

**STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
PUBLIC UTILITIES COMMISSION**

IN RE: REGULATIONS GOVERNING : DOCKET NO. 1725
TERMINATION OF RESIDENTIAL :
ELECTRIC, GAS AND WATER :
UTILITY SERVICE :

ORDER

On October 9, 2018, the George Wiley Center (Wiley Center) submitted a request to the Public Utilities Commission (PUC) to “institute an emergency termination regulation” to allow all residential utility customers to be allowed to restore electric or gas service with a down payment of 10% on the arrearage balance and eighteen to thirty-six months to repay their balances with an immediate effective date through December 31, 2018.¹ The Wiley Center specifically requested the PUC not include the conditions on enrollment previously required over the last several years.² In support of its request, the Wiley Center asserted that lower, more affordable, down payments can have a positive impact on economically struggling households. Additionally, the Wiley Center maintained that higher down payments deplete the availability of federal LIHEAP funds more quickly, lowering the amount available to other eligible recipients.³

On October 12, 2018, the Speaker and Senate President submitted a letter appearing to urge the PUC to allow enrollment in the Arrearage Management Plan (AMP) with a lower down payment than that required by statute. The General Assembly letter noted that “[l]egislation provides that customers whose utilities have already been disconnected make

¹ Viveiros Letter (Oct. 9, 2018).

² *Id.* The previously required conditions were that the customer either never participated in the plan in the past, that the customer participated but has a balance at or below the balance when the customer previously participated, or the customer pays an additional down payment to bring the balance at or below the previous balance that existed when the customer enrolled. Order No. 22967 (Nov. 27, 2017).

³ Viveiros Letter (Oct. 9, 2018).

a 25% down payment in order to enroll in the plan, unless the [PUC] has adopted emergency regulations.”⁴ The General Assembly letter also requested that electric and gas customers be allowed to pay a 10% down payment on their arrearages for restoration of service.⁵ As support for its position, the General Assembly cited the fact that the PUC has previously provided temporary modifications to regulatory payment plans that would allow more customers to have service restored prior to the onset of the cold weather.⁶

On October 24, 2018, National Grid submitted comments supporting the previously approved emergency restoration plans with all of the conditions previously required, including the terms and conditions related to the AMP. National Grid opined that allowing the reduced down payments, as in the past, would assist its customers during the winter season.

On October 25, 2018, the Wiley Center submitted comments gathered at a community meeting in support of its request.⁷ Further, on October 30, 2018, the Wiley Center submitted further comments noting that, in response to a PUC information request, more than 2,000 customers entered into the modified payment plans in 2017 with the reduced down payment. According to the Wiley Center, the modified payment plans that have previously been approved have had a positive effect on customers. Accordingly, the Wiley Center again urged the PUC to extend those terms to customers in 2018.⁸

⁴ General Assembly Letter (Oct. 12, 2018). R.I. Gen. Laws § 39-2-1(d)(2)(iii) states as a condition of entering the AMP, “[i]f utility service has been terminated, the customer shall make an initial payment of twenty-five percent (25%) of the unpaid balance, unless the commission has enacted emergency regulations in which case the customer shall pay the down payment required by the emergency regulations.”

⁵ General Assembly Letter.

⁶ *Id.*

⁷ Viveiros Email (Oct. 25, 2018).

⁸ Viveiros Letter (Oct. 29, 2018).

On October 29, 2018, the Division of Public Utilities and Carriers (Division) submitted comments summarizing the 2017 modified payment plans and not objecting to the PUC again allowing such modified payment plans with all of the conditions previously required. The Division posited that the conditions previously included in the modified payment plan provisions was reasonable to balance the interests of the utility.⁹ The Division also explained the availability of Division-directed specialized payment plans for customers with special circumstances which are similar to the modified payment plans.¹⁰

At an Open Meeting conducted on October 30, 2018, the PUC, referencing R.I. Gen. Laws § 39-1-32(a), found that public safety requires an order, effective immediately, to provide for restoration of gas and electric service for residential customers at a reduced level of down payment than what is required by the PUC's Rules and Regulations Governing the Termination of Residential Electric, Gas, and Water Utility Service. With the onset of colder winter weather, public safety required lowering the amount of funds needed for customers to have service restored. Also, given the adoption of a reduced down payment and payment plan every year for the past ten years, people have come to expect and rely upon adoption of the provision.

The PUC has continued to include conditions on participation in the plan because the conditions are designed to control the continued growth of large arrearages. The conditions attempt to balance the interest of all ratepayers by allowing those without service a more affordable down payment than would otherwise be required while reducing other ratepayers' exposure to higher rates from potentially larger write-offs.

⁹ McCleary Letter at 2 (Oct. 29, 2018).

¹⁰ *Id.* at 2-3.

For the first time, the PUC has extended the reduced down payment to those eligible for the AMP. Customers who are eligible for the AMP under R.I. Gen. Laws § 39-2-1(d)(2) may enroll in an Arrearage Management Plan with an initial payment of 10% of the unpaid balance from October 31, 2018 through December 31, 2018.

