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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2018

A N A C T

RELATING TO STATE AFFAIRS AND GOVERNMENT -- THE HOME ENERGY RATE
AFFORDABILITY ACT

Introduced By: Representatives Slater, Diaz, Handy, Blazejewski, and Maldonado

Date Introduced: February 28, 2018

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.**

6 This act shall be known and may be cited as "The Home Energy Rate Affordability Act."

7 **42-141.1-2. Legislative findings.**

8 (a) In recent years, the federal government has reduced home energy assistance to low-
9 income households.

10 (b) Thousands of low-income Rhode Islanders lose access to heat or electricity every year
11 due to lack of energy affordability. In 2016 over eighteen thousand (18,000) households
12 throughout Rhode Island had their electricity service terminated, and over eight thousand (8,000)
13 households had their gas service terminated.

14 (c) Previous efforts to help low-income payers manage their arrears, while helpful, fail to
15 address the burgeoning need for greater energy assistance.

16 (d) Many other states have passed legislation to establish some form of rate-payer
17 program to address rising demand for energy assistance.

18 (f) The general assembly hereby establishes the Rhode Island home energy rate

1 [affordability act.](#)

2 **42-141.1-3. Program creation.**

3 [By December 31, 2018, or as soon as practicable thereafter, the office of energy](#)
4 [resources shall create a program to be known as the "home energy rate affordability program" for](#)
5 [the purpose of insuring that utility rates are affordable for low-income households.](#)

6 **42-141.1-4. Definitions.**

7 [For the purposes of this chapter, the following definitions apply:](#)

8 [\(1\) "Commercial and industrial customers" means and includes all establishments](#)
9 [engaged in commercial activity, either for-profit or nonprofit, including, but not limited to,](#)
10 [transportation, manufacturing, mining, construction, agriculture, fishing, forestry, school](#)
11 [dormitories, hospitals, and military barracks and other non-residential customers.](#)

12 [\(2\) "Commission" means the public utilities commission.](#)

13 [\(3\) "Energy office" means the office of energy resources.](#)

14 [\(4\) "Home energy" means retail electric and natural gas service provided for end-use](#)
15 [consumption by residential consumers.](#)

16 [\(5\) "Home energy burden" means a consumer's home energy bill divided by the](#)
17 [consumer's household income, including any grant of LIHEAP assistance.](#)

18 [\(6\) "Industrial customer" means and includes manufacturing, mining, construction,](#)
19 [agricultural, fishing and forestry industries.](#)

20 [\(7\) "LIHEAP" means the federal Low Income Household Energy Assistance Program.](#)

21 [\(8\) "Participating agency" means and includes any community action program or other](#)
22 [community-based agency which determines eligibility for LIHEAP benefits.](#)

23 [\(9\) "Residential customer" means and includes all private residences, whether occupied](#)
24 [or vacant, owned or rented, including single-family homes, multi-family housing units and](#)
25 [mobile homes, but not including school dormitories, hospitals and military barracks](#)

26 **42-141.1-5. Eligibility.**

27 [Customers with a household income at or below one hundred fifty percent \(150%\) of the](#)
28 [federal poverty level that are receiving assistance through LIHEAP shall be eligible for the rate](#)
29 [affordability program under this chapter.](#)

30 **42-141.1-6. Program credits.**

31 [\(a\) The energy office shall inform each utility and each trustee of a rate affordability](#)
32 [account under § 42-141.1-12 of the credit amount for which each eligible household is qualified,](#)
33 [and of the duration for which that credit must be provided from the "rate affordability account"](#)
34 [established pursuant to § 42-141.1-10\(b\), on a first-come, first-served basis, as long as funds are](#)

1 available. All funds in any rate affordability account established under § 42-141.1-10 shall be
2 fully expended annually, including accumulated interest.

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

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

8 (1) Six percent (6%) of gross annual income: households earning zero to fifty percent (0-
9 50%) of the federal poverty level;

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

12 (3) Eight percent (8%) of gross annual income: households earning one hundred percent
13 (100%) of the federal poverty level to maximum LIHEAP eligibility benefits amount.

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

16 (1) Two percent (2%) of gross annual income: households earning zero to fifty percent
17 (0-50%) of the federal poverty level;

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

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

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

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

25 (g) Each utility shall seek reimbursement from the trustee of a rate affordability account
26 established pursuant to § 42-141.1-10(b) for any credits it provides for its low-income customers
27 under this chapter.

