

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

IN RE: DEPARTMENT OF HUMAN SERVICES¹ :
PROPOSED LIHEAP ENHANCEMENT : **DOCKET NO. 4290**
CHARGE FOR CALENDAR YEAR 2019 :

REPORT AND ORDER

1. Introduction

On October 1, 2018, the Narragansett Electric Company d/b/a National Grid (National Grid or Company) filed its semi-annual report for the Low Income Home Energy Assistance Program (LIHEAP) Enhancement Plan, for the period of September 1, 2017, through August 31, 2018, in accordance with the Public Utilities Commission’s (PUC) Order No. 226702 in the above-referenced docket.² On October 16, 2018, the Rhode Island Department of Human Services (DHS) filed its rate request for the LIHEAP Enhancement Fund (Fund), requesting the PUC set the rate at \$0.81 for each customer for the calendar year 2019, or an equivalent monthly amount so as not to exceed the statutory annual funding cap of \$7,500,000. On December 12, 2018, the Division of Public Utilities and Carriers (Division) filed its analysis of DHS’s funding request and recommended that the PUC set the annual rate at \$.80 per customer per month, to fund the program fully, but not exceed the statutory funding cap. On December 20, 2018, the PUC conducted an Open Meeting on this docket and approved a LIHEAP rate of \$0.80, effective January 1, 2019, for calendar year 2019.

¹ This docket was previously known as the Office of Energy Resources Proposed LIHEAP Enhancement Charge. The lead Rhode Island agency for this docket is now the Department of Human Services.

² All filings in this docket are available at the PUC offices located at 89 Jefferson Boulevard, Warwick, Rhode Island, or at [http://www.ripuc.org/eventsactions/docket/4290-NGrid-LIHEAP%20Reconciliation-Sept2018%20\(10-1-18\).pdf](http://www.ripuc.org/eventsactions/docket/4290-NGrid-LIHEAP%20Reconciliation-Sept2018%20(10-1-18).pdf).

2. The Low Income Home Energy Assistance Program (LIHEAP) Enhancement Plan

On July 13, 2011, Governor Chafee signed into law the Low Income Home Energy Assistance Program (LIHEAP) Enhancement Plan, R.I. Gen. Laws § 39-1-27.12. The purpose of the LIHEAP Enhancement Plan was to establish a separate fund through the creation of a new surcharge on all electric and gas customers' bills.³ The money collected would be used to supplement the federal LIHEAP funding that the State receives to assist low income customers in paying their energy bills. "The total projected annual revenue for the LIHEAP enhancement plan through charges to all electric- and natural-gas-distribution company customers shall not exceed seven million five hundred thousand dollars (\$7,500,000) and shall not be below six million five hundred thousand dollars (\$6,500,000)."⁴

During the 2016 legislative session, the statute was amended to set aside a portion of the LIHEAP Enhancement Plan funding to be allocated for customers seeking certification to enter into an arrearage plan between April 15 and September 30 of each year and who are "homeless families or individuals who are transitioning from a shelter into housing who provide acceptable documentation to the Department of Human Services (DHS)."⁵

3. Department of Human Services LIHEAP Surcharge Request

DHS is required annually, but no later than October 15, to make a filing with the Commission recommending the LIHEAP enhancement charge rates for each class of electric- and natural-gas distribution company customers for the following year.⁶ This year's DHS request

³ The LIHEAP Enhancement Plan is established pursuant to R.I. Gen. Laws § 39-1-27.12, as reflected in the Company's electric tariff, RIPUC No. 2170, and its gas tariff, RIPUC NG-GAS No. 101B, at Section 7, Schedule C, Sheets 3-4.

⁴ R.I. Gen Laws §39-1-27.12 (c)(3).

