VIA ELECTRONIC MAIL

Luly E. Massaro, Division Clerk
Rhode Island Division of Public Utilities and Carriers
89 Jefferson Boulevard
Warwick, RI 02888

RE: Docket D-21-09 – Petition of PPL Corporation, PPL Rhode Island Holdings, LLC, National Grid USA, and The Narragansett Electric Company for Authority to Transfer Ownership of The Narragansett Electric Company to PPL Rhode Island Holdings, LLC and Related Approvals
Responses to Division Advocacy Section Data Requests – Set 3

Dear Ms. Massaro:

On behalf of National Grid USA and The Narragansett Electric Company (together, “National Grid”), enclosed are National Grid’s responses to the third set of data requests issued by the Rhode Island Division of Public Utilities and Carriers’ Advocacy Section (the “Division Advocacy Section”) in the above-referenced proceeding.¹

Thank you for your attention to this matter. If you have any questions, please contact me at 401-784-7288.

Very truly yours,

Jennifer Brooks Hutchinson

¹ Although this is a Division filing, consistent with Public Utilities Commission’s filing requirements during the COVID-19 emergency period, National Grid is submitting an electronic version of this filing. National Grid will provide the Division Clerk with five hard copies within 24 hours and, if needed, additional hard copies of the enclosures upon request.
Enclosures

cc: Docket D-21-09 Service List (electronic only)
    John Bell, Division
    Leo Wold, Esq.
    Christy Hetherington, Esq.
    Scott H. Strauss, Esq. (electronic only)
    Latif M. Nurani, Esq. (electronic only)
    Amber L. Martin Stone, Esq. (electronic only)
    Anree G. Little, Esq. (electronic only)
National Grid USA and The Narragansett Electric Company  
Division 3-1

Request:

Please identify and provide a copy of each contract under which Narragansett presently receives services for its gas system from National Grid or another affiliated entity in Rhode Island that will be transferred or assigned to PPL as part of the proposed transfer of ownership of Narragansett Electric Company’s gas system.

Response:

PPL Rhode Island Holdings, LLC’s (“PPL Rhode Island”) acquisition of The Narragansett Electric Company (“Narragansett”) from National Grid USA (the “Transaction”) is structured as the sale of all of the shares of outstanding common stock of Narragansett; no assets (other than the shares of Narragansett common stock currently owned by National Grid USA) are being transferred to PPL Corporation (“PPL”), PPL Rhode Island, or any other PPL affiliate. Upon the closing of the Transaction, Narragansett will have a new owner, but Narragansett will still retain all of the assets that it currently holds, including contracts to which it is a party (other than contracts that are terminated at or prior to the closing of the Transaction). No contracts will be transferred or assigned to PPL, PPL Rhode Island, or any other PPL affiliate as part of the Transaction; therefore, National Grid USA and Narragansett have determined that no such contracts are relevant to this request based on their sound judgment and rule of reason in crafting responses to data requests and providing responsive documents, consistent with the guidance provided by the Rhode Island Division of Public Utilities and Carriers Advocacy Section (“Advocacy Section”) on June 22, 2021, relating to the scope of the data requests in this proceeding, and taking into account the Advocacy Section’s goal of protecting ratepayers when determining scope and relevancy.

Notwithstanding the above, please see Attachment NG-DIV 3-1 for a list of contracts between Narragansett and National Grid USA, National Grid USA Service Company, Inc., and/or one or more other affiliates of National Grid USA, which relate to services provided to Narragansett for its gas business either directly or indirectly. The contracts listed in Section A of Attachment NG-DIV 3-1 will be terminated at or prior to the closing of the Transaction; the contracts listed in Section B of Attachment NG-DIV 3-1 will remain in effect following the closing. With respect to the contracts that will be terminated, it is anticipated that the services thereunder will be furnished either (1) by PPL and its affiliates; (2) under the Transition Services Agreement; or (3) in the case of the Mutual Assistance Agreement, under a new contract between certain National Grid USA affiliates and Narragansett. In each case, the intention of the parties is to ensure that, once the Transaction closes, Narragansett will continue to retain access to all

