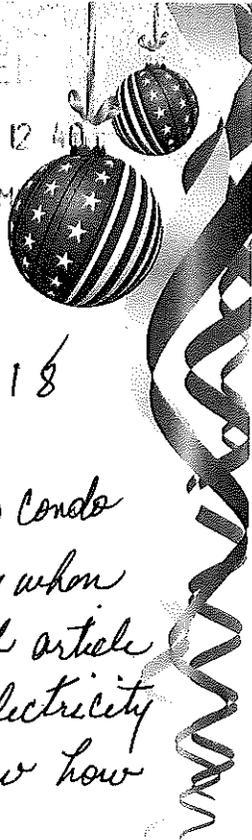


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2018 JAN 16 PM 12 40  
PUBLIC UTILITIES COM



Jan 9, '18

Dear Sir:

Almost \$400.- to heat a condo  
one month is a lot, especially when  
\$190.- is for delivery! Enclosed article  
sums up our feelings about electricity  
charges. We would like to know how  
you feel about it.

We look forward to your reply. Thank  
you & Happy New Year

Sincerely,

Janet Haneschak

P.S. We've installed new windows, more insulation  
LED lights, etc.

# Rewarding National Grid rate hikes

National Grid recently proposed large rate increases. Rhode Island already has among the highest electricity distribution rates in the country.

There is one very clear reason why those rates are so high and why they are increasing. Under our antiquated regulatory framework, National Grid charges ratepayers for all their investments in the distribution system, almost all of their expenses, plus a markup on those investments and expenses. The cost-plus design of the utility compensation system understandably drives National Grid to spend as much as possible, driving up ratepayers' costs.

The full responsibility for cost control rests with the Rhode Island Public Utilities Commission (PUC) and the Division of Public Utilities and Carriers (DPUC). When National Grid files for a rate increase, they present highly complex documentation and testimony that take months for regulators to wade through. Their costs for lawyers, accountants and experts in these proceedings are charged to ratepayers with a markup. The more complex the filing, the more likely it is that unnecessary and overpriced investments and expenses will get approved by regulators. No matter how good and dedicated regulators

are, the incentives designed into the system inevitably lead to escalating costs.

To control costs charged to ratepayers, we need to change the way National Grid is compensated.

Recently, stakeholders completed the first phase of a power sector transformation process ordered by Gov. Gina Raimondo. The report and recommendations emerging from that process are encouraging. But they are not clear enough about the urgent need to fundamentally redesign the utility compensation model.

There is generally little leverage to impact the outcomes from any system by fiddling with numbers and details. Rather than diving into the details, regulators should start the upcoming rate proceeding by rethinking the underlying paradigm of our utility compensation system and focusing attention on the goals, rules and incentives in that system.

Instead of paying National Grid cost plus a markup, regulators should implement a system that provides utility profits through performance-based incentives to achieve goals established by the PUC. While it is fine to reimburse the utility for legitimate costs, it shouldn't be encouraged to drive up costs as it is now. Instead, 100 percent of its profits should be based

on achieving performance metrics related to the essential monopoly functions the company has been entrusted with.

The most important of these performance goals are related to maintaining and improving electric distribution system safety, reliability and power quality.

Another critically important goal is reducing the cost of distribution services to ratepayers. We shouldn't be rewarding National Grid for wasting ratepayers' money. It should earn more for its shareholders when it charges less to Rhode Island ratepayers.

There should also be incentives for National Grid to encourage independently owned energy services. A competitive marketplace will provide better energy services at a lower cost. National Grid should be rewarded financially for reducing the role of the utility in its essential monopoly functions.

Ratepayers can't afford the adverse incentives designed into the senseless cost-plus model of utility compensation. The power sector transformation that the governor has ordered needs to be fundamental and it needs to happen in the rate case currently before the PUC.

-- Fred Unger is an energy project developer based in Providence.

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Nov 30, 2017 to Jan 2, 2018

ACCOUNT NUMBER

PLEASE PAY BY

AMOUNT DUE

Jan 27, 2018

\$ 393.70

**T BALANCE**

Balance	227.47
Received on DEC 19 (Direct Deposit) <i>THANK YOU</i>	- 227.47
Charges	+ 393.70
<b>Amount Due ▶</b>	<b>\$ 393.70</b>

**T PAY.** Your Automated Payment Transfer will occur on January 19, 2018.

**BY OF CURRENT CHARGES**

	DELIVERY SERVICES	SUPPLY SERVICES	OTHER CHARGES/ ADJUSTMENTS	TOTAL
Electricity	190.89	187.07		377.96
Fees/Adjustments			15.74	15.74
<b>Amount Charges</b>	<b>\$ 190.89</b>	<b>\$ 187.07</b>	<b>\$ 15.74</b>	<b>\$ 393.70</b>

Save time and money! Sign up for paperless billing and receive a \$ 0.34 credit on your monthly bill. Visit our website to enroll today.

Our Energy Charge now includes the Renewable Energy Standard Charge which was previously identified separately on the bill. This charge is collected for the purpose of acquiring a portion of Rhode Island's energy supply from renewable energy resources, as required by Rhode Island General Laws section 39-26-1.

**What is the Energy Efficiency Charge on my bill?** This charge funds Energy Efficiency programs that can help consumers lower their energy usage and bills, improve comfort in their homes or businesses, and lower pollutants and carbon emissions in our communities. To learn how to take advantage of these programs and your eligibility, please call 1-866-903-2811 or visit [www.ngrid.com/ri-ee](http://www.ngrid.com/ri-ee).