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LC002199

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2025

A N A C T

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

Introduced By: Senators Euer, Urso, Sosnowski, DiMario, Murray, Gallo, Acosta, Ciccone, Britto, and McKenney

Date Introduced: February 26, 2025

Referred To: Senate Commerce

It is enacted by the General Assembly as follows:

1 SECTION 1. Section 39-2-1.2 of the General Laws in Chapter 39-2 entitled "Duties of
2 Utilities and Carriers" is hereby amended to read as follows:

3 ~~39-2-1.2. Utility base rate—Advertising, demand-side management, and renewables.~~

4 Utility base rate – Demand-side management and renewables.

5 (a) ~~In addition to costs prohibited in § 39-1-27.4(b), no public utility distributing or
6 providing heat, electricity, or water to or for the public shall include as part of its base rate any
7 expenses for advertising, either direct or indirect, that promotes the use of its product or service, or
8 is designed to promote the public image of the industry. No public utility may furnish support of
9 any kind, direct or indirect, to any subsidiary, group, association, or individual for advertising and
10 include the expense as part of its base rate. Nothing contained in this section shall be deemed as
11 prohibiting the inclusion in the base rate of expenses incurred for advertising, informational or
12 educational in nature, that is designed to promote public safety conservation of the public utility's
13 product or service. The public utilities commission shall promulgate such rules and regulations as
14 are necessary to require public disclosure of all advertising expenses of any kind, direct or indirect,
15 and to otherwise effectuate the provisions of this section.~~

16 (b) Effective as of January 1, 2008, and for a period of twenty (20) years thereafter, each
17 electric distribution company shall include a charge per kilowatt-hour delivered to fund demand-
18 side management programs. The 0.3 mills per kilowatt-hour delivered to fund renewable energy

1 programs shall remain in effect until December 31, 2028. The electric distribution company shall
2 establish and, after July 1, 2007, maintain, two (2) separate accounts, one for demand-side
3 management programs (the “demand-side account”), which shall be funded by the electric demand-
4 side charge and administered and implemented by the distribution company, subject to the
5 regulatory reviewing authority of the commission, and one for renewable energy programs, which
6 shall be administered by the Rhode Island commerce corporation pursuant to § 42-64-13.2 and shall
7 be held and disbursed by the distribution company as directed by the Rhode Island commerce
8 corporation for the purposes of developing, promoting, and supporting renewable energy programs.

9 During the time periods established in this subsection, the commission may, in its
10 discretion, after notice and public hearing, increase the sums for demand-side management and
11 renewable resources. In addition, the commission shall, after notice and public hearing, determine
12 the appropriate charge for these programs. The office of energy resources, and/or the administrator
13 of the renewable energy programs, may seek to secure for the state an equitable and reasonable
14 portion of renewable energy credits or certificates created by private projects funded through those
15 programs. As used in this section, “renewable energy resources” shall mean: (1) Power generation
16 technologies, as defined in § 39-26-5, “eligible renewable energy resources,” including off-grid
17 and on-grid generating technologies located in Rhode Island, as a priority; (2) Research and
18 development activities in Rhode Island pertaining to eligible renewable energy resources and to
19 other renewable energy technologies for electrical generation; or (3) Projects and activities directly
20 related to implementing eligible renewable energy resources projects in Rhode Island.
21 Technologies for converting solar energy for space heating or generating domestic hot water may
22 also be funded through the renewable energy programs. Fuel cells may be considered an energy
23 efficiency technology to be included in demand-side management programs. Special rates for low-
24 income customers in effect as of August 7, 1996, shall be continued, and the costs of all of these
25 discounts shall be included in the distribution rates charged to all other customers. Nothing in this
26 section shall be construed as prohibiting an electric distribution company from offering any special
27 rates or programs for low-income customers which are not in effect as of August 7, 1996, subject
28 to the approval by the commission.