⁵ *Id.*

⁶ R.I. Gen. Laws § 39-1-27.12(b).

sought a surcharge of \$0.81 or an equivalent monthly amount so as not to exceed the statutory annual funding cap of \$7,500,000.⁷

DHS reported that it did not receive any requests for the supplemental funds for homeless individuals or persons transitioning from a shelter into housing. DHS indicated that it will engage in outreach with the Rhode Island Coalition for the Homeless to understand why these funds are not being used and to ascertain how more people might benefit from these funds.⁸

For the period September 1, 2017, through August 31, 2018, the Fund balance was never less than \$2.6 million and was \$5.5 million at the end of August. DHS explained its strategy for reducing this over-collection on a going forward basis. DHS acknowledged that the LIHEAP Enhancement grants to customers have been calculated too conservatively over the past two years, at \$250 per customer.⁹ DHS reported that its staff had a tendency to hedge the level of funds against the possibility of severe weather or a sharp increase in the number of LIHEAP participants, but that this approach was too restrictive. Therefore, for calendar year 2019, DHS has increased its award from \$250 to \$370 per customer and will open operations of the fund earlier in the year. DHS also reported that it has agreed to a different payment schedule of federal funds to National Grid, spreading the payments over several months rather than as a lump sum at the end of the heating season. The intent of this change is to help monitor the use of the Fund in real-time, with balances that will better inform decisions about the amount of customer grants for the coming year.¹⁰

⁷ DHS's October 15, 2018, request for LIHEAP Enhancement charge;
http://www.ripuc.org/eventsactions/docket/4290-DHS-2019LIHEAP-Rates_10-15-18.pdf.

⁸ DHS's response to PUC 2-1 (Dec. 5, 2018).

⁹ DHS's response to PUC 1-1 (Nov. 26, 2018).

¹⁰ *Id.*

DHS indicated that it has developed a LIHEAP Benefit Matrix which is intended to maximize the use of the Fund and establish equity between the participants. DHS will be working with National Grid to determine the average household discounts under Docket 4770¹¹ so that assignment of federal LIHEAP grants and LIHEAP Enhancement Funds may be factored more precisely. DHS also stated that through a data match, all LIHEAP participants will receive the twenty-five percent discount on their utility bills, as awarded by the Commission in Docket No. 4770.¹²

4. The Company's Semi-Annual LIHEAP Report

The Company's October 1, 2018, report contained a reconciliation of the LIHEAP Enhancement Plan for the period September 1, 2017, through August 31, 2018.¹³ The reconciliation compared actual LIHEAP Enhancement Charge revenue to the actual LIHEAP Enhancement Credits issued to customers during the same period. The filing reported a beginning balance of \$2,548,975 as of September 1, 2017, revenue of \$7,469,064, credits issued to customers of \$5,720,750, reversals of credits issued to customers of \$1,132,497, and interest of \$117,063, resulting in a \$2,997,874 net increase of the fund balance. The ending balance on August 31, 2018, was \$5,546,849.

The Company reported that there were 3,407 customers who received electric fuel assistance and 736 customers who received emergency payments for electric service. Gas customers receiving fuel assistance totaled 17,542, with an additional 938 gas customers receiving emergency fuel payments.¹⁴ There were 120 electric customers who received both fuel assistance

¹¹ RIPUC Docket No. 4770, Application to Change Electric and Gas Distribution Revenue Requirements and Associated Rates (filed 11/28/17); <http://www.ripuc.org/eventsactions/docket/4770page.html>.

¹² DHS's response to PUC 1-2 (Nov. 26, 2018).

¹³ National Grid's LIHEAP Enhancement Plan Reconciliation Filing (Oct. 1, 2018); [http://www.ripuc.org/eventsactions/docket/4290-NGrid-LIHEAP%20Reconciliation-Sept2018%20\(10-1-18\).pdf](http://www.ripuc.org/eventsactions/docket/4290-NGrid-LIHEAP%20Reconciliation-Sept2018%20(10-1-18).pdf).

