited Dec. 22, 2024) (permalink: <https://perma.cc/H6HE-R65W>).

³¹ *Terms, Conditions, and Options of CenterPoint Energy’s Home Service Plus® (HSP) Repair Plan*, CenterPoint Energy, <https://www.centerpointenergy.com/en-us/HSP/Pages/repair-plan-terms-conditions.aspx?sa=mn&au=res> (last visited Dec. 22, 2024) (permalink: <https://perma.cc/ZH99-CM95>) (also attached hereto as Attachment 1).

³² *Id.* (“CenterPoint Energy reserves the right not to repair the appliance and to recommend replacement by you when the cost of repair exceeds the value of the existing appliance.”).

³³ See *Id.*

³⁴ *Id.* (“If payments are late on Repair Plans, Maintenance Plans, Maintenance Services, or equipment purchased from CenterPoint Energy, we may demand immediate payment of the greater of the entire amount you owe under the terms of this contract or immediate payment of the cost (labor and parts) of all service provided to you less any payments made by you to CenterPoint Energy.”).

behind, CenterPoint will officially terminate the contract, but considers the customer still liable for paying the outstanding amount due.³⁵

In the case of the present Consumer Complaint, the Complainant paid CenterPoint for multiple services: gas, a loan for a furnace, and Home Service Plus® plans, all of which were billed through CenterPoint's gas billing system. CenterPoint appears to have signed her up for multiple Home Service Plus® plans – “pipe protection,” a repair plan that was applied to her refrigerator after CenterPoint sold her the new furnace, and a repair plan for her clothes washer.³⁶ The accounting that CenterPoint provided as Attachment A to its response to the appeal only goes as far back as the loan for the furnace in 2020, at which time the Complainant began owing \$92.37 per month to pay off the loan and over \$30 per month for the various Home Service Plus® plans.³⁷

The Complainant appears not to have understood what the Home Service Plus® plans she was paying for were. Specifically, the Complainant states that she had what she believed was “insurance” since 2017, but when her furnace broke in 2020, CenterPoint would not repair it, and instead sold her a new furnace.³⁸ She also states a belief that she was “required” to pay for this “insurance” on the new furnace.³⁹ This misunderstanding of service plans such as Home Service Plus® is not uncommon; service plans and extended warranties are perennial subjects of consumer

³⁵ *Id.* (“[I]f your Repair Plan account reaches 120 days past due, CenterPoint Energy will cancel your Repair Plan, including all optional coverage. You remain liable for the amount owed at date of cancellation as set forth above.”).

³⁶ *See* CAO Case Record at 2, 39.

³⁷ *See generally* Corrected Ex. A.

³⁸ CAO Case Record at 15, 18.

³⁹ *Id.* (“When the furnace went out the company charged me over \$4,000, and still required that I pay the insurance.”). This belief appears to be at least partly the result of the layout of CenterPoint's bills: the Complainant's bill has only two lines, one for gas service and one for “HSP,” with the HSP line including both the furnace loan payment and the various Home Service Plus® plans payment. *Id.* at 21.

education materials because consumers often do not understand their limitations and/or believe them to be insurance policies.⁴⁰

ANALYSIS

This appeal is about CenterPoint's lack of proper differentiation between its regulated and unregulated businesses. The OAG concludes that CenterPoint's unregulated business sales to the Complainant and its use of its gas billing system to bill for its unregulated products contributed to the Complainant being disconnected. The OAG further concludes that a reasonable way to prevent a similar situation from happening again is for the Commission to require that CenterPoint bill for its gas service and its unregulated businesses separately. Finally, contrary to CenterPoint's argument that changes to its practices be pursued through a rulemaking proceeding, the OAG explains why a rulemaking proceeding is unnecessary and inappropriate.

I. CENTERPOINT'S UNREGULATED BUSINESS SALES TO THE COMPLAINANT AND COMBINED BILLING SYSTEM CONTRIBUTED TO HER DEFAULT IN GAS PAYMENTS.

