

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2023

A N A C T

RELATING TO PUBLIC UTILITIES AND CARRIERS -- PUBLIC UTILITIES COMMISSION

Introduced By: Senator Alana DiMario

Date Introduced: March 07, 2023

Referred To: Senate Commerce

It is enacted by the General Assembly as follows:

1 SECTION 1. Section 39-1-27.3 of the General Laws in Chapter 39-1 entitled "Public  
2 Utilities Commission" is hereby amended to read as follows:

3 **39-1-27.3. Electric distribution companies required to provide retail access, standard**  
4 **offer and last-resort service.**

5 (a) To promote economic development and the creation and preservation of employment  
6 opportunities within the state, each electric distribution company, except Pascoag Utility District  
7 [and the Block Island Utility District](#), a quasi-municipal corporation, district, and subdivision of the  
8 state ("electric distribution company"), shall offer retail access from nonregulated power producers  
9 to all customers.

10 (b) Through year 2009, and effective July 1, 2007, through year 2020, each electric  
11 distribution company shall arrange for a standard power-supply offer ("standard offer") to  
12 customers that have not elected to enter into power-supply arrangements with other nonregulated  
13 power suppliers. The rates that are charged by the electric distribution company to customers for  
14 standard-offer service shall be approved by the commission and shall be designed to recover the  
15 electric distribution company's costs and no more than the electric distribution company's costs;  
16 provided, that the commission may establish and/or implement a rate that averages the costs over  
17 periods of time. The electric distribution company shall not be entitled to recover any profit margin  
18 on the sale of standard-offer power, except with approval of the commission as may be necessary  
19 to implement, fairly and effectively, system reliability and least-cost procurement. The electric

1 distribution company will be entitled to recover its costs incurred from providing the standard offer  
2 arising out of: (1) Wholesale standard-offer supply agreements with power suppliers in effect prior  
3 to January 1, 2002; (2) Power-supply arrangements that are approved by the commission after  
4 January 1, 2002; (3) Power-supply arrangements made pursuant to §§ 39-1-27.3.1 and 39-1-27.8;  
5 and (4) Any other power-supply-related arrangements prudently made after January 1, 2002, to  
6 provide standard-offer supply or to mitigate standard-offer supply costs, including costs for system  
7 reliability, procurement, and least-cost procurement, as provided for in § 39-1-27.7. Subject to  
8 commission approval, the electric distribution company may enter into financial contracts designed  
9 to hedge fuel-related or other variable costs associated with power-supply arrangements and the  
10 costs of any such financial contracts shall be recoverable in standard-offer rates. The electric  
11 distribution company's standard-offer revenues and its standard-offer costs shall be accounted for  
12 and reconciled with interest at least annually. Except as otherwise may be directed by the  
13 commission in order to accomplish purposes established by law, any over recoveries shall be  
14 refunded to customers in a manner directed by the commission, and any under recoveries shall be  
15 recovered by the electric distribution company through a uniform adjustment factor approved by  
16 the commission. The commission shall have the discretion to apply such adjustment factor in any  
17 given instance to all customers or to such specific class of customers that the commission deems  
18 equitable under the circumstances provided that the distribution company recovers any under  
19 recovery in its entirety. Once a customer has elected to enter into a power-supply arrangement with  
20 a nonregulated power producer, the electric distribution company shall not be required to arrange  
21 for the standard offer to such customer except as provided in § 39-1-27.3.1. No customer who  
22 initially elects the standard offer and then chooses an alternative supplier shall be required to pay  
23 any withdrawal fee or penalty to the provider of the standard offer unless such a penalty or  
24 withdrawal fee was agreed to as part of a contract; however, no residential customer shall be  
25 required to pay a penalty or withdrawal fee for choosing an alternative supplier. Nothing in this  
26 subsection shall be construed to restrict the right of any nonregulated power producer to offer to  
27 sell power to customers at a price comparable to that of the standard offer specified pursuant to this  
28 subsection. The electric distribution company may not terminate an existing standard-offer  
29 wholesale supply agreement without the written consent of the division.