Prepared by or under the supervision of: Legal Department and Richard Burlingame
necessary services that it currently receives. In no event will any such contracts be transferred or assigned to PPL, PPL Rhode Island, or any other PPL affiliate.
A. Contracts to be Terminated at Closing


B. Contracts Surviving the Closing

1. Ground Lease by and between Narragansett (successor-in-interest to New England Gas Company, a division of Southern Union Company, f/k/a the Providence Gas Company), as landlord, and National Grid LNG LLC (successor-in-interest to Algonquin LNG, Inc.), as tenant, dated March 31, 1999, as amended by that certain Amendment to Ground Lease dated June 2004, that certain Second Amendment to Ground Lease dated August 16, 2016 and by that certain Third Amendment to Ground Lease dated July 12, 2018, for the premises known as 185 Terminal Road, Providence, Rhode Island

2. Construction Access Agreement by and between Narragansett, as licensor, and National Grid LNG LLC, as licensee, dated August 19, 2016, as amended by that certain First Amendment to Construction Access Agreement dated December 21, 2016, by that certain Second Amendment to Construction Access Agreement dated May 1, 2017, by that certain Third Amendment to Construction Agreement dated August 14, 2018, by that certain Notice Letter dated January 30, 2019 and by that certain Fourth Amendment dated February 21, 2021 for the premises known as 195 Terminal Road, Providence, Rhode Island

3. Liquefaction Service Precedent Agreement dated July 31, 2015, by and between National Grid LNG LLC and Narragansett d/b/a National Grid, as amended January 30, 2020

4. Service Agreement regarding LNG storage facilities dated December 11, 1998, by and between Narragansett (successor-in-interest to New England Gas Company, a division of the Southern Union Company, f/k/a the Providence Gas Company) and National Grid LNG LLC (successor-in-interest to Algonquin LNG, Inc.)

5. Discount Agreement dated November 11, 1999, by and between Narragansett (successor-in-interest to New England Gas Company, a division of the Southern Union Company, f/k/a the Providence Gas Company) and National Grid LNG LLC (successor-in-interest to Algonquin LNG, Inc.), as amended November 22, 2002

6. Displacement Agreement regarding LNG transportation dated March 31, 1999, by and between Narragansett (successor-in-interest to New England Gas Company, a division of the Southern Union Company, f/k/a the Providence Gas Company) and National Grid LNG LLC (successor-in-interest to Algonquin LNG, Inc.)

7. Firm Gas Transportation Service Agreement & Negotiated Rate Letter dated March 18, 2019, by and between Millennium Pipeline Company, LLC and Narragansett.
National Grid USA and The Narragansett Electric Company
Division 3-2

Request:

Please identify any and all services that National Grid or an affiliated entity presently provides in support of Narragansett Electric Company’s gas system administration, operations, planning and/or construction activities that will be terminated or phased-out if approval of the proposed transfer of ownership of Narragansett Electric Company’s gas system to PPL is granted.

Response:

Please see Attachment NG-DIV 1-28-1 for a list of services by functional areas that National Grid USA Service Company, Inc. (the “Service Company”) currently provides to The Narragansett Electric Company (“Narragansett”), including those services in support of its gas system. Services currently provided include not only gas operations support, but also customer service, procurement, human resources, finance, billing and collections, facility services, environmental support, regulatory support, inventory management, energy procurement, and information technology. Please also see Attachment NG-DIV 3-2 for a copy of Schedule 5.12 to the Share Purchase Agreement, which includes a list of services that National Grid USA and its affiliates will cease to provide to Narragansett upon closing of PPL Rhode Island Holdings, LLC’s acquisition of Narragansett from National Grid USA (the “Transaction”).