CenterPoint's unregulated business sales to the Complainant contributed to her gas being shut off in at least three ways. First, payments she made in the months immediately preceding the 2023 payment plan and gas shutoff were applied to the unregulated portions of her account instead of her gas bill, resulting in greater arrears. Second, the total amount of money that the Complainant had paid to Home Service Plus exceeded the amount of gas arrears when her gas was shut off. Finally, the fact that her payments were applied to the unregulated businesses instead of her gas bill, either arrears or current, meant that there was a systematic bias against keeping her gas balance current.

⁴⁰ See, e.g., *Extended Warranties and Service Contracts*, Federal Trade Commission (Mar. 2023), <https://consumer.ftc.gov/articles/extended-warranties-service-contracts> (last visited Dec. 22, 2024); Beth Braverman, *Why You Should Steer Clear of Extended Warranties*, Consumer Reports (Dec. 22, 2018), <https://www.consumerreports.org/money/extended-warranties/steer-clear-extended-warranties-a3095935951/> (last visited Dec. 22, 2024).

A. Payments Made in January and April 2023 Were Credited to the Unregulated Businesses Instead of Gas.

In the time immediately preceding the Complainant's default and disconnection, she made payments that were credited to her unregulated accounts to the detriment of her gas account. In January 2023, the Complainant received a new gas bill in the amount of \$459.33.⁴¹ She paid \$423 that month,⁴² but only \$71.77 went to her gas bill, presumably because that was the amount that was outstanding from the previous month.⁴³ Of the remaining \$351.23 that she paid, \$211.83 was applied to the furnace,⁴⁴ and \$139.40 was applied to the Home Service Plus plans.⁴⁵ This order of payments left the entire \$459.33 on her account, resulting in a late fee on that full amount.⁴⁶

Then, on April 4, 2023, the Complainant called CenterPoint asking to pay her gas bill.⁴⁷ CenterPoint's representative incorrectly told the Complainant that she was behind on her gas bill by \$131.24, which was actually the sum of the furnace monthly charge, the late fee on the furnace, and the fees for the multiple Home Service Plus® plans.⁴⁸ The representative then forwarded her to an automated system where she paid that amount, and the system applied it entirely to the furnace.⁴⁹ None of it went to her current gas charges.

Taken together, if all of the payments in January that were applied to the furnace and Home Service Plus® had been applied her gas bill, her outstanding gas balance after the April 4 payment

⁴¹ Ex. A, cell I30.

⁴² Ex. A, cell E30.

⁴³ Ex. A, cell N29.

⁴⁴ Ex. A, cells R30, R31.

⁴⁵ Ex. A, cell X31.

⁴⁶ Ex. A, cell M32.

⁴⁷ CenterPoint Response at 4.

⁴⁸ *Id.* Moreover, Home Service Plus likely should have been discontinued at this point because it is supposed to be discontinued once the account is 120 days delinquent and it appears that the last time the Complainant had intentionally paid for it was September 20, 2022, 196 days prior. The only reason the account was still active was because CenterPoint had applied the \$139.40 payment to it on January 31, 2023.

⁴⁹ Ex. A, cell R34.

would have been \$13.18. CenterPoint does not discuss how it was determined that the Complainant should go on a payment plan eight days before that, on March 27, but it is clear that she would have almost been paid in full.

This demonstrates just how much of a drain on a gas bill the unregulated businesses can be, particularly when the consumer and the company's representatives alike do not understand what amount of money is owed for what service. It may be true that the Complainant missed her May 2024 gas payment and that was the direct trigger of her default and ultimate disconnection. But it is also true that the payments that she had intended for her gas bill immediately before she defaulted were inappropriately applied to other accounts without her understanding. That is, the Complainant might not have been placed on a payment plan, or the total amount due upon default would not have been so high, had she been able to effectively differentiate her gas charges and payments from her unregulated charges and payments.

B. Since November 2020, the Customer Paid CenterPoint More for Home Service Plus® Than Her Gas Arrears Amounted to When She Was Disconnected.

