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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2007

A N A C T

RELATING TO PUBLIC UTILITIES AND CARRIERS

Introduced By: Senators Miller, Pichardo, C Levesque, and Sosnowski

Date Introduced: February 13, 2007

Referred To: Senate Corporations

It is enacted by the General Assembly as follows:

1 SECTION 1. Section 39-1-27.10 of the General Laws in Chapter 39-1 entitled "Public
2 Utilities Commission" is hereby amended to read as follows:

3 **39-1-27.10. Electric and gas distribution companies required to file affordable**
4 **energy plans.** -- (a) On or before January 2, 2007, each gas and electric distribution company
5 shall submit to the commission a plan for affordable energy for low income households, including
6 very low income households as defined in section ~~42-141-3~~ [42-141-2](#). The plan shall provide for
7 the implementation of the affordable energy fund and shall include provisions for discounted
8 distribution rates and customer charges, payments on arrearages and unpaid balances by low
9 income households, and energy efficiency and weatherization, to the extent that funding is
10 allocated by the commissioner pursuant to subsection 42-141-5(d). [Any amendments or revisions](#)
11 [to said plan after December 1, 2007, shall provide for referral of eligible households, as](#)
12 [appropriate, to community action agencies or other entities designated by the office of energy](#)
13 [resources for weatherization assistance.](#)

14 (b) On or before April 30, 2007, the commission shall review the plan and issue an order
15 with regard to the plan not later than May 31, 2007. The order shall be effective not later than
16 November 1, 2007. The commission shall cause a review, and as appropriate an amendment, of
17 the plan at least every three (3) years between July 1, 2007, and July 1, 2016.

18 (c) On or before November 1, 2007, each gas and electric distribution company shall
19 implement an affordable energy plan in accordance with the order of the commission.

1 SECTION 2. Section 39-2-1 of the General Laws in Chapter 39-2 entitled "Duties of
2 Utilities and Carriers" is hereby amended to read as follows:

3 **39-2-1. Reasonable and adequate services -- Reasonable and just charges.** -- (a)

4 Every public utility is required to furnish safe, reasonable, and adequate services and facilities.
5 The rate, toll, or charge, or any joint rate made, exacted, demanded, or collected by any public
6 utility for the conveyance or transportation of any persons or property, including sewage, between
7 points within the state, or for any heat, light, water, or power produced, transmitted, distributed,
8 delivered, or furnished, or for any telephone or telegraph message conveyed or for any service
9 rendered or to be rendered in connection therewith, shall be reasonable and just, and every unjust
10 or unreasonable charge for the service is prohibited and declared unlawful, and no public utility
11 providing heat, light, water, or power produced, transmitted, distributed, delivered, or furnished
12 shall terminate the service or deprive any home or building, or whatsoever, of service if the
13 reason therefor is nonpayment of the service without first notifying the user of the service, or the
14 owner or owners of the building as recorded with the utility of the impending service termination
15 by written notice at least ten (10) days prior to the effective date of the proposed termination of
16 service.

17 (b) Any existing rules and regulations dealing with the termination of utility service and
18 establishing reasonable methods of debt collection promulgated by the commission pursuant to
19 this chapter and the provisions of section 39-1.1-3, including but not limited to, any rules and
20 regulations dealing with deposit and deferred payment arrangements, winter moratorium and
21 medical emergency protections, and customer dispute resolution procedures, shall be applicable
22 to any public utility which distributes electricity.

23 (c) The commission shall promulgate such further rules and regulations as are necessary
24 to protect consumers following the introduction of competition in the electric industry and which
25 are consistent with this chapter and the provisions of section 39-1.1-3. In promulgating such rules
26 and regulations, the commission shall confer with the Retail Electric Licensing Commission and
27 shall give reasonable consideration to any and all recommendations of the Retail Electric
28 Licensing Commission.

29 (d) On or before May 1, 2007, the commission shall administer such rules and
30 regulations as may be necessary to implement the purpose of this section and to provide for
31 restoration of electric and/or gas service to very low income households as defined by section 42-
32 141-2.