In addition, as explained in National Grid USA’s and Narragansett’s response to Data Request Division 1-28, as part of the Day 1 planning process, National Grid USA and PPL Corporation (“PPL”) are continuing to work towards agreement on which specific transition services the Service Company will continue to provide for a period following the Transaction closing, if required through the Transition Services Agreement, and which services will be provided by PPL on Day 1 (upon closing of the Transaction). Please see National Grid USA’s and Narragansett’s response to Data Request Division 1-28 for additional detail regarding these transition services.
Rover Business

1. Upon Closing, the Rover Business will cease to receive the following services from Newquay and its Affiliates:
   ▪ Category management services related to procurement
   ▪ Long-term procurement strategy
   ▪ Long-term Rover supply chain strategy
   ▪ Innovation and development services with respect to brand guidelines and advertising
   ▪ Tax services
   ▪ Services related to insurance contracts
   ▪ Treasury, corporate development and capital markets services
   ▪ Long-term HR strategy
   ▪ HR reward strategy and design services
   ▪ IT strategy and architecture services
   ▪ IT project delivery (with the exception of certain separation support services as specified in the Transition Services Agreement)
   ▪ Legal services
   ▪ Corporate affairs services, including with respect to strategic communications, federal affairs, government relations and global corporate affairs
   ▪ Jurisdictional support, including executive team support, U.S. policy and social impact support and performance and strategy support
   ▪ AMI and grid modernization, including replacement of meters and transformers
   ▪ Transformation services, including services related to analytics and performance, transformation architecture, business readiness and design, BE internal consultancy and BMS, assurance and risk

2. Corporate Credit Cards. Upon Closing, Rover employees will no longer have access to corporate credit cards provided through Newquay’s arrangement with HSBC.

3. Employee Stock Purchase Programme (“ESPP”). Upon Closing, Rover employees will no longer have access to the Newquay ESPP.

4. Facility & Property Services. Shared offices with Newquay Services Company are not expected to transfer upon Closing.
National Grid USA and The Narragansett Electric Company
Division 3-3

Request:

Please identify and provide a copy of each contract under which Narragansett presently receives services from a third-party contractor in support of its gas system operations in Rhode Island that will be transferred or assigned to PPL as part of the proposed transfer of ownership of Narragansett Electric Company’s gas system.

Response:

PPL Rhode Island Holdings, LLC’s (“PPL Rhode Island”) acquisition of The Narragansett Electric Company (“Narragansett”) from National Grid USA (the “Transaction”) is structured as the sale of all of the shares of outstanding common stock of Narragansett; no assets (other than the shares of Narragansett common stock currently owned by National Grid USA) are being transferred to PPL Corporation (“PPL”), PPL Rhode Island, or any other PPL affiliate. Upon the closing of the Transaction, Narragansett will have a new owner, but Narragansett will still retain all of the assets that it currently holds, including contracts to which it is a party. No contracts will be transferred or assigned to PPL, PPL Rhode Island Holdings, or any other PPL affiliate as part of the Transaction.

Notwithstanding the above, Narragansett is party to hundreds of contracts with third-party contractors pursuant to which it receives services, which contracts will remain with Narragansett after the closing of the Transaction. With respect to some such contracts, other National Grid USA affiliates are also a party. Narragansett also receives services, via National Grid USA Service Company, Inc. (“Service Company”), from contracts between third-party contractors and Service Company. Review of all of these contracts to identify and produce the contracts that are in support of Narragansett’s gas system operations would be unduly burdensome and would result in producing contracts that are not relevant to this request in that such contracts will not be assigned or transferred to PPL, PPL Rhode Island or any other PPL affiliate. Based on the scope and breadth of this request, National Grid USA and Narragansett have applied the rule of reason and used their sound judgement in limiting the breadth and scope of their response to this request consistent with the guidance provided by the Rhode Island Division of Public Utilities and Carriers Advocacy Section (“Advocacy Section”) on June 22, 2021, relating to the scope of the data requests in this proceeding, and taking into account the Advocacy Section’s goal of protecting ratepayers when determining scope and relevancy. Accordingly, National Grid USA and Narragansett are providing an explanation of the contracts with third-party contractors and the process currently underway to address these third-party contracts between now and the closing of the Transaction.
National Grid USA is currently in the process of analyzing all of these contracts and, after consultation with PPL, intends to work with the third-party contractor counterparties to such contracts to either (a) obtain permission from such third-party contractors to allow Service Company or other National Grid USA affiliates to continue to provide the services under such contracts to Narragansett under the Transition Services Agreement; (b) create new stand-alone versions of such contracts to which only Narragansett is a party; or (c) if PPL prefers to replace any such contract with its own contract for such services, to terminate such contract as to Narragansett. In each case, the intention of the parties is to ensure that, once the Transaction closes, Narragansett will continue to retain access to all necessary services that it currently receives. In no event will any such contracts be transferred or assigned to PPL, PPL Rhode Island or any other PPL affiliate.
National Grid USA and The Narragansett Electric Company
Division 3-4

