

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS  
PUBLIC UTILITIES COMMISSION

IN RE: AFFORDABLE ENERGY PLAN : DOCKET NOS. 3804 & 3806

REPORT AND ORDER

In 2006, the State of Rhode Island enacted legislation labeled “The Comprehensive Energy Conservation, Efficiency and Affordability Act of 2006”.<sup>1</sup> Pursuant to this legislation, specifically R.I.G.L. § 39-1-27.10, each gas and electric public utility is required, on or before January 1, 2007, to submit to the Rhode Island Public Utilities Commission (“Commission”) “a plan for affordable energy for low-income households.” This plan will “include provisions for discounted distribution rates and customer charges, payments on arrearages and unpaid balances by low-income households, and energy efficiency and weatherization to the extent that funding is allocated by the commissioner” of the office of energy resources pursuant to R.I.G.L. §42-141-5(d).<sup>2</sup> The Commission is required to review the plan and issue an order by May 31, 2007.<sup>3</sup> On or before November 1, 2007, each gas and electric public utility must implement the affordable energy plan in accordance with the Commission’s order.<sup>4</sup>

I. NATIONAL GRID’S PLAN

On January 2, 2007, National Grid (“NGrid”) submitted its Affordable Energy Plan for gas and electric utility service. NGrid’s Affordable Energy Plan contained four components: (1) a discounted distribution rate for low-income gas customers; (2) an allocation of dollars that would be used to supplement the existing LIHEAP program

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<sup>1</sup> P.L. 2006, ch. 236 and P.L. 2006, Ch. 237. For purposes of this Order, this legislation will be referred to simply as the “Act”.

<sup>2</sup> R.I.G.L. § 39-1-27.10 (a).

<sup>3</sup> R.I.G.L. § 39-1-27.10 (b).

<sup>4</sup> R.I.G.L. § 39-1-27.10 (c).

which the Office of Energy Resources (“OER”) can utilize to assist very low-income customers in managing their arrears; (3) a proposal to enhance the arrearage forgiveness program that is set forth in R.I.G.L. § 39-2-1; and (4) weatherization programs which simply “piggy-back” from pre-existing programs that have been proposed to the Commission in both electric and gas energy efficiency or demand-side management (“DSM”) dockets.<sup>5</sup>

For the low-income gas distribution rate, NGrid stated that the Act specifically limits the discount for low-income customers to no more than a 50 percent reduction in distribution and customer charges for a reasonable and prudent use by very low-income households of gas and electricity that does not exceed average use for comparable dwelling units. Since NGrid’s current Low Income Rate A-60 for electric service provides a discount of approximately 80 percent of distribution charges for low-income customers using 500 kWh per month, NGrid did not include any further discount for electric service. NGrid did propose a 50 percent discount in gas distribution charges for low-income households, which would cost approximately \$3.5 million per year. Based on data from November 2005 through October 2006, this discount would include 16,000 households. Assuming OER provides funding for this discount, NGrid would file amended tariffs. Also, regarding the LIHEAP Supplemental Program, NGrid recommended that the OER allocate a portion of the Affordable Energy Fund dollars to supplement its traditional LIHEAP program.<sup>6</sup>

Furthermore, NGrid proposed enhancements to the arrearage forgiveness program created by the Act as set forth in R.I.G.L. § 39-2-1. This statute allows very low-income

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<sup>5</sup> NGrid Ex. 1 (NGrid’s Affordable Energy Plan), p. 4 (1/2/07). NGrid’s Affordable Energy Plan was filed in Docket No. 3804.

<sup>6</sup> *Id.*, pp. 5-7.

customers whose service is terminated to have a one time restoration of electric and/or gas service if the customer pays 25 percent of the unpaid balance and agrees to pay 1/36th of one-half of the customer's remaining balance each month for the next 36 months while remaining current with payments for current usage. NGrid proposed three enhancements. First, a customer who fulfills the payment obligation of the program for 24 months would have 100 percent of the customer arrearage forgiven at the end of 24 months rather than 36 months. Second, the forgiveness would be accelerated in increments so that one-quarter of 67 percent of the remaining arrears balance would be forgiven at six month intervals.<sup>7</sup> Third, a customer would become enrolled in the program prior to service being actually shut-off provided that OER confirms eligibility as a very low-income customer and the customer receives a notice of termination. Lastly, NGrid noted that the existing electric DSM program and the proposed gas DSM program contain specific components for low-income households.<sup>8</sup>