33 (1) Effective July 1, 2007, notwithstanding the provisions of part V sections 4(E)(1)(B)
34 and (C) of the public utilities commission rules and regulations governing the termination of

1 residential electric, gas, and water utility service, a very low income customer who is terminated
2 from gas and/or electric service or is recognized pursuant to a rule or decision by the division as
3 being scheduled for actual shut-off of service on a date specified, shall be eligible one time to
4 have electric and/or gas utility service restored providing the following conditions are met:

5 (i) the customer pays twenty-five percent (25%) of the customer's unpaid balance;

6 (ii) the customer agrees to pay one thirty-sixth (1/36) of one half (1/2) of the customer's
7 remaining balance per month for thirty-six (36) months;

8 (iii) the customer agrees to remain current with payments for current usage; .For
9 purposes of this subsection remaining current with payments shall mean that the customer: (a)
10 misses no more than a total of three (3) payments in the thirty-six (36) month period covered by
11 the agreement; (b) misses more than two (2) payments in any one calendar year, provided that
12 such missed payments in a calendar year are not consecutive and that payments for the year are
13 up-to-date by October 31st; and (c) that the amount due under that agreement is paid in full by the
14 conclusion of the period of the agreement; and

15 (iv) the customer has shown, to the satisfaction of the division, that the customer is
16 reasonably capable of meeting the payment schedule provided for by the provisions of
17 subdivision 39-2-1(d)(1)(i) and (ii) in this section. The restoration of service provided for by this
18 subsection shall be a one-time right; failure to comply with the payment provisions set forth in
19 this subsection shall be grounds for the customer to be dropped from the repayment program
20 established by this subsection, and the balance due on the unpaid balance shall be due in full and
21 shall be payable in accordance with the rules of the commission governing the termination of
22 residential electric, gas, and water utility service. A customer who completes the schedule of
23 payments pursuant to this subsection, shall have the balance of any arrearage forgiven, and the
24 customer's obligation to the gas and/or electric company for such balance shall be deemed to be
25 fully satisfied. The amount of the arrearage so forgiven shall be treated as bad debt for purposes
26 of cost recovery by the gas or the electric company.

27 (2) A customer terminated from service under the provisions of subdivision 39-2-1(d)(1)
28 shall be eligible for restoration of service in accordance with the applicable provisions of part V
29 section 4(E)(1)(C), or its successor provision, of the public utilities commission rules and
30 regulations governing the termination of residential electric, gas, and water service.

31 SECTION 3. Section 42-141-5 of the General Laws in Chapter 42-141 entitled
32 "Affordable Energy" is hereby amended to read as follows:

33 **42-141-5. Affordable energy fund.** -- (a) Fund established.

34 (1) A special account is hereby established in the state treasury to be called the

1 "affordable energy fund."

2 (2) Money remaining in the fund at the end of a fiscal year shall remain available for
3 expenditure in successive fiscal years.

4 (3) The fund shall be used for only those purposes enumerated in subsection (d).

5 (b) Financing of the fund. - The fund shall consist of the following sources:

6 (1) Sums the legislature may appropriate;

7 (2) Moneys received from federal, state, private donor or other sources for the purpose of
8 energy affordability by low income households;

9 (3) Fees required pursuant to subsection (c); and

10 (4) Any interest earned on the moneys in the fund.

11 (c) Affordable energy fees.

12 (1) An affordable energy fee in an amount set forth in this subsection shall be imposed
13 on gross receipts of electricity and gas companies and gross receipts on the sale of heating fuels
14 not used for residential heating. The fee shall be remitted to the division of taxation according to
15 the applicable schedule for the remission of the gross receipts tax as provided for in chapter 44-13
16 or the sales and use as provided for in chapter 44-18. The fees shall be as follows:

17 (i) Gas. - One percent (1%) of the gross receipts of gas companies subject to the
18 provisions of chapter 44-13, "Public Service Corporation Tax".

19 (ii) Electricity. - One percent (1%) of the gross receipts of electric companies subject to
20 the provisions of chapter 44-13. "Public Service Corporation Tax".

21 (iii) Heating fuel other than natural gas and electricity. - Two percent (2%) of gross
22 receipts from the sales and use of heating fuel subject to the provisions of chapter 44-18. "Sales
23 and Use Taxes -- Liability and Computation".

