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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2010

A N A C T

RELATING TO STATE AFFAIRS AND GOVERNMENT

Introduced By: Representatives Handy, Slater, Fierro, Almeida, and Silva

Date Introduced: February 25, 2010

Referred To: House Finance

It is enacted by the General Assembly as follows:

1 SECTION 1. Title 42 of the General Laws entitled "STATE AFFAIRS AND
2 GOVERNMENT" is hereby amended by adding thereto the following chapter:

3 CHAPTER 141.1

4 THE HOME ENERGY RATE AFFORDABILITY ACT

5 **42-141.1-1. Short title. --** This act shall be known and may be cited as "The Home
6 Energy Rate Affordability Act."

7 **42-141.1-2. Findings. --**

8 (a) Over the past decade, the United States has experienced a twenty-five percent (25%)
9 increase in demand for fuel assistance;

10 (b) In Rhode Island, between 1999 and 2008, the gap between annual disconnection rates
11 and annual reconnection rates has more than doubled;

12 (c) Over the past six (6) years, the amount of bad debt (as a percentage of total revenue)
13 held by National Grid has more than doubled;

14 (d) Payment plans and winter moratorium policy currently offered by National Grid for
15 low-income payers, while admirable in their intentions, fail to address this problem of cyclical
16 arrears and the burgeoning need for greater energy assistance;

17 (e) Twenty-seven (27) states, including Massachusetts, New Hampshire, Connecticut,
18 and Illinois, have passed legislation to establish some form of rate-payer program to address
19 rising demand for energy assistance; and,

1 (f) In 2009, over thirty-one thousand (31,000) families/individuals throughout Rhode
2 Island had their power shut-off;

3 (g) The general assembly hereby establishes the Rhode Island Home Energy Emergency
4 Act.

5 **42-141.1-3. Program creation.** -- As soon as practicable the governor's office of energy
6 resources shall create a program to be known as the "Home Energy Rate Affordability Program"
7 for the purpose of insuring that utility rates are affordable for households of limited means.

8 **42-141.1-4. Definitions.** -- For purposes of this section:

9 (1) "Commercial and industrial customers" includes all establishments engaged in
10 commercial activity, either for-profit or non-profit, including, but not limited to, transportation,
11 manufacturing, mining, construction, agriculture, fishing, forestry, school dormitories, hospitals,
12 and military barracks and other non-residential customers.

13 (2) "Commission" means the public utilities commission.

14 (3) "Energy office" means the governor's office of energy resources.

15 (4) "Home energy" means retail electric and natural gas service provided for end-use
16 consumption by residential consumers.

17 (5) "Home energy burden" means a consumer's home energy bill divided by the
18 consumer's household income, including any grant of LIHEAP assistance.

19 (6) "LIHEAP" means the federal Low Income Household Energy Assistance Program.

20 (7) "Participating agency" includes any community action program or other community-
21 based agency which determines eligibility for LIHEAP benefits.

22 (8) "Residential customer" means all private residences, whether occupied or vacant,
23 owned or rented, including single-family homes, multi-family housing units and mobile homes,
24 but not including school dormitories, hospitals and military barracks.

25 **42-141.1-5. Eligibility.** -- Customers with a household income at or below one hundred
26 fifty percent (150%) of the federal poverty level that are receiving assistance through LIHEAP
27 shall be eligible for the rate affordability program under this section.

28 **42-141.1-6. Program credits.** -- (a) The energy office shall inform each utility and each
29 trustee of a rate affordability account under section 42-141.1-11 of the credit amount for which
30 each eligible household is qualified, and of the duration for which that credit must be provided
31 from the "rate affordability account" established pursuant to subsection 42-141.1-9(b), on a first-
32 come, first-served basis, as long as funds are available. All funds in any rate affordability
33 account established under section 42-141.1-11 shall be fully expended annually, including
34 accumulated interest.

1 (b) The amount of credit shall be that amount necessary to reduce the household's home
2 energy burden to an affordable percentage of income.

3 (c) The affordable home energy burden for each eligible household that uses both gas and
4 electric service and each household that uses electric service for heating purposes shall be tiered
5 as follows:

6 (1) Six percent (6%) of gross annual income: households earning zero to fifty percent (0-
7 50%) of the federal poverty level;

8 (2) Seven percent (7%) of gross annual income: households earning fifty to one hundred
9 percent (50-100%) of the federal poverty level;

10 (3) Eight percent (8%) of gross annual income: households earning one hundred percent
11 (100%) of the federal poverty level to maximum LIHEAP eligibility benefits amount.

12 (d) If a household uses electricity only for non-heating purposes, the affordable home
13 energy burden for each eligible household shall be tiered as follows:

14 (1) Two percent (2%) of gross annual income: households earning zero to fifty percent
15 (0-50%) of the federal poverty level;

16 (2) Three percent (3%) of gross annual income: households earning fifty to one hundred
17 percent (50-100%) of the federal poverty level;

18 (3) Four percent (4%) of gross annual income: households earning one hundred to one
19 hundred fifty percent (100-150%) of the federal poverty level.

20 (e) The energy office may allocate credits as it deems appropriate for crisis intervention.

21 (f) The energy office may also allocate credits to provide arrearage forgiveness when
22 needed to bring home energy burdens to an affordable level, as determined by the energy office.

23 (g) Each utility shall seek reimbursement from the trustee of a rate affordability account
24 established pursuant to section 42-141.1-11 for any credits it provides for its low-income
25 customers under this chapter.