## II. BLOCK ISLAND POWER'S PLAN

On January 12, 2007, Block Island Power Company ("BIPCO") filed its Affordable Energy Plan with the Commission. BIPCO proposed a 50 percent reduction in electric charges at a monthly usage not to exceed 500 kWh a month for low-income households. Also, BIPCO proposed a 50 percent reduction in the unpaid balance of past due charges as long as monthly payments are made. In addition, BIPCO stated it will apply to the Affordable Energy Fund for money to assist in weatherization for dwellings occupied by low-income households that use electricity as their main supply of heat for cold weather. BIPCO estimated that there are 15 very low or low-income households,

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<sup>7</sup> The end result is that the customer would have 50 percent of his original unpaid balance forgiven in equal installments every six months over a period of 24 months. See PUC Ex. 1 (Data Resp. 1-4).

<sup>8</sup> Id., pp. 7-10.

and a 50 percent reduction in charges would cost \$9,000. Also, BIPCO indicated it was unaware of any dwelling occupied by a low-income household utilizing electricity as the main supply of heat for cold weather.<sup>9</sup>

### III. PASCOAG UTILITY DISTRICT'S PLAN

On January 30, 2007, the Pascoag Utility District ("Pascoag") filed its Affordable Energy Plan and requested an exemption from being required to implement its plan pursuant to the Act. Pascoag indicated that funds to pay for the utilities' Affordable Energy Plans will come from the gross receipts tax imposed on regulated utilities. Pascoag argued that the funds for the Affordable Energy Plan will come from a reduction in the amount of the gross receipts tax imposed on utilities. Because Pascoag does not pay the gross receipts tax due to its non-profit status, Pascoag argued that it would not receive reimbursement for its Affordable Energy Plan, which would harm Pascoag and its ratepayers.

As for its Affordable Energy Plan, Pascoag proposed, for qualifying households, a 50 percent reduction of distribution charges for monthly electric use not exceeding 500 kWh and a 50 percent reduction in the customer charge per month. Also, for customers with unpaid balances, Pascoag would reduce the unpaid balance by 50 percent of the distribution charge up to 500 kWh per month as well as the customer charge if the customer makes monthly payments in accordance with the statutory payment plan. In addition, Pascoag will apply to the Affordable Energy Fund for money to assist in weatherization for dwellings occupied by qualifying customers that have electricity as the main supply of heat for the colder weather. Pascoag estimated it had 31 customers who qualify for a reduction in electric rates. The cost of this reduction would be \$4,600.

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<sup>9</sup> BIPCO Ex. 1 (BIPCO's Affordable Energy Plan) (1/12/07). This plan was filed in Docket No. 3806.

Also, Pascoag was unaware of any dwelling occupied by qualifying customers that use electricity as the main supply of heat during cold weather.<sup>10</sup>

#### IV. OER'S STRATEGIC PLAN

On March 1, 2007, the OER filed its strategic plan ("Plan") for the use of the Energy Affordable Fund. The Act requires that the preparation of OER's plan be in consultations with the Rhode Island Energy Efficiency and Resource Management Council ("Council"). However, since the Council has not been appointed and the Plan was required to be filed by March 1, 2007, the OER consulted the utilities, the Division of Public Utilities and Carriers ("Division") and the George Wiley Center. OER indicated that the Affordable Energy Fund is projected to receive \$15 million in fiscal year 2008 from a portion of the gross receipts tax on electricity, natural gas and a portion of the sales tax on home heating oil. In order to alleviate the fiscal year 2008 budget shortfall, only approximately \$7.5 million will go into the Affordable Energy Fund. For fiscal year 2009, the Affordable Energy Fund would receive approximately \$11.5 million and in fiscal year 2010 the Affordable Energy Fund would receive approximately \$15.9 million, the full amount provided by the Act. Among other expenses, the OER will allocate in fiscal year 2008 in the amounts of: \$3.5 million to NGrid for the low-income natural gas distribution rate, \$9,000 to BIPCO's Low-Income Plan, and \$4,600 to Pascoag's Low-Income Plan. These amounts gradually increase in fiscal years 2009 and 2010. In addition, for fiscal year 2010, the OER allocated \$1,000,000 for the arrearage forgiveness program. In addition, OER established metrics to be reviewed annually to

