



**STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS**

**Department of Administration**

DIVISION OF LEGAL SERVICES

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November 22, 2013

**SENT VIA ELECTRONIC MAIL AND REGULAR MAIL:**

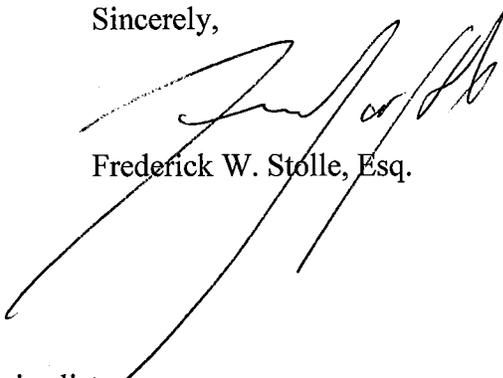
Luly E. Massaro  
Commission Clerk  
Rhode Island Public Utilities Commission  
89 Jefferson Boulevard  
Warwick, Rhode Island 02888

RE: Henry Shelton Act: LIHEAP Enhancement Plan Rates – PUC Docket 4290

Dear Ms. Massaro:

The Rhode Island Office of Energy Resources hereby files its responses to the Commission's Third Set of Data Requests Directed to the Office of Energy Resources (Issued November 4, 2013). The Original and ten (10) copies are enclosed.

Sincerely,

  
Frederick W. Stolle, Esq.

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Enclosure

c. Distribution to attached service list

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

PUBLIC UTILITIES COMMISSION

IN RE: OFFICE OF ENERGY RESOURCES :  
PROPOSED LIHEAP ENHANCEMENT CHARGE : DOCKET NO. 4290  
FOR CALENDAR YEAR 2014 :

COMMISSION'S THIRD SET OF DATA REQUESTS  
DIRECTED TO THE OFFICE OF ENERGY RESOURCES  
(Issued November 4, 2013)

- 3-1. Please explain how the level of the enhancement credit applied to customer accounts was determined for 2013.

**Answer:** The first year of the program in 2012 had a \$100.00 enhancement credit per client. During the 2013 winter season the enhancement credit was increased to \$150.00 per client, due to the funding carryover from the 2012 winter season. The increase was reliant upon perceived needs of participating households and a determination that the increase was prudent in light of the prior year's experience.

- 3-2. Does OER and the Department of Human Services agree that the purpose of setting a statutory minimum of \$6.5 million in collections was because the General Assembly intended to expand the availability of LIHEAP funds for all heating customers in Rhode Island?

**Answer:** Yes, OER and DHS agree that the state's LIHEAP program was created to help all heating customers regardless of their fuel source. The program was also created to provide additional heating assistance funds due to the uncertainty surrounding the annual federal LIHEAP funding levels.

- 3-3. Does OER and the Department of Human Services agree that the \$0.83 per month that has been charged to customers since January 2012, was designed to collect almost \$7.5 million per year?

**Answer:** Yes, as projected in the initial filing in Docket 4290, the OER and DHS agree that the \$0.83 per month charge was designed to collect almost \$7.5 million per year.

- 3-4. Does OER and the Department of Human Services agree that if the funds collected had been fully utilized to supplement the LIHEAP grants made to electric and natural gas customers, there would have been additional LIHEAP funds to assist customers of Pascoag Utility District, Block Island Power Company, or unregulated fuel sources such as oil in 2012 and 2013?

**Answer:** OER and DHS agree that the state's LIHEAP funds would help in supplementing fuel sources other than natural gas and electric. During the 2012 and 2013

winter seasons all heating customers who were certified and deemed eligible for heating assistance received both state and federal LIHEAP grants.

To the best of our knowledge, no heating customers were turned away from funding. The state LIHEAP program was leveraged with the federal funds to help in assisting more heating customers regardless of fuel type.

- 3-5. According to National Grid's 2012 and 2013 reconciliations, less than \$3,000,000 was applied to customer accounts each year, with approximately \$2.1 million applied in 2012 and \$2.8 million in 2013 (as of October 2013). Please explain the rationale for applying less than half of the funds collected each year for the purpose of enhancing LIHEAP grants.

**Answer:** The 2012 winter season was the first year of the state's LIHEAP program so the actual collection amount was an unknown. The rate was set in the knowledge of a need to be conservative with regard to anticipative demands on the fund and with regard to anticipated cutbacks in federal funding to the LIHEAP program. It was deemed prudent to gain the experience from three years of state funding before modifications were made to the rate.

As it turned out, the heating season in 2012 was relatively mild and the federal funding did not experience drastic cuts. These factors led to a surplus of funds. And, surprisingly, in 2013, the total number of participating households dropped unexpectedly, resulting in less funding being awarded to clients and an additional surplus in the programs budget. Thus, our experience in 2012 and 2013 has led to a reserve account that should weather either a cold winter or a substantial drop in federal funds.

With regard to the 2014 season, DHS is projecting that household participation will increase. Nonetheless, with two years experience, OER and DHS believe it to be prudent to increase the amount of per participant funding to \$450.00. It is believed that this increase will help our needy citizens and permit the leveraging the federal LIHEAP funds.

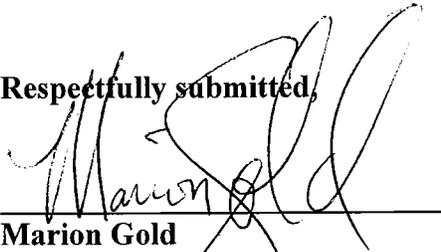
- 3-6. In light of the fact that there was an \$8,051,576 balance at the end of September 2013 and there is expected to be a \$9.9 million balance in the LIHEAP Enhancement Fund at the end of 2013, please explain why OER has recommended continuation of the \$0.83 cent per month charge. Would a reduction in the charge be more appropriate?

**Answer:** No. OER and DHS view this new state heating assistance program as one requiring three years of experience before the collection rate is modified. OER and DHS will then evaluate the program results and make such adjustments as are apparent for the 2015 winter season. Currently, we only have two years of data from the program, which limits the effectiveness of any major program changes, including possibly decreasing the annual charge of the program, or to return any of the surplus budget to customers.

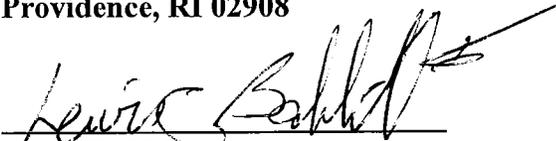
3-7. Should any of the unused funds from 2012 (\$5,299,797) be returned to customers in the form of a bill credit, leaving approximately \$4.6 million in 2013 funds available for the 2013-2014 winter, in addition to the funds expected to be collected in 2014? If not, why not.

**Answer:** See response to question 3-6. .

Respectfully submitted,



**Marion Gold**  
**Commissioner**  
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**Providence, RI 02908**



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Docket No. 4290 – Office of Energy Resources – LIHEAP Enhancement  
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