



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
Division of Public Utilities & Carriers

Date: November 30, 2022

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

On October 14, 2022, the Rhode Island Department of Human Services (“DHS”) made its annual Low-Income Home Energy Assistance Program (“LIHEAP”) enhancement charge filing in accordance with R.I. Gen. Laws §39-1-27.12(b). DHS requested that the Public Utilities Commission (“Commission”) set the calendar year 2023 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. Gen. Laws §39-1-27.12. Therefore, the charge only applies to customers of Narragansett Electric Company d/b/a Rhode Island Energy (“RIE”) and the LIHEAP Enhancement Grants are only available to eligible customers of RIE. 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 at \$10.00 per year. R.I. Gen. Laws §39-1-27.12(c). The statute names DHS as the agency that designates to the gas or electric distribution company the qualifying customer accounts and the amounts to be credited. R.I. Gen. Laws §39-1-27.12(e).

Table 1 below shows a 5-year history and a projection for 2023 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 of the periods, the LIHEAP charge was set at the maximum amount to collect as close to \$7.5 million as possible without exceeding it. In 2018 the revenues significantly exceeded the credits, and the balance grew to over \$5.5 million at the end of the year. 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, however, 2022 revenues significantly exceeded credits and the balance again grew \$2.7 million for an approximate \$5.3 million balance. In 2022, DHS attributes the lower level of grant payments to the availability of federal funds paid directly to customers for rent relief which also included payments for utility arrearages. Those funds were for a single-year program which is now closed.

The Division wanted to ensure that the need for full funding was necessary and issued a set of Data Requests to DHS. In response to DIV DR 1-1 and 1-2, the DHS responded that they anticipate there will be a very high demand of LIHEAP applicants due to three factors: 1) Rent Relief RI funds for 2022 have been expended 2) the LIHEAP enhancement grant was increased from \$350.00 to \$450.00 for 2023 and 3) because of the higher utility and fuel costs for the upcoming heating season. As a result, the DHS expects the annual balance to decrease from the current estimated total of \$5.3 million to an estimated total of \$2.3 million for 2023.

The Division fully supports increasing the grant amount in 2023 due to the unprecedented gas and electric rates. Increasing the grant amount will provide much needed assistance to the most vulnerable population.

Table 1

	2018	2019	2020	2021	2022
LIHEAP Charge	\$0.81	\$0.80	\$0.80	\$0.80	\$0.79
For the 12 months ending August 31st each year					
Revenue	\$7,469,064	\$7,488,720	\$7,491,039	\$7,471,411	\$7,435,593
Credits	\$5,720,750	\$8,354,870	\$10,303,150	\$7,063,760	\$4,793,300
Other - Interest & Reversals	\$1,249,560	\$174,932	\$103,695	\$43,073	\$49,502
Balance	\$5,546,849	\$4,855,631	\$2,147,215	\$2,597,939	\$5,289,734

Based on the current fuel and energy prices and the forecasts of the projected needs for the upcoming year provided by the DHS, 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, RIE 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, 2023.