

Staff Briefing Papers

Meeting Date	December 1, 2022	Agenda Item 5**
Company	CenterPoint Energy Resources Corp. d/b/a CenterPoint Energy Minnesota Gas	
Docket No.	G-008/M-22-237	
	In the Matter of CenterPoint Energy's Paperless Billing Customer Initiative	
Issues	Should the Commission approve CenterPoint Energy's Paperless Billing Customer Initiative?	
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Relevant Documents

Date

CenterPoint Energy – Initial Filing	May 25, 2022
Minnesota Public Utilities Commission – Notice of Comment Period	June 14, 2022
Department of Commerce – Comments	July 13, 2022
CenterPoint Energy – Reply Comments	July 20, 2022

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The attached materials are work papers of the Commission Staff. They are intended for use by the Public Utilities Commission and are based upon information already in the record unless noted otherwise.

I. Statement of the Issues

Should the Commission approve CenterPoint Energy's Paperless Billing Customer Initiative?

II. Background

On May 25, 2022, CenterPoint Energy Resources Corp. d/b/a CenterPoint Energy Minnesota Gas (CenterPoint, CPE, Company) filed a petition requesting approval of its paperless billing initiative filing (Petition).

On June 14, 2022, the Minnesota Public Utilities Commission (Commission) issued a Notice of Comment Period seeking comments on the following:

- Should customers be automatically enrolled in the paperless billing initiative?
- Should additional communication efforts by CenterPoint be required before the paperless billing initiative can be rolled out?
- Should additional disconnection safeguards be added?
- Are there other issues or concerns related to this matter?

On July 13, 2022, the Department of Commerce (Department) filed comments recommending the Petition be approved.

On July 20, 2022, CenterPoint filed reply comments agreeing with the Department's recommendation.

III. Parties' Comments

A. CenterPoint Energy – Initial Filing

CenterPoint's filing proposed to, at first, automatically enroll in paperless billing customers that use the Company's Auto Pay feature in their My Account. Subsequently, CenterPoint will then begin automatically enrolling all remaining My Account customers. However, if they so choose, these customers can continue receiving paper bills.

CenterPoint stated that paperless billing benefits for customers include:

- Convenience to view bills and pay online,
- Access to bills from anywhere,
- Access bills quicker and eliminate postal delays,
- Positive environmental impact, and
- Easier recordkeeping without clutter.

Paperless billing benefits for the Company include:

- Increase operational savings that will be recognized in future rate proceedings,
- Improve remittance processing through more electronic payments,

- Improve cash flow by accelerating payments,
- Reduction in call center traffic, and
- Positive environmental impacts.

CenterPoint noted that in an April 26, 2022 outreach meeting with the Commission's Consumer Affairs Office (CAO) the following five issues were discussed:

1. CPE intends to auto enroll My Account customers into paperless billing using an opt-out option, as opposed to allowing customers to opt-in. The Company intends to implement this initiative in two phases to allow for time to receive customer feedback prior to moving forward with additional customers. Phase 1 will be implemented across four CenterPoint Energy service areas, including Minnesota. 77,000 Minnesota customers or 9% of total, will be impacted in Phase 1.¹ Phase 1 will only consist of customers that are currently enrolled in My Account online where they log into the computer to manage their accounts. These customers utilize auto draft to pay their bills. The customers will have several opportunities throughout the transition to remain on paper billing should they so choose, and the customers will have the opportunity to return to paper billing at any time. The Company will analyze and review customer feedback prior to moving forward with Phase 2 in 2023 and will adjust the implementation accordingly.