30 (c) In recognition that electricity is an essential service, each electric distribution company  
31 shall arrange for a last-resort power supply for customers who have left the standard offer for any  
32 reason and are not otherwise receiving electric service from nonregulated power producers. The  
33 electric distribution company shall procure last-resort service supply from wholesale power  
34 suppliers. Prior to acquiring last-resort supply, the electric distribution company will file with the

1 commission a supply acquisition plan or plans that include the acquisition procedure, the pricing  
2 options being sought, and a proposed term of service for which last-resort service will be acquired.  
3 The term of service may be short- or long-term and acquisitions may occur from time to time and  
4 for more than one supplier for segments of last-resort service load over different terms, if  
5 appropriate. All the components of the acquisition plans, however, shall be subject to commission  
6 review and approval. Once an acquisition plan is approved by the commission, the electric  
7 distribution company shall be authorized to acquire last-resort service supply consistent with the  
8 approved acquisition plan and recover its costs incurred from providing last-resort service pursuant  
9 to the approved acquisition plan. The commission may periodically review the acquisition plan to  
10 determine whether it should be prospectively modified due to changed market conditions. The  
11 commission shall have the authority and discretion to approve special tariff conditions and rates  
12 proposed by the electric distribution company that the commission finds are in the public interest,  
13 including without limitation: (1) Short- or long-term optional service at different rates; (2) Term  
14 commitments or notice provisions before individual customers leave last-resort service; (3) Last-  
15 resort service rates for residential or any other special class of customers that are different than the  
16 rates for other last-resort customers; and/or (4) Last-resort service rates that are designed to  
17 encourage any class of customers to return to the market. The electric distribution company's last-  
18 resort service revenues and its last-resort service costs shall be accounted for and reconciled with  
19 interest at least annually. Any over recoveries shall be refunded and any under recoveries shall be  
20 recovered by the electric distribution company through a uniform adjustment factor approved by  
21 the commission. The commission shall have the discretion to apply such adjustment factor in any  
22 given instance to all customers or to such specific class of customers that the commission deems  
23 equitable under the circumstances provided that the distribution company recovers any under  
24 recovery in its entirety. Nothing in this section shall be construed to prohibit an electric distribution  
25 company from terminating service provided hereunder in accordance with commission rules and  
26 regulations in the event of nonpayment of this service. The commission may promulgate  
27 regulations to implement this section including the terms and conditions upon which last-resort  
28 service is offered and provided to customers.

29 (d) If a customer being served by a nonregulated power producer pays any taxes assessed  
30 for electric service to the electric distribution company and the electric distribution company  
31 forwards such tax payment for the power portion of the bill to a nonregulated power producer for  
32 payment by the nonregulated power producer to the state, neither the customer nor the electric  
33 distribution company shall be liable for such taxes forwarded if the nonregulated power producer  
34 fails to remit such taxes to the state for any reason.

1 SECTION 2. Section 45-67-10 of the General Laws in Chapter 45-67 entitled "Block Island  
2 Utility District Act of 2017" is hereby amended to read as follows:

3 **45-67-10. Exemptions.**

4 (a) The exemption waiver provided by the public utilities commission to BIPCo from the  
5 terms of § 39-1-27 shall also apply to the utility district and the public utilities commission shall  
6 have the authority to provide such other waivers from this section as may be in the public interest.

7 (b) ~~The utility district shall, from time to time, submit plans to the public utilities  
8 commission on retail choice as defined in § 39-1-27.3. The public utilities commission shall have  
9 the authority to approve those plans as may be in the interests of all ratepayers of the utility district,  
10 including the option of not offering retail choice. Any waiver on retail choice granted by the public  
11 utilities commission to BIPCo shall also apply to the utility district.~~

12 (c) The exemptions provided for the Pascoag utility district and BIPCo under §§ 39-1-  
13 27.3.1, 39-1-27.12, 39-2-1.2(b), 39-2-25, 39-26.1-1 through and including 39-26.1-6, and chapters  
14 1.1, 26, 26.2, 26.4, and 26.6 of title 39 shall also apply to the Block Island utility district. The utility  
15 district shall be exempt from the provisions of chapter 18 of title 35.

16 (d) As long as the utility district has a waiver from the restructuring provisions of § 39-1-  
17 27, then the utility district shall also be granted a waiver from the provisions of § 39-1-27.6 such  
18 that the employees of the utility district may be allowed to provide both electrical generation and  
19 distribution services.

20 SECTION 3. This act shall take effect upon passage.

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EXPLANATION  
BY THE LEGISLATIVE COUNCIL  
OF  
A N A C T  
RELATING TO PUBLIC UTILITIES AND CARRIERS -- PUBLIC UTILITIES COMMISSION

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1           This act would include the Block Island Utility District as one of the electric companies  
2 that are exempt from offering retail access from nonregulated power producers to all customers.

3           This act would take effect upon passage.

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