Request:

Please identify and provide a copy of each contract under which Narragansett presently receives services from a third-party contractor in support of its gas system operations in Rhode Island that will be transferred or assigned to a PPL affiliate as part of the proposed transfer of ownership of Narragansett Electric Company’s gas system.

Response:

Please see National Grid USA and The Narragansett Electric Company’s response to Division 3-3.
National Grid USA and The Narragansett Electric Company
Division 3-5

Request:

Please document the experience and expertise of PPL and its employees in the operation of LNG facilities.

Response:

PPL Corporation and PPL Rhode Island Holdings, LLC have responded to this request in their response to Data Request Division 3-5.
National Grid USA and The Narragansett Electric Company  
Division 3-6

Request:

Please document the experience and expertise of PPL and its employees in the design and construction of LNG facilities.

Response:

PPL Corporation and PPL Rhode Island Holdings, LLC have responded to this request in their response to Data Request Division 3-6.
National Grid USA and The Narragansett Electric Company
Division 3-7

Request:

Please provide a detailed explanation of the manner in which Gas Asset Management will be performed for Narragansett Electric Company’s gas system after ownership of the gas system is transferred to PPL.

Response:

PPL Corporation and PPL Rhode Island Holdings, LLC have responded to this request in their response to Data Request Division 3-7.
National Grid USA and The Narragansett Electric Company
Division 3-8

Request:

Please identify who will oversee natural gas purchasing for Narragansett Electric Company after the close of the transaction and document their experience in New England natural gas markets.

Response:

PPL Corporation and PPL Rhode Island Holdings, LLC have responded to this request in their response to Data Request Division 3-8.
National Grid USA and The Narragansett Electric Company  
Division 3-9

Request:

Referencing the Direct Testimony of Witness Lonnie Bellar at page 2, line 15, through page 3, line 4, please identify each regulatory proceeding (by jurisdiction and case or docket number) in which Mr. Bellar has testified with respect to gas system operations, planning, and/or ratemaking issues.

Response:

PPL Corporation and PPL Rhode Island Holdings, LLC have responded to this request in their response to Data Request Division 3-9.
National Grid USA and The Narragansett Electric Company
Division 3-10

Request:

Referencing Mr. Bellar’s testimony at page 3, lines 2-4, please provide a complete copy of each piece of testimony (direct, rebuttal, etc.) and all associated exhibits that Mr. Bellar sponsored in the 2010 proceeding before the Kentucky Public Service Commission regarding approval of PPL’s acquisition of KU and LG&E.

Response:

PPL Corporation and PPL Rhode Island Holdings, LLC have responded to this request in their response to Data Request Division 3-10.
National Grid USA and The Narragansett Electric Company
Division 3-11

Request:

Referencing Mr. Bellar’s testimony at page 3, line 12, Mr. Bellar refers to PPL’s capabilities in the operation of gas distribution utilities. Please identify each gas distribution utility other than LG&E that PPL has operated, and identify the time frame over which PPL has operated each identified utility.

Response:

PPL Corporation and PPL Rhode Island Holdings, LLC have responded to this request in their response to Data Request Division 3-11.
National Grid USA and The Narragansett Electric Company
Division 3-12

Request:

Referencing Mr. Bellar’s testimony at page 4, lines 10-11, please identify PPL’s plans for use of on-system natural gas storage (excluding LNG storage) in Rhode Island to meet Rhode Island’s peak day gas service requirements.

