



LOW-INCOME DISCOUNTS AND FUNDING SOURCES _____(APRIL 2024)

Electric Service

Rhode Island Energy, formally National Grid (together, “RI Energy” or “Company”), has historically offered an income-eligible electric ratepayer assistance program. Effective September 1, 2018, the low-income (A-60) rate provides a 25 percent discount off the total monthly bill for low-income electric customers. For those customers whose eligibility for the low-income rate is based on Medicaid, General Public Assistance, or Rhode Island Works, the discount is 30 percent off the total monthly bill.¹ The 25 percent discount is the same as that which is provided in Massachusetts. The additional 5 percent discount to those entering the program through the lowest income-eligibility programs introduces a tiered approach to electric rates. These discounts are subsidized by standard residential customers as well as by all commercial and industrial customers.

To be eligible for these bill discounts (25% or 30%), a customer must meet the income guidelines for the federally funded Low Income Home Energy Assistance Program (LIHEAP) or receive one of the following: Supplemental Security Income, Medicaid, food stamps, general public assistance or the Rhode Island Works.

In CY2023, the total aggregate discounts for the Company’s low-income electric ratepayers totaled **\$17.4 million**.

Natural Gas Service

Consistent with the discount offered to electric customers, effective September 1, 2018, the low-income rate for (Rates 11 and 13) natural gas customers provides a 25 percent discount off the total monthly bill for low-income customers. For those customers whose eligibility for the low-income rate is based on Medicaid, General Public Assistance, or Rhode Island Works, the discount is 30 percent off the total monthly bill. The 25 percent discount is the same as that which is provided in Massachusetts. The additional 5 percent discount to those entering the program through the lowest income-eligibility programs introduces a tiered approach to gas rates. These discounts are subsidized by standard residential customers as well as by all commercial and industrial customers.

To be eligible for these bill discounts, a customer must meet the income guidelines for the federally funded LIHEAP or receive one of the following: Supplemental Security Income, Medicaid, food stamps, general public assistance or the Rhode Island Works.

In CY2023, the total aggregate discount for the Company’s low-income natural gas ratepayers totaled **\$8.3 million**.

¹ The discounts currently in effect were proposed by the Division in the Company’s last rate case (in 2018) and approved by the Commission.

FUNDING FOR THE LOW-INCOME ELIGIBLE RATES

Prior to September 1, 2018, the cost of this program was funded through higher base distribution rates applied to non-income-eligible residential, commercial, and industrial customers. Effective September 1, 2018, the cost of the low-income discount is now recovered by RI Energy through a fully reconciling recovery charge. The Company argued that the previous funding methodology shifted too much risk to the Company, while the advocates for the new funding mechanism argued that because of the risk, the Company had a disincentive to advise customers of the availability of the rate and of customers' potential eligibility. The result, according to the parties, was a large, underserved population.

A. LIHEAP

LIHEAP is a federally funded program established in 1981 through the U.S. Department of Health and Human Services and provides block grants to states to assist low-income families with their heating and cooling energy costs. The federal funds are allocated to states through a formula that considers a state's percentage of low-income households, the cost and types of fuel used for residential heating and cooling, and climate. LIHEAP also provides emergency crisis funds to assist in avoiding utility shutoffs. LIHEAP funding is also available to improve the energy efficiency of low-income households.

The Rhode Island Department of Health and Human Services ("DHS") administers the program and defines eligibility for a household to participate in LIHEAP at 60 percent of the state Medium Income Level. Application and outreach is provided by seven local Community Action Partnership (CAP) agencies located across the state. In addition to processing applications, CAP agencies are responsible for authorizing the disbursement of funds directly to the utility company or fuel (oil, propane, etc.) provider.

In CY2023, the Company's low-income electric and gas customers received a total of **\$7.1 million** (\$2.2 million to electric customers and \$4.9 million to gas customers) in LIHEAP funding grants.

B. LIHEAP Enhancement Program

R.I. Gen. Laws § 39-1-27.12 established the Low-Income Home Energy Assistance Program (LIHEAP) Enhancement Plan. The purpose of the LIHEAP Enhancement Plan was to create a separate fund through the creation of a new surcharge on all electric and gas customers' bills to supplement federal LIHEAP funding. The law requires DHS to administer the fund and also requires DHS to set aside a portion of the LIHEAP Enhancement Plan funding to be allocated in the summer months for "homeless families or individuals who are transitioning from a shelter into housing who provide acceptable documentation to ... [DHS]."

