

2026 -- S 2779

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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2026

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A N A C T

RELATING TO PUBLIC UTILITIES AND CARRIERS -- DUTIES OF UTILITIES AND
CARRIERS

Introduced By: Senators Euer, DiMario, Gu, Valverde, Acosta, McKenney, Kallman,
Pearson, Quezada, and Ujifusa

Date Introduced: March 04, 2026

Referred To: Senate Commerce

It is enacted by the General Assembly as follows:

1 SECTION 1. Chapter 39-2 of the General Laws entitled "Duties of Utilities and Carriers"
2 is hereby amended by adding thereto the following section:

3 **39-2-1.5. Utility base rate -- Prohibitions on advertising, political, charitable, and**
4 **investor-related expenses.**

5 (a) In addition to costs prohibited in §§ 39-1-27.4(b) and 39-2-1.2, no public utility serving
6 greater than one hundred thousand (100,000) customers distributing or providing heat, electricity,
7 natural gas, or water to or for the public shall recover through rates any direct or indirect cost
8 associated with:

9 (1) Advertising, marketing, communications, or public education that seek to influence
10 public opinion, including any costs associated with activities such as research, analysis, preparation
11 or planning undertaken in support of advertising, marketing, communications, or public education,
12 or any other related costs identified by the commission, unless such marketing, advertising,
13 communications or related costs are specifically approved or ordered by the commission;

14 (2) Membership dues, sponsorships or contributions to a business or industry trade
15 association, group or related entity incorporated under Section 501 of the Internal Revenue Code
16 of 1986, as amended;

17 (3) Charitable giving expenses, including contributions to organizations qualified under
18 section 501(c)(3) or 501(c)(4) of the Internal Revenue Code of 1986, as amended;

- 1 (4) Lobbying as defined in § 42-139.1-3;
2 (5) Contributions to political candidates, campaign committees, issue committees, or
3 independent expenditure committees or similar political expenses; and
4 (6)(i) Travel, lodging or food and beverage expenses for such company's board of directors
5 and officers or the board of directors and officers of such company's parent company;
6 (ii) Entertainment or gifts;
7 (iii) Any owned, leased or chartered aircraft for such company's board of directors and
8 officers or the board of directors and officers of such company's parent company; or
9 (iv) Investor relations.
10 (b) For any rate proceeding or infrastructure, safety and reliability proceeding, as described
11 in § 39-1-27.7.1(d), initiated on or after July 1, 2026, an electric distribution company, gas
12 company, pipeline company, or water company with more than one hundred thousand (100,000)
13 customers shall not recover through rates its direct or indirect costs associated with its attendance
14 in, participation in, preparation for, or appeal of such rate proceeding. Such costs shall include, but
15 need not be limited to, attorneys' fees, fees to engage expert witnesses or consultants, the portion
16 of employee salaries associated with such attendance, participation, preparation or appeal of a
17 contested proceeding and related costs identified by the commission.
18 (c) The commission may initiate rulemaking to implement the requirements of this chapter.

19 SECTION 2. Section 39-1-27.7.1 of the General Laws in Chapter 39-1 entitled "Public
20 Utilities Commission" is hereby amended to read as follows:

21 **39-1-27.7.1. Revenue decoupling.**

22 (a) The general assembly finds and declares that electricity and gas revenues shall be fully
23 decoupled from sales pursuant to the provisions of this chapter and further finds and declares that
24 any decoupling proposal submitted by an electric distribution company as defined in § 39-1-
25 2(a)(12) or gas distribution company included as a public utility in § 39-1-2(a)(20) that has greater
26 than one hundred thousand (100,000) customers, shall be for the following purposes:

- 27 (1) Increasing efficiency in the operations and management of the electric and gas
28 distribution system;
- 29 (2) Achieving the goals established in the electric distribution company's plan for system
30 reliability and energy efficiency and conservation procurement as required pursuant to § 39-1-
31 27.7(d);
- 32 (3) Increasing investment in least-cost resources that will reduce long-term electricity
33 demand;
- 34 (4) Reducing risks for both customers and the distribution company including, but not

1 limited to, societal risks, weather risks, and economic risks;

2 (5) Increasing investment in end-use energy efficiency;

3 (6) Eliminating disincentives to support energy-efficiency programs;

4 (7) Facilitating and encouraging investment in utility infrastructure, safety, and reliability;

5 and

6 (8) Considering the reduction of fixed, recurring customer charges and transition to
7 increased unit charges that more accurately reflect the long-term costs of energy production and
8 delivery.

9 (b) Each electric distribution company as defined by § 39-1-2(a)(12) and gas distribution
10 company included as a public utility in § 39-1-2(a)(20) having greater than one hundred thousand
11 (100,000) customers shall file proposals at the commission to implement the policy set forth in
12 subsection (a) of this section. The commission shall approve these proposals, provided they contain
13 the features and components set forth in subsection (c) of this section, and that they are consistent
14 with the intent and objectives contained in subsection (a) of this section. Actions taken by the
15 commission in the exercise of its ratemaking authority for electric and gas rate cases shall be within
16 the norm of industry standards and recognize the need to maintain the financial health of the
17 distribution company as a stand-alone entity in Rhode Island.