The Company has chosen this method of auto enrolling to increase customer participation. Customers already have the option of opting into paperless billing, and currently 33% of My Account customers do take advantage of paperless billing. However, auto enrollment provides the greatest opportunity to realize the benefits previously mentioned and increase participation to the range of 45%-55%. Opt-out options will be included in the communications My Account customers receive before and after receiving their first paperless bill, specifically:

- A website banner to indicate the customer is enrolled in paperless billing with an opt-out link when the customer logs into their My Account page,
 - Initial email with auto enroll communication, including opt-out provision, one month prior to initial paperless or e-bill,
 - Email welcoming customers to paperless billing and notifying customers of one additional paper bill with instructions on using My Account to return to paper bills,
 - Paper bill, with bill message and bill insert with instructions on using My Account to return to paper bills,
 - Initial Bill Ready to View email, and
 - Monthly Bill Ready to View email (no paper bill).
2. CAO asked the CPE to address the impact to customers who do not use their email accounts, do not have access to computers, use Auto Pay but prefer paper bills, and visually impaired customers. CenterPoint stressed that this paperless billing customer

¹ CenterPoint's filing indicates that the initiative is being rolled out in its three other jurisdictions and that, enterprise-wide, Phase one will cover 300,000 customers.

initiative is only for customers who have chosen to use the Company's online service, My Account and are familiar with computer technology since they have already chosen to use the Company's online services. To the extent customers are visually impaired and not using My Account because online activity creates difficulties, these customers will be suppressed from the receipt of CenterPoint Energy paperless billing communications based on their special billing indicator.

3. The third issue relates to the disconnection process. However, given current protections under Minnesota rules and statutes, disconnection requires written notice by first class mail and an affidavit under oath regarding such mailing must be made by a utility representative. In lieu of mailing, disconnection notices may be hand delivered and the customer must sign the notice, or the utility representative must make an affidavit of delivery under oath. Further, service can only be disconnected in conjunction with a personal visit by a utility representative who must "attempt to make personal contact with the customer at the address." The requirements remain applicable to all customers and the Company will continue to adhere to these legal mandates regarding disconnection.
4. The CAO's fourth issue is related to plan design and testing. CAO questioned the size of the phases and CPE's plan for stabilization checkpoints, implementation processes, and the testing of opt-out procedures. CenterPoint stated that it has built in a hyper care and monitoring period after the completion of Phase 1 and before implementation of Phase 2. During this timeframe, the Company will monitor customer issues, implement fixes, conduct system testing and monitor processes, including social media reaction, specifically negative reactions, increased online de-enrollment, in addition to working with its call center representatives to monitor any increase in calls as CPE gauges customer reaction before Phase 2 implementation. Additionally, all involved processes, including the opt-out process, will be tested and reviewed to ensure the best possible implementation plan.
5. The last CAO issue related to the Company's use of best practices for the auto enrollment. CenterPoint has engaged other utilities to gather lessons learned from their processes and to better prepare for a smooth transition and response to customer questions and concerns. The team connected with other utilities including Florida Power & Light, Xcel Energy, Consumers Energy, and Reliant Energy to understand their approaches to paperless billing and implemented best practices from the companies that utilized auto enroll programs.

B. Department of Commerce – Comments

The Department reviewed the Petition and concluded that CenterPoint has sufficiently addressed the concerns raised by the CAO. The initiative is part of a multi-jurisdiction effort to streamline processes, reduce costs, and simplify interactions with customers. The Company has engaged other utilities regarding best practices for paperless billing transitions, and customers would have multiple opportunities to opt back into paper billing at any time. The Company's phased approach provides the opportunity to assess issues that arise and modify implementation before all customers under My Account are transitioned to paperless billing in

Phase 2. As noted by the Company, the initiative does not propose any changes to disconnection procedures and all requirements established in Minnesota rules and statutes would still apply under the paperless billing initiative. As a result, the Department recommended the Petition be approved.

C. CenterPoint Energy – Reply Comments

In reply comments, CenterPoint accepted the Department’s recommendations.