24 (2) Every person from whom an affordable energy fee is due shall be liable for the fee
25 until it has been paid to the state.

26 (d) Purposes of the fund.

27 (1) The commissioner may use money from the fund to:

28 (i) Support weatherization and energy conservation educational programs and
29 weatherization and energy conservation services for low-income and very low income
30 households;

31 (ii) Compensate electric and gas distribution companies for revenues lost due to the
32 reductions in distribution and customer charges, in accordance with a plan approved by the
33 commission, to very low income households, and if feasible to low income households, which
34 shall, as a first priority, be used to provide up to a fifty percent (50%) reduction in the distribution

1 and customer charges for a reasonable and prudent use by very low-income households of gas
2 and electricity that does not exceed average use for comparable dwelling units.

3 (iii) Defray the cost of heating fuel delivered to very low income households by an
4 amount not to exceed twenty-five percent (25%) of the allowable cost of heating fuel and a total
5 usage by the household, supported assistance from all sources overseen by the commissioner, that
6 is reasonable and prudent and does not exceed average use for comparable dwelling units.

7 (iv) ~~It~~ [Provide supplemental funds as may be necessary to augment the LIHEAP program](#)
8 [in order to accomplish the purposes of this chapter; it](#) is not the purpose of the fund to reduce the
9 amount of assistance a household would otherwise receive from LIHEAP and other sources in the
10 absence of the fund or to subsidize utility rates in effect as of July 1, 2006, and provided for by
11 law.

12 (2) If the commissioner determines it is in the public interest to allocate funds for the
13 purposes set forth in subparagraph (1)(ii) above, the commissioner shall notify the commission of
14 the amount of funds to be allocated for a specified period. The commission shall then direct the
15 electric and/or gas distribution companies to file amendments to the appropriate tariffs to
16 implement rate reductions designed to provide the rate reduction consistent with the amount
17 allocated for the period designated, which amendments are subject to the review and approval of
18 the commission. Once approval is given, the allocated funds shall be transferred to the gas and/or
19 electric distribution company. Any funds held after transfer shall accumulate interest at the
20 customer deposit rate ("interest"). If, at the end of the rate reduction period, there are any unused
21 dollars from the fund, such dollars shall be returned to the affordable energy fund with interest.
22 Likewise, if at the end of the rate reduction period, there were not enough funds allocated to
23 cover the rate reduction as designed, the shortfall will be reimbursed from the affordable energy
24 fund with interest; provided, however, if there are no additional funds available from the fund,
25 such shortfall or uncovered balance of such shortfall will be recovered with interest from all
26 customers in a manner and over the period approved by the commission.

27 (e) Administration and records of the fund.

28 (1) The commissioner shall administer the fund in accordance with this chapter.

29 (2) The commissioner in consultation with the department shall adopt procedures
30 governing the expenditure of, and accounting for, money expended from the fund.

31 (3) The commissioner is responsible for insuring that there are adequate moneys
32 available in the fund to carry out the purposes of this section.

33 (4) The commissioner shall maintain accounting records showing the income and
34 expenses of the fund.

1 (f) Expenditure of fund money. - Disbursements may be made from the fund for the
2 following purposes:

3 (1) Necessary administrative expenses, personnel expenses and equipment costs of the
4 office related to this section which shall not exceed ten percent (10%) of the revenue of the fund;

5 (2) All costs to effectuate the purposes of the fund as set forth in subsection (d).

6 (g) Report to the legislature. - The commissioner shall submit a report to the legislature
7 not later than the tenth (10th) day following the convening of each regular session of the
8 legislature. The report may include information considered significant by the commissioner but
9 must include:

10 (1) The amount of money expended under section 42-141-5 during the preceding fiscal
11 year;

12 (2) The amount and source of money received during the preceding fiscal year;

13 (3) A detailed summary of activities funded by the fund during the preceding fiscal year;

14 (4) The projected cost to the fund for affordable energy programs in the next fiscal year.

1 SECTION 4. 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

1 This act would amend the Comprehensive Energy Conservation, Efficiency and
2 Affordability Act with respect to customers eligible for the federal Low Income Home Energy
3 Assistance Program.

4 This act would take effect upon passage.

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