STATE OF RHODE ISLAND
PUBLIC UTILITIES COMMISSION

IN RE: REQUEST FOR COMMENT ON OPTIONS	**:**	
FOR MITIGATING WINTER PRICE VOLATILITY	**:**	**DOCKET NO. 25-28-EL**
FOR THE WINTER OF 2025-2026	**:**	

NOTICE TO SOLICIT COMMENTS

The purpose of this notice is to seek written comments from stakeholders relating to the potential implementation of rate mitigation measures that would be designed to mitigate the impact of rising electric supply costs that have been occurring annually each winter. This inquiry has been prompted by a request from Governor McKee for the Commission to seek ways to mitigate the volatility of electric bills caused by the swings in electric supply costs caused by the market price of electricity increasing each winter in the regional markets.

Background

Each year, the Rhode Island Public Utilities Commission (PUC) reviews and approves recovery of Last Resort Service (LRS) rates to cover the cost of electricity that Rhode Island Energy (Company) procures for its customers who are not being served under a municipal aggregation power purchase plan and have not otherwise chosen a competitive supplier. There are two seasonal pricing periods for LRS service – the six-month period from October through March (winter period), and the six-month period from April through September (summer period).

Typically, the cost of the competitively bid wholesale contracts is higher for the winter period than it is for the summer period. The effect on residential customers and small commercial customers has been an increase in overall bills in for the winter period, followed by a decrease in overall bills for the summer period, regardless of usage or other rate factors that may change in October or April.

During the 6-month period from October 1, 2024, to March 31, 2025, total bills for LRS customers using 500 kWh per month (including the rates for both delivery and LRS supply) were 22.9% higher than the total bills for the summer period (assuming 500 kWh per month in both periods). In addition, the winter of 2024-2025 was colder than normal.[1] For many customers, this resulted in higher-than-normal electric usage during the peak heating season which typically spans the months of December through March. The result was that customers may have experienced higher impacts from the 2024-2025 winter period than in prior years. While the rates were appropriately set and charged by the Company based on the expenses supported by the record, those customers experienced what is known as "rate shock." Rate shock has been generally defined as a sudden and significant increase in rates. Often, public utility commissions seek to mitigate such impacts through generally accepted ratemaking principles that address the timing of cost recovery from customers, shifting the period over which the utility recovers its costs.

[1] For many customers who typically use 500 kWh, the monthly usage may have increased much higher than 500 kWh due to weather effects, exacerbating the bill impact.

There are pros and cons to such decisions. Deferrals and pauses of rate recovery can mitigate winter rate impacts, easing the winter energy and heating cost burdens on customers who face high heating costs in the winter from whatever heating source is being used, along with higher electric rates. However, any costs that are deferred in the winter period to the summer period are then added into the summer period rates, causing those to be higher when compared to prior summer periods.

The utility has a number of special rate mechanisms for certain cost-categories that are addressed separately for cost recovery. In those instances, the utilities are allowed to record the applicable costs on the Company's books in a manner that tracks the costs separately and are recovered outside of a general rate case (such as storm restoration cost recovery, energy efficiency, and certain renewable programs). If the cost recovery is paused, however, it can cause a larger deficit balance in the separately tracked account that accumulates with interest, but still needs to be paid by customers.

Rate Mitigation Measures Under Consideration

The Commission is considering whether to pursue formal inquiry into whether there should be changes to the recovery periods for three different rates that have special rate recovery mechanisms: energy efficiency; long-term contracting for renewable energy recovery; and storm restoration cost recovery (often referred to as the "storm fund"). If pursued, the Commission's formal consideration of such changes would commence in late August 2025. The public will have an opportunity to provide oral public comment on any specifically calculated rates at a separately noticed hearing in September.

The Commission is seeking input from stakeholders on whether the Commission should formally pursue consideration of measures that would reduce bill impacts for the peak heating months of December through March. Specifically:

(1) whether the recovery of costs associated with the annual Energy Efficiency charge should be recovered over an 8-month period, April through November, with only the statutory renewable energy component (0.3 mills) collected over a 12-month period;
(2) whether recovery of costs associated with the Long-Term Contracting for Renewable Energy Recovery factor, inclusive of the reconciliation factor, should be recovered over an 8-month period, April through November instead of the 12-month factor currently set for January 1 each year;
(3) whether the Storm Contingency Fund Replenishment Factor should only be recovered during the months of April through November; and/or
(4) whether the Commission should consider different alternative rate recovery periods should any other sources of funding be made available through other sources to mitigate the impact on the 2025-2026 winter period rates (for example, if funding were made available for January through March, the Commission might consider only deferring or pausing recovery of certain costs for December to complete coverage of the peak heating season).

The Commission has issued an informal set of data requests to Rhode Island Energy to gather the illustrative impact of these ideas. This notice and the data responses can be found on the Commission's website at: https://ripuc.ri.gov/Docket-25-28-EL.

Written comments are due by August 8, 2025, and may be submitted to stephanie.delarosa@puc.ri.gov.

Cynthia G. Wilson Frias
Chief of Legal Services
July 21, 2025