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Rhode Island Energy™
a PPL company

April 7, 2026

The Honorable Robert Britto
Chairman, Senate Commerce Committee
Rhode Island State House
Providence, Rhode Island 02908

RE: S-2779 – Relating to Public Utilities & Carriers – Duties of Utilities & Carriers

Dear Chairman Britto:

On behalf of Rhode Island Energy, I write in **opposition** to S-2779, which would prohibit the electric and natural gas distribution utility from recovering certain costs and jeopardize the safe and reliable delivery of energy throughout Rhode Island. **This bill may be unlawful by violating the Company's constitutional right to recover its prudently incurred costs and would result in legal ambiguity, weaken important regulatory discretion exercised by state regulators, and run up against the separation of powers doctrine.** We respectfully urge the Committee to reject this bill in its entirety.

Rhode Island Energy provides essential energy services to more than 770,000 customers across the state through the delivery of electricity and natural gas. Our team of 1,300+ union and non-union employees is dedicated to helping Rhode Island customers and communities thrive, while supporting the transition to a cleaner energy future in a safe, reliable, and affordable manner.

Importantly, public utilities have a constitutional right, affirmed through U.S. Supreme Court decisions, to recover their reasonably-incurred costs and to earn a reasonable rate of return on their investments.[1] **Blanket prohibitions, such as those included in this bill, may infringe on these rights by eliminating any opportunity for those costs to be fairly assessed, particularly when costs are incurred to operate for the benefit of utility customers**.

The proposed rate cap on infrastructure, safety, and reliability investments (page 3, lines 27-33) would have a direct negative impact on Rhode Island Energy's ability to maintain safe and reliable energy systems, harden vital energy infrastructure against the effects of climate change, prepare the grid for further integration of distributed energy resources, and reduce greenhouse gas emissions in line with the Act on Climate. The provisions of this section seem intent on curtailing investments vital to energy system safety and reliability beyond the substantial regulation that already exists today, risking needed updates and repairs and raising costs when equipment inevitably fails over time. It ignores the substantial, annual consultation that already occurs between Rhode Island Energy and the Division of Public Utilities and Carriers (DPUC) on these investment proposals, as well as the robust oversight conducted by the Public Utilities Commission (PUC).

Further, we note that this bill fails to take the same cost-capping approach toward key utility bill cost drivers within the state's direct control that would *not* affect the safe and reliable delivery of energy to customers. For instance, public policy mandates and taxes now account for

[1] For example, see Federal Power Commission et. al. v. Hope Natural Gas Co., 320 U.S. 591 (1944) and Bluefield Waterworks & Improvement Co. v. Public Service Commission of West Virginia, 262 U.S. 679 (1923).

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roughly one-quarter of a typical residential electric bill – costs which, by and large, are not subject to the same stringent state regulatory review that infrastructure proposals receive. In fact, over the past five years, impacts from the distribution portion of the bill – which includes local infrastructure investments, operating and maintenance costs, and regulated returns – has grown by just 5%. This is well below the rate of inflation and significantly less than the growth in bill impacts from public policy mandates and taxes (50%) and supply (36%) over that same period – neither of which are in Rhode Island Energy's control. **While ratepayer-funded clean energy programs may produce certain benefits for Rhode Island, they also result in substantial bill impacts for our customers. Moreover, they drive need for the very types of infrastructure investments subject to artificial caps in this proposed legislation.**

Moreover, t**he bill's proposed prohibition on the recovery of certain expenses incurred as part of infrastructure, safety, and reliability proceedings (page 2, lines 10-17) is both unwise and unlawful**. The Company makes these filings pursuant to Rhode Island General Laws §39-1-27.7.1 and the investments approved by state regulators through this statutory mechanism support the safe and reliable delivery of electricity and natural gas to our customers. To then prohibit the recovery of prudently incurred costs necessary to implement that statute would be a significant contradiction – *and violate Rhode Island Energy's constitutional rights.*

Respectfully, we also note the following:

- Re: "advertising, marketing, communications, or public education" expenses (page 1, lines 9-13), **the Company already cannot recover these costs**, unless otherwise approved or ordered by the PUC. This is supported by precedent and case law. **There is no need to further codify this provision**.

- Re: "membership dues" (page 1, lines 14-16) and "travel, lodging or food and beverage" (page 2, lines 4-5) expenses, the PUC already can and does evaluate whether such costs are properly incurred and subject to rate recovery**. A statutory prohibition would usurp that authority and there is no clear reason to justify such an amendment.**

- Re: "charitable giving" (page 1, lines 17-18), **a legislative ban would usurp the PUC's authority to determine whether any such expenses are just and reasonable.** Such costs have been the subject of both regulatory and court review in Rhode Island. Those reviews have raised legitimate questions as to how such expenses are treated for rate recovery. Today, such costs are not recoverable based upon the regulatory framework now in place by the PUC.

- Re: "lobbying" expenses (page 2, line 1) and "political contributions" (page 1, lines 2-3), the PUC already has concluded that such expenses are not recoverable. **There is no reason to infringe on the PUC's delegated authority or otherwise remove their regulatory discretion to determine what are reasonable incurred costs eligible for recovery.**

- Re: "investor relations" expenses (page 2, line 9), **it is entirely unclear which potential expenses would be covered by this clause, but a blanket prohibition could harm customers more than it would help them – another example of why such determinations should be left to the discretion of state regulators based on a well-developed evidentiary**

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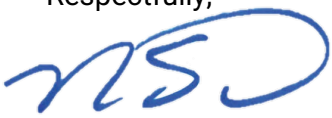
record. Rhode Island Energy may not compete for customers, but it does compete for capital across financial markets. Investor relations promote consistency across regulatory filings, U.S. Securities and Exchange Commission (SEC) disclosures, and market communications – reducing misinformation, improving decision making, *and supporting lower risk premiums and financing costs that benefit customers*. The PUC is in the best position to review and balance such costs and grant recovery when they have been prudently incurred.

For these reasons, we respectfully urge the Committee to reject S-2779 in its entirety.

Thank you for your consideration of these comments.

Respectfully,



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CC: The Honorable Members of the Senate Commerce Committee
The Honorable Dawn Euer, Rhode Island Senate