If the Complainant had not been convinced to purchase Home Service Plus®, and that money had been applied to her gas bill instead, she would not have been in the arrears that triggered her disconnection in June 2023. The Complainant's gas arrears in June 2023 totaled \$853.73.⁵⁰ Since 2020, which is the farthest back CenterPoint has provided information for, the Complainant paid a total of \$857.05 in monthly payments for the Home Service Plus® service plans.⁵¹ There is no indication from the record that she ever received any tangible benefit from Home Service Plus® plans. Thus, CenterPoint had collected more money from her at that point than she owed for gas when she was disconnected, it had just applied the money to a different part of her account. While

⁵⁰ Ex. A, cell N36.

⁵¹ Ex. A, column X.

it is impossible to know if the Complainant would have had this money available at the time of disconnection had it not gone to CenterPoint's Home Service Plus® plans, the fact remains that Complainant money that *could have been* used on her gas bill was instead used on CenterPoint's unregulated business for minimal benefit.

CenterPoint suggests that she “chose” to pay for “peace of mind.”⁵² There are multiple problems with this contention. First, the Complainant appears to have believed that the Home Service Plus® plans were required, i.e., that she did not have a “choice.”⁵³ Second, it appears that she believed Home Service Plus® was an insurance policy, rather than a service plan with significant limitations on when its benefits are available.⁵⁴ CenterPoint is wrong to say that she “chose” to pay for it if she believed she was paying for something else entirely. Third, both the Complainant and CenterPoint's own representatives could not identify what the Complainant owed each month for what product, and could not identify how her payments were being applied between gas and the unregulated products.⁵⁵ If the Complainant did not know she had a choice not to purchase the unregulated product, did not know how much she owed, and did not know where her money was going, the argument that she had agency and “chose” to pay for the unregulated products instead of her gas bill rings hollow.

C. CenterPoint's Combined Billing Favors Maintenance of a Gas Balance and Increases Confusion, Which Increases the Likelihood of Late Fees, Payment Plans, and Disconnection.

CenterPoint's use of its regulated billing system for its unregulated businesses creates problems for ratepayers that would not otherwise exist. CenterPoint's policy of applying payments to arrears for CenterPoint's unregulated businesses before applying payments to a customer's

⁵² CenterPoint Response at 6.

⁵³ CAO Case Record at 15.

⁵⁴ *Id.* at 15, 18.

⁵⁵ *Id.* at 12.

current gas account increases the likelihood that the customer's current gas charges go unpaid, turning into arrears for the next month. Combined billing makes it hard for both customers and CenterPoint's customer service representatives track where payments are going, which in turn increases the likelihood that a customer's current gas bill does not get credited when a customer makes a payment. Late fees, payment plans, and disconnections then follow.

The Complainant's situation demonstrates how applying payments to arrears for CenterPoint's unregulated business before applying them to the gas bill can go awry. As already discussed, in January of 2023, the Complainant paid CenterPoint \$423, but only \$71.77 went to her gas bill because that was the outstanding balance from the prior month.⁵⁶ The remainder went to CenterPoint's unregulated appliance business, leaving the Complainant with \$459.33 outstanding on her gas bill.⁵⁷ This is the "intended" outcome of CenterPoint's order-of-settlement policy. But leaving her with a \$459.33 gas balance meant that she was that much closer to default, and resulted in a late fee to boot.⁵⁸ Thus keeping the billing for regulated and unregulated businesses combined and applying payments to the unregulated business arrears before applying payments to gas increases the risk of a ratepayer falling behind on their gas bill.

This can become exceptionally confusing when the ratepayer uses averaged monthly billing, what CenterPoint calls "budget billing." Under averaged monthly billing, CenterPoint estimates a customer's yearly gas bill and divides it by 12, resulting in equal monthly payments rather than a customer's gas bill being very small in the summer and very large in the winter.⁵⁹

⁵⁶ Ex. A, cell N29.

⁵⁷ Ex. A, cell N31, R31, X31.

⁵⁸ Ex. A, cell M32.

