

2015 -- H 5218

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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2015

A N A C T

RELATING TO PUBLIC UTILITIES AND CARRIERS - PUBLIC UTILITIES COMMISSION

Introduced By: Representatives Lancia, Diaz, Regunberg, Roberts, and Price

Date Introduced: January 29, 2015

Referred To: House Corporations

It is enacted by the General Assembly as follows:

1 SECTION 1. Section 39-1-27.3 of the General Laws in Chapter 39-1 entitled "Public
2 Utilities Commission" is hereby amended to read as follows:

3 **39-1-27.3. Electric distribution companies required to provide retail access,**
4 **standard offer and last resort service.** -- (a) To promote economic development and the
5 creation and preservation of employment opportunities within the state, each electric distribution
6 company shall offer retail access from nonregulated power producers to all customers.

7 (b) Through year 2009, and effective July 1, 2007, through year 2020, each electric
8 distribution company shall arrange for a standard power supply offer ("standard offer") to
9 customers that have not elected to enter into power supply arrangements with other nonregulated
10 power suppliers. The rates that are charged by the electric distribution company to customers for
11 standard offer service shall be approved by the commission and shall be designed to recover the
12 electric distribution company's costs and no more than the electric distribution company's costs;
13 provided, that the commission may establish and/or implement a rate that averages the costs over
14 periods of time. The electric rates under this section shall not be increased by a total amount in
15 excess of five percent (5%) in any three (3) year period without general assembly approval. The
16 electric distribution company shall not be entitled to recover any profit margin on the sale of
17 standard offer power, except with approval of the commission as may be necessary to implement
18 fairly and effectively, system reliability and least-cost procurement. The electric distribution
19 company will be entitled to recover its costs incurred from providing the standard offer arising

1 out of: (1) wholesale standard offer supply agreements with power suppliers in effect prior to
2 January 1, 2002; (2) power supply arrangements that are approved by the commission after
3 January 1, 2002; (3) power supply arrangements made pursuant to §§ 39-1-27.3.1 and 39-1-27.8;
4 and (4) any other power supply related arrangements prudently made after January 1, 2002 to
5 provide standard offer supply or to mitigate standard offer supply costs, including costs for
6 system reliability, procurement and least-cost procurement, as provided for in § 39-1-27.7.
7 Subject to commission approval, the electric distribution company may enter into financial
8 contracts designed to hedge fuel-related or other variable costs associated with power supply
9 arrangements and the costs of any such financial contracts shall be recoverable in standard offer
10 rates. The electric distribution company's standard offer revenues and its standard offer costs shall
11 be accounted for and reconciled with interest at least annually. Except as otherwise may be
12 directed by the commission in order to accomplish purposes established by law, any over
13 recoveries shall be refunded to customers in a manner directed by the commission, and any under
14 recoveries shall be recovered by the electric distribution company through a uniform adjustment
15 factor approved by the commission. The commission shall have the discretion to apply such
16 adjustment factor in any given instance to all customers or to such specific class of customers that
17 the commission deems equitable under the circumstances provided that the distribution company
18 recovers any under recovery in its entirety. Once a customer has elected to enter into a power
19 supply arrangement with a nonregulated power producer, the electric distribution company shall
20 not be required to arrange for the standard offer to such customer except as provided in § 39-1-
21 27.3.1. No customer who initially elects the standard offer and then chooses an alternative
22 supplier shall be required to pay any withdrawal fee or penalty to the provider of the standard
23 offer unless such a penalty or withdrawal fee was agreed to as part of a contract; however, no
24 residential customer shall be required to pay a penalty or withdrawal fee for choosing an
25 alternative supplier. Nothing in this subsection shall be construed to restrict the right of any
26 nonregulated power producer to offer to sell power to customers at a price comparable to that of
27 the standard offer specified pursuant to this subsection. The electric distribution company may
28 not terminate an existing standard offer wholesale supply agreement without the written consent
29 of the division.

30 (c) In recognition that electricity is an essential service, each electric distribution
31 company shall arrange for a last resort power supply for customers who have left the standard
32 offer for any reason and are not otherwise receiving electric service from nonregulated power
33 producers. The electric distribution company shall procure last resort service supply from
34 wholesale power suppliers. Prior to acquiring last resort supply, the electric distribution company

1 will file with the commission a supply acquisition plan or plans that include the acquisition
2 procedure, the pricing options being sought, and a proposed term of service for which last resort
3 service will be acquired. The term of service may be short or long term and acquisitions may
4 occur from time to time and for more than one supplier for segments of last resort service load
5 over different terms, if appropriate. All the components of the acquisition plans, however, shall be
6 subject to commission review and approval. Once an acquisition plan is approved by the
7 commission, the electric distribution company shall be authorized to acquire last resort service
8 supply consistent with the approved acquisition plan and recover its costs incurred from
9 providing last resort service pursuant to the approved acquisition plan. The commission may
10 periodically review the acquisition plan to determine whether it should be prospectively modified
11 due to changed market conditions. The commission shall have the authority and discretion to
12 approve special tariff conditions and rates proposed by the electric distribution company that the
13 commission finds are in the public interest, including without limitation: (1) short and long term
14 optional service at different rates; (2) term commitments or notice provisions before individual
15 customers leave last resort service; (3) last resort service rates for residential or any other special
16 class of customers that are different than the rates for other last resort customers; and/or (4) last
17 resort service rates that are designed to encourage any class of customers to return to the market.
18 The electric distribution company's last resort service revenues and its last resort service costs
19 shall be accounted for and reconciled with interest at least annually. Any over recoveries shall be
20 refunded and any under recoveries shall be recovered by the electric distribution company
21 through a uniform adjustment factor approved by the commission. The commission shall have the
22 discretion to apply such adjustment factor in any given instance to all customers or to such
23 specific class of customers that the commission deems equitable under the circumstances
24 provided that the distribution company recovers any under recovery in its entirety. Nothing in this
25 section shall be construed to prohibit an electric distribution company from terminating service
26 provided hereunder in accordance with commission rules and regulations in the event of
27 nonpayment of this service. The commission may promulgate regulations to implement this
28 section including the terms and conditions upon which last resort service is offered and provided
29 to customers.

30 (d) If a customer being served by a nonregulated power producer pays any taxes assessed
31 for electric service to the electric distribution company and the electric distribution company
32 forwards such tax payment for the power portion of the bill to a nonregulated power producer for
33 payment by the nonregulated power producer to the state, neither the customer nor the electric
34 distribution company shall be liable for such taxes forwarded if the nonregulated power producer

1 fails to remit such taxes to the state for any reason.

2 SECTION 2. This act shall take effect upon passage.

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF

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- 1 This act would provide that electric rate increases over five percent (5%) in a three (3)
- 2 year period be subject to general assembly approval.
- 3 This act would take effect upon passage.

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