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<sup>10</sup> Pascoag Ex. 1 (Pascoag's Affordable Energy Plan), (1/30/07). This plan was filed in Docket No. 3806.

determine the number of customers maintaining the payment arrangements on the arrearage forgiveness plans and the amount of arrearage dollars.<sup>11</sup>

#### V. DIVISION'S COMMENTS

On March 23, 2007, the Division filed comments regarding the utilities' Affordable Energy Plans and OER's Plan. The Division explained that the Commission is only authorized to implement funding for the Affordable Energy Plan to the extent the Commissioner of the OER, currently the Governor's Advisor of Energy, allocates funding to electric and gas distribution companies. The Division also indicated that the Act allows for the continuation of the existing electric discounts for NGrid's A-60 customers. Furthermore, the Division noted the OER is only proposing to expend \$7.5 million in fiscal year 2008 for the Affordable Energy Fund. Also, the Division suggested the need for clarification as to whether the OER was fully funding NGrid's arrearage forgiveness program since NGrid's proposal is substantially different from the plan required by the Act.<sup>12</sup>

Regarding NGrid's proposal, the Division noted that NGrid's arrearage forgiveness plan deviated from the Act's requirements by having arrearages forgiven after 2 years rather than 3 years and then accelerating the forgiveness of arrearages in six month increments rather than at the end of 3 years. The Division argued that the Commission must adhere to the plan language of the Act and reject NGrid's deviations from the Act. However, the Division indicated that the Commission could interpret the word "termination" in the act to mean "notice of termination" so that consumers could be placed on the arrearage forgiveness program without actually having the consumer's

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<sup>11</sup> OER Ex. 1 (OER's plan), pp. 1-8.

<sup>12</sup> Division's comments, pp. 1-5.

utility service terminated, which would also avoid the utility cost associated with termination. As for BIPCO and Pascoag's proposals, the Division noted that BIPCO's electric rates are not unbundled to distinctly break out generation costs. As a result, BIPCO agreed to the Division's proposal of using Pascoag's distribution rate as proxy methodology for BIPCO's rates, which reduced BIPCO's estimated lost revenues from \$9,000 to \$3,300. Furthermore, the Division indicated a need for clarification regarding BIPCO and Pascoag's arrearage forgiveness plan to ensure consistency with the Act such as the limitation of the arrearage forgiveness program to customers in only very low-income households.<sup>13</sup>

#### VI. GEORGE WILEY CENTER'S COMMENTS

On March 23, 2007, the George Wiley Center filed comments regarding NGrid's proposals.<sup>14</sup> The George Wiley Center argued that the Commission lacks jurisdiction over the percentage or dollar amount of discounts in the Affordable Energy Plan, and that the Commission can only require NGrid to implement tariff revisions to comply with OER's Plan. For example, the George Wiley Center indicated that the Commission cannot narrow the class of customers the OER has proposed to assist with the low-income discount utility distribution rates or set the percentage level of the discount. As for the arrearage forgiveness plan, the George Wiley Center indicated that NGrid's enhancements carry out the spirit of the law. The George Wiley Center argued that the statute indicating eligibility for the arrearage forgiveness program should not be interpreted narrowly so as to limit eligibility to customers actually terminated. The

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<sup>13</sup> Id., pp. 5-7.

<sup>14</sup> On January 30, 2007, the George Wiley Center filed a motion to intervene for Docket No. 3804. No objection to the motion was filed.