28 **42-141.1-7. Obligations of participants.**

29 Participating households shall agree to the following obligations in order participate in
30 this program:

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

34 (2) Household participation in this program shall be terminated if the household fails to

1 make three (3) or more consecutive monthly payments gas and/or electric bills, unless the
2 household has reported a change in income or financial status in accordance with subsection (1)
3 of this section and has been determined eligible on account of that change for additional
4 assistance or for emergency assistance. Upon termination from the program, all arrearages will
5 become due and payable, and the household, upon re-application, will be treated as a new
6 applicant.

7 **42-141.1-8. Arrearage.**

8 A household entering this program with existing arrearage shall be informed and
9 encouraged by the energy office or its agents to enroll in an arrearage management plan for which
10 they qualify.

11 **42-141.1-9. Usage limit.**

12 (a) The energy office shall establish maximum usage limits based on such factors as
13 household size, thermal integrity of the household dwelling unit, and average household energy
14 expenditure of a median income household.

15 (b) Under no circumstances may a maximum usage limit be set lower than one hundred
16 fifty percent (150%) of the median RI household energy use.

17 (c) Energy usage exceeding the limits shall be billed at the prevailing consumer rate.

18 (d) Conservation may be rewarded with a reduction in the payment percentage required.

19 **42-141.1-10. Rates.**

20 (a) For the first three (3) years, utilities shall collect a non-bypassable monthly charge
21 from each gas and each electric account receiving energy not for resale, including low-income
22 households, in accordance with the following:

23 (1) Electric service accounts:

24 (i) One dollar and fifty-five cents (\$1.55) for residential customers;

25 (ii) One dollar and fifty-five cents (\$1.55) for commercial and industrial service
26 customers whose average is less than ten kilowatts (10kw) of demand;

27 (iii) Fourteen dollars and fifteen cents (\$14.15) for commercial and industrial service
28 customers whose average use is between ten kilowatts (10kw) and two hundred kilowatts
29 (200kw); and

30 (iv) Two hundred seventy-one dollars and seventy-five cents (\$271.75) for commercial
31 and industrial service customers whose average usage is greater than two hundred kilowatts
32 (200kw).

33 (2) Natural gas service accounts:

34 (i) One dollar and fifty-five cents (\$1.55) for residential customers;

1 (ii) One dollar and fifty-five cents (\$1.55) for commercial and industrial service
2 customers whose average usage is less than five hundred thousand (500,000) cubic feet per year;

3 (iii) Fourteen dollars and fifteen cents (\$14.15) for commercial and industrial service
4 customers whose average use is between five hundred thousand (500,000) cubic feet and three
5 million, five hundred thousand (3,500,000) cubic feet per year; and

6 (iv) Two hundred seventy-one dollars and seventy-five cents (\$271.75) for commercial
7 and industrial service customers whose average usage is greater than three million, five hundred
8 thousand (3,500,000) cubic feet per year.

9 (b) These charges shall be kept in trust in a separate "rate affordability account" which
10 shall be used for program expenditures under this chapter and shall be established and operated in
11 accordance with § 42-141.1-12.

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

16 **42-141.1-11. Administration.**

17 The energy office shall administer the program, including informing utilities of
18 applicable credits, answering consumer inquiries, referring eligible customers for weatherization
19 assistance, and keeping appropriate records. The energy office may delegate to participating
20 agencies the responsibility for determining program eligibility and calculating the amount of
21 credit due to each eligible household.

22 **42-141.1-12. Rate affordability accounts.**

23 (a) Every utility shall place all charges collected under § 42-141.1-10 in a rate
24 affordability account, which shall be opened in the name of, and held by, an independent existing
25 nonprofit organization as trustee (hereinafter "rate affordability account trustee"), and which shall
26 be operated as a nonprofit program.

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

30 (c) The rate affordability account may be used to pay annual administrative costs incurred
31 by the utility, the energy office, the rate affordability account trustee, and participating agencies,
32 as long as those costs do not exceed ten percent (10%) of the total annual amount allocated for
33 program credits for eligible households. The utility, the energy office, the rate affordability
34 account trustee, and participating agencies shall submit their bills for administrative costs

1 annually to the energy office, which shall ensure that these bills do not together exceed this limit,
2 and shall then forward these bills to the rate affordability account trustee for payment.

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

7 (e) The energy office shall annually evaluate the impact of the rate affordability act,
8 including, but not limited to, an assessment of the number of eligible low-income customers who
9 participated in the rate affordability program, the number of low-income customers who did not
10 participate in the rate affordability program, and any difference in payment history between these
11 two (2) groups of low-income utility customers.

12 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 -- THE HOME ENERGY RATE
AFFORDABILITY ACT

- 1 This act would create the Home Energy Rate Affordability Program to ensure that utility
- 2 rates are affordable for low-income households.
- 3 This act would take effect upon passage.

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