26 **42-141.1-7. Obligations of participants.** -- Participating households shall agree to the
27 following obligations in order to participate in this program:

28 (1) The household shall report, within a time period prescribed by the energy office,
29 changes in income or financial condition that affect the household's eligibility or need for energy
30 assistance to a responsible administrator in the energy office or in a participating agency;

31 (2) Household participation in this program shall be terminated if the household fails to
32 make three (3) or more consecutive monthly payments gas and/or electric bills, unless the
33 household has reported a change in income or financial status in accordance with subdivision (1)
34 above and has been determined eligible on account of that change for additional assistance or for

1 emergency assistance. Upon termination from the program, all arrearages will become due and
2 payable, and the household, upon re-application, will be treated as a new applicant.

3 **42-141.1-8. Arrearage.** -- A household establishing three (3) years of regular monthly
4 payments under this chapter shall not be required to pay any arrearage incurred prior to entry into
5 the program. The energy office shall prescribe the mechanism for providing arrearage credits
6 pursuant to this section.

7 **42-141.1-9. Usage limit.** -- The energy office shall establish maximum usage limits
8 based on such factors as household size, thermal integrity of the household dwelling unit, and
9 average household energy expenditure of a median income household. Energy usage exceeding
10 the limits shall be billed at the prevailing consumer rate. Conservation may be rewarded with a
11 reduction in the payment percentage required.

12 **42-141.1-10. Rates.** – (a) For the first three (3) years, utilities shall collect a non-
13 bypassable monthly charge from each gas and each electric account receiving energy not for
14 resale, including low-income households, in accordance with the following:

15 (1) Electric Service Accounts:

16 (i) One dollar and forty cents (\$1.40) for residential service customers;

17 (ii) One dollar and forty cents (\$1.40) for commercial and industrial service customers
18 whose average usage is less than ten (10) kilowatts of demand;

19 (iii) Thirteen dollars (\$13.00) for commercial and industrial service customers whose
20 average usage is between ten (10) kilowatts and two hundred (200) kilowatts; and

21 (iv) Two hundred fifty dollars (\$250) for commercial and industrial service customers
22 whose average usage is greater than two hundred (200) kilowatts.

23 (2) Natural Gas Service Accounts:

24 (i) One dollar and forty cents (\$1.40) for residential service customers;

25 (ii) One dollar and forty cents (\$1.40) for commercial and industrial service customers
26 whose usage is less than five hundred thousand (500,000) cubic feet per year;

27 (iii) Thirteen dollars (\$13.00) for commercial and industrial service customers whose
28 usage is between five hundred thousand (500,000) cubic feet and three million, five hundred
29 thousand (3,500,000) cubic feet per year; and

30 (iv) Two hundred fifty dollars (\$250) for commercial and industrial customers whose
31 usage is greater than three million, five hundred thousand (3,500,000) cubic feet per year.

32 (b) These charges shall be kept in trust in a separate “rate affordability account” which
33 shall be used for program expenditures under this chapter and shall be established and operated in
34 accordance with section 42-141.1-11 of this chapter.

1 (c) After the third (3rd) year of the program, the commission shall annually set a non-
2 bypassable monthly charge sufficient to fund the total program budget developed by the energy
3 office. When determining the charge, the commission shall not substantially deviate from the
4 customer class rate allocation proportion as set forth herein.

5 **42-141.1-11. Administration.** -- The energy office shall administer the program,
6 including informing utilities of applicable credits, answering consumer inquiries, referring
7 eligible customers for weatherization assistance, and keeping appropriate records. The energy
8 office may delegate to participating agencies the responsibility for determining program
9 eligibility and calculating the amount of credit due to each eligible household.

10 **42-141.1-12. Rate affordability accounts.** -- (a) Every utility shall place all charges
11 collected under section 42-141.1-9 in a rate affordability account, which shall be opened in the
12 name of, and held by, an independent existing nonprofit organization as trustee (hereinafter “rate
13 affordability account trustee”), and which shall be operated as a nonprofit program.

14 (b) The rate affordability account trustee shall report to the energy office monthly the
15 total amount of funds available for low-income customers for each utility, including accumulated
16 interest, minus any administrative costs incurred.

17 (c) The rate affordability account may be used to pay annual administrative costs
18 incurred by the utility, the energy office, the rate affordability account trustee, and participating
19 agencies, as long as those costs do not exceed ten percent (10%) of the total annual amount
20 allocated for program credits for eligible households. The utility, the energy office, the rate
21 affordability account trustee, and participating agencies shall submit their bills for administrative
22 costs annually to the energy office, which shall ensure that these bills do not together exceed this
23 limit, and shall then forward these bills to the rate affordability account trustee for payment.

24 (d) Utility companies shall report annually to the public utilities commission including,
25 but not limited to, the amount of funds collected in the rate affordability account, the distribution
26 of those funds, the amount of funding allocated to administrative costs, and the projected amount
27 of funds to be collected and distributed in the following year.

28 (e) The energy office shall annually evaluate the impact of the Rate Affordability Act,
29 including *inter alia* an assessment of the number of eligible low-income customers who
30 participated in the rate affordability program, the number of low-income customers who did not
31 participate in the rate affordability program, and any difference in payment history between these
32 two (2) groups of low-income utility customers.

1 SECTION 2. This act shall take effect upon passage.

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF
A N A C T
RELATING TO STATE AFFAIRS AND GOVERNMENT

1 This act would create the Home Energy Rate Affordability Program to ensure that utility
2 rates are affordable for households of limited means.

3 This act would take effect upon passage.

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