

LC01530

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2006

A N A C T

RELATING TO PUBLIC UTILITIES AND CARRIERS -- AFFORDABLE ENERGY BARGAIN ACT

Introduced By: Senators Metts, Pichardo, Goodwin, and Perry

Date Introduced: February 09, 2006

Referred To: Senate Financial, Technology, Regulatory

It is enacted by the General Assembly as follows:

1 SECTION 1. Title 39 of the General Laws entitled "Public Utilities and Carriers" is
2 hereby amended by adding thereto the following chapter:

3 CHAPTER 27

4 THE AFFORDABLE ENERGY BARGAIN ACT

5 **39-27-1. Declaration of policy and purpose.** – The general assembly finds and hereby
6 declares the following:

7 (a)(1) basic electricity and natural gas service is essential to the health and well-being of
8 all Rhode Island residents;

9 (2) society benefits if essential electricity and natural gas services are affordable;

10 (3) the health and safety of those who are unable to afford essential electricity and natural
11 gas services suffers when the monthly payments for these services exceed a reasonable
12 percentage of the customer’s household income.

13 (b) The purposes of this chapter are to create a statewide bill payment assistance program
14 for low-income residential customers that will:

15 (1) Bring participants’ electric and natural gas bills into the range of affordability;

16 (2) motivate participants to improve their bill payment habits; and

17 (3) Encourage participants to reduce usage and participate in no-cost conservation and
18 energy efficiency measures, thereby reducing the customer’s bill and payment requirements.

1 **39-27-2. Definitions.** – As used in this chapter:

2 (1) “AEB Administrator” shall mean the state energy office or other state governmental
3 agency responsible for administration of LIHEAP defined herein.

4 (2) “Affordable Energy Bargain” (“AEB”) is a statewide program to assist low-income
5 customers pay their electric and natural gas bills. The design, administration and funding criteria
6 for the AEB are set forth in this chapter.

7 (3) “Amount overdue” means the amount that an electric or natural gas distribution
8 company has properly billed to a customer that has not been paid in full by the due date of the bill
9 or by a date otherwise agreed upon.

10 (4) “Commission” means the Rhode Island Public Utilities Commission.

11 (5) “Eligible customer” means any residential customer of an electric or natural gas
12 distribution company who meets the following criteria:

13 (1) The customer is taking residential service on a continuing year-round basis;

14 (2) The customer’s household qualifies for assistance from Food Stamps, Medicaid,
15 TANF, or LIHEAP;

16 (3) The customer’s household income is at or below sixty percent (60%) of the state’s
17 median income as defined by the United States Department of Health and Human Services on an
18 annual basis.

19 (6) “LIHEAP” is an acronym that stands for “Low Income Home Energy Assistance
20 Program,” which is a federally funded program that provides financial assistance grants to needy
21 households for home energy bills.

22 (7) A “participating customer” is a customer who is eligible for the AEB and who will
23 receive a benefit under the AEB criteria set forth in this chapter and in the rules and procedures
24 established by the commission and the AEB administrator. Participating customers are a subset of
25 eligible customers.

26 (8) “Pre-program arrears” means a customer’s amount overdue at the time the customer is
27 determined to be eligible for the AEB. This amount may consist of a customer’s overdue amount
28 that is currently billed on the customer’s account and any prior unpaid debt owed to the electric or
29 natural gas distribution company.

30 (9) “Residential customer” means any person who has applied for, been accepted and is
31 receiving residential service from an electric or natural gas distribution company. This term also
32 includes a person who was a customer of the same electric or natural gas distribution company
33 within the past thirty (30) days and who requests service at the same or different location.

34 (10) “Electric distribution company” means a company operating under the jurisdiction

1 of the commission and engaging in the distribution of electricity.

2 (11) “Natural gas distribution company” means a company operating under the
3 jurisdiction of the commission and engaging in the distribution of natural gas.

4 **39-27-3. Design features.** – (a) The commission shall implement an AEB that is
5 designed to provide affordable electricity and natural gas service payments through discounted
6 rates to qualified low-income residential customers such that the resulting percentage of
7 household income devoted to combined annual electricity and natural gas service bills does not
8 exceed six percent (6%) of annual household gross income.

