

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS



**RHODE ISLAND OFFICE
OF ENERGY RESOURCES**

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VIA REGULAR and E-MAIL

October 31, 2011

Luly Massaro, Commission Clerk
RI Public Utilities Commission
89 Jefferson Boulevard
Warwick, RI 02888

In RE: Docket No. 4290

Dear Ms. Massaro:

Attached are the responses of the Office of Energy Resources to the Commission's first set of data requests issued October 21, 2011.

Very truly yours,

A handwritten signature in cursive script that reads "Peter N. Dennehy".

Peter N. Dennehy, Esq. for

Frederick W. Stolle, Esq.
Assistant Director
RI Department of Administration

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

PUBLIC UTILITIES COMMISSION

IN RE: OFFICE OF ENERGY RESOURCES (OER) :
PROPOSED LIHEAP ENHANCEMENT CHARGE : DOCKET NO. 4290
FOR CALENDAR YEAR 2012 :

OFFICE OF ENERGY RESOURCES RESPONSE TO
THE COMMISSION'S FIRST SET OF DATA REQUESTS
(Issued October 21, 2011)

Data Request:

- 1-1. Please provide the calculations supporting the proposed electric and gas surcharges.

Response:

The number of electric and electric customers fluctuates on a monthly basis. In 2010, National Grid's monthly average number of customers was 482,000 customers; National Grid submitted in December 2010 that it serves roughly 250,000 natural customers in Rhode Island. The OER recognized that using the statutory maximum of \$10 per customer per year, the result would fall within the range specified in the Henry Shelton Act ("HSA")

482,000 electric customers X \$10/per year =	\$4,820,000
<u>250,000 natural gas customers X \$10/per year =</u>	<u>\$2,500,000</u>
Total =	\$7,320,000

Seven million three hundred twenty thousand dollars (\$7,320,000) is greater than six million five hundred thousand dollars (\$6,500,000) and less than seven million five hundred thousand dollars (\$7,500,000). Billing for service is monthly; thus \$10 per year divided by 12 months in the year equals 83.33 cents per month. The \$10 annual charge monthly accommodates the both fluctuations in the number of customers and the migration of customers during the course of the year.

On October 28, 2011, the OER received following the information from Thomas Teehan of Nation Grid: "As of September [2011], the numbers are as follows:

Gas: 249,301 accounts, and Electric: 488,753 accounts.” These numbers are consistent with those used by the OER in making the above calculations.

(Prepared by or under the supervision of Kenneth F. Payne)

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Data Request:

1-2 Please explain why OER is proposing a uniform charge per customer account regardless of customer size and class.

Response:

The Henry Shelton Act ("HSA") caps the per customer charge at \$10 per year and does not provided any statutory guidance for establishing anything other than a uniform charge, the range of between six and half million dollars (\$6,500,000) and seven and a half million dollars (\$7,500,000) would be impossible to meet if the average charge were less than \$8.88 per year. The 83.33 cents per month charge proposed by the OER is clearly consistent with statute and does not require any computations beyond those that are clearly provided for by the statute. The HSA on its face does not contemplate anything other than a uniform charge.

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Data Request:

- 1.3 Please indicate whether a portion of the revenues generated will be used to cover National Grid's administrative expenses associated with the program? If yes, please identify the amount.

Response:

National Grid has not provided any cost estimates to the OER for administration. OER has discussed Henry Shelton Act ("HSA") LIHEAP Enhancement Plan administrative processes with National Grid that should minimize administration costs: When an eligible account receives a federal LIHEAP payment, it would be credited with a HSA LIHEAP Enhancement Fund payment as well. This process is simple. The HSA allows the distribution to recover administrative costs either by a charge to the HSA LIHEAP Enhancement Plan or "through a separate charge approved by the Public Utilities Commission." Since there is, as yet, no experience with administration of the LIHEAP Enhancement Plan, the OER is not in a position to know amount to deduct for the cost of National Grid administration from the amount funds will be generated by the LIHEAP Enhancement Charge in 2012.

