



State of Rhode Island  
Division of Public  
Utilities & Carriers

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# Memorandum

**To: Luly Massaro**  
**Commission Clerk**

**From: Alberico Mancini**  
**Division of Public Utilities & Carriers**

**Date: 12/12/2018**

**Re: Narragansett Electric – LIHEAP Enhancement Plan 2018 Reconciliation  
Filing and Proposed 2019 Dept. of Human Services (DHS) LIHEAP  
Enhancement Charge: Docket 4290.**

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On October 1, 2018, Narragansett Electric Company d/b/a National Grid (“National Grid” or “Company”) filed its 2018 reconciliation of the Low Income Home Energy Assistance Program (LIHEAP) Enhancement Plan for the period September 1, 2017 through August 31, 2018.

The filing reports a beginning balance of \$2,548,975 as of September 1, 2017 and an ending balance of \$5,546,849 as of August 31, 2018. Total revenue collected was \$7,469,064 with an additional accrual of \$117,063 in interest. Credits issued to customers totaled \$5,720,750, however, the Company reversed a total of \$1,132,497 after a review of the program revealed customer credits reversed at the time the accounts were closed were not reflected in the annual reconciliations. A net increase in fund balance of \$2,997,874 occurred during the period September 1, 2017 through August 31, 2018.

The filing also includes a count of LIHEAP recipients during the period September 1, 2017 and August 31, 2018. A combined total of 22,623 gas and electric customers received fuel assistance or emergency payment, which is an increase of 2,308 customers or 11% compared to the previous year’s combined total of 20,315 customers.

On October 15, 2018, the Rhode Island Department of Human Services (DHS) filed LIHEAP Enhancement Plan Rates in accordance with RIGL 39-1-27.12. DHS requests that the LIHEAP Enhancement Charge remain at eighty-one cents (\$0.81) per month for each customer for the calendar year 2019. DHS is aware of the \$5.5 million balance but as explained in Commission Data Response 1-1, it has increased the LIHEAP Enhancement credit to customers from \$250 to \$370 for the 2019 calendar year and estimates that it will reduce the \$5.5 million balance to \$3 million as of September 2019. DHS also explained that it has expanded the administrative period for LIHEAP which should result in a greater outreach to income eligible customers.

In Docket 4770, National Grid explained that they would increase efforts in educating income eligible customers on National Grid's programs designed to assist customers who cannot afford their utility bills. National Grid's increased efforts, along with the expanded administration period proposed by DHS, should increase participation in the LIHEAP Enhancement Program for the 2018/2019 heating season.

Pursuant to RIGL 39-1-27.12, the LIHEAP Enhancement Charge to any customer is capped at ten dollars (\$10) per calendar year and projected annual revenue shall not exceed seven million five hundred thousand dollars (\$7,500,000). Due to both DHS's and NGrid's commitment to outreach to income eligible customers and the potential increase in LIHEAP participation, the Division does not object to setting the LIHEAP Enhancement Charge at a level that generates the maximum revenues allowed under the law without exceeding the statutory cap. National Grid estimates that the monthly \$0.81 charge on both gas and electric bills will yield \$7,524,717 in 2018 and projects a total revenue of \$7,522,039 for 2019 which in both cases exceeds the statutory cap. Reducing the charge from \$0.81 to \$0.80 for 2019 would result in an annual per customer charge of \$9.60 and generate annual revenues of \$7,429,174. Both amounts are within the statutory cap and the decrease in collections would only amount to \$92,865 which would not have a significant impact on the projected September 2019 fund balance.

Based on our review and analysis, the Division recommends that the Commission set the monthly LIHEAP Enhancement Charge at \$0.80 effective January 1, 2019 for both gas and electric customers.