¹⁴ *Id.* at 2; Company's response to PUC 1-2 (Oct. 3, 2018).

and emergency payments. Gas customers receiving both fuel assistance and emergency payments totaled 961.¹⁵

The Company explained that the credit reversals reported and accounted for this year actually occurred in calendar years 2012 through September 2017. The credit reversals are due to unused LIHEAP Enhancement Credits on customer accounts when the account is closed. These credit reversals had not been previously reported in prior reconciliations due to a failure in a Company reporting mechanism.¹⁶ The Company reported that its internal reporting mechanisms have been corrected and that credit reversals will be included in future LIHEAP reconciliations.¹⁷

The Company estimated that with the current surcharge of \$0.81, it would collect \$7,524,717 by the end of calendar year 2018; \$4.9 million from electric customers and \$2.6 million from gas customers. The Company further estimated that if the surcharge remained the same in 2019, the Company would collect a projected total of \$7,522,039, with \$4,896,291 paid by electric customers and \$2,625,748 paid by gas customers.¹⁸ Finally, the Company approximated that a surcharge of \$0.70 would result in annual LIHEAP revenues of \$6,500,527, while a factor of \$0.80 would generate annual LIHEAP revenues of \$7,429,174. These factors are the lower and upper range of factors that would satisfy the requirements of R.I. Gen Laws §39-1-27.12 (c)(3).¹⁹

5. Division of Public Utilities and Carriers

On December 12, 2018, the Division filed its recommendation, taking note of the Company's explanation of the credit reversal reporting and DHS's plan to increase the annual benefit and the proposed expansion of DHS's administrative period for LIHEAP.²⁰ The Division

¹⁵ Company's response to PUC 1-2 (Oct. 3, 2018).

¹⁶ Company's response to PUC 1-1 (Oct. 3, 2018).

¹⁷ *Id.*

¹⁸ Company's response to PUC 2-2 (Oct. 30, 2018).

¹⁹ Company's response to PUC 2-3 (Oct. 30, 2018).

²⁰ Memo by Alberico Mancini (Dec. 12, 2018); http://www.ripuc.org/eventsactions/docket/4290-DIV-Memo_12-12-18.pdf.

reported that DHS estimated that with these measures, as well as expanded outreach through National Grid, there would be a fund balance of approximately \$3. million as of September 2019. The Division opined that the combined outreach efforts of DHS and the Company should increase participation in the LIHEAP Enhancement Program for the 2018-2019 heating season. Therefore, the Division did not object to setting the LIHEAP Enhancement Charge at \$.80 per month/per customer, a level that generates the maximum revenues allowed under the law without exceeding the statutory cap.²¹

At an Open Meeting held on December 20, 2018, Commissioner Anthony expressed some concern with the fact DHS was predicting that a charge \$0.80 per month, as requested, would result in a surplus of approximately \$3 million in September 2019, and therefore, suggested the charge be reduced to \$.70. After further discussion, the PUC voted 2-1 to approve a rate of \$0.80 per month for each gas and electric customer for calendar year 2019.

Accordingly, it is hereby

(23357) ORDERED:

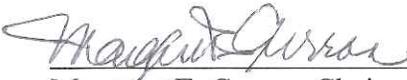
A LIHEAP Enhancement Charge of \$0.80 per month for each customer for the calendar year 2019, with the term ‘customer’ defined as any person taking service from an electric or gas distribution company at a single point of electricity or gas delivery or electric or gas meter, is hereby approved for bills issued on and after January 1, 2019.

²¹ *Id.* at 2.

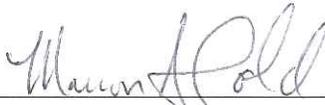
EFFECTIVE AT WARWICK, RHODE ISLAND, ON JANUARY 1, 2019, PURSUANT
TO AN OPEN MEETING DECISION ON DECEMBER 20, 2018. WRITTEN ORDER ISSUED
JANUARY 3, 2019.

PUBLIC UTILITIES COMMISSION

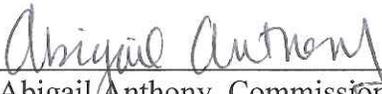




Margaret E. Curran, Chairperson



Marion S. Gold, Commissioner



Abigail Anthony, Commissioner

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 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.