George Wiley Center noted that limiting eligibility to customers actually terminated would incent customers to be terminated in order to participate in the program and the utility would incur a cost of \$75 per termination. Instead, a customer should be eligible for the program if the customer has received a notice of termination. Furthermore, if the Commission determined that NGrid's enhancements to the arrearage forgiveness plan are contrary to the Act, then the George Wiley Center recommended that the Commission promote amendments to the Act which will: give customers three occasions to fail to make payments in order to be removed from the arrearage forgiveness plan; lower the down payment from 25 percent to 18 percent; and make the program available to all LIHEAP customers.<sup>15</sup>

#### VII. NGRID'S RESPONSE

On April 5, 2007, NGrid filed a response to the comments filed by the other parties. In response to the Division's comments, NGrid asserted that its proposal is consistent with the spirit of the Act. As a result, NGrid recommended that the Commission schedule a technical session on the first day of the hearings to address some of the legal issues raised by the filings prior to the evidentiary hearings.<sup>16</sup>

#### VIII. HEARING

After published noted, a public hearing was conducted on April 24, 2007 at the Commission's offices located at 89 Jefferson Boulevard, Warwick, Rhode Island. The following appearances were entered:

FOR NGRID	:	Laura Olton, Esq.
FOR BIPCO	:	Michael McElroy, Esq.

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<sup>15</sup> George Wiley Center's Comments, pp. 1-5.

<sup>16</sup> NGrid's comments, pp. 1-2.

FOR OER	:	John McDermott, Esq.
FOR GEORGE WILEY	:	B. Jean Rosiello, Esq.
FOR DIVISION	:	Paul Roberti, Esq. Assistant Attorney General
FOR COMMISSION	:	Steven Frias, Esq. Executive Counsel

At the outset, Ms. Olton indicated that NGrid was withdrawing its original Affordable Energy Plan filing of January 2, 2007 because OER is not funding the enhanced version of the arrearage forgiveness plan and numerous legal questions have been raised by the Division regarding the enhanced arrearage forgiveness plan. Mr. Czekanski testified on behalf of NGrid. Under cross-examination by the Commission, he stated that NGrid's new arrearage forgiveness program will not deviate from statute. Instead, the forgiveness program will be limited to very low-income customers and forgiveness for the unpaid balance would occur after three years.<sup>17</sup> Furthermore, Mr. Czekanski indicated that any customer who did not comply with the statutorily mandated transition plan will not be eligible for the arrearage forgiveness plan. As for limiting NGrid's proposed discount gas distribution rate to a certain amount of usage, Mr. Czekanski explained the technical difficulty of placing a cap on consumption since residential gas usage is extremely variable due to weather variations and that average gas usage by LIHEAP eligible customers does not exceed the average use of comparable residential customers.<sup>18</sup>

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<sup>17</sup> In effect, the customer would have 37.5 percent of his original unpaid balance forgiven at the end of the 36 month period. See PUC Ex. 1 (Data Resp. 1-4).

<sup>18</sup> Tr. 4/24/07, pp. 24, 27-33.

## IX. POST-HEARING DEVELOPMENTS

After the hearing on April 27, 2007, NGrid filed its revised Affordable Energy Plan, in which its arrearage forgiveness plan was brought into compliance with the Act. At the hearing, the Commission had requested that the parties file comments as to whether notice of termination or actual termination of utility service would be necessary to participate in the arrearage forgiveness plan under the Act and what would constitute failure to comply with the arrearage forgiveness plan under the Act. On May 3, 2007, NGrid filed comments. NGrid represented that the Division concurred with NGrid's position. NGrid argued that only notice of termination would be necessary to be eligible for the arrearage forgiveness program. As for what constitutes a failure to make a payment, NGrid argued that failure to remain current with monthly payments after an additional 30 day grace period from the due date of the bill would constitute failure to the arrearage forgiveness plan as it would under the current transitional program. On May 3, 2007, the George Wiley Center filed its comments. The George Wiley Center argued that the Act should be construed liberally in favor of low-income customers. Thus, the George Wiley Center argued that only notice of termination should be sufficient to be eligible for the arrearage forgiveness plan. Also, the George Wiley Center suggested that customers be given three months from the bill's due date to cure a late payment. On May 7, 2007, Pascoag filed its comments. Pascoag indicated that the Act is unambiguous and requires utility service to be actually terminated for a customer to participate in the arrearage forgiveness plan. Also, Pascoag indicated that the phrase "failure to comply" in the Act allows room for interpretation.