⁵⁹ *Budget Billing*, CenterPoint Energy, <https://www.centerpointenergy.com/en-us/business/customer-service/billing-payment/budget-billing?sa=IN#:~:text=Budget%20Billing%20is%20a%20free,the%20same%20amount%20each%20month> (last visited Dec. 23, 2024) (permalink: <https://perma.cc/656L-7V3J>).

Every six months, CenterPoint reviews the monthly payment and recalculates it “based on weather, energy cost adjustment and your deferred balance.”⁶⁰

The Complainant went on a “budget billing” plan on April 6, 2021, paying \$129 per month for gas.⁶¹ Her April payment the same day was credited entirely to the unregulated businesses,⁶² leaving her with a gas balance of \$417.94.⁶³ From then until December 2022, there were five more occasions when the Complainant made a payment that was at least the amount of the payment plan, but her gas account was credited less than the payment plan amount, and the difference was instead credited to the unregulated businesses.⁶⁴ On two of those occasions, CenterPoint charged her a late fee.⁶⁵ Every six months when CenterPoint recalculated the payment plan, her monthly required payments increased.⁶⁶ Had her payments to the unregulated businesses instead gone to her gas bill, her monthly required gas bill would have decreased.⁶⁷

It is harder to see the effect of the unregulated businesses when a ratepayer is on budget billing because by the plan’s very nature a ratepayer’s outstanding gas bill will fluctuate between positive and negative balances. This is itself cause for concern when CenterPoint pairs the billing for its unregulated businesses with its gas billing system. If a customer on an averaged monthly billing plan who also pays for unregulated products continually sees their monthly payments increased every six months, it is exceedingly difficult for them to identify why they are losing

⁶⁰ *Id.*

⁶¹ CAO Case Record at 39; Ex. A, “Explanation Sheet.”

⁶² Ex. A, cells R7, X7.

⁶³ Ex. A, cell N7.

⁶⁴ Ex. A, lines 11, 13, 19, 22, 26.

⁶⁵ Ex. A, cells M11, M22.

⁶⁶ Ex. A, cells H13, H20, H27; *Id.*, “Explanation Sheet.”

⁶⁷ According to CenterPoint’s website, it reviews the payment plan amount “comparing the cost of the natural gas ... used with the Budget payments ... made. If [the] balance is greater or less than the cost of the natural gas [the customer] actually used, [CenterPoint] will divide the difference by 12 and add it to [the Customer’s] payment amount for the next 12.”

more and more money. Indeed, it would not be in CenterPoint's interest for the customer to see the impact of the unregulated products, because the customer may then decide that they need to cancel Home Service Plus® or other add-ons in order to balance their household budget.

D. Combining Regulated and Unregulated Businesses in the Same Billing System Presents an Unreasonable Risk to Ratepayers.

The Complainant's situation demonstrates the hazards presented by CenterPoint's unregulated business sales and its use of the same billing system for both its regulated and its unregulated businesses. CenterPoint's unregulated business sales to the Complainant contributed to her eventual disconnection, and its billing practices were so unclear that even its own customer service representatives could not identify what the Complainant owed for what service. It remains an open question whether she would have avoided disconnection if CenterPoint had not sold her the unregulated products. It is clear, however, that CenterPoint's practices made it more difficult for her to pay for her gas and keep track of what she owed for each of CenterPoint's businesses. If CenterPoint billed for its gas and unregulated businesses separately, she would have at least known what payments she needed to make to keep her gas on before receiving the final notice.

II. THE COMMISSION SHOULD REQUIRE THAT CENTERPOINT'S UNREGULATED PRODUCTS BE BILLED SEPARATELY FROM CENTERPOINT'S NATURAL GAS SERVICE.

When CenterPoint sells unregulated products to its natural gas ratepayers, it should provide customers of both businesses with two separate bills, one for natural gas and one for the unregulated products. While requiring a different default order of payment credits could partially mitigate the problems raised in this appeal, changing the order of payment would not solve the problems of CenterPoint's lack of bill transparency and customer confusion. The Complainant's situation, coupled with the CAO's observation that customers of Minnesota's other utilities have

not experienced the same issues as customers of CenterPoint,⁶⁸ demonstrates that CenterPoint's current combined billing practices are simply too difficult to understand for customer and CenterPoint call staff alike and present issues when combined with budget billing.

