

Memorandum

**To: L. Massaro
Commission Clerk**

**From: Alberico Mancini
Division of Public Utilities & Carriers**

Date: 11/15/2016

**Re: Narragansett Electric – LIHEAP Enhancement Plan Reconciliation Filing and
Proposed 2017 Dept. of Human Services (DHS) LIHEAP Enhancement Charge.
Docket 4290.**

On September 30, 2016 Narragansett Electric Company d/b/a National Grid (“National Grid” or “Company”) filed its 2016 reconciliation of the Low Income Home Energy Assistance Program (LIHEAP) Enhancement Plan for the period September 1, 2015 through August 31, 2016.

The filing reports a beginning balance of \$819,119 as of September 1, 2015 and an ending balance of \$1,570,322 as of August 31, 2016. Total revenue collected was \$6,696,848 with an additional accrual of \$44,256 in interest. Credits issued to customers totaled \$5,989,900. A net increase in fund balance of \$751,203 occurred during the period September 1, 2015 through August 31, 2016.

The filing also includes a count of LIHEAP recipients during the period November 1, 2015 and September 28, 2016. A combined total of 20,190 gas and electric customers received fuel assistance, which is a decrease of 520 customers or 2.5% compared to the previous year’s combined total of 20,710 customers.

On October 3, 2016, the Rhode Island Department of Human Services (DHS) filed LIHEAP Enhancement Plan Rates in accordance with RIGL 39-1-27.12. For 2014, the PUC reduced the enhancement charge from the previous level of \$0.83 per month for each customer, to \$0.73 in 2014, due to a substantial over collection in revenues during the program ramp-up. In its Order reducing the factor, the Commission noted that National Grid estimated an available balance in the LIHEAP Enhancement Fund of \$9.9 million as of 12/31/13¹. As of June 30, 2016, the overall balance had been reduced to \$471,270² and therefore, DHS now requests that the LIHEAP Enhancement Charge be increased back to eighty-three cents per month for each customer for the calendar year 2017.

Per RIGL 39-1-27.12, the LIHEAP Enhancement Charge to any customer is capped at ten dollars (\$10) per calendar year and projected annual revenue shall not exceed seven million five hundred thousand dollars (\$7,500,000).

¹ Order No. 21405 in Docket 4290.

² As noted above, National Grid’s 9/30/16 Reconciliation shows the balance had grown to \$1,570,322 by August 31, 2016.

National Grid's response to Division Data Request 1-3 explains that the Company projects issuing 9,162,800 gas and electric customer bills in calendar year 2017. Increasing the LIHEAP Enhancement charge to \$0.83 (as proposed by DHS) would generate \$7,605,123. This amount would exceed the \$7.5 million statutory cap by approximately \$105,000. Based on the annual number of bills, every \$0.01 collects \$91,628. A charge of \$0.81 will produce \$7,421,868.

Based on the projected revenue for calendar year 2017, the Division recommends that the Commission reduce the proposed LIHEAP Enhancement Charge to \$0.81 so as to not exceed the \$7.5 million cap per RIGL 39-1-27.12.

One additional item before the Commission in this docket is a proposed revision to the Narragansett Electric LIHEAP Enhancement Plan Provision Tariff No. 2143. (Tariff No. 2143 would be replaced with Tariff No. 2170). This results from statutory changes in 39-1-27.12 pertaining to an allocation of 5% of LIHEAP enhancement funds for a statutorily designated purpose. That purpose is to assist customers who are seeking LIHEAP certification for the sole purpose of entering into the new Arrearage Management Plan between April 15 and September 30, as described in 39-2-1(d)(2) as well as in Docket 4651. Such customers must be homeless who are transitioning from a shelter into housing. Similar revised tariff language was filed relative to Section 7, Schedule C of the gas tariff. The Division reviewed these proposed electric and gas tariff provisions and found them consistent with the statute.