

April 27, 2026

RI Senate Commerce Committee
Rhode Island State House
82 Smith Street
Providence, RI 02903

RE: S2645 AN ACT RELATING TO PUBLIC UTILITIES AND CARRIERS -- PUBLIC UTILITIES COMMISSION – UTILITY OWNERSHIP OF ELECTRIC GENERATING FACILITIES

Dear Members of the Senate Commerce Committee:

Our firm writes in opposition to S2645. This testimony is not delivered on behalf of any clients.

The Narragansett Electric Company (NEC, now dba “RI Energy”) is not a “public” utility – it is a private company run for the benefit of its shareholders. This General Assembly chartered NEC to exercise the power of eminent domain to take land and exercise a monopoly over our electric and gas energy systems as long as its plans are approved as being in the “public interest.” *An Act to Incorporate United Electric Power Company*, S 400 Jan. Sess. 1956 (March 23, 1956).¹ NEC is meant to be regulated (by the PUC and the DPUC) to ensure its service of the public interest.

Given NEC/RIE’s record of serving the public interest thus far, it’s hard to conceive of the genesis of a proposal to give the monopoly more power in our energy systems, now allowing it to again participate in electric supply. Electric restructuring passed this general assembly to take our utility out of the competitive supply of electricity for very good reason; because its financial interests in our electric supply were not consistent with the public interest. Nothing has changed there to provoke this legislative proposal. Indeed, our utility’s influence over the ever-increasing cost and waning security and deleterious impacts of our energy system have only grown worse and worse. Our regulators themselves (DPUC, PUC and OER) made that clear when they issued the *Transforming the Power Sector Phase 1 Report* in 2017.

One indication of how the utility business model and regulatory framework are out-of-step with today’s expectations for a clean, cost-effective and resilient electricity system is the electric grid’s system efficiency, defined as the ratio of peak to average demand. While many industries have become more efficient over the last few decades by leveraging information technologies to more fully utilize capital investment, Rhode Island’s peak to average demand ratio is 1.98, meaning that nearly half of the utility’s capital investment is not utilized most of the time. . . The top 1% of hours cost the state ratepayers around 9% of spending, at around \$23 million, while the top 10% of hours cost 26% of costs at \$67 million, as illustrated in Figure 4. To meet peak demand, our system currently invests in solutions that are more expensive than is necessary. We have the technological opportunity to shift the hours of demand and thereby reduce everyone’s utility bills. . . In the traditional regulatory model, electric utilities earn a return on investments based largely on the cumulative depreciated cost of the prudent capital investments. This model may exert a “capital bias” on the utility to deploy capital-intensive solutions. This occurs because the primary financial means through which the utility can grow its business and enhance earnings for shareholders is to invest in capital projects. This

¹ All subsequent charters state that the system is to be operated for that “purpose for which they were taken.” See e.g., S697 Jan. Sess. 1964 (May 6, 1964); 76-S2806 Jan. Sess. 1976 (June 4, 1976). See http://www.ripuc.ri.gov/eventsactions/docket/D_21_09_DR_NGRID_AG1_A.pdf.

bias, created by the regulatory framework rather than by the utility itself, discourages the utility from seeking more efficient solutions that do not depend on large capital investments.²

Another good synopsis of the growing concerns about monopoly utilities and the extent of their control over our energy future is *Upcharge: Hidden Cost of Utility Monopoly Power*, The Institute for Local Self Reliance (May 30, 2024) (<https://ilsr.org/articles/report-upcharge-electric-utility-monopoly/>). It's executive summary puts it this way:

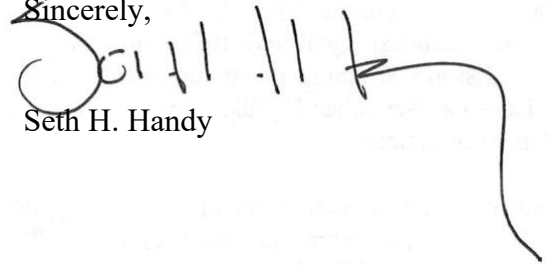
The costs of electric utility monopoly power are staggering. By hindering clean energy investment of their competitors, investor-owned utilities block rapid and affordable climate solutions that can create thousands of good jobs. Carbon pollution from utility power plants has juiced record storms and wildfires causing widespread destruction of homes and costing thousands of lives. The total health costs from electricity pollution are staggering – equal to the price paid for all electricity sold each year — and include a lifetime sentence of asthma for millions of children. Utilities have hiked electricity prices to record levels in many regions, triggering a debilitating routine of shutoffs for many families. These lasting impacts cost all of us, even as they compound longstanding disproportionate health and economic harms for people of color and those with low incomes.

The root cause is for-profit ownership of the exclusive, public franchise to deliver electricity to U.S. customers. Driven by a profit motive to overbuild and own everything and exacerbated by mergers that make them too big for effective regulatory oversight, investor-owned utilities have entrenched their monopoly power. The distribution monopoly grants utilities gatekeeping power over transmission, generation, energy efficiency, and data. With regulators outgunned by the utilities they are supposed to oversee, the failures of the monopoly utility system illustrate the failure of private monopoly control over a public service.

p. 7. It is plain and clear that allowing our utility to exert even more influence on our energy system by using its great, monopoly resources to control our electric supply is not in the public interest.

Please vote down S2645. Thank you for your consideration of our comments.

Sincerely,


Seth H. Handy

² *Transforming the Power Sector Phase One Report Phase One Report*, Part I “Utility Business Model,” pp. 13-16 http://www.ripuc.ri.gov/utilityinfo/electric/PST%20Report_Nov_8.pdf Handy Law and NEC were stakeholders in that planning process.