At an open meeting on May 23, 2007, the Commission reviewed the evidence and approved NGrid's revised Affordable Energy Plan filed April 27, 2007. It also approved BIPCO's plan with the revision recommended by the Division. Furthermore, it rejected Pascoag's request for an exemption and approved Pascoag's plan with the revision that the forgiveness plan apply to all electric charges. In addition, customers would become eligible once they received a notice of termination and customers would have a 30 day grace period to make full payment from the utility bill's due date before the customer is deemed to have failed to comply with the forgiveness plan. Lastly, the forgiveness plan would go into effect July 1, 2007 while the discount plans would go into effect November 1, 2007 with tariff revisions to be filed at least 30 days prior to November 1, 2007.

### COMMISSION FINDINGS

Under Title 39 of Rhode Island General Laws, the Commission has plenary authority over public utilities. However, in regards to the Affordable Energy Plans mandated by the Act, the Commission's authority is circumscribed. It is essentially limited to a review to ensure that the utilities' Affordable Energy Plans comply with the law, are consistent with OER's allocation of funds and are properly implemented.<sup>19</sup> Accordingly, the Commission will review each of the three utilities' plans for compliance with the law, consistency with OER's funding, and then set forth the requirements of the plan's implementation.

#### I. NGRID

Fortunately, NGrid withdrew its original Affordable Energy Plan filed on January 2, 2007. Even NGrid acknowledged that it deviated from the Act as set forth in

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<sup>19</sup> See R.I.G.L. § 39-1-27.10 and 42-141-5(d)(2).

R.I.G.L. § 39-2-1(d) as to its arrearage forgiveness plan. The Act is clear by indicating that the arrearage forgiveness plan is limited to a “very low-income customer.”<sup>20</sup> The definition for a very low-income customer is expressly provided in R.I.G.L. §42-141-2(f) which limits the definition of a very low-income household to a LIHEAP eligible household with gross annual income of no more than 125 percent of the Federal Poverty Guidelines. Furthermore, the Act is clear that the arrearage forgiveness plan requires payments over a three year period and only once the customer has completed this three year schedule of payments will the customer’s debt obligation to the utility be forgiven.<sup>21</sup> In contrast, the NGrid Affordable Energy Plan filed on April 27, 2007 complies legally with the Act.<sup>22</sup> Thus, the Commission approved the plan.

However, there are a few issues requiring a legal interpretation of the Act which must also be addressed. The first issue is whether a very low-income customer must first have his utility service actually and physically terminated to participate in the arrearage forgiveness plan, or is merely notice of termination sufficient to participate in the arrearage forgiveness plan. The Act indicates that “a very low-income customer who is terminated from gas and/or electric service shall be eligible” to participate in the arrearage forgiveness plan.<sup>23</sup> NGrid, the Division and the George Wiley Center have argued that in the context of R.I.G.L. §39-2-1(d)(1) the word “terminated” is ambiguous enough to encompass threatened termination rather than only actual termination. Since interpreting “terminated” in R.I.G.L. §39-2-1(d)(1) to mean actual termination would

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<sup>20</sup> R.I.G.L. § 39-2-1(d)(1). As of February 2007, there are 10,991 very low-income NGrid electric customers and 7,759 very low-income gas customers in Rhode Island. PUC Ex. 1 (Data Resp. 1-1 updated)

<sup>21</sup> R.I.G.L. § 39-2-1(d)(1).

<sup>22</sup> It is also consistent with funding allocation from OER because OER is only allocating \$1 million to NGrid in fiscal year 2010, which is the third year of the 3-year forgiveness plan. See PUC Ex. 1 (Data Resp. 1-3 updated).

<sup>23</sup> R.I.G.L. §39-2-1(d)(1).

incent customers to seek actual termination of service at the cost of approximately \$75 per termination to the utility, the Commission will avoid this inefficient result and interpret “terminated” in R.I.G.L. § 39-2-1(d)(1) to require notice of termination in order to satisfy the eligibility requirement for the statutory arrearage forgiveness plan.<sup>24</sup>

