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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2021

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A N A C T

RELATING TO STATE AFFAIRS AND GOVERNMENT -- THE PERCENTAGE OF
INCOME HOME ENERGY AFFORDABILITY ACT

Introduced By: Senators Sosnowski, Miller, Euer, Ciccone, and Kallman

Date Introduced: March 11, 2021

Referred To: Senate 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 PERCENTAGE OF INCOME HOME ENERGY AFFORDABILITY ACT

5 **42-141.1-1. Short title.**

6 This act shall be known and may be cited as "The Percentage of Income Home Energy
7 Affordability Act."

8 **42-141.1-2. Findings.**

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

11 (b) Thousands of low-income Rhode Islanders lose access to heat or electricity every year
12 due to lack of energy affordability;

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

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

17 (f) The general assembly hereby establishes the Rhode Island percentage of income home
18 energy affordability act.

1 **42-141.1-3. Program creation.**

2 By December 31, 2022, or as soon as practicable thereafter, the department of human
3 services shall create a program to be known as the “Percentage of Income Home Energy
4 Affordability Program” for the purpose of ensuring that utilities are affordable for low-income
5 households.

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

7 For purposes of this section:

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

12 (2) “Commission” means the public utilities commission.

13 (3) “DHS” means the department of human services.

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 the percentage of a consumer’s household income,
17 including any grant of LIHEAP assistance, that is paid toward the cost of a consumer’s home energy
18 electric and gas usage.

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) “Percentage of income home energy affordability program” is an income-sensitive
23 tiered subsidy program that makes utility service affordable for low-income households. This type
24 of program is also known as a percentage of income payment plan (PIPP).

25 (9) “Residential customer” includes all private residences, whether occupied or vacant,
26 owned or rented, including single-family homes, multi-family housing units and mobile homes, but
27 not including school dormitories, hospitals and military barracks.

28 **42-141.1-5. Eligibility.**

29 Customers with a household income at or below one hundred fifty percent (150%) of the
30 federal poverty level who are receiving assistance through LIHEAP shall be eligible for the
31 affordability subsidy program under this section.

32 **42-141.1-6. Program subsidy credits.**

33 (a) The DHS shall inform each utility of the subsidy credit for which each eligible
34 household is qualified and of the duration for which that subsidy credit must be provided, on a first-

1 come, first-served basis, as long as funds are available. All funds collected through “system benefits
2 charges” established pursuant to § 42-141.1-10 shall be fully expended annually, including
3 accumulated interest.

4 (b) The amount of subsidy credit shall be that amount necessary to reduce the household’s
5 home energy burden to an affordable percentage of income as defined in this section.

6 (c) The affordable home energy burden for each eligible household shall be determined as
7 follows:

8 (1) Each household that uses electricity as its primary source of heating shall pay not more
9 than four percent (4%) of its annual gross household income for the cost of electricity;

10 (2) Each household that uses gas for its primary source of heating shall pay not more than
11 two percent (2%) of its annual gross household income for the cost of gas;

12 (3) Each household that does not use electricity as its primary source of heating shall pay
13 not more than two percent (2%) of its annual gross household income for the cost of electricity.

14 (d) The DHS may allocate additional subsidy credits as it deems appropriate for crisis
15 intervention.

16 (e) The DHS may also allocate subsidy credits to reduce arrearages when needed to bring
17 home energy burdens to an affordable level.

18 (f) Each utility shall raise funds for any subsidy credits it provides for its low-income
19 customers under this chapter through system benefits charges established pursuant to § 42-141.1-
20 10.

