



Rhode Island Department of Human Services

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Office of the Director

Kimberly Merolla-Brito

March 20, 2025

The Honorable Joseph J. Solomon, Jr.
Chairman, House Committee on Corporations
State House
82 Smith Street
Providence, Rhode Island 02903

RE: H5245 – An Act Relating to Public Utilities and Carriers – Public Utilities Commission

Dear Chair Solomon:

I am writing to express concern for House Bill 5245, which is intended to reduce the home energy utility costs for eligible low-income households. As the administrator of the Low-Income Home Energy Assistance Program (LIHEAP), I am sharing additional information on behalf of the Rhode Island Department of Human Services (DHS) for the committee's consideration.

Currently, the LIHEAP Enhancement Fund is used to collect a charge of \$10 from all ratepayers, with projected annual revenue not to exceed \$7.5 million to support customers receiving federal LIHEAP assistance. Blending grants from the LIHEAP Enhancement Fund with the federal funding for LIHEAP enables LIHEAP to reach more Rhode Islanders and provides assistance to households that heat their homes with deliverable fuels. The reallocation of funds from the enhancement fund for any other purpose will have negative implications for individuals using LIHEAP, who have a demonstrated need for this assistance at a time when utility costs remain in flux due to the external market pressures.

Furthermore, there may already be assistance programs in effect targeting the households with the greatest need. Energy assistance is given to low-income households through the utility's existing discount programs, such as the 25-30% discount applied to ratepayers' accounts for individuals currently receiving certain federal benefits. In one example, this initiative provides discounts for more than 85,000 households in Rhode Island enrolled in the Supplemental Nutrition Assistance Program (SNAP). The discounts are applied through an electronic process with the clients' approval and is an equitable approach that serves the interests of Rhode Islanders.

With these considerations, this proposed bill also raises other concerns outlined below:

- In the proposed bill, eligibility for the percentage of income payment rates is unclear and likely to cause confusion due to the three different income levels for entry into the program – an approach that also does not target the neediest individuals.
- Rhode Islanders who are not participants in the benefit programs identified in the proposed bill would not be able to access this program unless a separate system of income verification was established;
- The federal Centers for Medicaid and Medicare Services (CMS) did not allow Medicaid data to be shared with the utility company when DHS initiated the electronic enrollment of federal beneficiaries into the utility's discount programs. This means there is no way to enroll Medicaid beneficiaries as cited in the proposal;
- Individuals with deliverable fuel needs are left out of the proposed subsidy system because there is no relief for their heating costs and there is no means to determine energy use and cost;
- If an income-sensitive tiered program is to be funded by rates collected from all other customers, the future of the current utility discount program offering savings to low-income utility customers and the LIHEAP Enhancement Fund may be in question;
- There are no incentives for customers to conserve energy, which could lead to increased energy waste.
- There is no estimate on the cost of this program. All ratepayers may see an increase to utility rates to cover the cost of discounts applied from the proposed tiered-rate program.

The last point is a major point of consideration that can potentially harm all Rhode Islanders broadly. This is irrespective of where they live in the state or heating arrangements they may have since any increased costs are typically passed on to the customer.

In previous years, support for this bill has grown among stakeholders who cite a similar program in another state. However, they have not clarified how that program is funded or managed, posing potential financial and administrative risks for our state. Due to this missing information, H 5245 could exhaust essential resources for families and lead to unintended consequences.

For these reasons, I urge the committee and sponsor to carefully review H5245 and support constituents by strengthening existing programs with a proven framework. Thank you for your time and consideration.

Sincerely,



Kimberly Merolla-Brito
Director
RI Department of Human Services

CC: The Honorable Members of the House Committee on Corporations
The Honorable Scott A. Slater
Nicole McCarty, Esquire, Chief Legal Counsel to the Speaker
Lynne Urbani, Director of House Policy