

The Public Utilities Commission
and
The Division of Public Utilities and Carriers



FY2021 Supplemental & FY2022 Budgets
&
Article 8: Emergency Response Plans (“ERP”)
Tuesday, May 4, 2021
Senate Finance Committee

Two Agencies: PUC and the DPUC

- The Public Utilities Commission (“PUC” or “Commission”)
- The Division of Public Utilities and Carriers (“DPUC” or “Division”).
- For budgeting and other administrative purposes, the name “Public Utilities Commission” has historically been used in many instances at the General Assembly and DOA as a short-hand reference to these two distinct agencies.
- Actually two separate (but related) agencies at 89 Jefferson Blvd in Warwick.
- Located in the same offices and sharing many of the same office services.
- Often confused with each other by those not familiar with the agencies.

The Commission – “PUC”

- The Commission – or “PUC” - serves in a role similar to an administrative court of law, pursuant to Title 39.
- Jurisdiction over such matters as changes in rates, approval of certain utility programs, energy-procurement contracts, and similar matters that require regulatory and statutory approvals.
- The PUC holds investigations and hearings in proceedings often litigated with testimony, witnesses, and lawyers.
- Duty to protect ratepayers from unreasonable rates and service conditions while assuring the regulated utility remains financially healthy to provide reliable and safe service to the public.
- Decisions based on an evidentiary record, with its orders directly appealable to the Supreme Court.

The Division – “DPUC”

- The Division is led by the “Administrator” and has many duties distinct from the Commission, pursuant to Title 39.
- Serves as “ratepayer advocate” – a party in proceedings before the Commission, scrutinizing utility filings and rate increase requests and presenting evidence to the Commission after evaluating utility proposals for their reasonableness
- Other regulatory responsibilities include:
 - provide fair regulation of public utilities, common carriers (taxicabs, public motor vehicles, household goods movers, towing and freight companies, etc.), ferries, and Community Antenna Television Systems (CATV)
 - hear individual customer complaints
 - conduct investigations (example – Aquidneck Island Gas Outage),
 - enforce Commission orders, executing all laws relating to regulated utilities
 - approve all public utility equity and debt issuances,
 - inspect utility facilities under its authority (example: gas pipelines),
 - perform other regulatory functions that supervise the utilities.
 - Represent the state on all interstate and federal energy matters.
- Has independent regulatory authority over transactions between public utilities and affiliates. (example: the PPL acquisition of National Grid gas and electric companies).

FY2021 Revised & FY2022 Budget

- The Commission and Division are NOT funded by general fund revenue
- Funded almost exclusively by restricted receipts via R.I.G.L. §39-1-23 – which is a direct assessment against utilities.
 - Agencies' expenses assessed amongst all of the State's regulated utilities.
- FY2021 Revised
 - Revised Request mirrored Governor's Recommend – Timing of Enacted
 - No significant changes
- FY2022 Request
 - Governor Recommends two (2) additional FTE
 - Two (2) Pipeline Safety Inspectors – Total Salary & Benefits - \$244,288
 - Partially Federally Funded (up to 80%)

Budget Summary

Source	FY2021 Enacted	FY2021 Revised	FY2022 Recommended
Federal Funds	175,174	245,166	540,253
Restricted Receipt Funds	11,573,219	11,597,481	11,926,093
Total	11,748,393	11,842,647	12,466,346

Full-Time Equivalent Positions

Source	Total FTEs	Division FTEs	Commission FTEs
FY2021 Enacted Authorization	52	40	12
FY2021 Governor's Revised	52	40	12
FY2022 Governor Recommended	54	42	12

Another Important Funding Source – The Public Utilities Reserve Account

- Additional funding outside of general revenue
- R.I.G.L. §39-1-26 – Public Utilities Reserve Fund
 - The Division has the authority to assess regulated public utilities, (capped at \$750,000 per calendar year per utility) for certain litigation-related costs incurred in the proceedings before the Commission and at the Federal Energy Regulatory Commission
 - This is the main source of funding of expert witnesses needed to properly evaluate utility proposals and testify in the proceedings.
 - The Commission also may assess the petitioning utilities for any costs it incurs, such as court stenographers and other expenses incurred from the legal proceedings specific to the utility seeking approval (subject to same cap per utility with the Division)

Division's Pipeline Safety Program

- The Division's Gas Pipeline Safety Program ensures the safe construction, operation, and maintenance of the local natural gas distribution pipeline system in the state.
- Accomplished through education, inspection, enforcement and investigation of incidents/accidents.
- Protects the public and the environment from the dangers of natural gas in transportation.
- Responsible for ensuring the overall safety of Rhode Island's 3,200 miles of gas distribution mains, 195,786 individual gas service lines, Liquefied natural gas facilities, and all commercial propane tanks in the state.
- Administrator George can elaborate and answer any questions about the program and staffing.

Article 8: Emergency Response Plans (“ERP”) – Purpose and Requirements

- Purpose of the ERP: Assure that the utility properly responds to emergency situations, consistent with a filed emergency response plan that is approved by the Division.
- Holds utility financially accountable for violations.
- Establishes emergency response reporting requirements:
 - Significant or widespread outages
 - Service interruptions
 - Beginning May 15, 2022 and annually thereafter
- Also requires the Division to establish standards of utility restoration.
 - Applies to investor-owned gas and electricity distribution companies.
 - Subject to penalties for violations of the standards.

Article 8: Emergency Response Plans (“ERP”) – Financial Penalty Provisions

- Provides authority to impose financial penalties.
 - Failing to file Emergency Response Plan
 - \$500/day if there is no filing
- Fines for violations of standards - investor-owned utilities only.
 - Up to \$100,000 for each day the violation persists
 - Maximum fine: \$7.5 million
- Penalties assessed will be credited back to the company’s customers in distribution rates