Nicholas S. Ucci
Director of Government Affairs
Rhode Island Energy

280 Melrose Street
Providence, Rhode Island 02907
nsucci@rienergy.com

Rhode Island Energy™
a PPL company

March 20, 2025

The Honorable Joseph J. Solomon, Jr.
Chairman, House Corporations Committee
Rhode Island State House
Providence, Rhode Island 02908

RE: H-5161 – Joint Resolution Creating A Special Joint Committee to Study Public Ownership of Public Utilities

Dear Chairman Solomon:

On behalf of Rhode Island Energy, I write in strong **opposition** to H-5161 and respectfully urge the Committee to reject this bill in its entirety.

H-5161 is based on the false premise that state ownership of the electric and natural gas distribution utility will lead to lower utility costs for customers by "eliminating" the regulated profits of investor-owned utilities. **This is simply not true**.

In fact, **such a move by the State would saddle Rhode Island taxpayers with <u>billions of dollars in new, generational debt</u> and <u>increase costs for all energy customers</u>.** State taxpayers would need to borrow billions of dollars to purchase existing electric and natural gas infrastructure assets and many millions more to start-up a new government-controlled utility – *all while continuing to pay the same energy supply, operating, maintenance, and policy costs they do today*. Moreover, additional government debt – especially of this magnitude – could raise the cost of other existing bond-funded activities for roads, bridges, schools, and other important societal investments

It would <u>not</u> reduce customer utility bills. Utility profits are <u>not</u> driving higher winter electric and natural gas bills. Rhode Island Energy's authorized return on equity (ROE) and base distribution rates have not changed in years. In fact, the Company is earning well below its authorized ROE today – another indicator that "profits" are not driving recent bill increases.

It fails to address <u>actual</u> cost drivers behind recent utility bills. Roughly 2/3 of a typical residential electric bill this past winter was driven by forces beyond Rhode Island Energy's direct control, including wholesale supply prices and public policy costs. This past winter was also one of the coldest we have seen in a decade, placing upward pressure on energy consumption and local energy bills.[1] *Public ownership does not change any of these factors*. A publicly owned utility would still be subject to the same weather patterns, wholesale market forces and regional infrastructure constraints impacting energy customers today; it would still have to procure its energy supplies from the same markets that Rhode Island Energy and other competitive suppliers do today.

---

[1] According to data provided by the National Oceanic and Atmospheric Administration (NOAA), during this past December through February, the Providence-area experienced its highest level of heating degree days (HDD) in a decade. HDD measures the daily mean temperature differential and 65○ F, serving as a key indicator of heating demand.

Nicholas S. Ucci
Director of Government Affairs
Rhode Island Energy

280 Melrose Street
Providence, Rhode Island 02907
nsucci@rienergy.com

It would make Rhode Island a national outlier and <u>jeopardize the safe and reliable delivery of critical energy services</u> vital to public safety and welfare, and our economy. It is not clear whether the State has the expertise and resources necessary to provide safe and reliable energy services; modernize and secure our energy systems; or adapt to rapid industry and technological changes, including grid modernization, distributed generation, and increasing weather-related and cyber security threats.

It would <u>shift all investment, safety, and security risks onto the State and Rhode Island taxpayers</u>. Furthermore, competing state budgetary priorities could result in deferred maintenance or inadequate investment, leading to service disruptions, increased repair costs, and safety hazards.

It would <u>weaken the independent oversight and regulation</u> now in place for public utilities. Government ownership could result in the elimination of third-party review of operations and rates, and there would be no outside shareholders to assume financial or other risks.

It would <u>impact the livelihood of 1,400 hardworking union and non-union employees</u> that live, work, and play throughout our Ocean State community.

It would <u>hinder the state's ability to achieve Act on Climate</u> and other clean energy goals. Investor-owned utilities, like Rhode Island Energy, are in a stronger financial position to advance the state's clean energy goals, while also balancing safety and reliability. They can deploy more capital, more quickly, and at lower costs to customers to support infrastructure investments foundational to economy-wide decarbonization.

It would <u>lead Rhode Island into a lengthy, litigious, costly – and possibly unconstitutional – undertaking</u>, further increasing costs for local taxpayers. The substantial financial and legal uncertainties surrounding public ownership would take years to unwind without any guarantee of successes and increase near term costs borne by Rhode Island taxpayers *without delivering any utility bill savings*.

The proposed Resolution also makes specific reference to Nebraska as a model for Rhode Island to follow (page 2, lines 33-34). This is an apples-to-oranges comparison that fails to account for substantial differences between these jurisdictions including, but not limited to:

- Nebraska sources roughly one-half of their electric generation supply from the burning of cheaper, dirtier coal; Rhode Island Energy and other competitive electric suppliers procure their electric supply from regional generation assets that are generally cleaner, but more expensive – including a state mandate to procure 100% renewable electricity by 2033.

- Nebraska does not face the same infrastructure and fuel constraints as experienced in New England. Insufficient natural gas supplies into the region and New England's dependence on globally traded liquified natural gas (LNG) to meet peak winter demands (the only U.S. region with this challenge) are significant cost drivers for local energy costs.

Nicholas S. Ucci
Director of Government Affairs
Rhode Island Energy

280 Melrose Street
Providence, Rhode Island 02907
nsucci@rienergy.com

- Nebraska's utilities can own their generation resources. This is not the case in Rhode Island where regulated utilities are barred from owning generation resources.

- Nebraska is less urban-dense than Rhode Island, resulting in different infrastructure needs and costs.

- The cost of equipment, materials, labor, and other inputs critical to utility operations, maintenance, and other infrastructure investments are widely different between Nebraska and Rhode Island.

- Regional context matters. Nebraska's utility rates are on par with their neighbors. The same is true for the Ocean State, where Rhode Islanders pay slightly-below-regional average electric bills when compared to the rest of New England.

Rhode Island Energy appreciates and empathizes with the financial challenges that many of our family, friends, and neighbors – your constituents and our customers – are facing each day, especially at a time when the price of basic goods and services are increasing across the entire economy. While we feel strongly that this legislation is wrong for Rhode Island and our customers, we applaud the Committee's willingness to work collaboratively to identify other meaningful opportunities that can actually reduce energy cost burdens while ensuring the continued safe and reliable delivery of electricity and natural gas across the state. Although H-5161 fails that test, there are other bills before the Committee this session that do indeed present viable opportunities for reform. Rhode Island Energy looks forward to being a productive partner in those discussions.

In closing, Rhode Island Energy thanks the Committee for the opportunity to comment on this proposed legislation and respectfully requests that H-5161 be **rejected** in its entirety.

Respectfully,

Nicholas S. Ucci
Director of Government Affairs

CC: The Honorable Members of the House Corporations Committee
The Honorable Megan L. Cotter, Rhode Island House of Representatives