29 (1) The renewable energy investment programs shall be administered pursuant to rules
30 established by the Rhode Island commerce corporation. Said rules shall provide transparent criteria
31 to rank qualified renewable energy projects, giving consideration to:

- 32 (i) The feasibility of project completion;
- 33 (ii) The anticipated amount of renewable energy the project will produce;
- 34 (iii) The potential of the project to mitigate energy costs over the life of the project; and

1 (iv) The estimated cost per kilowatt-hour (KWh) of the energy produced from the project.

2 (c) [Deleted by P.L. 2012, ch. 241, art. 4, § 14.]

3 (d) The chief executive officer of the commerce corporation is authorized and may enter
4 into a contract with a contractor for the cost-effective administration of the renewable energy
5 programs funded by this section. A competitive bid and contract award for administration of the
6 renewable energy programs may occur every three (3) years and shall include, as a condition, that
7 after July 1, 2008, the account for the renewable energy programs shall be maintained and
8 administered by the commerce corporation as provided for in subsection (b) of this section.

9 (e) Effective January 1, 2007, and for a period of twenty-one (21) years thereafter, each
10 gas distribution company shall include, with the approval of the commission, a charge per deca
11 therm delivered to fund demand-side management programs (the “gas demand-side charge”),
12 including, but not limited to, programs for cost-effective energy efficiency, energy conservation,
13 combined heat and power systems, and weatherization services for low-income households.

14 (f) Each gas company shall establish a separate account for demand-side management
15 programs (the “gas demand-side account”) that shall be funded by the gas demand-side charge and
16 administered and implemented by the distribution company, subject to the regulatory reviewing
17 authority of the commission. The commission may establish administrative mechanisms and
18 procedures that are similar to those for electric demand-side management programs administered
19 under the jurisdiction of the commission and that are designed to achieve cost-effectiveness and
20 high, life-time savings of efficiency measures supported by the program.

21 (g) The commission may, if reasonable and feasible, except from this demand-side
22 management charge:

23 (1) Gas used for distribution generation; and

24 (2) Gas used for the manufacturing processes, where the customer has established a self-
25 directed program to invest in and achieve best-effective energy efficiency in accordance with a plan
26 approved by the commission and subject to periodic review and approval by the commission, which
27 plan shall require annual reporting of the amount invested and the return on investments in terms
28 of gas savings.

29 (h) The commission may provide for the coordinated and/or integrated administration of
30 electric and gas demand-side management programs in order to enhance the effectiveness of the
31 programs. Such coordinated and/or integrated administration may after March 1, 2009, upon the
32 recommendation of the office of energy resources, be through one or more third-party entities
33 designated by the commission pursuant to a competitive selection process.

34 (i) Effective January 1, 2007, the commission shall allocate, from demand-side

1 management gas and electric funds authorized pursuant to this section, an amount not to exceed
2 three percent (3%) of such funds on an annual basis for the retention of expert consultants, and
3 reasonable administration costs of the energy efficiency and resource management council
4 associated with planning, management, and evaluation of energy-efficiency programs, renewable
5 energy programs, system reliability, least-cost procurement, and with regulatory proceedings,
6 contested cases, and other actions pertaining to the purposes, powers, and duties of the council,
7 which allocation may by mutual agreement, be used in coordination with the office of energy
8 resources to support such activities.

9 (j) Effective January 1, 2016, the commission shall annually allocate from the
10 administrative funding amount allocated in subsection (i) from the demand-side management
11 program as described in subsection (i) as follows: (1) for the energy efficiency and resource
12 management council, no more than forty percent (40%) for the purposes identified in subsection (i)
13 and (2) sixty percent (60%) of three percent (3%) from the demand-side management gas and
14 electric funds annually to the office of energy resources for activities associated with planning,
15 management, and evaluation of energy-efficiency programs, renewable energy programs, system
16 reliability, least-cost procurement, and with regulatory proceedings, contested cases, and other
17 actions pertaining to the purposes, powers, and duties of the office of energy resources and shall
18 have exclusive authority to direct the use of the office administrative and programmatic funds.

