

April 7, 2026

House Committee on Corporations
Rhode Island State House
82 Smith Street
Providence, RI 02903

Testimony in Support of House Bill 7881, Prohibitions on advertising, political, charitable, and investor-related expenses

Dear Chair Solomon and Members of the House Corporations Committee:

I am writing on behalf of **Acadia Center in support of House Bill 7881**. This bill prohibits utilities from recovering advertising, political, charitable, and investor-related expenses through customer rates and caps the allowable increase in the annual gas and electric Infrastructure, Safety and Reliability Plans (ISRs) to 3% over the 5-year average. It represents a simple and logical codification of **utility cost control** and **ratepayer protection**.

Expenses associated with lobbying or other political expenses, membership in industry trade associations, advertising/public education, and other categories prohibited here are unrelated to providing services to customers. They are **undertaken to benefit the utility company and its shareholders**, not customers, and, in other states, have often been shown to be **misaligned with the interest of customers**. Even charitable giving, which may appear innocuous or even beneficial, raises serious concerns: why should utilities have the authority to decide on ratepayers' behalf where their charitable giving should be directed, particularly when ratepayers may have different wishes? These fully discretionary utility expenses should be paid for by shareholders, who stand to benefit, rather than by ratepayers, particularly given the energy affordability crisis we find ourselves in.

Similar restrictions have passed in recent years in Connecticut¹, Maine², and Colorado³.

Here in Rhode Island, the Public Utilities Commission (PUC) largely does this in practice by not allowing the utility to recover such expenses through rates. However, this practice could change based on the interpretation of different PUC commissioners or staff, and needing to address these expenditures takes up invaluable administrative bandwidth. **By codifying the categories of expenses for which ratepayers should not be responsible, the PUC will save time and ratepayer wallets will be proactively protected.**

Expedited capital recovery mechanisms like the **ISRs can be a major source of bill growth** in the states that use them.⁴ The PUC itself stated, in evaluating Rhode Island Energy's FY 2026 Gas ISR, that "[i]n 2020, ISR spending was only 5% of the typical total residential bill. Under the Company's proposal, the share of the bill associated with the ISR

¹ [Connecticut General Assembly. Substitute for S.B. No. 7, Public Act No. 23-102. Session Year 2023.](#)

² [State of Maine. S.P. 146 – L.D. 325. Chapter 286 Public Law. Approved June 23, 2023.](#)

³ [Colorado General Assembly. SB23-291. 2023 Regular Session.](#)

⁴ [RMI | A Smarter Approach to Cost Trackers to Support Affordability. 2026 Report.](#)

would amount to 17% of the customer's total gas bill."⁵ To spell that out, **the Gas ISR cost a typical customer \$63 a year in 2020--that number nearly quadrupled to \$237 in 2024, and it has continued rising since then.**⁶ Though the Commission reviews the ISR budgets closely, limiting the annual Electric ISR budget increases to no more than 3% of the 5-year average will proactively incentivize the utility to focus only on the most valuable projects for safety and reliability purposes. This constraint both **addresses the pressing affordability concerns** of the moment and also **narrows the scope of expedited recovery to where it is actually needed.**

While we support capping the allowable increase in the Electric ISR Plans to 3% of the 5-year average, the utility's gas distribution system cannot continue to grow unabated if the State wants to reach, or even to approach, its Act on Climate decarbonization mandates *at a reasonable cost*. **We recommend the bill language be amended such that the Gas ISR plan is capped at an increase of -3% of the 5-year average**, which will ratchet down the amount of spending the utility can expect expedited recovery on. This will bring needed clarity to the utility's capital planning process, in light of its **current trajectory of unmanaged growth**.

Thank you for your consideration of this important bill.

Sincerely,

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⁵ [RI Energy 24-55-NG Gas ISR FY 2026 Order 8-18-25.pdf](#) at page 20. Written order issued on August 18, 2025.

⁶ [24-55-NG Gas ISR FY 2026 RI Energy Response to PUC Data Request Set 4.pdf](#). Delivered February 7, 2025.