In making proposals in matters related to National Grid's rates and programs, the PUC has directed proponents to apply, among other things, a cost benefit analysis using the Framework adopted by the PUC in Order No. 22851.¹¹ Reviewing each of the proposals together with the Docket No. 4600 Framework, the PUC can identify categories of costs and benefits that, in time, may be able to be quantified to better support PUC decisions related to payment management. In this case, there are Customer costs and benefits and Societal Level costs and benefits. The parties have not quantified the costs and benefits of reducing the down payments for the emergency payment plans or the AMP, but it is possible that the Customer and Societal benefits exceed the costs. In order to make a more quantitatively informed decision in the future, the PUC will be issuing reporting requirements to National Grid to better track the effectiveness of the results of this and other PUC decisions related to payment management. Additionally, PUC staff has been engaged with stakeholders to streamline and improve reporting requirements and this work will continue.

Despite the fact that PUC currently has more questions than quantitative answers, there is sufficient qualitative analysis to support approval of these modified payment plans with the conditions approved. Although the Wiley Center did not file a formal cost benefit analysis, the PUC can make some determinations on Customer costs and benefits using

¹¹ Order No. 22851 (Docket No. 4600, In re: Investigation into the Changing Electric Distribution System and the Modernization of Rates in Light of the Changing Distribution System) (July. 31, 2017).

qualitative analysis provided in the filings. There were qualitative claims that reduced down payments can improve access to heat, light, refrigeration, food preparation, warm water, communication, electronic medical devices, and all other basic needs utility service provides. Participants directly benefit from non-energy impacts including improved comfort, improved safety, increased property durability, improved health, and the value of other improvements in quality of life. Participants do not incur incremental costs. Some level of costs may shift to non-participants. Non-participants may realize higher costs in addition to the cost shift if write-offs are greater than they otherwise would have been.

The PUC can also reach some reasoned conclusions about Societal costs and benefits based on general knowledge gathered through a review of other cost benefit analyses. For example, society may realize increased Greenhouse Gas Emissions (GHG) and criteria air pollutants from energy consumption. Conversely, society may also realize reduced GHG emissions and criteria air pollutants because customers use the electric system mix and gas supply instead of less efficient energy sources. Society may benefit from increased economic activity resulting from reducing customers' energy burden. Society may benefit from increased employment, due to improved health, safety, and quality of life of employees. Increased access to gas and electric service through the modified payment plans may provide lower social service and public health costs. Unfortunately, none of this is quantified in the record. The PUC encourages parties to provide as much evidence as possible of the costs and benefits of proposals related to National Grid's electric (and in this case gas) proposals affecting rates and payments.

Accordingly, it is hereby

(23312) ORDERED:

1. Public safety requires an order, effective immediately, to provide for restoration of gas and electric service for residential customers at a reduced level of down payment than what is required by the PUC's Rules and Regulations Governing the Termination of Residential Electric, Gas, and Water Utility Service.

2. From October 31, 2018 through December 31, 2018, any residential customer whose utility service has been terminated by National Grid for non-payment or who has a Termination date scheduled will be entitled to have such service restored by National Grid upon satisfaction of two of the following conditions:

- (a) for a customer owing less than \$1000, 10% of the balance owed must be paid and the remainder of that balance must be paid within 18 months;
- (b) for a customer owing at least \$1000 but less than \$2500, 10% of the balance owed must be paid and the remainder of that balance must be paid within 24 months;
- (c) for a customer owing \$2500 or more, 10% of the balance owed must be paid and the remainder of that balance must be paid within 36 months unless the Company chooses to extend such time period;
- (d) to participate in a payment plan under this Order, as per, Part V, Section 4(G) of the Rules, the customer either (1) did not

participate in one of the plans listed in a prior year or (2) did participate and currently has a balance due on his or her account that is the same or less than the balance that customer had upon enrollment in the prior year plan listed in the Rules, or (3) did participate last year and currently has a higher balance but makes an additional down payment to bring the current balance down to or below the balance at enrollment last year.

In addition to the down payments specified above, customers must pay current bills within the time period allowed by National Grid. A formal commitment to receive funds from any social service agency by December 31, 2018 for all or part of the additional down payment shall be considered compliance with the provisions of the Rules, provided that the customer has satisfied the other conditions set forth above.

3. Customers who are eligible for the Arrearage Management Plan under R.I. Gen. Laws § 39-2-1(d)(2) may enroll in an Arrearage Management Plan with an initial payment of 10% of the unpaid balance from October 31, 2018 through December 31, 2018.

4. At the time a customer seeks a payment plan under the terms adopted by this order, if the customer is on the non-income eligible rate, The Narragansett Electric Company d/b/a National Grid, shall determine whether the customer is eligible for the income-eligible rate and if so, enroll the customer in the appropriate income eligible rate for either gas or electric service.

EFFECTIVE AT WARWICK, RHODE ISLAND, ON OCTOBER 31, 2018
PURSUANT TO AN OPEN MEETING DECISION ON OCTOBER 30, 2018.
WRITTEN ORDER ISSUED ON NOVEMBER 1, 2018.

PUBLIC UTILITIES COMMISSION



*Margaret E. Curran, Chairperson

A handwritten signature in black ink that reads "Marion Gold".

Marion Gold, Commissioner

A handwritten signature in blue ink that reads "Abigail Anthony".

Abigail Anthony, Commissioner

*Chairperson Curran was not available to participate in the decision.

NOTICE OF RIGHT OF APPEAL: Pursuant to R.I. Gen. Laws §39-5-1, any person aggrieved by a decision or order of the PUC may, within seven (7) days from the date of the order, petition the Supreme Court for a Writ of Certiorari to review the legality and reasonableness of the decision or order.