



STATE OF RHODE ISLAND
OFFICE OF GOVERNOR DANIEL J. MCKEE

August 1, 2022

Ronald T. Gerwatowski, Chairman
Abigail Anthony, Commissioner
John C. Revens, Jr., Commissioner

Re: Docket No. 4978; Last Resort Service Rate Filing
Docket No. 22-07-GE; Bill Credits for Electric and Gas Customers

Dear Chairman Gerwatowski and Commissioners,

I am writing in response to the recently filed proposal by Rhode Island Energy (RIE), which seeks Commission approval to increase Last Resort Service rates for Rhode Island households by 47 percent, effective October 1. The rate proposal translates into an estimated bill impact of \$52 per month for a typical residential customer when compared against current electric rates, and about \$36 per month impact when compared to last winter's electric rates. Small businesses likewise face additional financial hardship as a result of RIE's proposal to increase the commercial electric rate by an estimated range between 41% and 51%.

An increase of this magnitude has a potentially devastating impact on residential ratepayers, particularly our most vulnerable populations, including low-income, the elderly and seriously ill individuals. In addition, small and large businesses alike will be negatively impacted. I urge you to consider a number of strategies for mitigating the significant rate increases that have been proposed by RIE.

We faced a somewhat similar situation in 2018 when I was Lieutenant Governor. At that time, I supported a proposal to moderate the impact on ratepayers by spreading the higher rates over a twelve-month period. The Commission agreed that the consequences of the unmitigated rate impacts on ratepayers warranted the short-term deferral. Accordingly, the Commission approved a rate that mitigated the winter price increase by 30%. This is a sound approach, and I ask you to consider adopting it once again.

But now we face an unprecedented challenge. In 2018, we were dealing with an increase of 4 cents per kWh. This time, the proposed increase is 10 cents per kWh. Therefore, I am asking you to consider additional measures as well.

I urge the Commission to consider deferring a fixed amount on the delivery side of the electric bill. This would provide bill relief to all Rhode Island ratepayers and not just RIE customers. Specifically, I ask the Commission to consider suspending the customer charge on residential

bills until next summer when electricity prices are projected to decline significantly. By doing so, this would provide residential customers with a flat, fixed monthly decrease of \$6 per month.

Separately, in connection with the Commission's ongoing consideration of proposed electric and gas bill credits emanating from the Attorney General's settlement with PPL Corporation, I urge the Commission to spread the agreed-upon \$32.5 million in RIE electric ratepayer bill credits over a six-month period that coincides with this coming winter when electric rates will be substantially elevated. In combination, these suggestions would help to further mitigate the spike in winter electric rates to a level that is more closely tied to last winter's rates, thereby increasing rate stability and affordability.

As Governor, I am also exploring other strategies that can assist in reducing the burdens on residents and small business owners, with particular focus on Rhode Island's most vulnerable populations.

In the face of an unprecedented, temporary rate increase, we must work collectively to do everything possible to maintain the affordability of energy during this coming winter. To that end, I urge the Commission to consider my proposals that would provide meaningful mitigation to the energy burdens for all our residents. As we continue our nation leading transition to a clean energy future, I will also remain vigilant in protecting our most vulnerable residents who bear a disproportionate energy burden, by continuing to seek approaches that support the state's clean energy goals while balancing affordability.

Thank you for your consideration of these proposals.

Sincerely,

A handwritten signature in cursive script that reads "Daniel J. McKee".

Daniel J. McKee
Governor