



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 5547 – Public Utilities Reserve Fund**

Dear Chairman Solomon:

The Division thanks Representative Solomon for introducing this bill at the request of the Division and for the opportunity to provide comments. This measure would increase the annual reserve fund cap from \$750,000 to \$1,000,000 on investigation expenses from filings related to utility proceedings. The amendment would also increase the cap per utility for advocacy before federal agencies from \$250,000 to \$500,000. This funding increase will provide essential resources for the Division to advocate for rate reductions in the near term on anticipated Rhode Island Energy regulatory filings.

The Division anticipates a Rhode Island Energy general gas and electric distribution rate filing in CY 2025. The prior general rate filing (by National Grid) in 2017 amply illustrates the need for flexibility to exceed the current \$750,000 cap. In that proceeding, National Grid expended total incremental costs of \$950,000 for development of their electric rate proposal and advocacy before the PUC. The Division's current annual expense cap of \$750,000 per utility for expert witnesses and other expenses associated with representing ratepayers before the Commission applies to all matters taken up by our regulatory bodies which include numerous and complex docketed proceedings. Simply put, during the pendency of the electric and gas rate cases the Division will need more than \$750,000 to represent ratepayers in the rate cases along with the other annual electric and gas dockets.

In recent years, the Commission and Division have experienced a substantially increased volume of filings from our largest electric utility and our only gas utility. Many of these filings stem from legislative mandates connected to rate relief energy efficiency, renewable energy initiatives and the Infrastructure, Safety & Reliability ("ISR") plans for electric and gas distribution systems. Most of these filings are introduced on an annual basis; most are highly technical; almost all require the need for expert consulting services. To address these issues and to respond to general rate proceedings all within the current cap will put regulators at a revenue

disparity compared to the utility and significant disadvantage in their efforts to protect ratepayers when compared to the well-funded utility and its shareholders.

The prospective maximum rate impact of an additional \$250,000 being assessed to Rhode Island Energy electric and gas customers would be minimal. Note, the electric estimate is the projected monthly impact, and gas is an annual bill impact.

PUC Reserve Fund Requested Increase	\$250,000
<b>RIE - Electric</b>	
Annual kWh Deliveries	7,350,000,000
Cost per kWh	\$0.00003
Monthly Residential Customer Impact	\$0.02
<b>RIE Gas</b>	
Annual Throughput (therms)	400,000,000
Cost per therm	\$0.00063
Annual Residential Customer Impact	\$0.53

The proposed increase in the annual federal proceedings expense cap from \$250,000 to \$500,000 would apply exclusively to issues related to interstate utility infrastructure (i.e., transmission lines and pipes) and regional cost allocation. The additional resources would allow the Division to more effectively advocate for Rhode Island ratepayer interests before entities such as the Federal Energy Regulatory Commission. As the New England region continues to transform the electric sector, significant expansions of the interstate transmission system are occurring to accommodate the transition to clean energy. Rhode Island ratepayer interests need a voice at the federal level to fight against excessive overbuilding of the expensive transmission system. The Division is partnering with other New England states to assure adequate representation at the federal level.

Connecticut – Conn. Gen. Stat. §§ 16-6a, 16-18a

Connecticut allows for the Public Utilities Regulator Authority (“Authority”) and the Office of the Consumer Counsel to expend up to \$200,000 for each agency per proceeding for utilities with more than 15,000 customers, up to \$50,000 for each agency per proceeding for utilities with less than 15,000 customers. The Public Utilities Regulator Authority and Office of Consumer Counsel may exceed statutory limits for good cause but may not exceed an aggregate amount of \$250,000 per agency/proceeding.

Massachusetts – Mass. Gen. Laws ch. 12, § 11E

Massachusetts, where the Attorney General (A.G.) assumes the role of ratepayer advocate, allows for expert or consultant fees that are necessary, reasonable and proper as determined by the A.G in her duty to represent ratepayer interests. Costs are borne by the utility affected and should not “exceed \$150,000 per consultant per proceeding unless approved by the A.G. department based upon exigent circumstances.”

New Hampshire – N.H. Rev. Stat. § 365:38

In New Hampshire, the Commission may order the utility to pay for its expenses involved in a Commission investigation, including the amounts expended by it for attorneys, experts, accountants, or other assistants. Instead of setting a dollar amount limitation on the amount charged to the utility by the Commission, as is the case in Connecticut and Massachusetts, New Hampshire law states that the amount charged to the utility “in any case, shall not exceed ¾ of one percent of the existing valuation of the utility investigated.”



Vermont – 30 V.S.A. §§ 20, 21

Vermont's Board or Department of Public Service (Commission) may authorize a state agency to charge for these types of consultant costs. However, Vermont law does not appear to set any type of monetary limit. It appears that Vermont has a more totality of the circumstances approach for its determination of reasonableness of costs. Section 21(a)(1) states that the "Board shall upon petition of any applicant or company to which costs are proposed to be allocated, review and determined, after opportunity for hearing, having due regard for the for size and complexity of the project, the necessity and reasonableness of costs, and may amend or revise such allocations."

The Division is seeking to have adequate resources to represent the interest ratepayers in the critically important process of addressing general distribution rate filings of the state's dominant electric and gas utility. The maximum cost exposure for typical customers is negligible while the benefits may well be significant.

Sincerely,

A handwritten signature in cursive script, appearing to read "Linda George".

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

CC: The Honorable Representative John J. Lombardi  
The Honorable Members of the House Committee on Corporations  
Nicole McCarty, Esq., Chief Legal Counsel