9 (b) The commission shall adopt the AEB by rule that contains the following minimum
10 design features:

11 (1) Statewide availability. The AEB is available to eligible low-income residential
12 customers served by electric distribution and natural gas distribution companies subject to the
13 jurisdiction of the commission.

14 (2) Program funding. The AEB will be funded by an assessment on the electric
15 distribution and natural gas distribution companies subject to the jurisdiction of the commission,
16 as described further in section 39-26-4.

17 (3) Estimated cost of service. An eligible customer’s estimated cost of electric or natural
18 gas service shall be calculated by multiplying the customer’s estimated annual usage (determined
19 in the same manner used by the company to calculate a budget or levelized payment plan for
20 residential customers) by the cost of the company’s applicable residential service charges for the
21 customer, including regulated distribution charges and regulated electric generation or natural gas
22 supply charges.

23 (4) Minimum benefit amount. The state energy office may establish a minimum benefit
24 amount that, if applicable, will result in a participant’s exclusion from the AEB when the cost of
25 administrating the benefit amount exceeds the actual amount of any monthly benefit to the
26 customer.

27 (5) Maximum benefit amount. The state energy office may establish a maximum annual
28 program benefit amount to provide incentives for participating customers to use energy resources
29 efficiently; provided, however, that such maximum program benefit shall account for factors such
30 as household size and thermal integrity of the program participant’s dwelling unit; and provided,
31 further that such maximum program benefit shall in no case be less than the average household
32 energy expenditure of a median income household, as determined by the state energy office,

33 (6) Determination of AEB benefit. Eligible customers will be screened for participation
34 in the AEB by determining whether a customer’s projected payments for electric service or

1 natural gas service over a twelve (12) month period exceed the customer's discounted payment
2 that, pursuant to subsection 39-26-3(a) of this chapter, represents an affordable payment.
3 Agencies administering LIHEAP shall determine participant eligibility and calculate the
4 appropriate discount rate according to procedures established by the state energy office.

5 (7) Arrears forgiveness. At the time a customer is found to be eligible for the AEB, the
6 customer's pre-program arrears will be forgiven according to terms and procedures as determined
7 by the state energy office after hearing and opportunity for public comment.

8 (8) Portability of benefits. A participating customer may enroll with a competitive
9 electricity or natural gas supplier and continue to receive benefits under the AEB . In such cases,
10 the electric or natural gas distribution company or both shall allocate the customer's benefit
11 amount to the amount billed for regulated distribution services.

12 (9) Relationship to energy management services. As a condition of program enrollment,
13 an AEB participant shall accept all no-cost, demand-side management measures and programs
14 offered to the participant by the state energy office or the electric or natural gas distribution utility
15 (including federally-funded programs and other state-funded programs) for the participant's
16 dwelling or rental unit unless the participant is a renter and the owner or landlord withholds the
17 required consent.

18 (10) Impact on means-tested assistance programs. The intent of this program is that AEB
19 assistance will not be counted as income or as a resource in other means-tested assistance
20 programs for low-income households. The AEB will therefore be administered in a way that
21 ensures that AEB assistance will not result in the loss of other federal assistance dollars.

22 (11) No right of entitlement. This chapter establishes a pool of eligible applicants but
23 does not confer any automatic right or entitlement on any person or eligible entity.

24 **39-27-4. Program funding.** – (a) Funding amount. The total statewide cost of the AEB
25 for the program year beginning January 1, 2004 shall be one percent (1%) of the total electric and
26 natural gas distribution revenues subject to the jurisdiction of the commission plus proceeds from
27 LIHEAP allocations. This funding amount shall be available for AEB benefits and administrative
28 costs. Each electric and natural gas distribution company shall contribute one percent (1%) of its
29 calendar year 2003 total retail operating revenues to the commission who shall hold these funds
30 in a separate account as described in subsection 39-26-5(c) of this chapter.

31 (b) Funding amount for subsequent program years. The commission shall monitor the
32 needs of the state's low-income electric and natural gas service customers and may establish AEB
33 funding and expenditure levels and program design features annually. For the program year
34 beginning January 1, 2005 and for all subsequent program years, the commission shall adjust the

1 funding amount or other program design features it determines are necessary to ensure
2 consistency with the goals of this chapter.