The second issue is what constitutes a “failure to comply with the payment provisions” of the arrearage forgiveness plan set forth in R.I.G.L. § 39-2-1(d)(1). All the parties agree that this phrase is ambiguous to some extent. The George Wiley Center’s request to permit a customer three opportunities to fail to make appropriate payments before being dropped from the arrearage forgiveness plan is not consistent with R.I.G.L. § 39-2-1(d)(1), which refers to the arrearage forgiveness plan as a “one-time right.”<sup>25</sup> NGrid and the Division proposed deeming “failure to comply” as when a customer fails to make the appropriate payment within 30 days of the utility bill’s due date.<sup>26</sup> This is the approach which has been utilized by NGrid in determining when a customer fails to comply with the statutorily mandated transition plan of R.I.G.L. § 42-141-12.<sup>27</sup> NGrid and the Division’s proposal appears reasonable. The alternative approach recommended by the George Wiley Center of allowing customers a 90 day grace period from the bill’s due date to make a payment so as to remain in the forgiveness plan is not appropriate and would conflict with a utility’s normal billing and collection activities.

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<sup>24</sup> It should be noted that the R.I. General Assembly appears to be clarifying R.I.G.L. § 39-2-1(d)(1) to indicate that only notice of termination is necessary in order to be eligible for the arrearage forgiveness plan. Bills to that effect have passed both chambers of the legislature. See Bill S. 0384 and Bill H. 5909.

<sup>25</sup> It should be noted, however, that bills have passed both chambers of the R.I. General Assembly allowing customers to miss up to three payments before being removed from the arrearage forgiveness plan. See Bill S. 0384 and Bill H. 5909.

<sup>26</sup> See PUC Record Request No. 5.

<sup>27</sup> It is clear under R.I.G.L. § 42-141-12 that any customer who participates and then fails to comply with the transition plan is ineligible for the arrearage forgiveness plan of R.I.G.L. § 39-2-1(d). Apparently, 34 NGrid electric and 470 gas service customers enrolled in the transition plan. As of March 2007, 10 electric and 409 gas service customers are still on the transition plan. GWC Ex. 1 (Data Resp. 2-1).

Lastly, as for the requirement in R.I.G.L. § 42-141-5(d)(1)(ii) that the discount on gas distribution charges be for the “reasonable and prudent use” of natural gas by a low-income household, NGrid’s proposal complies with the Act even though NGrid’s gas discount does not cap the level for overall gas usage for which a discount would be applied as NGrid does currently for its electric discount. NGrid noted the technical difficulties of placing a cap on the discount for gas usage since natural gas usage for residential customers varies so widely based on weather conditions. A cold winter would drive up usage, while the inverse would be true for a warm winter. Under such circumstances, it would be difficult to develop a natural gas distribution discount which would account for variations on gas consumption due to weather.

## II. PASCOAG AND BIPCO

At the outset, the Commission must deny Pascoag’s request for an exemption from the Act. The Act gives no discretion to the Commission to grant exemption to Pascoag. Also, OER has allocated funds to Pascoag for its Affordable Energy Plan and thus, Pascoag should not be harmed financially by implementing its plan.<sup>28</sup> Pascoag’s Affordable Energy Plan appears to be in compliance with the law, except it must be revised to indicate that its arrearage forgiveness plan applies to all electric charges instead of only distribution charges.<sup>29</sup>

As for BIPCO, BIPCO’s plan appears to be in compliance with law, except it must be revised to limit its electric discount to only the distribution portion of its electric

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<sup>28</sup> If Bill H. 5561, which exempts Pascoag from the Act’s Affordable Energy Plan provisions, were to become law, then Pascoag would not be required to implement its plan.

<sup>29</sup> Both Pascoag and BIPCO indicated in their plans that they would apply to OER for weatherization funds for low-income electric heating customers, but that currently they have no such customer. This approach is sufficient to satisfy the pertinent statutory requirements in light of Pascoag and BIPCO being small utilities with limited administrative resources.

bill. Since BIPCO is a vertically integrated electric utility, BIPCO will revise its plan and utilize Pascoag's distribution rates as a proxy to determine its distribution rate. This approach, which was recommended by the Division, is reasonable and administratively easiest to implement.

