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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2015

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A N A C T

RELATING TO PUBLIC UTILITIES AND CARRIERS - RENEWABLE ENERGY

Introduced By: Senators Sosnowski, Conley, Walaska, and Goldin

Date Introduced: January 22, 2015

Referred To: Senate Commerce

It is enacted by the General Assembly as follows:

1           SECTION 1. Section 39-26.6-24 of the General Laws in Chapter 39-26.6 entitled "The  
2 Renewable Energy Growth Program" is hereby amended to read as follows:

3           **39-26.6-24. Rate design review by the commission.** -- (a) On or after July 1, 2015, the  
4 commission shall open a docket to consider rate design and distribution cost allocation among  
5 rate classes in light of net metering and the changing distribution system that is expected to  
6 include more distributed-energy resources, including, but not limited to, distributed generation.  
7 The commission will determine the appropriate cost responsibility and contributions to the  
8 operation, maintenance, and investment in the distribution system that is relied upon by all  
9 customers, including, without limitation, non-net metered and net-metered customers. In that  
10 docket, the commission shall require the electric-distribution company to file a revenue-neutral  
11 allocated cost of service study for all rate classes and a proposal for new rates for all customers in  
12 each rate class. The electric-distribution company shall use the distribution revenue requirement  
13 upon which the then-current distribution rates were set. The electric-distribution company may  
14 use the allocated cost of service that was filed with the compliance filing from the rate case when  
15 the then-current distribution rates were set. The commission may also address the rate design for  
16 the equitable recovery of costs associated with energy efficiency and any renewable-energy  
17 programs that are recovered in rates.

18           (b) In establishing any new rates the commission may deem appropriate, the commission  
19 shall take into account and balance the following factors:

- 1           (1) The benefits of distributed-energy resources;
- 2           (2) The distribution services being provided to net-metered customers when the  
3 distributed generation is not producing electricity;
- 4           (3) Simplicity, understandability, and transparency of rates to all customers, including  
5 non-net metered and net-metered customers;
- 6           (4) Equitable ratemaking principles regarding the allocation of the costs of the  
7 distribution system;
- 8           (5) Cost causation principles;
- 9           (6) The general assembly's legislative purposes in creating the distributed-generation  
10 growth program; and
- 11           (7) Any other factors the commission deems relevant and appropriate in establishing a  
12 fair rate structure. The rates shall be designed for each proposed rate class in accordance with  
13 industry-standard, cost; allocation principles. The commission may consider any reasonable rate  
14 design options, including without limitation, fixed charges, minimum-monthly charges, demand  
15 charges, volumetric charges, or any combination thereof, with the purpose of assuring recovery of  
16 costs fairly across all rate classes.
- 17           (c) The commission shall issue an order in the docket by no later than ~~December 1, 2015~~  
18 March 1, 2016. Any new rates shall take effect for usage on and after ~~January 1, 2016~~ April 1,  
19 2016; provided, however, that the electric-distribution company may seek an extension if  
20 necessary to make the billing system changes necessary to implement a new rate structure. After  
21 new, revenue-neutral rates are set in the docket specified above, the commission may approve  
22 changes to the rate design in any future distribution-base rate cases when a fully allocated  
23 embedded cost of service study is being reviewed in the rate case, subject to the principles set  
24 forth in subsection (b) of this section.

25           SECTION 2. This act shall take effect upon passage.

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EXPLANATION  
BY THE LEGISLATIVE COUNCIL  
OF  
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1           This act would change the date the public utilities commission would issue an order in  
2 the docket to consider rate design and distribution cost allocation from December 1, 2015 to  
3 March 1, 2016. In addition, any new rates would take effect on April 1, 2016.

4           This act would take effect upon passage.

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