



STATE OF RHODE ISLAND

DIVISION OF PUBLIC UTILITIES & CARRIERS
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**To: Stephanie De La Rosa, Commission Clerk
Rhode Island Public Utilities Commission**

**From: Donna Daigle, Utility Analyst
Division of Public Utilities & Carriers**

Date: November 13, 2024

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

On October 8, 2024, 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 2025 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).

In September of each year, Rhode Island Energy (“RIE”) submits a LIHEAP Enhancement Plan reconciliation for the 12-months ended each August 31st. Table 1 below, provides a 5-year history of the fund activity as reported in RIE’s reconciliation filings, along with the approved LIHEAP Enhancement charge for each calendar year. For each of the past 5 years, the LIHEAP Charge was set at the maximum amount to collect as close to \$7.5 million as possible without exceeding it. For the period 2020 through 2023 the revenues were close, but below the maximum, however, for the 2024 reporting period, revenues exceeded the maximum by \$28,554. Also, in response to PUC 1-1 RIE projected that for calendar year 2024, LIHEAP Enhancement revenues will be \$7,546,811 exceeding the maximum by \$46,811.

Table 1

	2020	2021	2022	2023	2024
LIHEAP Charge	\$0.80	\$0.80	\$0.79	\$0.79	\$0.79
For the 12 months ending August 31st each year					
Revenue	\$7,491,039	\$7,471,411	\$7,435,593	\$7,427,564	\$7,528,554
Net Credits	\$10,303,150	\$7,063,760	\$4,793,300	\$8,704,471	\$10,347,558
Interest	\$103,695	\$43,073	\$49,502	\$119,297	\$117,473
Balance	\$2,147,215	\$2,597,939	\$5,289,735	\$4,132,125	\$ 1,430,594

As noted earlier, DHS requested the Commission set the charge at \$0.81 or an equivalent monthly amount so as not to exceed the statutory annual funding cap of \$7,500,000. Because the 2024 revenues exceeded the cap, the Division recommends the LIHEAP charge be reduced from \$0.79 to \$0.78 for calendar year 2025. In response to PUC DR 1-3, the Company projected that the current charge of \$0.79 will produce revenues in 2025 of \$7,496,613 or \$3,387 less than the cap. Since this estimate is so close to the cap, a slight increase in estimated billing counts in 2025, would put the revenues above the cap if the charge was to remain at \$0.79. Therefore, to ensure the revenues remain within the statutory cap, the Division believes it is prudent to reduce the charge for 2025. A charge of \$0.78 would produce revenues of approximately \$7.4M or \$95,000 less than what would be produced at the current rate of \$0.79. As can be seen in the above table, the fund balance as of August 31 has exceeded \$1M in each of the past 5 years and has exceeded \$2M in four of the last five years. A revenue decrease of \$95,000 should have virtually no impact on the operation of the program, especially considering the current fund balance, and interest that will be earned on the fund which has exceeded \$100,000 in the most recent 2 years.

In conclusion, for the reasons stated above, the Division recommends the Commission approve a LIHEAP charge of \$0.78 for effect on January 1, 2025.