### III. CONCLUSION

To summarize, NGrid gas customers, as well as BIPCO and Pascoag electric customers will receive a 50 percent discount on their utility distribution rates and the customer charge except that this discount will only apply to electric usage up to 500 kWh per month.<sup>30</sup> Furthermore, very low-income customers of NGrid, BIPCO and Pascoag, assuming they did not fail to comply with the transition plan, will have in effect 37.5 percent of their current unpaid electric and gas bill balance forgiven at the end of 3 years if the customer initially pays 25 percent of the customer's unpaid utility balance and the customer pays 1/36th of one-half of the customer's remaining balance per month for 36 months while remaining current with payments for current usage.<sup>31</sup>

In order to implement these Affordable Energy Plans, pursuant to R.I.G.L. §39-2-1(d), the arrearage forgiveness plans of the utilities shall be effective July 1, 2007. Also, pursuant to R.I.G.L. § 39-1-27.10(c), the discount distribution rate plans shall be effective November 1, 2007 and tariff revisions must be filed no later than thirty days prior to November 1, 2007. Hopefully, these Affordable Energy Plans, in conjunction with the OER's allocation and expenditure of tax revenue, will provide sufficient energy assistance to low-income consumers in Rhode Island. As projected by OER, from fiscal

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<sup>30</sup> See R.I.G.L. § 42-141-5(d)(1)(ii). However, NGrid's low-income electric customers currently receive a discount of approximately 80 percent on all distribution charges on usage up to 500 kWh per month. NGrid Ex. 1, p. 5.

<sup>31</sup> See R.I.G.L. § 39-2-1(d)(1), R.I.G.L. § 42-141-12, and PUC Ex. 1 (Data Resp. 1-4).

years 2008 to 2010, low-income consumers will directly receive annually approximately \$5.5 million to over \$14 million from the Affordable Energy Fund in the shape of gas and electric distribution rate discounts, LIHEAP supplements, arrearage forgiveness and weatherization.<sup>32</sup> This will be in addition to the more than \$20 million currently being spent on an annual basis by federal and state taxpayers as well as Rhode Island ratepayers for the electric and gas energy needs of low-income customers in the form of LIHEAP, utility discounts, and DSM programs, not including charitable donations.<sup>33</sup>

Accordingly, it is

( 18973) ORDERED:

1. National Grid's Affordable Energy Plan filed on April 27, 2007 is hereby approved.
2. Block Island Power Company's Affordable Energy Plan filed on January 12, 2007 is hereby approved as revised by the Division of Public Utilities and Carriers.
3. Pascoag Utility District's request for an exemption is hereby denied.
4. Pascoag Utility District's Affordable Energy Plan is hereby approved with the revision that the arrearage forgiveness plan be applicable to all electric charges.
5. The arrearage forgiveness plans of all utilities pursuant to R.I.G.L. § 39-2-1(d) shall be eligible for very low-income customers upon receipt of a notice of termination.

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<sup>32</sup> OER Ex. 1, p. 7.

<sup>33</sup> PUC Ex. 1 (Data Resps. 1-7 and 1-8).

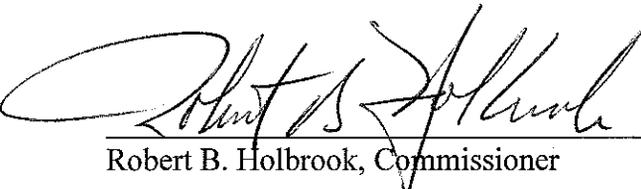
6. The arrearage forgiveness plans of all utilities pursuant to R.I.G.L. § 39-2-1(d) shall constitute a failure to comply with the payment plan when a customer fails to make the appropriate payment within 30 days of the utility bill due date.
7. The arrearage forgiveness plans of all utilities pursuant to R.I.G.L. § 39-2-1(d) shall go into effect on July 1, 2007.
8. The utility discount plans of all utilities proposed pursuant to R.I.G.L. § 39-1-27.10 shall go into effect November 1, 2007 and tariff revisions must be filed no later than thirty days before November 1, 2007.
9. All electric and gas utilities shall comply with all other findings and instruction contained in this Report and Order.

EFFECTIVE AT WARWICK, RHODE ISLAND PURSUANT TO AN OPEN MEETING ON MAY 23, 2007. WRITTEN ORDER ISSUED MAY 31, 2007.

PUBLIC UTILITIES COMMISSION



  
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Elia German, Chairman

  
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Robert B. Holbrook, Commissioner

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Mary E. Bray, Commissioner\*

\*Commissioner Bray concurs with the Open Meeting decision, but is unavailable for signature.