The OAG's specific proposal is for the regulated and unregulated billing notices received by the customer to be separate from one another, and for the customer's payments to be credited separately. This is not to say that the bills should be sent to the customer separately, as receiving multiple pieces of mail could increase the likelihood of confusion. Rather, each instance of billing-related communication, whether a physical bill in the mail or an email, should have two separate notices, one for gas and one for the unregulated products. Keeping bills and accounts separate would help to prevent the issues experienced by the Complainant.

First, the Complainant's November 2023 bill⁶⁹ demonstrates just how difficult it is to understand what a customer is paying for and how much they owe for what product. It states in one place that CenterPoint had not received the "past due charges of \$209.10," but also states at the top that the total amount due was \$4,079.17. It also states that the "previous gas amount due" was \$841.87, and that the "previous HSP amount due" was \$3,174.75, apparently combining the furnace and Home Service Plus® plans into "HSP." Then it states that the "past due amount due immediately" was \$3,841.18. After that, the "late fee" listed was \$144.26, without any indication of how that was calculated, and it is only by looking at Exhibit A that the OAG could deduce that this was a late fee for the furnace, not for gas or the Home Service Plus® plans.⁷⁰ Finally, there is a line that states that the "current gas charges" due in December are only \$65.73, followed by another line that again states that the total amount due is \$4,079.17. On a separate page, it itemizes

⁶⁸ CAO Case Record at 28.

⁶⁹ *Id.* at 21.

⁷⁰ Ex. A, cell S39.

only the current gas bill, and on that same page states that “Total Home Service Plus charges” are \$0.00.⁷¹

The accountings provided by CenterPoint illustrate how combining the products into a single account results in a confusing muddle of debits and credits.⁷² The running accounting provided in the CAO Case Record combines gas, the furnace, and multiple service plans into a single running list of debits and credits.⁷³ Although it does list a name for each debit to the Complainant’s account, many of the names are not particularly helpful. Credits to the account, on the other hand, are listed as “online payment request”⁷⁴ or “payment”⁷⁵ without any indication as to which product they were credited towards. Late fees are listed as “late fee or loss of discount” without stating which product they were for. The CAO Case Record accounting does at least clarify that the Complainant was paying for multiple Home Service Plus® plans, which is not clear from other documentation provided by CenterPoint.

The accounting in Exhibit A shows each month’s bill amount, payment amount, and resulting balance for each of: the Complainant’s overall account, her gas bill, the furnace bill, and the combined Home Service Plus® plans. What can be deduced from this accounting is that her payments were often split between the various products, but not why CenterPoint appeared to split the payments so inconsistently between them. It is self-evident that sending either of these accountings to a customer who is not intimately familiar with CenterPoint’s billing system and payment application practices would fail to properly inform the customer about their account.

⁷¹ CAO Case Record at 23.

⁷² *Id.* at 39-45, 54; Ex. A.

⁷³ CAO Case Record at 39-43.

⁷⁴ *E.g., Id.* at 39 (“3/22/2021 Online Payment Request”).

⁷⁵ *Id.* (“5/12/2021 Payment”).

If the accounts for each of the products the Complainant was paying for were kept separate, customers' understanding of the payments needed to keep their gas on, versus avoiding defaulting on their appliance financing or having Home Service Plus® canceled, would be greatly improved. The Complainant would likely have been able to tell immediately what she owed for each product and what she paid for each product. Separate billing would reduce the risk that CenterPoint's customer service representatives would erroneously tell the Complainant the wrong amount due for each product. Then the Complainant's payments would not have been split between products by CenterPoint's accounting or payment system without her understanding. There would not be added confusion about the amounts due between various products for customers on the "budget billing" plan, which by design leaves a balance on ratepayers' accounts for part of the year.