21 **42-141.1-7. Obligations of participants.**

22 Participating households shall agree to the following obligations in order to participate in
23 this affordability program:

24 (1) The household shall report, within a time period prescribed by the DHS, changes in
25 income or financial condition that affect the household’s eligibility or need for energy assistance
26 to a responsible administrator in the DHS or in a participating agency;

27 (2) Household participation in this program shall be terminated if the household fails to
28 make three (3) or more consecutive monthly payments of their gas and/or electric bills, unless the
29 household has reported a change in income or financial status in accordance with subsection (1) of
30 this section and has been determined eligible on account of that change for additional assistance or
31 for emergency assistance. Upon termination from the program due to failure to pay three (3) or
32 more consecutive monthly payments, the household shall be deemed ineligible to reapply for the
33 program for a period of six (6) months and upon re-application, shall be treated as a new applicant
34 for purposes of establishing the three (3) years of regular monthly payments required for arrearage

1 reduction.

2 **42-141.1-8. Arrearage.**

3 A household establishing three (3) years of regular monthly payments under this chapter
4 shall not be required to pay any preexisting arrearage at the end of the three (3) year period and that
5 arrears shall be forgiven.

6 **42-141.1-9. Usage limit.**

7 (a) The DHS shall establish maximum usage limits eligible for the subsidy program based
8 on such factors as household size, thermal integrity of the household dwelling unit, and average
9 household energy expenditure of a median income household.

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

12 (c) Energy usage exceeding the limits shall be billed at the prevailing consumer rate for
13 low-income consumers.

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

15 **42-141.1-10. System benefits charges.**

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

19 (1) Electric service accounts:

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

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

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

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

28 (2) Natural gas service accounts:

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

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

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

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

4 (b) After the third year of the program, the public utilities commission shall annually set a
5 non-bypassable monthly charge sufficient to fund the total program budget developed by the DHS.
6 When determining the charge, the commission shall not substantially deviate from the customer
7 class rate allocation proportion as set forth herein.

8 (c) Utility companies shall use the funds collected through the system benefits charge to
9 provide a subsidy credit to customers' accounts, such that eligible households pay only the amount
10 of the affordable home energy burden as defined by § 42-141.1-6. The DHS shall designate to
11 utility companies the qualifying customer accounts and the amounts to be credited to those
12 customer accounts, provided that the total amount to be credited to those accounts shall be fully
13 funded by, and not exceed, the total amount collected through the system benefits charge.

14 (d) Funds collected through the system benefits charge may be used to pay annual
15 administrative costs incurred by utility companies; however, those costs shall not exceed ten
16 percent (10%) of the total annual amount allocated for program credits for eligible households.

17 (e) Utility companies shall report to the DHS monthly the total amount of funds available
18 for low-income consumers for each utility, including accumulated interest, minus any
19 administrative costs incurred.

20 (f) Utility companies shall report annually to the public utilities commission including, but
21 not limited to, the amount of funds collected through the system benefits charge, the distribution of
22 those funds, the amount of funding allocated to administrative costs, and the projected amount of
23 funds to be collected and distributed in the following year. This information collected pursuant to
24 this section shall be non-confidential and shall be made available to the public.

25 **42-141.1-11. Administration.**

26 (a) The DHS shall administer the program, including informing utility companies of
27 applicable subsidy credits, answering consumer inquiries, referring eligible customers for
28 weatherization assistance, and keeping appropriate records. The DHS may delegate to participating
29 agencies the responsibility for determining program eligibility and calculating the amount of
30 subsidy credit due to each eligible household.

31 (b) The DHS shall annually evaluate the impact of the percentage of income home energy
32 affordability act, including, but not limited to, an assessment of the number of eligible low-income
33 customers who participated in the percentage of income home energy affordability program, the
34 number of low-income customers who did not participate in the percentage of income home energy

1 affordability program, any difference in payment history between these two (2) groups of low-
2 income utility customers, and an assessment of frequency of utility terminations in comparison to
3 enrollment in the program.

4 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 PERCENTAGE OF
INCOME HOME ENERGY AFFORDABILITY ACT

1 This act would create the Percentage of Income Home Energy Affordability Program, an
2 income-sensitive tiered subsidy program to ensure that home energy utility costs are affordable for
3 eligible low-income households.

4 This act would take effect upon passage.

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