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Data Request:

- 1.4 Please indicate whether Rhode Island has received or has been advised of the amount of federal funds it will receive for FY 2012 for LIHEAP funding. If so, how much will Rhode Island receive?

Response:

The RI Office of Energy Resources (OER) does not know how much federal LIHEAP funding it will ultimately receive for FY 2012. The amounts contained in the President's budget and the proposed House and Senate appropriations vary significantly. All are substantially less than was finally appropriated for FY 2011. Below are unofficial estimates for Rhode Island from the Coalition of Northeast Governors (10/03/11):

President FY 12 Budget	\$ 13.456 million,
Senate Appropriations Committee	\$ 22.992 million,
House Draft	\$ 22.514 million.

On Friday, October 28, 2011, the OER received notice (attached to this response) from the US Department of Health and Human Services that RI can commence FY 2012 LIHEAP at a spending level of \$12,747,614.

(Prepared by or under the supervision of Kenneth F. Payne)

From: "St. Angelo, Nick (ACF)" <nick.stangelo@acf.hhs.gov>
To: zack.poisboeuf@acf.hhs.gov; Imani.Moye@acf.hhs.gov;
Matthew.Orlovick@ACF.hhs.gov; margarita.valladares@acf.hhs.gov; leon.litow@acf.hhs.gov; . . .
Date: 10/28/2011 4:14 PM
Subject: FY 2012 LIHEAP CR Allocations

October 28, 2011

Dear Colleagues:

The Department of Health and Human Services (HHS) has made a total of \$1.853 billion available in first quarter LIHEAP block grant funds under the FY 2012 continuing resolution (CR). These funds represent states' first quarter requests of FY 2012 funds, up to 95% of those requests, based on the FY 2012 President's budget request level of \$1.98 billion. This means that states requesting 95% or less of their annual allocations in the first quarter will receive their full requests. States requesting over 95% in the first quarter (96% to 100%) will receive 95% under the CR limitation. The current CR expires on November 18.

Tribes and Territories will also be limited to 95% of their annual allocations. A grantee will receive a LIHEAP award once the Division of Energy Assistance (DEA) has determined its FY 2012 LIHEAP plan to be complete. We are currently making the first round of awards to those grantees with complete plans. In advance of the official grants package, which is sent to grantees by the ACF Grants office, DEA staff will scan or fax the grant award letters to LIHEAP coordinators once our office receives them.

Availability of \$1.853 billion

The \$1.853 billion includes \$1.717 billion that is available immediately, and a "cushion" of \$136 million that would enable some states to ask for additional funds above their initial requests if their needs change. A state that received funds below the 95% limitation and wishes to increase its initial first quarter request, may submit an amended ACF-535 form to the Administration for Children and Families (ACF), Office of Grants Management. The Action Transmittal with the ACF-535 form and submission instructions is available on the LIHEAP website at:

http://www.acf.hhs.gov/programs/ocs/liheap/guidance/action_transmittals/at11-05.html

Funding Level of \$1.98 billion

HHS determined that, for purposes of this initial release, to use the President's Budget request of \$1.98 billion as the basis for computing the CR funding request. Since there is uncertainty of the final funding level, using this level allows Congress to complete their funding negotiations without impinging on Congressional funding prerogatives to use another funding level.

HHS released significantly more LIHEAP funding for this CR period than is made available for most other programs. Under the current CR, most programs have been allocated 13.39 percent of base funding levels. Recognizing that many states need to begin their winter heating programs and that a disproportionate share of LIHEAP funds are spent early in the year, we released a significant amount of funding within the framework of the CR while final FY 2012 funding decisions are being negotiated for the program.

Recovered Funds Released

A small amount of no-year (or X-year) appropriated funds totaling \$35,933 is also being released as part of the first quarter distribution. The \$35,933 represents recovered LIHEAP funds from past years' appropriations that do not expire and were recovered due to lack of drawdown. All states, and one tribe and one territory, will see these additional funds as part of their first quarter award. (Allocations of the \$35,933 that were calculated to be less than \$25 were not awarded.)