Response:

PPL Corporation and PPL Rhode Island Holdings, LLC have responded to this request in their response to Data Request Division 3-12.
National Grid USA and The Narragansett Electric Company
Division 3-13

Request:

Referencing Mr. Bellar’s testimony at page 4, line 17, please provide the data, analyses, reports, studies and other documents upon which Mr. Bellar relies to assert that, “LG&E’s forward thinking gas strategy has reduced leak rates” in:

a. Distribution Mains

b. Distribution Services

Response:

PPL Corporation and PPL Rhode Island Holdings, LLC have responded to this request in their response to Data Request Division 3-13.
National Grid USA and The Narragansett Electric Company  
Division 3-14

Request:

Referencing Mr. Bellar’s testimony at page 5, lines 4-5, please Provide PPL’s assessment of:

   a. The number of pipeline valves on the Rhode Island gas distribution system; and

   b. The expected costs and benefits of increasing the numbers of pipeline valves currently on the Rhode Island gas distribution system.

Response:

PPL Corporation and PPL Rhode Island Holdings, LLC have responded to this request in their response to Data Request Division 3-14.
National Grid USA and The Narragansett Electric Company
Division 3-15

Request:

Referencing Mr. Bellar’s testimony at page 6, lines 1-3, please provide:

a. A history of LG&E’s gas costs adjustment rate by tariff class since 2016; and

b. PPL’s assessment of the changes it would make to Narragansett’s current (pre-Transaction) gas procurement strategies and rates for Rhode Island to lower Rhode Island gas cost adjustment rates.

Response:

PPL Corporation and PPL Rhode Island Holdings, LLC have responded to this request in their response to Data Request Division 3-15.
National Grid USA and The Narragansett Electric Company
Division 3-16

Request:

Referencing Mr. Bellar’s testimony at page 6, lines 3-4, please provide:

a. A copy of the referenced J.D. Power business customer satisfaction survey;

b. A copy of the most recent J.D. Power residential customer satisfaction survey for Midwest gas utilities and indicate LG&E’s ranking in that survey;

c. LG&E’s national ranking in the 2019 J.D. Power business customer satisfaction survey; and

d. LG&E’s national ranking in the most recent national J.D. Power residential customer satisfaction survey.

Response:

PPL Corporation and PPL Rhode Island Holdings, LLC have responded to this request in their response to Data Request Division 3-16.
National Grid USA and The Narragansett Electric Company
Division 3-17

Request:

Referencing Mr. Bellar’s testimony at page 7, lines 6-18, please list each of the “more than 20 gas operations functions for which PPL and Narragansett are crafting specific plans,” and:

a. Provide the expected timing of the completion of each plan for the identified gas operations function, including:
   
i. Any interim milestones for the development of the plan for each function; and
   ii. The expected timing of the availability of the Transition Services Agreement (“TSA”) for each applicable gas operations function;

and

b. Identify each function on of Day 1 of PPL ownership for which:
   i. National Grid USA Service Company, Inc. (the “Service Company”) will perform on a temporary basis under the TSA;

   ii. Services will be provided entirely by current Narragansett employees who:

      (a) remain Narragansett employees
      (b) become employees of PPL
      (c) become employees of a PPL affiliate other than Narragansett (e.g., PPL Rhode Island).

   iii. Services will be provided entirely by current Service Company employees who:

      (a) remain Service Company employees
      (b) become employees of PPL
      (c) become employees of a PPL affiliate

   iv. Services that PPL will be ready to absorb into its operations starting on Day 1;

   v. Services that a PPL affiliate will be ready to absorb into its operations starting on Day 1.

c. For each identified gas operations function, provide PPL’s assessment of the impact of the selected operating approach on Narragansett’s costs of performing the function of each of the next three years.