19 (k) On April 15, of each year, the office and the council shall submit to the governor, the
20 president of the senate, and the speaker of the house of representatives, separate financial and
21 performance reports regarding the demand-side management programs, including the specific level
22 of funds that were contributed by the residential, municipal, and commercial and industrial sectors
23 to the overall programs; the businesses, vendors, and institutions that received funding from
24 demand-side management gas and electric funds used for the purposes in this section; and the
25 businesses, vendors, and institutions that received the administrative funds for the purposes in
26 subsections (i) and (j). These reports shall be posted electronically on the websites of the office of
27 energy resources and the energy efficiency and resources management council.

28 (l) On or after August 1, 2015, at the request of the Rhode Island infrastructure bank, each
29 electric distribution company, except for the Pascoag Utility District and Block Island Power
30 Company, shall remit two percent (2%) of the amount of the 2014 electric demand-side charge
31 collections to the Rhode Island infrastructure bank.

32 (m) On or after August 1, 2015, at the request of the Rhode Island infrastructure bank, each
33 gas distribution company shall remit two percent (2%) of the amount of the 2014 gas demand-side
34 charge collections to the Rhode Island infrastructure bank.

1 (n) Effective January 1, 2022, the commission shall allocate, from demand-side
2 management gas and electric funds authorized pursuant to this section, five million dollars
3 (\$5,000,000) of such funds on an annual basis to the Rhode Island infrastructure bank. Gas and
4 electric demand-side funds transferred to the Rhode Island infrastructure bank pursuant to this
5 section shall be eligible to be used in any energy efficiency, renewable energy, clean transportation,
6 clean heating, energy storage, or demand-side management project financing program administered
7 by the Rhode Island infrastructure bank notwithstanding any other restrictions on the use of such
8 collections set forth in this chapter. The infrastructure bank shall report annually to the commission
9 within ninety (90) days of the end of each calendar year how collections transferred under this
10 section were utilized.

11 (o) The Rhode Island office of energy resources, in coordination with the energy efficiency
12 and resource management council, and following consultation with the public utilities commission
13 and division of public utilities and carriers, shall issue a request for proposals for the cost-effective
14 administration and implementation of statewide energy efficiency programs funded by this section
15 no later than September 30, 2023. The draft request for proposals shall be reviewed through at least
16 one technical session at the public utilities commission prior to issuance. Public utilities
17 commission approval shall not be required. The Rhode Island office of energy resources, in
18 coordination with the energy efficiency and resource management council, shall evaluate proposals
19 and determine whether energy efficiency administration and implementation by the electric and gas
20 distribution company or a third party is likely to achieve the most net benefits for electric and gas
21 customers in Rhode Island. After January 1, 2025, the office of energy resources may, periodically,
22 and at its discretion, issue additional requests for proposals for the administration and
23 implementation of statewide energy efficiency programs funded through this chapter of an electric
24 distribution company as defined in § 39-1-2(a)(12) or gas distribution company included as a
25 public utility in § 39-1-2(a)(20) that has greater than one hundred thousand (100,000) customers.

26 (1) Nothing in this chapter shall prohibit the electric and/or gas distribution company from
27 submitting a proposal to administer and implement the state energy efficiency programs.

28 (2) If the office of energy resources, in coordination with the energy efficiency and resource
29 management council, determines that the use of a third-party administrator is likely to achieve the
30 most net benefits for electric and gas customers in Rhode Island, it shall file its recommendation
31 with the public utilities commission, which shall docket and rule on the matter pursuant to its
32 general statutory authorization.

33 (3) If the commission determines that the recommended third-party administrator is in the
34 interest of Rhode Island utility customers, it shall provide for the full cost recovery for the third-

1 party administrator consistent with the terms of the approved contract, and which shall reflect the
2 overall annual budget approved by the commission. The third-party administrator shall be subject
3 to all the requirements set forth for the electric and gas distribution company per § 39-1-27.7.