Grant Award Letter

For states, the tribe and the territory receiving a share of the \$35,933: you will see amounts under two CANs-one is the normal block grant CAN (G992201), and the second CAN number (G99BX11)

represents the small amount of money from the "X" year funds. The \$35,933 are also regular block funds, should be treated as such and added to the grantee's overall total of FY 2012 funds received. This will be important later, as grantees will need to include these funds in their calculations for carryover next year (as well as for calculating the program caps for planning and administration, weatherization and Assurance 16 activities).

Table

Attached are the grantee allocations of first quarter funds for states, tribes, and territories under the 95% CR limitation, and a separate table that shows the allocation of the \$35,933 in no-year funds.

Jeannie L. Chaffin
Director
Office of Community Services

Nick St. Angelo
Director
Division of Energy Assistance

CC: EPERL@crs.loc.gov; redwoodres@pacific.net; bliheap@3rivers.net;
vernah@elwha.nsn.us; twalls@delawaretribe.org; tlundell@lowerbrule.net; . . .

LIHEAP State and Territory Allocations-FY 2012 CR	28-Oct-11
States	Net Allotments
Alabama	\$7,484,789
Alaska	\$6,190,605
Arizona	\$1,859,544
Arkansas	\$9,584,732
California	\$84,630,205
Colorado	\$29,761,178
Connecticut	\$36,781,112
Delaware	\$4,339,542
District of Columbia	\$6,029,509
Florida	\$23,844,425
Georgia	\$18,857,507
Hawaii	\$527,516
Idaho	\$6,976,120
Illinois	\$107,459,532
Indiana	\$48,648,327
Iowa	\$32,667,355
Kansas	\$15,835,777
Kentucky	\$23,987,102
Louisiana	\$15,410,185
Maine	\$22,957,373
Maryland	\$29,727,434
Massachusetts	\$77,630,807
Michigan	\$69,270,763
Minnesota	\$73,502,093
Mississippi	\$12,898,563
Missouri	\$42,923,533
Montana	\$10,053,443
Nebraska	\$15,257,746
Nevada	\$3,613,940
New Hampshire	\$14,699,808
New Jersey	\$72,096,969
New Mexico	\$8,866,234
New York	\$235,282,136
North Carolina	\$34,458,939
North Dakota	\$11,596,588
Ohio	\$75,050,540
Oklahoma	\$12,568,306
Oregon	\$22,527,392
Pennsylvania	\$113,138,188
Rhode Island	\$12,747,366
South Carolina	\$6,650,728
South Dakota	\$9,357,509

LIHEAP State and Territory Allocations-FY 2012 CR	28-Oct-11
States	Net Allotments
Tennessee	\$21,598,597
Texas	\$37,474,930
Utah	\$8,572,992
Vermont	\$11,018,030
Virginia	\$24,776,179
Washington	\$36,393,271
West Virginia	\$14,110,299
Wisconsin	\$66,162,437
Wyoming	\$5,364,518
Total to States	\$1,693,222,713
Territories	
American Samoa	\$41,502
Guam	\$90,992
Northern Marianas	\$31,605
Puerto Rico	\$2,258,663
Virgin Islands	\$86,042
Total to Territories	\$2,508,804

