



# CUBFacts

## Understanding Utility Maintenance Plans

### What are utility maintenance plans?

These plans cover the maintenance and repair of a home's telephone, natural gas, and water lines for a set monthly fee. Other plans may cover inspections of heating and cooling systems, and repairs to certain appliances, such as air conditioners, telephones, even microwave ovens and garbage disposals. With reassuring names such as "Line-Backer," "ComfortGuard," and "Pipeline Protection," the plans are marketed as low-cost insurance against maintenance problems. However, the fine print often reveals that such plans are too costly and impractical for most consumers. At the end of this guide, CUB has a chart that explains some of the better-known plans being offered.

### How much do such plans cost?

Basic repair plans may seem deceptively cheap because they range from \$3 to \$7.50 per month, but that adds up over the course of a year. Other plans covering maintenance and repair of heating and cooling systems have monthly fees of up to about \$30. One plan marketed by Nicor Solutions, an affiliate of the northern Illinois utility Nicor Gas, is even more expensive because it covers monthly natural gas costs, plus repairs of certain major appliances.

### Do I get money back if no repairs are done?

No. Once you sign up for the plan you lose any money you pay into it, even if you don't have any maintenance or repair problems over the course of the agreement, which can be a year or month-to-month.

### Are these plans offered by utilities only?

No. Some utilities offer maintenance plans, while other plans are marketed by unregulated affiliates of the utilities. With names like Nicor Services and Nicor Solutions, these unregulated affiliates often are mistaken for the actual regulated utilities, but they aren't. They can charge whatever they want for the services they offer. Adding to the confusion, the utilities help their affiliates market these maintenance programs through bill inserts and sales pitches to customers who call the utility.

### Are these plans worth it if I'm a renter or new homeowner?

They may not be. Find out if your landlord covers such repairs. In fact, some of the plans exclude customers who live in multi-unit buildings, so read the fine print. Also, new homeowners may be protected from such repair costs by warranties.

### Should I sign up for such a plan?

Read the fine print before deciding whether the risks outweigh the costs. Often these plans cover a very narrow category of repairs. For example, the list of what "ComfortGuard" does NOT cover for Nicor customers is longer than what it does. Like ComfortGuard, the "Pipeline Protection" plan—marketed to Peoples Gas and North Shore Gas customers—can "restrict coverage" of certain piping systems due to unavailability of parts. AT&T's Line-Backer plan only covers inside-wire and jack repairs, which only happen about every 20-30 years, on average. Most problems originate with a phone company's network outside the home or with the actual telephone—repairs not covered by this basic maintenance plan. Remember, these plans are optional. The money you save in bypassing a maintenance plan would likely cover the rare time you would ever need such repairs done.

### What about inspection and appliance-repair plans?

Peoples Gas and North Shore Gas offer a "home safety inspection" of, among other things, the furnace, water heater, gas fireplace, and flexible connectors, for a one-time fee of \$90, with any repairs costing extra.

Nicor Services offers plans that cover inspection, cleaning, and/or repair of the furnace, water heater, and central air conditioning for prices that range from \$8.95 to \$33.95 per month. Before signing up for any offer, find out if you have a warranty that already covers such maintenance. Or, you can shop around. You may be able to find better deals—without a monthly fee—through local heating and cooling professionals. You can find them listed in the phone book, or ask friends for referrals. The Better Business Bureau may be able to tell you if a heating contractor you're considering has been the source of complaints in the past.

Nicor Services also offers appliance-repair plans, from one that charges \$25 a month for problems with the refrigerator, clothes washer, clothes dryer, range, furnace, and water heater to a \$7 per month plan covering microwave repairs. (The microwave plan is among several that are “ala carte” items, meaning you can’t buy the plan separately, without purchasing a larger maintenance plan of the same or greater price.) Be wary of these plans. Ask yourself how often these appliances break down. You may already have a warranty that covers such repairs. Regardless, the yearly savings you gain by foregoing such plans—and their monthly fees—probably would cover any repairs, if you ever needed them.

### **What is CUB?**

CUB is a nonprofit group created by the Illinois Legislature in 1983 to fight for the rights of utility consumers across the state. If you have a question or complaint about your telephone, natural gas, or electric service, call CUB’s Consumer Hotline, at 1-800-669-5556, for free guidance.

Plan	Company	Cost	Helpful Information
<p><b>ComfortGuard</b> Covers leak repairs of exposed natural gas pipes and appliance connectors up to \$600.</p>	<p>Nicor Services, an unregulated affiliate of Nicor Gas</p>	<p>\$4.95/month</p>	<p>Does not cover leaky gas pipes in walls or ceiling, fireplace valves, gas meters, gas appliances problems caused by natural disasters or third parties, or any problems outside the home, including appliances in detached garages. Can inspect pipes and restrict coverage for unavailability of parts. Note: Landlords and home warranties may cover such repairs.</p>
<p><b>Home Essentials</b> Covers all your natural gas costs, plus repairs to one furnace or boiler, a central air conditioner, and water heater up to \$300 per incident and \$2,000 per year.</p>	<p>Nicor Solutions, an unregulated affiliate of Nicor Gas.</p>	<p>Varies, according to customer's estimated gas usage plus a mark-up.</p>	<p>This is the company's "Fixed Bill" plan with maintenance and repair services added on.</p>
<p><b>Pipeline Protection</b> Covers leak repairs of exposed natural gas pipes and appliance connectors, and shut-off valves up to \$300.</p>	<p>Peoples Gas and North Shore Gas</p>	<p>\$2.95/month</p>	<p>Does not cover leaky gas pipes in walls, ceiling, or crawl spaces, fireplace valves, gas meters, gas appliances problems caused by natural disasters or third parties, or any problems outside the home, including appliances in detached garages. Can inspect pipes and restrict coverage for unavailability of parts.</p>
<p><b>Line-Backer</b> Covers repairs to telephone jacks and the wires inside the walls of a home. Other companies call it "Inside Wire Maintenance" or "Wire Solutions."</p>	<p>AT&amp;T</p>	<p>\$7.50/month plus a one-time \$4 activation fee.  Frontier's Inside Wire Maintenance Plan costs \$6.99/month.</p>	<p>Only covers repairs that happen about once every 20-30 years, on average. Does not cover problems with outside wires or repairs to phones. Landlords may cover such repairs, or you may be able to do them yourself or hire someone to do them for much less than what AT&amp;T charges. You can buy another plan for phones, Caller ID units, modems, and routers called "Equipment Maintenance Plan" for an additional \$4 a month—but you can buy a replacement phone at a convenience store for much less than the \$48 per year cost of this plan.</p>
<p><b>Water Line Protection</b> Covers repairs to the water line from your property line to your home's shut-off valve, up to \$5,000.</p>	<p>American Water Resources, an unregulated affiliate of Illinois American Water</p>	<p>\$60 per year</p>	<p>Does not cover pipes that run to sprinkler systems and pipes inside a home. Also doesn't cover damage caused by a homeowner digging on his or her property, damage caused by negligence or actions of you or a third party, damage caused by natural disasters, and water line clogs and blockages.</p>