

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

LeRoy Koppendraye
Marshall Johnson
Ken Nickolai
Thomas Pugh
Phyllis A. Reha

Chair
Commissioner
Commissioner
Commissioner
Commissioner

In the Matter of CenterPoint Energy's
Implementation of the Cold Weather Rule and
Reconnection Policies

ISSUE DATE: January 14, 2005

DOCKET NO. G-008/CI-04-2001

ORDER APPROVING AGREEMENT,
DIRECTING IMPLEMENTATION, AND
APPOINTING LEAD COMMISSIONER

PROCEDURAL HISTORY

During October and November of 2004, the Commission's Consumer Affairs Office (CAO) received several customer complaints regarding CenterPoint Energy's (CPE or the Company) application of the Commission's Cold Weather Rules.¹ Customers, including customers who had qualified for Energy Assistance, complained that they were denied reconnection without payment in full of their total outstanding balance.

On November 10, 2004, CAO met with the Company to discuss CPE's compliance with Minn. Rules part 7820.2300, "Reconnection at Beginning of Cold Weather Months." At the meeting the Company agreed to respond to the CAO's concerns at a later date.

On November 24, 2004, CPE responded to the CAO's concerns. CPE stated that its practices were in compliance with Minnesota rules and statutes.

The matter came before the Commission on December 21, 2004, when the following parties appeared: CenterPoint Energy, Residential and Small Business Utilities Division of the Office of the Attorney General (RUD-OAG), Energy CENTS Coalition (ECC), and Legal Aid Society of Minneapolis.

Pursuant to a commitment made at the December 21, 2004 meeting, CPE filed weekly e-mail reports (December 28, 2004, January 4 and 11, 2005) regarding the Company's progress in locating and reconnecting customers consistent with the Cold Weather Reconnection Rule.

On January 12, 2005, the Office of the Attorney General filed a Preliminary Report with interim recommendations.

¹ Minn. Rules part 7820.1500 to 7820.2300.

On January 13, 2005, the Commission met to consider this matter.

FINDINGS AND CONCLUSIONS

I. Expedited Interim Order

The Commission met on January 13, 2003 to review the progress made by CPE on the Cold Weather Reconnection problems identified at the December 21, 2004 meeting. This expedited Order proceeds from that meeting and reflects the Commission's continuing sense of urgency regarding this matter.

This is an interim Order issued in the course of the investigation. While not addressing the ultimate issues raised in this proceeding, the Order provides for immediate remedial action. Finally, this Order does not attempt to recount all the positions and arguments made by the participants at various parts of the January 13, 2005 meeting but does confirm agreements made, the actions to be taken, and the reasons therefor.

II. Summary of Action

Following comments by the parties, discussion, and questioning by Commissioners, CenterPoint Energy and the Office of the Attorney General proposed an agreement to address several of the practical immediate issues that are raised in this matter. The Commission finds that this agreement is reasonable, supported by substantial evidence, and in the public interest. The Commission will therefore adopt it and direct its implementation.

III. Review of Record Supporting Agreement

The record supporting the agreement includes 1) CPE's weekly e-mail progress reports, 2) CPE's representation at the January 13, 2005 hearing that it has identified 350 customer households that have still not been reconnected and that the Company has not classified as vacant, 3) the Company's clarification that it has not made site visits to all those residences, 4) the fact that the script that its Customer Service representatives use in responding to customers who seek reconnection begins by asking for payment of the balance (arrearage) in full and seven talking points later states that the Reconnection Plan is to be offered customers "as a last resort", and 5) information that the Company's outreach to disconnected households has not included any attempts after normal work hours or on weekends. The Commission also takes official notice of the on-going intemperate weather experienced in CenterPoint Energy's service area during December and January.

IV. Agreement Terms

Actions agreed upon are as follows:

1. CenterPoint Energy will staff its Customer Service Office from 7:00 AM to 10:00 PM beginning Friday, January 14, 2005 through Sunday, January 16, 2004.
2. CenterPoint Energy Customer Service representatives contacted by or contacting customers seeking reconnection will use the following script:

When a customer calls to reconnect on or after October 15, the customer service representative shall state as follows:

FIRST STEP

Rep: The purpose of this conversation is to see how we can get you reconnected. Before we discuss the specifics, you should know that the State of Minnesota has a Cold Weather Rule that protects its citizens from loss of heat in the winter if they are unable to pay their utility bills. The rule is in effect from October 15 to April 15.

Under the Cold Weather Rule, a customer who is unable to pay the whole bill has a right to negotiate a payment plan to be reconnected. If the utility and the customer do not reach an agreement on a payment plan, the customer has a right to appeal the matter to the Minnesota Public Utilities Commission. After you are reconnected, if you are unable to make payments on time you must contact the utility immediately and renegotiate the payment plan or you may be shut off.

SECOND STEP

Rep: Would you like to negotiate a payment plan?

If yes: The Minnesota Cold Weather Rule has a provision relating to households whose income is less than half of the state average. If your monthly household income meets these guidelines, your natural gas service will be reconnected if you agree to pay as much as you can but no more than 10% of your monthly household income.

No matter what your income is, you still have a right to negotiate a payment plan with the utility if you are unable to pay your bill.

Could you answer a couple questions so I can make an initial determination as to whether you qualify as a household within the Cold Weather Rule income guidelines (customer service representative must refer to table)

If yes:

- What is your monthly household income?
- How many people live in your household?

If the customer's stated income is within the Cold Weather Rule guidelines, the customer service representative will state the following:

- Based on this income information, we can reconnect your service and set you up on a reconnection plan while we verify your income. Under a reconnection plan, you are not required to pay more than [10% of the monthly customer's income].
- What can you afford to pay a month?
- If CPE agrees to this amount, customer service representative sets up an appointment for reconnection and will go through the process for verifying income and reconnecting.

