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August 13, 2025

VIA ELECTRONIC MAIL AND HAND DELIVERY

Stephanie De La Rosa, Commission Clerk
Rhode Island Public Utilities Commission
89 Jefferson Boulevard
Warwick, RI 02888

**RE: Docket No. 25-20-GE – The Narragansett Electric Company d/b/a Rhode Island Energy
PUC’s Review of Rhode Island Energy’s Budget Billing Offerings
Rhode Island Energy’s Comments**

Dear Ms. De La Rosa:

On behalf of Rhode Island Energy,¹ and pursuant to the Public Utilities Commission’s (“Commission”) budget billing workshop and request for public comments on July 24, 2025, I have attached one original and nine copies of the Company’s comments in the above-referenced matter.

Thank you for your attention to this filing. Please contact me at 401-578-2700 if you have any questions.

Very truly yours,

A handwritten signature in blue ink that reads "Celia B. O'Brien".

Celia B. O'Brien

Attachment

cc: Docket No. 25-25-GE Service List

¹ The Narragansett Electric Company d/b/a Rhode Island Energy (“Rhode Island Energy” or the “Company”).

COMMENTS OF THE NARRAGANSETT ELECTRIC COMPANY
d/b/a RHODE ISLAND ENERGY

The Narragansett Electric Company d/b/a Rhode Island Energy (the "Company") appreciates the opportunity to comment on the consideration of budget billing becoming the default billing option from which a customer must opt out.

Although the budget billing program (the "Program") is a valuable offering, the Company does not recommend imposing the Program on all customers as the default for two reasons. First, customer expectations: Although some customers value budget billing for its predictable monthly payments, others find it confusing and are concerned that fixed bills reduce visibility into actual energy usage. Second, program administrability: Because of limited customer data, system constraints, and potential impacts on the Company's cash flow. These reasons are discussed in further detail below.

I. Customer Expectations

Budget billing is an effective tool for customers to manage their energy bills, but the efficacy of budget billing is dependent on two factors. First, customers have to understand how budget billing works so they know what to expect in next month's bill. Second, customers have to understand the underlying mechanics of how usage impacts bill amounts so they can react to relevant price signals to optimize their usage for their budget constraints. The Company is concerned that, for the large majority of residential customers, one or both of these conditions is not met and, therefore, defaulting all residential customers to budget billing may not result in customers being immediately better off.

Today, about 64,400 of the Company's 706,717 residential electric and gas customers are enrolled in this opt-in Program. Therefore, if budget billing were to become the default option, it would require a significant amount of education for the vast majority of customers, for whom this would be a major change. Even among the pool of customers who choose to participate in the Program today, the Company frequently hears of general customer confusion and receives negative feedback related to specific elements of budget billing, like the quarterly review process. Drawing from this experience, it would be reasonable to expect customer confusion and complaints to be magnified if budget billing were the default option for all.

Budget billing is a useful tool that can help those customers who choose to enroll better manage their monthly energy expenses. The Program makes bills more consistent and predictable by spreading a customer's annual energy costs into 12 equal monthly payments. However, these predictable monthly payments can make it more difficult for customers to discern the costs associated with their actual energy usage for the billing period. Depending on individual customer attributes and the timing of any potential default enrollment in the Program, customers could end up being overbilled or underbilled right away, which could result in inadvertent rate shock in future months. For instance, if a customer were to be enrolled in budget billing shortly before the peak winter heating season, they could be underbilled for their first three months in the Program. Then, after the Company's quarterly review, the bill impact of the customer's potentially higher energy usage during the winter months would be realized and compounded in future bills. Making budget billing the default option would distort price signals

and could hinder a customer's ability to make more informed energy choices, which is an evolving customer expectation that the Company has elaborated on in previous proceedings, including the Advanced Metering Functionality ("AMF") Business Case (Docket No. 22-49-EL).

II. Administrability

The Company has also identified several challenges related to the administrability of budget billing if it were the default billing option. First, not all customers are eligible for the Program as it stands today, including new customers and customers at a new premises without at least 6 months of electric or gas service. These Program limitations, among others, would have to be addressed if budget billing were to become the default, or alternatively, some accounts would be ineligible for the default billing option.

Second, in this context, the Company has not thoroughly assessed the capabilities of the current billing system, which may or may not be able to handle the potential new volume of accounts in the Program and their required billing calculations. If budget billing were to become the default option and the Company concluded that the system could not handle the general management of default budget billing, additional investments and upgrades could be necessary.

Third, default enrollment in budget billing could have a potentially negative impact on the Company's financials due to cash receipts being spread throughout the year. If this program were the default billing option, it could create a timing issue that might affect our overall cash flow, which could result in short-term borrowing and increased interest cost, depending on fluctuations in interest rates.

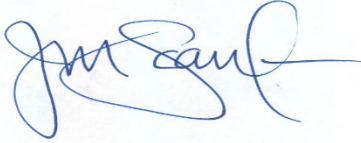
III. Conclusion

In summary, the Company acknowledges the importance of offering budget billing for customers looking to smooth out their annual energy costs. However, on balance, the Company believes that imposing this as the default billing option would prove challenging to administer and would result in customer confusion and frustration.

Certificate of Service

I hereby certify that a copy of the cover letter and any materials accompanying this certificate was electronically transmitted to the individuals listed below.

The paper copies of this filing are being hand delivered to the Rhode Island Public Utilities Commission and to the Rhode Island Division of Public Utilities and Carriers.



Joanne M. Scanlon

August 13, 2025
Date

**Docket No. 25-20-GE – PUC’s Review of Rhode Island Energy’s Budget
Billing Offerings
Service list updated on 8/13/2025**

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