4 (4) If the commission determines that a third-party administrator will administer the state
5 energy efficiency programs on or after June 1, 2024, the commission shall direct the gas and electric
6 distribution company to collect and transfer the gas and electric energy efficiency funds to the third-
7 party administrator for the annual state energy efficiency program beginning with the program year
8 and thereafter for the remaining program years. The gas and electric distribution company shall
9 transfer the annual administrative funds to the office of energy resources and energy efficiency and
10 resource management council.

11 (5) If a third-party administrator implements the annual energy efficiency programs then
12 they shall be required to develop and design the annual state energy efficiency program with the
13 office of energy resources and energy efficiency and resource management council, including a
14 vote by the energy efficiency and resource management council prior to the third-party
15 administrator filing the annual program plan to the public utilities commission for review and a
16 decision.

17 (6) The third-party administrator shall file the annual state energy efficiency program plan
18 to the public utilities commission for review and approval no later than September 30, 2024, and
19 annually thereafter on such date.

20 (7) The third-party administrator shall provide all information requested by the office of
21 energy resources, energy efficiency and resource management council, division of public utilities
22 and carriers, and the public utilities commission, including responses to data requests, which are
23 necessary for the agencies to carry out their respective oversight roles, and shall be accountable to
24 the same standards as the utility with administering and implementing energy efficiency, system
25 reliability, and least-cost procurement standards and goals in accordance with § 39-1-27.7 and this
26 section.

27 (8) If the office does not recommend advancement of a third-party administrator, the
28 electric and gas distribution company shall continue to administer statewide energy efficiency
29 programs.

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

32 **39-2-1.5. Utility base rate -- Prohibitions on advertising, political, charitable, and**
33 **investor-related expenses.**

34 [\(a\) In addition to costs prohibited in § 39-1-27.4\(b\), no public utility serving greater than](#)

1 one hundred thousand (100,000) customers distributing or providing heat, electricity, or water to
2 or for the public shall recover through rates any direct or indirect cost associated with:

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

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

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

13 (4) Lobbying as defined in § 42-139.1-3;

14 (5) Contributions to political candidates, campaign committees, issue committees, or
15 independent expenditure committees or similar political expenses;

16 (6) Litigation to influence, modify, or repeal existing federal, state or local regulations,
17 legislation or ordinances;

18 (7) Marketing and administration or customer service for unregulated products or services
19 provided or sold by the utility or the utility's affiliates;

20 (8) Tax penalties or fines issued against the utility; and

21 (9)(i) Travel, lodging or food and beverage expenses for such company's board of directors
22 and officers or the board of directors and officers of such company's parent company;

23 (ii) Entertainment or gifts;

24 (iii) Any owned, leased or chartered aircraft for such company's board of directors and
25 officers or the board of directors and officers of such company's parent company; or

26 (iv) Investor relations.

27 (b) For any rate proceeding or infrastructure, safety and reliability proceeding, as described
28 in § 39-1-27.7.1(d), initiated on or after July 1, 2025, an electric distribution company, gas
29 company, pipeline company, or water company with more than one hundred thousand (100,000)
30 customers shall not recover through rates its direct or indirect costs associated with its attendance
31 in, participation in, preparation for, or appeal of such rate proceeding. Such costs shall include, but
32 need not be limited to, attorneys' fees, fees to engage expert witnesses or consultants, the portion
33 of employee salaries associated with such attendance, participation, preparation or appeal of a
34 contested proceeding and related costs identified by the commission.

1 (c) For any rate proceeding or infrastructure, safety, and reliability proceeding, as described
2 in § 39-1-27.7.1(d), initiated on or after July 1, 2025, electric distribution company, gas company,
3 pipeline company, or water company with more than one hundred thousand (100,000) customers
4 shall not exceed three percent (3%) of the average of the previous three (3) years of the approved
5 “Total Capital Spending” excluding the “Advanced Meter Functionality” spending.

6 (d) The commission may initiate rulemaking to implement the requirements of this chapter.

7 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.

7 This act would take effect upon passage.

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