CenterPoint indicates that it is concerned about protecting customer choice⁷⁶ – keeping the billing and accounting separate for its regulated and unregulated products maximizes consumer choice. If customers receive different bills for each product, they are then armed with the maximum amount of information about the various amounts they owe. They would be in control of making payments for the various products. If the customer falls on hard times and struggles to keep up with all of their payments, they would be able to make their own fully-informed decisions about which bills to pay, understanding what the consequences of defaulting would be for each product. Customers would be able to see that they could cancel Home Service Plus® separately from their gas and furnace bills and that it was not required.

The Commission should require that CenterPoint keeps customer accounts for gas separate from customer accounts for its unregulated businesses. Its customers deserve transparency and control over how they make their payments. It is clear that CenterPoint is unable to ensure this for

⁷⁶ CenterPoint Response at 8-9.

its customers so long as it intermingles its businesses. It should therefore keep the businesses separate.

III. A RULEMAKING REGARDING THE COMPLAINT OR OAG’S PROPOSED REMEDY IS UNNECESSARY.

CenterPoint argues that the Commission should address the problems highlighted in this docket through a rulemaking.⁷⁷ The OAG disagrees; the Commission can and should order CenterPoint to make changes to its billing system in this docket, not through a rulemaking. A “rule” is defined as “every agency statement of general applicability and future effect . . . adopted to implement or make specific the law enforced or administered by that agency or to govern its organization or procedure.”⁷⁸ A Commission order that CenterPoint fix its billing so that customers can effectively differentiate between its regulated and unregulated businesses is not a “statement of general applicability” – it is a specific remedy to avoid customer conflation of CenterPoint’s regulated and unregulated businesses. It is ordering one utility to avoid risks to its utility customers from the utility company’s specific unregulated business model. Deferring correction of this issue to a rulemaking docket would only serve to delay transparency and consumer agency for CenterPoint’s ratepayers.

CONCLUSION

The OAG recommends the Commission order CenterPoint to separate customer accounts for its regulated utility operations and unregulated business offerings and provide separate bills. The OAG’s recommendation falls squarely within the Commission’s authority to regulate CenterPoint’s natural gas service, and this simple requirement would provide much-needed transparency and agency for CenterPoint’s customers. The Commission need not create a rule of

⁷⁷ *See Id.* at 9.

⁷⁸ Minn. Stat. § 14.02, subd. 4.

general applicability to require that CenterPoint make changes to its billing practices that are caused by the specific interactions of CenterPoint's regulated and unregulated operations. It can, and should, order CenterPoint to make these changes before more customers are disconnected or otherwise harmed.

Dated: December 23, 2024

Respectfully submitted,

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Terms, Conditions & Options of CenterPoint Energy's Home Service Plus® (HSP) Repair Plan

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Gas and electric appliances

Conditions of your CenterPoint Energy Home Service Plus® (HSP) Repair Plan

1. This contract applies to one single family residence per contract.
2. Appliances and equipment must meet code requirements and be in operating condition at the time contract service begins. CenterPoint Energy must have safe access to and safe working conditions at and around the appliances and equipment.
3. CenterPoint Energy shall not be responsible for charges for service or parts you have others provide.
4. CenterPoint Energy may not be able to make certain repairs due to unavailability of parts from its regular parts suppliers, which include several major parts distributors. Unavailability can result from parts no longer being manufactured. The likelihood of parts being unavailable is greater with older appliances. CenterPoint Energy also reserves the right to restrict specific makes of appliances from eligibility due to non-availability of parts. The choice of parts to be used shall be at the discretion of CenterPoint Energy.
5. CenterPoint Energy reserves the right not to repair the appliance and to recommend replacement by you when the cost of repair exceeds the value of the existing appliance.
6. CenterPoint Energy is not responsible for losses of any kind, including direct or indirect damages, death, illness, or injury resulting from conditions or events beyond CenterPoint Energy's control that impair CenterPoint Energy's ability to provide services under this contract. Such conditions include piping, venting or other pre-existing incompatible sizing issues, unavailability of parts, labor difficulties, extreme weather conditions, acts of God, and other conditions beyond CenterPoint Energy's control. CenterPoint Energy is not responsible for indirect, consequential, or incidental damages (indirect losses or injuries) in any circumstance.
7. CenterPoint Energy may, at its discretion, use qualified contractors to fulfill all or any part of its obligation under the terms of this agreement. In the event we are unable to provide service due to factors beyond our control, customers may submit invoices for covered repairs completed by other providers for reimbursement by CenterPoint Energy.
8. CenterPoint Energy's Home Service Plus Repair Plan does not cover any material, parts and labor required as the result of abuse, vandalism, fire, freezing, acts of God, power or water supply outages, flooded cellars other than main sewer back-ups (if coverage has been