3 (c) The commission shall transfer the AEB funds necessary to meet the needs of
4 participating customers and administrative expenses to the AEB administrator of the AEB
5 according to the terms of the agreement between the AEB administrator and the commission.

6 (d) Each transmission and distribution utility shall be entitled to receive funds from the
7 AEB administrator in an amount that reflects the actual expenditures by the utility for AEB
8 benefits on a quarterly basis to the extent that the AEB administrator has sufficient funding for
9 the individual utility expenditures available for this purpose. No transmission and distribution
10 utility shall have any right or caused of action against the AEB administrator as a result of a lack
11 of funding.

12 (e) Program funding associated with the costs of the AEB shall be recovered from all
13 customers of each electric and natural gas distribution company by means of a nonbypassable per
14 kilowatt-hour or per natural gas volumetric charge. Such nonbypassable per kilowatt-hour or per
15 natural gas volumetric charges shall be equal across rate class and customer class lines.

16 **39-27-5. Program administration.** – (a) It is the intent of this chapter that the AEB
17 administrator implement the AEB in coordination with the delivery of LIHEAP or other financial
18 assistance programs that will assure the most efficient delivery of AEB in coordination with
19 existing programs.

20 (b) Within six (6) months of the effective date of this chapter, the AEB administrator
21 shall develop procedures for the effective and efficient implementation of the AEB as described
22 herein.

23 (c) The commission shall establish an interest-bearing account to receive and disburse
24 AEB funds. Any interest earned on the account shall be applied to AEB benefits and
25 administrative expenses authorized by this chapter.

26 (d) It is the intent of this chapter that the AEB administrator shall, to the maximum extent
27 possible, coordinate the implementation of the AEB through and by community-based
28 organizations that already have a vital role in the implementation of energy and financial
29 assistance programs supervised by the AEB administrator or comparable state agency.

30 (e) During each program year, the AEB administrator shall track and monitor program
31 costs, available funds, and cumulative benefit expenditures. The AEB administrator shall file
32 quarterly reports with the commission in an electronic data format satisfactory to the commission.
33 The quarterly reports shall include information as required by the commission to track the
34 implementation and performance of the AEB in meeting the purpose of this program.

1 (f) The AEB administrator shall be entitled to a maximum of ten percent (10%) of the
2 program-funding amount established by the commission for any program year for administrative
3 costs incurred for the implementation and administration of the AEB. Included in this ten percent
4 (10%) maximum amount shall be costs incurred by any local community based organizations that
5 are associated with the implementation and administration of the AEB.

6 **39-27-6. Obligations of electric and natural gas distribution companies.** – (a) It is the
7 general assembly’s intent that the AEB be implemented as efficiently as possible and that
8 administrative costs be kept as low as reasonably possible. The commission shall require that the
9 AEB administrator and electric and natural gas distribution companies work together to identify
10 cost-effective ways to transfer information electronically and to employ available protocols that
11 will minimize administrative costs.

12 (b) The commission may require electric and natural gas distribution companies to
13 provide such information on customer usage and billing and payment information as required by
14 the AEB administrator to implement the AEB and provide written notices and communications to
15 participating customers as required by the commission’s rules.

16 (c) The electric distribution and natural gas distribution companies shall bill and collect
17 the monthly bill of an AEB customer pursuant to the same programs and policies as applicable to
18 residential customers generally.

19 (d) Each transmission and distribution utility shall coordinate its funding and delivery of
20 energy management and demand side management programs with the implementation of the
21 AEB to the greatest extent practicable.

22 (e) Each transmission and distribution utility shall file quarterly and annual reports with
23 the AEB administrator and the commission that cumulatively summarize and update program
24 information as required by the commission’s rules.

25 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 PUBLIC UTILITIES AND CARRIERS -- AFFORDABLE ENERGY
BARGAIN ACT

- 1 This act would create the “Affordable Energy Bargain Act” designed to provide
- 2 affordable electricity and natural gas.
- 3 This act would take effect upon passage.

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