LIHEAP State Net Allocations with \$35,333 "X" Yr Funds	States Net Allotments FY 2012 CR (11/18/11)	\$35,933 No Year Funds	TOTAL NET ALLOCATIONS
Alabama	\$7,484,789	\$309	\$7,485,098
Alaska	\$6,190,605	\$170	\$6,190,775
Arizona	\$1,859,544	\$149	\$1,859,693
Arkansas	\$9,584,732	\$235	\$9,584,967
California	\$84,630,205	\$1,656	\$84,631,861
Colorado	\$29,761,178	\$577	\$29,761,755
Connecticut	\$36,781,112	\$753	\$36,781,865
Delaware	\$4,339,542	\$100	\$4,339,642
District of Columbia	\$6,029,509	\$117	\$6,029,626
Florida	\$23,844,425	\$488	\$23,844,913
Georgia	\$18,857,507	\$386	\$18,857,893
Hawaii	\$527,516	\$40	\$527,556
Idaho	\$6,976,120	\$225	\$6,976,345
Illinois	\$107,459,532	\$2,084	\$107,461,616
Indiana	\$48,648,327	\$944	\$48,649,271
Iowa	\$32,667,355	\$669	\$32,668,024
Kansas	\$15,835,777	\$307	\$15,836,084
Kentucky	\$23,987,102	\$491	\$23,987,593
Louisiana	\$15,410,185	\$316	\$15,410,501
Maine	\$22,957,373	\$488	\$22,957,861
Maryland	\$29,727,434	\$577	\$29,728,011
Massachusetts	\$77,630,807	\$1,506	\$77,632,313
Michigan	\$69,270,763	\$1,979	\$69,272,742
Minnesota	\$73,502,093	\$1,426	\$73,503,519
Mississippi	\$12,898,563	\$265	\$12,898,828
Missouri	\$42,923,533	\$833	\$42,924,366
Montana	\$10,053,443	\$264	\$10,053,707
Nebraska	\$15,257,746	\$331	\$15,258,077
Nevada	\$3,613,940	\$70	\$3,614,010
New Hampshire	\$14,699,808	\$285	\$14,700,093
New Jersey	\$72,096,969	\$1,398	\$72,098,367
New Mexico	\$8,866,234	\$187	\$8,866,421
New York	\$235,282,136	\$4,566	\$235,286,702
North Carolina	\$34,458,939	\$680	\$34,459,619
North Dakota	\$11,596,588	\$287	\$11,596,875
Ohio	\$75,050,540	\$1,844	\$75,052,384
Oklahoma	\$12,568,306	\$284	\$12,568,590
Oregon	\$22,527,392	\$447	\$22,527,839
Pennsylvania	\$113,138,188	\$2,453	\$113,140,641
Rhode Island	\$12,747,366	\$248	\$12,747,614
South Carolina	\$6,650,728	\$245	\$6,650,973
South Dakota	\$9,357,509	\$233	\$9,357,742
Tennessee	\$21,598,597	\$497	\$21,599,094

LIHEAP State Net Allocations with \$35,333 "X" Yr Funds	States Net Allotments FY 2012 CR (11/18/11)	\$35,933 No Year Funds	TOTAL NET ALLOCATIONS
Texas	\$37,474,930	\$812	\$37,475,742
Utah	\$8,572,992	\$268	\$8,573,260
Vermont	\$11,018,030	\$214	\$11,018,244
Virginia	\$24,776,179	\$702	\$24,776,881
Washington	\$36,393,271	\$736	\$36,394,007
West Virginia	\$14,110,299	\$325	\$14,110,624
Wisconsin	\$66,162,437	\$1,283	\$66,163,720
Wyoming	\$5,364,518	\$108	\$5,364,626
Total to States	\$1,693,222,713	\$35,857	\$1,693,258,570
Total to Tribes 1/	\$20,901,163	\$27	\$20,901,190
Total to Territories 2/	\$2,508,804	\$49	\$2,508,853
TOTAL ALL GRANTEES	\$1,716,632,680	\$35,933	\$1,716,668,613
	1/ AVCP - \$27		
	2/ Puerto Rico - \$49		

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Data Request:

- 1.5 How much has Rhode Island received in LIHEAP funding in FY 2009, FY 2010 and FY 2011?

Response:

In FY 2009, RI received LIHEAP funding of \$ 38,724,788.
In FY 2010, RI received LIHEAP funding of \$ 34,913,716.
In FY 2011, RI received LIHEAP funding of \$ 31,180,907.