- If CPE does not agree, the customer service representative may negotiate but may NOT request an amount of more than 10% of the customer's monthly income. If CPE and the customer reach agreement, the customer service representative sets up an appointment for reconnection and will go through process for verifying income and reconnecting.

- The customer service representative will also inform the customer that funds may be available to help the customer pay his or her bill and give the customer the agency contact information.

If NO or if the customer's monthly income is more than or equal to 50% of the state median, the customer service representative will ask the following questions:

- Are you able to pay your existing bill in full?
- If no: What type of payment plan is workable for you to pay off your bill?

If the customer and company are able to agree on a payment plan, then the customer service representative sets up an appointment for reconnection and will go through the process for reconnecting.

THIRD STEP

In any case where CPE and the customer are unable to reach an agreement, the customer service representative will inform the customer, at the time of the request, how to appeal to the Public Utilities Commission and CPE will send out an appeal notice to the customer. If the customer appeals to the Public Utilities Commission, the customer's service will be reconnected pending the outcome of the appeal.

FOURTH STEP

Rep: Thank you for your call. If you have any questions about the information I provided in this call or your rights under the Cold Weather Rule, please contact the Minnesota Public Utilities Commission at 1-800-657-3782 or 651-296-0406 or the Minnesota Attorney General's Office at 1-800-657-3787 or 651-296-3353.

3. By 10:00 PM Sunday, January 16, 2005, CenterPoint Energy employees will make a site visit to each of the 350 customer residences that the Company has identified as remaining disconnected and not vacant and explain (as described in the script) the Company's intent and process to reconnect.
4. If a customer contacting or contacted by CenterPoint Energy employees wants to be reconnected and agrees to a payment plan as outlined in the Cold Weather Rule as described in the script, the Company will reconnect the customer within 12 hours of the customer's agreement to such a payment plan, leaving income verification to be conducted subsequently in the normal course of business. It is understood that particular circumstances such as frozen ground requiring use of excavation equipment may prevent meeting the 12 hour standard. In such circumstances, reconnection is to be achieved as quickly as feasible.
5. If the CenterPoint Energy employee visiting the customer's residence is unable to speak with the customer, the CenterPoint Energy employee will leave a Cold Weather Rule Information Packet headed by a prominent one-page flyer conveying (consistent with the requirements stated in the script) the Company's intent and process to reconnect the customer's gas service

6. Not in lieu of but in addition to the weekly e-mailed progress report required by the Commission's January 4, 2005 Order in this matter, CenterPoint Energy will contact the Commission and the Office of the Attorney General on the morning of Tuesday, January 18, 2005 with an update regarding the progress made as a result of this Agreement.

The Commission notes that the script adopted above will be used not only by Customer Service Representatives contacted by customers by phone, but by the Company representatives going to customer residences to pursue reconnection.

V. Spirit of Implementation

The Company is encouraged to take appropriate action to arrange efficient completion of the reconnection steps and to expedite reconnection consistent with this Order by such actions as authorizing the Company representatives who go to customer residences to enter into Payment Plans with the customers on the spot (rather than simply referring them to Customer Service Representative) or, if this is not possible, to have a cell phone to put the customer directly in touch with Customer Service to confirm the payment plan agreement.

Upon reaching an appropriate payment plan agreement consistent with the Cold Weather Reconnection Rule, the reconnection itself could be further expedited by authorizing the on-site employee to proceed immediately with reconnection or at least be able to call in the appropriate personnel to effect the meter unlock (reconnection). The goal is to attempt to avoid making the process involve three different steps/three different employees/three different time delays/three different opportunities for the reconnection to become derailed.

VI. Lead Commissioner for Discovery Disputes

In its Preliminary Report submitted January 12, 2005, the Office of the Attorney General requested that the Commission appoint a lead Commissioner for the purpose of ordering CPE to produce documents and witnesses in this investigation. In support of its request at the January 13, 2005, hearing, the Attorney General stated that CPE had responded to many of the information requests submitted to it by the Attorney General, but had refused to provide other requested information. The Attorney General stated that having a lead Commissioner available to resolve discovery disputes would expedite the investigation. CPE did not oppose the request.

Minn. Stat. § 216A.03, subd. 9 states that after allowing interested persons to be heard on a proposed designation prior to making the designation, the Commission may appoint a lead Commissioner for a docket, a type of docket, or for a particular subject area. A lead Commissioner may be authorized to exercise the Commission's authority to develop an evidentiary record for a proceeding, including holding hearings and requesting written or oral comments. The type of authority requested for the lead Commissioner in this instance is the authority to assist in the development of the record by receiving and deciding discovery disputes between parties to this investigation.

Given the particular subject area for which the lead Commissioners is requested (discovery issues between parties) and the opportunity afforded all attendees at the January 13, 2005 meeting to comment on the Attorney General's request, the Commission will proceed to appoint Commissioner Phyllis Reha as lead Commissioner in this docket with authority to exercise the

Commission's authority to receive and decide discovery disputes between the parties.

ORDER

1. The Commission approves and adopts the agreement between CenterPoint Energy and the Office of the Attorney General as stated above and orders its implementation.
2. The Commission exercises its authority pursuant to Minn. Stat. § 216A.03, subd. 9 and appoints Commissioner Phyllis Reha as lead Commissioner in this docket with authority to exercise the Commission's authority to receive and decide discovery disputes between the parties.
3. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION

Burl W. Haar
Executive Secretary

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