selected), damage due to animal activity, or other abnormal conditions. CenterPoint Energy will not be required to perform repair plan services until any asbestos hazard is eliminated and CenterPoint Energy determines, at its discretion, that no hazard exists.

9. You are purchasing the Repair Plan contract for one full year.
10. If you choose to cancel prior to the end of the 12-month contract (other than as provided under paragraph 14) and you have had a service call(s): you will be required to pay for the difference of the cost of any service call(s) received less any payments already made on your contract.
11. For your convenience, if you move from the covered residence during the term of your Repair Plan contract, your Repair Plan contract will be transferred to your new address, if it is within the HSP service territory. When you transfer your account, your Repair Plan anniversary date will be adjusted, with the 12-month term beginning on your transfer date.
12. To ensure continued protection, the contract will be automatically renewed at the end of 12 months at regular non-promotional prices and terms then in effect, unless cancelled by you or CenterPoint Energy in writing to the other within thirty (30) days of your contract anniversary date.
13. Coverage on all optional appliances, maintenance and/or replacement plans will be automatically renewed on your basic Repair Plan contract anniversary date at the regular non-promotional prices and terms then in effect for optional appliance coverage.
14. CenterPoint Energy may make material changes to this agreement during the one-year term of this agreement. If CenterPoint makes such a material change it will provide you advance written notice of the change. At that time, you will have the opportunity to cancel this contract, if you wish, by providing written notice of termination to CenterPoint within thirty (30) days of such notice. The current terms, conditions, pricing, and parts list are available online at [CenterPointEnergy.com/HSPprices](https://www.centerpointenergy.com/HSPprices).
15. If payments are late on Repair Plans, Maintenance Plans, Maintenance Services, or equipment purchased from CenterPoint Energy, we may demand immediate payment of the greater of the entire amount you owe under the terms of this contract or immediate payment of the cost (labor and parts) of all service provided to you less any payments made by you to CenterPoint Energy. Further, if your Repair Plan account reaches 120 days past due, CenterPoint Energy will cancel your Repair Plan, including all optional coverage. You remain liable for the amount owed at date of cancellation as set forth above.
16. Inspections and routine preventive maintenance are not covered by the Home Service Plus Repair Plan but are available at an extra charge.
17. Parts not shown in the coverage chart and related labor are not covered.

NOT COVERED UNDER PLAN

1. Appliance installation, disconnection, inspection, and manufacturer-recommended maintenance.
2. Installation of factory update or factory upgrade kits.
3. Labor and materials for cleaning boiler water, draining expansion tanks, venting radiators, and water supply problems separate from the appliance.

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4. Labor or equipment rental cost of gaining access to or removal of any unit that requires special equipment or tools such as cranes, ladder trucks, etc.
5. Labor and materials for repair or replacement of the following appliances and parts: coin-operated clothes washers and clothes dryers, heat exchangers, humidifiers, air cleaners, air filters, correction of any problems connected directly to the air distribution system such as duct work, register faces, condenser coil, compressor or associated refrigerant lines, sealed refrigeration unit, zone controls, accessories, or the like.
6. Damage caused by corrosion, corrosion occurring in an atmosphere containing chlorine, or rust and any other labor or parts not shown on the coverage chart.