These amounts were a departure from the pattern of the prior nine years, when LIHEAP funding to RI averaged \$ 16.3 million, with a high during the period of \$ 23 million in FY 2006, and a low of \$ 13 million in FY 2001.

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Data Request:

- 1.6 Please explain how the LIHEAP Enhancement Fund will be used to enhance the LIHEAP money received from the federal government.

Response:

When an eligible account receives a federal LIHEAP payment, it will also receive a HSA LIHEAP enhancement payment. The amount of federal LIHEAP primary grants will be set on the basis of federal appropriations. The amount of federal LIHEAP crisis grants to assist with the restoration of utility service is the number of LIHEAP eligible households in need of crisis assistance multiplied by the down payment required for the provision of utility service during the heating season. The estimated number of accounts to be credited during calendar year 2012, based on prior year experience, is:

Gas primary payment accounts:	21,000
Electric primary payment accounts:	2,000
Gas 2012 crisis payment accounts:	4,600
<u>Electric 2012 crisis payment accounts:</u>	<u>200</u>
Crisis payments for 2013 heating season:	4,800 (projected)

If the Commission were to require that the LIHEAP Enhancement Plan could only use the amount generated by the LIHEAP Enhancement Charge during the heating season when accounts are credited with federal LIHEAP payments, then prorating the total annual expected collections of \$7,320,000 for a three and half month period would make \$2,135,000 available for credits to accounts receiving federal LIHEAP payments during the 2012 heating season, and the resulting credits would be only \$76 per account.

If the Commission allows the full projected revenue to the HSA LIHEAP Enhancement Plan during the calendar year to be used to credit accounts equally during the year, this would allow HSA LIHEAP enhancement fund account credits in the amount of \$213, which would augment both the FY 2012 federal LIHEAP primary and crisis payments to accounts and the initial FY 2013 federal LIHEAP crisis payments that are obligated to customer accounts late in calendar year 2012. Given the projected decline in federal LIHEAP funding for FY 2012 described in the OER's response to data request 1.4, this is the option that the OER recommends as meeting the purposes of the HSA.

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Data Request:

- 1-7. Please explain if the LIHEAP Enhancement Fund will be used in conjunction with the Arrearage Forgiveness provisions of the Henry Shelton Act. If so, please explain how these two provisions work together.

Response:

Federal LIHEAP crisis payments are used to provide LIHEAP eligible households "down payments" for restoration (non-termination) of utility service. When accounts receive Federal LIHEAP payments they are eligible to receive HSA LIHEAP enhancement payments. The HSA does not authorize any distinction to be made by type of federal LIHEAP payment, a primary grant or a crisis grant. Thus a federal LIHEAP crisis payment in response to termination of utility service, including for the Arrearage Forgiveness provisions of the Henry Shelton Act, would trigger a HSA Enhancement Plan credit, which might applied to the amount of the arrearage.

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Data Request:

- 1-8. Please explain how OER plans to serve LIHEAP-eligible customers of the Pascoag Utility District and Block Island Power Company over the next three years.

Response:

The Henry Shelton Act (HSA) does not include the Pascoag Utility District and Block Island Power Company in the definition of "distribution company;" thus the Pascoag Utility District and the Block Island Power Company will not be collecting revenues to be used for HSA LIHEAP Enhancement Plan credits to accounts receiving Federal LIHEAP payments. Further, the HSA does not authorize or require transfers of HSA LIHEAP Enhancement Plan monies from the distribution company to either the Pascoag Utility District or the Block Island Power Company for use by the Pascoag Utility District or the Block Island Power Company to credit accounts receiving federal LIHEAP payments in their respective service area. Finally, the distribution company does not have customer account information for either the Pascoag Utility District or the Block Island Power Company, which information would be essential to enabling the distribution company to such accounts directly.

In sum, the HSA does not provide for the use of the LIHEAP Enhancement Plan to benefit LIHEAP eligible households in either the Pascoag Utility District or the Block Island Power Company service area.

(Prepared by or under the supervision of Kenneth F. Payne)