The statute currently applies only to National Grid (now RI Energy). The statute requires DHS to file annually with the PUC its recommended LIHEAP Enhancement Charge for the upcoming calendar year.

In CY2023, the Company's low-income electric and gas customers received a total of **\$9.0 million** (\$1.9 million to electric customers and \$7.1 million to gas customers) in LIHEAP Enhancement funding.

For CY2024, the LIHEAP Enhancement Charge is \$0.79 per month which is expected to collect **\$7,460,845**. The LIHEAP Enhancement Plan requires the charge to produce revenues between \$6.5 million and \$7.5 million from electric and gas customers, combined.

C. Arrearage Management Plan

In 2016, R.I. Gen. Laws § 39-2-1 was amended to create a new arrearage management program modeled after National Grid's arrearage management program in Massachusetts. It allows ratepayers to earn monthly forgiveness over the course of a year. Specifically, enrollees of the program receive one-twelfth of their arrearage forgiven for every month of successful payment, for up to \$1,500 of forgiveness in a year. At the election of a customer, the plan may be extended an additional 12 months, if the outstanding balance is greater than \$1,500. Customers whose utilities have already been disconnected first have to make a 25-percent down payment to restore them, or 10 percent when the Public Utilities Commission has adopted emergency regulations, as it currently has. This arrearage forgiveness program is subsidized by standard residential customers as well as by all commercial and industrial customers through a fully-reconciling recovery charge.

In CY2022, the Company's low-income electric and gas ratepayers had a total of **\$1,854,772** (\$1,427,910 to electric customers and \$426,862 to gas customers) of arrearages forgiven under this program.

D. Energy Efficiency

RI Energy administers energy efficiency plans funded primarily through charges on electric and gas customer bills. The approved Energy Efficiency Plan includes low-income programs. The Company's Income Eligible Services Program (IES) assists low-income customers in addressing energy affordability by providing energy education, home energy assessments, insulation, air sealing, and replacement of inefficient heating systems, appliances, and lighting to reduce household energy burdens and improve overall comfort for occupants. Unlike other residential customers, low-income customers have no out-of-pocket expense for the energy efficiency measures.

IES is a fuel-neutral program (electric, gas, oil and propane) and is available for customers who live in 1-4-unit residences and who qualify for the RI Energy's discount utility rates. According to the Company's Energy Efficiency Plan, the program benefits from leveraging complimentary funds managed by DHS' Weatherization Assistance Program (WAP) and LIHEAP. These leveraged funds amount to approximately 35% of total customer incentive benefits for weatherization and heating system replacements. These funds also allow customers to receive non-energy related health and safety improvements that would not be possible with ratepayer dollars only.

For CY2024, the Company's IES Program is budgeted to provide funding assistance of **\$16.0 million** for electric customers and **\$7.6 million** for gas customers.

E. Good Neighbor Energy Fund

The Good Neighbor Energy Fund ("GNEF") is run by the United Way and promoted by the electric and gas utilities in Rhode Island. It is sponsored by RI Energy's shareholders, the Pascoag Utility District, the Block Island Utility District, and other unregulated energy companies, as well as through donations, which can be made by ratepayers if they so choose. The funds are used to assist customers who cannot pay their bill and who have a median income below 300 percent of the federal poverty level.

There are limitations on qualification: The ratepayer must provide documentation showing financial hardship. Ratepayers cannot receive GNEF assistance for more than one of the following energy sources: electricity, natural gas, oil, propane, wood, or wood byproducts. Any household that did not receive assistance the previous year is eligible to receive assistance this campaign year if they meet all

financial eligibility guidelines. Households that received GNEF assistance last campaign year must demonstrate an extenuating financial hardship to receive assistance this campaign year.

F. Total Effective Net Benefit to Low-Income ratepayers

Under the discounts and LIHEAP benefits described above, low-income electric and gas ratepayers realize an effective net discount of **31.9%** off their electric bills and **84.8%** off their gas bills (based on CY2023 data). Additionally, for those low-income ratepayers participating in the Energy Efficiency program, further savings are also available.