



STATE OF RHODE ISLAND

DIVISION OF PUBLIC UTILITIES & CARRIERS
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**To: Luly Massaro, Commission Clerk
Rhode Island Public Utilities Commission**

**From: Al Contente, Utility Analyst
Rhode Island Division of Public Utilities & Carriers**

Date: October 22, 2021

**Re: Docket No.: 4290 – In Re: Department of Human Services Proposed LIHEAP
Enhancement Charge**

On September 1, 2021, the Rhode Island Department of Human Services (DHS) made its annual filing recommending the Low-Income Home Energy Assistance Program (“LIHEAP”) enhancement charge in accordance with R.I. Gen. Laws §39-1-27.12(b). DHS requested that the Public Utilities Commission (“Commission”) set the calendar year 2022 charge at \$0.81 per month for each electric or gas distribution customer, or, in the alternative, set the charge at an equivalent monthly amount so as not to exceed the statutory annual funding cap of \$7,500,000.

The LIHEAP Enhancement Plan was enacted in 2011 by the RI General Assembly after the federal government decreased the funds available to the federal LIHEAP program. The statute requires an annual collection through a monthly charge to customers of Rhode Island electric and natural gas distribution companies excluding Pascoag Utility District and Block Island Utility District customers. R.I.G.L §39-1-27.12. Currently this means that charge applies solely to customers of Narragansett Electric Company d/b/a National Grid (“National Grid”) in Rhode Island and the credit is only available to those same customers. The statute mandates a minimum annual collection of \$6,500,000 and maximum annual collection of \$7,500,000. It also caps the collection per electric or gas customer to \$10.00 per year. R.I.G.L §39-1-27.12(c). The statute designates DHS as the agency to designate to the gas or electric distribution company the qualifying customer accounts and the amounts to be credited and the company is required to credit the amounts in the manner designated. R.I.G.L §39-1-27.12(e). Further it allows for administrative expenses of the distribution company to be recovered from the charge or through a separate charge if approved by the PUC.

Table 1 below shows a 5-year history of the LIHEAP charge along with the revenues, credits issued, other activity and the ending balance for the 12-month period ending August 31st of each of the years. During each period the LIHEAP charge was set at the maximum amount to collect as close to \$7.5 million as possible without exceeding it. In 2017 and 2018 the revenues significantly exceeded the credits, and the balance grew to over \$5.5 million at the end of 2018. While in 2019 and 2020 the credits issued significantly exceeded collections decreasing the balance to \$2.1 million at the end of 2020. In 2021 there was a closer match of the revenues and credits issued than in prior years. This analysis shows that in recent years total LIHEAP credits have been near or above the maximum funding level of \$7.5 million.

Table 1

	2017	2018	2019	2020	2021
LIHEAP Charge	\$0.81	\$0.81	\$0.80	\$0.80	\$0.80
For the 12 Months ending August 31st each year,					
Revenue	\$7,172,718	\$7,469,064	\$7,488,720	\$7,491,039	\$7,471,411
Credits	\$5,650,750	\$5,720,750	\$8,354,870	\$10,303,150	\$7,063,760
Other - Interest & Reversals	\$51,585	\$1,249,560	\$174,932	\$103,695	\$43,073
Balance	\$2,548,975	\$5,546,849	\$4,855,631	\$2,147,215	\$2,597,939

The Division wanted to ensure that the need for full funding was still necessary and issued a set of Data Requests to DHS. In response to DIV DR 1-1, DHS mentioned that their agency along with other agencies began using a new on-line portal this year. They found it helpful in gathering applications which will aid people in utilizing the available LIHEAP funding even if they cannot physically meet with someone to process an application, especially while the COVID pandemic continues. Additionally, in responses to DIV DR 1-4 and 1-6, DHS discussed procedures they implemented to overcome the barriers identified in previous years. They expect more applications for LIHEAP assistance going forward, and though difficult to project, they anticipate total grants of \$7.3 million.

Based on the recent history of credits issued being near or above the maximum funding level, and the projected needs for the upcoming year, the Division concluded that it is reasonable to continue to set the LIHEAP Charge at the maximum level. In response to the Commission's data request 1-3, National Grid responded that a factor of \$0.79 would provide revenues as close as possible to the \$7.5 million maximum without exceeding it. Therefore, the Division recommends approval of a LIHEAP charge of \$0.79 for effect on January 1, 2022.