



STATE OF RHODE ISLAND

DIVISION OF PUBLIC UTILITIES & CARRIERS

Administration

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March 20, 2025

The Honorable Joseph J. Solomon, Jr.
Chairman – House Committee on
Corporations
State House
Providence, R.I. 02903

Re: **H 5484 – Updating Division Penalties**

Dear Chairman Solomon:

The Division is proposing minor modifications/increases to the fining abilities for utility violations. The bill would amend the penalty provisions in §39-2-8 and §39-4-22 to increase the current maximum penalty for utility violation of statute, rule, or Division order from \$1,000 to \$5,000, and to increase the potential fines on utility officials from the current minimum/maximum range of \$100 and \$500 to a proposed new maximum of \$1,000. These sections, §§39-2-8 and 39-4-22, have legislative roots dating back 110 years, the amounts of the penalties were last updated in 1973 and 1980, respectively.

These proposed changes are modest and are meant to be proportional given that they could be used against all utilities, including the smaller regulated entities. It should be noted that there are separate statutory provisions that allow for significantly higher fines against the primary gas/electric utility in instances such as failure in its emergency responsiveness (RIGL §39-2-27)¹. Additionally, the Division, in its role of enforcing federal gas pipeline safety provisions, has adopted the federal standard for fines.² In both cases, the fines could total in the millions of dollars.

¹ Under that statutory provision - The division shall levy a penalty not to exceed one hundred thousand dollars (\$100,000) for each violation for each day that the violation of the division's standards persists; provided, however, that the maximum penalty shall not exceed seven million five hundred thousand dollars (\$7,500,000) for any related series of violations.

² The federal gas pipeline statute provides that an entity found in violation - is subject to an administrative civil penalty not to exceed \$257,664 for each violation for each day the violation continues, with a maximum administrative civil penalty not to exceed \$2,576,627 for any related series of violations.

Massachusetts statute sets penalties for utilities only as failure in violations of service restoration / emergency responsiveness, which is why the violation amounts are much higher in contrast to the Rhode Island statute on utilities violations of statute, rule, or Division orders. Massachusetts also has a separate smaller penalty statute specifically for motor vehicle carriers.

Connecticut's statute sets penalties for violations of court orders, and the amounts are set as \$10,000 maximum for each offense.

See below for specific information regarding violation penalties from both Massachusetts and Connecticut.

Massachusetts:

Currently, the Massachusetts statute provides for a maximum of \$500,000 per violation per day, and a maximum of \$50 million total. The penalties were recently increased from \$250,000 and \$20 million, respectively, effective June 2021. [Mass. Gen. Laws Ann. ch. 164, § 1J \(West\)](#) (§ 1J. Establishment of standards of acceptable performance for emergency preparation and restoration of service for electric and gas distribution companies; investigation of violation standards; penalties) states in part that:

“The department shall levy a penalty not to exceed \$500,000 for each violation for each day that the violation of the department's standards persists; provided, however, that the maximum penalty shall not exceed \$50,000,000 for any related series of violations.”

On August 1, 2024, the Massachusetts Department of Public Utilities recently doubled its maximum digsafe fines. See MA. DPU Docket 23-148.

While the proposed amendment in penalties would not apply to Rhode Island motor carriers, [Mass. Gen. Laws Ann. ch. 159B, § 21 \(West\)](#) provides for violations as to Carriers of Properties of Motor Vehicles, and states in part “... shall be punished, except as otherwise provided in this chapter, for a first offense by a fine of not more than one hundred dollars and for any subsequent offense by a fine of not more than two hundred dollars...”

Connecticut:

If no other penalty is prescribed, the Connecticut statute provides for a maximum of \$10,000 for each offense, except that the penalty shall be a fine, restitution to customers or a combination of a fine and restitution of not more than \$40,000 for failure to comply with an order.

Connecticut law, [Conn. Gen. Stat. Ann. § 16-41 \(West\)](#) Imposition of civil penalties by authority, states as follows: (emphasis added)

Any such company, electric supplier, certified telecommunications provider, cellular mobile telephone carrier, Connecticut electric efficiency partner, entity approved to submeter, person, any officer, agent or employee thereof, public agency or public utility which the authority finds has failed to obey or comply with any such provision of this title, order or regulation shall be fined, ordered to pay

restitution to customers or ordered to pay a combination of a fine and restitution by order of the authority in accordance with the penalty prescribed for the violated provision of this title or, if no penalty is prescribed, not more than ten thousand dollars for each offense, except that the penalty shall be a fine, restitution to customers or a combination of a fine and restitution of not more than forty thousand dollars for failure to comply with an order of the authority made in accordance with the provisions of section 16-19 or 16-247k or within thirty days of such order or within any specific time period for compliance specified in such order.

Conn. Gen. Stat. Ann. § 16-32i (West) is Connecticut's statute on review of utility companies after emergencies, and provides that the PURA, "...may levy civil penalties against such company, pursuant to section 16-41, **not to exceed a total of four per cent of such electric distribution or gas company's annual distribution revenue, for noncompliance in any such emergency.**"

Conclusion

While there is no identical statutory violation language state to state, Rhode Island statutes on violation penalties in review of emergency responsiveness are generally in line with Massachusetts and Connecticut, where large penalties are the standard.

The Division's proposed changes to penalty provisions in §39-2-8 and §39-4-22, for non-emergency violations, are modest but are meant to be proportional to all utilities, both large and small. The more severe violations have statutory violations in place, as stated above.

Sincerely,



Linda George, Esq.
Administrator, RI Division of Public Utilities and Carriers

Cc. The Honorable Representative Lauren Carson
The Honorable Members of the House Committee on Corporations
Nicole McCarty, Esq., Chief Legal Counsel