18 (c) The proposals shall contain the following features and components:

19 (1) A revenue decoupling reconciliation mechanism that reconciles annually the revenue
20 requirement allowed in the company's base distribution-rate case to revenues actually received for
21 the applicable twelve-month (12) period. Any revenues over-recovered or under-recovered shall be
22 credited to, or recovered from, customers, as applicable; ~~and~~

23 (2) An annual infrastructure, safety, and reliability spending plan for each fiscal year and
24 an annual rate-reconciliation mechanism that includes a reconcilable allowance for the anticipated
25 capital investments and other spending pursuant to the annual pre-approved budget as developed
26 in accordance with subsection (d) of this section; ~~and~~

27 (3) For any infrastructure, safety and reliability proceeding, as described in subsection (d)
28 of this section, initiated on or after July 1, 2026, electric distribution companies and gas companies
29 with more than one hundred thousand (100,000) customers shall not increase their annual budgets
30 for infrastructure, safety, and reliability plans by more than three percent (3%) over the average of
31 the approved "total capital spending" budgets for the previous five (5) years. Spending on specific
32 capital investment projects approved by the commission outside of the infrastructure, safety and
33 reliability plan may be excluded from the annual budget limit, subject to commission discretion.

34 (d) Prior to the beginning of each fiscal year, gas and electric distribution companies shall

1 consult with the division of public utilities and carriers regarding their infrastructure, safety, and
2 reliability spending plan for the following fiscal year, addressing the following categories:

3 (1) Capital spending on utility infrastructure;

4 (2) For electric distribution companies, operation and maintenance expenses on vegetation
5 management;

6 (3) For electric distribution companies, operation and maintenance expenses on system
7 inspection, including expenses from expected resulting repairs; and

8 (4) Any other costs relating to maintaining safety and reliability that are mutually agreed
9 upon by the division and the company.

10 The distribution company shall submit a plan to the division and the division shall
11 cooperate in good faith to reach an agreement on a proposed plan for these categories of costs for
12 the prospective fiscal year within sixty (60) days. To the extent that the company and the division
13 mutually agree on a plan, such plan shall be filed with the commission for review and approval
14 within ninety (90) days. If the company and the division cannot agree on a plan, the company shall
15 file a proposed plan with the commission and the commission shall review and, if the investments
16 and spending are found to be reasonably needed to maintain safe and reliable distribution service
17 over the short and long term, approve the plan within ninety (90) days.

18 (e) The commission shall have the following duties and powers, in addition to its existing
19 authorities established in this title:

20 (1) To maintain reasonable and adequate service-quality standards, after decoupling, that
21 are in effect at the time of the proposal and were established pursuant to § 39-3-7.

22 (2) The commission may exclude the low-income rate class from the revenue decoupling
23 reconciliation-rate mechanism for either electric or gas distribution. The commission also may
24 exclude customers in the large commercial and industrial rate class from the gas-distribution
25 mechanism.

26 (3) The commission may adopt performance incentives for the electric distribution
27 company that provide a shared-savings mechanism whereby the company would receive a
28 percentage of savings realized as a result of achieving the purposes of this section while the
29 remaining savings are credited to customers.

30 (4) The commission shall review and approve, with any necessary amendments,
31 performance-based, energy-savings targets developed and submitted by the Rhode Island energy
32 efficiency and resources management council. The performance-based targets shall also be used as
33 a consideration in any shared-savings mechanism established by the commission pursuant to
34 subsection (e)(3) of this section.

1 (f) The Rhode Island energy efficiency and resources management council shall propose
2 performance-based, energy-savings targets to the commission no later than September 1, 2010. The
3 targets shall include, but not be limited to, specific energy kilowatt-hour savings overall and peak-
4 demand savings for both summer and winter peak periods expressed in total megawatts as well as
5 appropriate targets recommended in the opportunities report filed with the commission pursuant to
6 § 39-1-27.7(d)(3). The council shall revise, as necessary, these targets on an annual basis prior to
7 the reconciliation process established pursuant to subsection (c) of this section and submit its
8 revisions to the commission for approval.

9 (g) **Reporting.** Every electric distribution company, as defined in subsection (a) of this
10 section, shall report to the governor, general assembly, division of public utilities and carriers, and
11 public utilities commission on or before September 1, 2012. The report shall include, but not be
12 limited to, the following elements:

13 (1) A comparison of revenues from traditional rate regulation and how the revenues have
14 differed as part of an approved decoupling structure;

15 (2) A summary of how the company is achieving the performance-based targets that may
16 have been adopted pursuant to subsection (e)(4) of this section;

17 (3) A summary of any shared savings the company may have received pursuant to the
18 performance incentives authorized in subsection (e)(3) of this section;

19 (4) A summary of how the company is achieving the service-quality standards required in
20 subsection (e)(1) of this section;

21 (5) An overview of how decoupling is impacting revenue stabilization goals that have
22 resulted from decoupling; and

23 (6) A summary of any customer education programs provided.

24 SECTION 3. 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 -- DUTIES OF UTILITIES AND
CARRIERS

1 This act would prohibit public utilities, serving greater than one hundred thousand
2 (100,000) customers from recovering through rates any direct or indirect cost associated with,
3 amongst other costs, advertising, marketing, communications, or public education that seek to
4 influence public opinion, including any costs associated with activities such as research, analysis,
5 preparation or planning undertaken in support of advertising, marketing, communications, or public
6 education, or any other related costs identified by the commission. The act would also place a three
7 percent (3%) cap on increases to its total capital spending budget.

8 This act would take effect upon passage.

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