IV. Staff Analysis

CenterPoint’s Petition addressed issues raised in the April 26, 2022 meeting with CAO. However, the Petition does not address possible unintended consequences associated with automatic enrollment:

- Participating in My Account does not mean that the customer accesses the account on a regular basis. Therefore, customers may fall in arrears because they did not realize they had been enrolled into paperless billing.
- Being signed up for My Account does not guarantee that a customer has easy, regular access to their account. For instance, low-income customers may not have internet access in their home so, for them to review their statements, they may need to go elsewhere such as a public library. Therefore, those customers may be unable to review their billing on a timely basis.
- Seniors often have a relative “manage” their My Account and instruct those relatives to pay their bill *after* getting the paper copy. Inadvertently not paying their bill because they did not realize that they were automatically enrolled in paperless billing may stress their finances when they have to pay the arrearage. Consumers without home Internet may have an email address that theoretically shows that they have the ability to receive electronic statement notifications. But that access may be more theoretical than real.²
- In a recent online survey conducted by Consumer Action, the vast majority of respondents noted that they prefer to receive all types of bills by mail—even when they opt to pay the bill online. Depending on the account category, 45-74 percent of respondents said that they choose paper over electronic notifications for insurance, utilities, medical, mortgages, credit cards and property taxes.³
- Customers may face additional charges such as late payment fees and disconnection/reconnection charges that they would have otherwise not been subjected to had they not been automatically enrolled.
- Customers will complain to the CAO and want to know why they were automatically enrolled without their approval. CAO’s increase in traffic could delay its ability to resolve other matters on as timely a basis.

Despite the purported benefits of paperless billing, Staff is not persuaded by the Company’s proposal. CenterPoint’s Petition acknowledges CPE’s goal to get more My Account customers

² https://www.nclc.org/wp-content/uploads/2022/09/paper_statements_rpt.pdf.

³ <https://www.consumer-action.org/news/articles/paper-or-digital-winter-2018-2019>.

enrolled in paperless billing. However, the Petition ignores the fact that every time My Account customers access their account they are encouraged to enroll in paperless billing and, since those customers have chosen not to enroll already indicates that they want paper invoices.

CenterPoint's Petition indicated that the Company's initiative is being rolled out across three other jurisdictions. Rather than approving automatic enrollment, the Commission may want to deny the Petition without prejudice and encourage CenterPoint to refile after lessons learned from those other jurisdictions are known and the Company shares that information with CAO.

If the Commission approves the Petition, then the Commission may to incorporate some or all of the following ratepayer protection guardrails:

- The company consider a checkbox on the conversion page, not to enroll but for the customer to acknowledge they have read and understood the terms and conditions of paperless billing, customer responsibilities, and the opt out process.
- Filings every six month that report on the monitoring process – complaints, # of opt outs, # of customers who state they were enrolled without their knowledge, other customer objections or customers who were happy this was undertaken by the company, how much money is the initiative saving, and what percent of auto-enrolled customers fell in arrears within 90 days of enrollment and how that compares to the arrearage percentage for all customers.
- Thorough staff training.
- Ensure compliance with 7820.3500 Billing Content.

Finally, if the ask the Commission approves the Petition, then it may want to ask the Company when it anticipates it will begin automatically enrolling customers.

V. Decision Alternatives

1. Approve CenterPoint's Paperless Billing Customer Initiative, as filed. (CPE, DOC)
2. Do not approve CenterPoint's Paperless Billing Customer Initiative, as filed. (Staff)
3. Approve CenterPoint's Paperless Billing Customer Initiative with the following additional ratepayer protections (Staff Alternative):
 - A. Require the Company to add a checkbox on the conversion page asking the customer to acknowledge they have read and understood the terms and conditions of paperless billing, customer responsibilities, and the opt-out process.
 - B. Require the Company to file reports on the paperless billing initiative monitoring process beginning 30 days after the implementation of Phase 1 commences, and every six months thereafter through implementation of Phases 1 and 2, with a final report to be filed 30 days after the implementation of Phase 2 is complete. The reports shall include the following information:
 - i. Complaints received.

- ii. Number of opt outs.
 - iii. Number of customers who state they were enrolled without their knowledge.
 - iv. Other customer objections or comments regarding this initiative.
 - v. What percent of auto-enrolled customers fell in arrears within 90 days of enrollment and how that compares to the arrearage percentage for all customers.
 - vi. How much money the paperless billing initiative has saved.
- C. Require the Company to provide thorough staff training on assisting customers with the transition to paperless billing and the opt-out process.
- D. Require the Company to ensure compliance with Minn. R. 7820.3500 Billing Content.