Prepared by or under the supervision of: Pamela Viapiano
d. If PPL currently has or intends to use a PPL service company to provide services for Rhode Island’s gas system, please identify the services that will be provided by the PPL service company for each of the next three years and provide the Cost Allocation Manual or methods that PPL intends to use to allocate to Rhode Island any PPL service company costs that are expected to be commonly incurred for Rhode Island’s gas system and other PPL operations.

Response:

PPL Corporation and PPL Rhode Island Holdings, LLC have responded to this request in their response to Data Request Division 3-17.
National Grid USA and The Narragansett Electric Company  
Division 3-18

Request:

With respect to Narragansett’s existing billing systems: Please:

a. Identify any and all anticipated modifications that will be made to Narragansett’s existing billing system for gas service prior to the completion of PPL’s first three years of operations; and

b. Provide an estimate of the anticipated cost of each modification.

Response:

PPL Corporation and PPL Rhode Island Holdings, LLC have responded to this request in their response to Data Request Division 3-18.
National Grid USA and The Narragansett Electric Company  
Division 3-19

Request:

Referencing Mr. Bellar’s testimony at page 9, line 1, please:

a. Identify each element of the “necessary authority” that will be bestowed upon the Vice President of Gas Operations for Rhode Island;

b. Identify the person or persons within Narragansett to whom the Vice President of Gas Operations for Rhode Island will report;

c. Identify the person or persons within PPL to whom the Vice President of Gas Operations for Rhode Island will report.

Response:

PPL Corporation and PPL Rhode Island Holdings, LLC have responded to this request in their response to Data Request Division 3-19.
National Grid USA and The Narragansett Electric Company  
Division 3-20

Request:

Referencing Mr. Bellar’s testimony at page 10, line 4, please indicate how the “integration and transition plan” being negotiated differs from the TSA reference at page 7, line 12, of Mr. Bellar’s testimony.

Response:

PPL Corporation and PPL Rhode Island Holdings, LLC have responded to this request in their response to Data Request Division 3-20.
National Grid USA and The Narragansett Electric Company
Division 3-21

Request:

Referencing Mr. Bellar’s testimony at page 11, line 19, through page 12, line 2, please:

a. Provide the data, analyses, workpapers, studies and other documents upon which Mr. Bellar relies to assert that “PPL has a track record of making … capital investments in gas infrastructure to improve safety and reliability while maintaining lower-than-average rates,” and

b. Explain how the references to “lower-than-average rates” will be relevant to Rhode Island and identify the measure of average rates that will be used to assess the Company’s performance.

Response:

PPL Corporation and PPL Rhode Island Holdings, LLC have responded to this request in their response to Data Request Division 3-21.
National Grid USA and The Narragansett Electric Company
Division 3-22

Request:

Referencing Mr. Bellar’s testimony at page 12, lines 11-15, please identify each commitment PPL offers with respect to strengthening Narragansett’s gas distribution service in Rhode Island.

Response:

PPL Corporation and PPL Rhode Island Holdings, LLC have responded to this request in their response to Data Request Division 3-22.
National Grid USA and The Narragansett Electric Company
Division 3-23

Request:

Referencing Mr. Bellar’s testimony at page 12, lines 18-20, please:

a. Provide the data, analyses, workpapers, studies and other documents upon which Witness Bellar relies to support his assertion regarding PPL’s “proven track record of managing its procurement and of gas to keep commodity prices down while also controlling operation and maintenance costs”;

b. Explain in detail how PPL’s gas procurement experience for LG&E translates to New England gas markets; and

c. Identify the key elements of gas procurement for Narragansett’s gas system in Rhode Island that will differ from PPL’s gas procurement activities for LG&E.

Response:

PPL Corporation and PPL Rhode Island Holdings, LLC have responded to this request in their response to Data Request Division 3-23.
National Grid USA and The Narragansett Electric Company
Division 3-24

Request:

Referencing Mr. Bellar’s testimony at page 13, lines 4-16, please document PPL’s prior experience with:

a. Portable and/or permanent LNG vaporization operations;

b. Trucked liquid LNG; and

c. Gas peak period demand response programs

Response:

PPL Corporation and PPL Rhode Island Holdings, LLC have responded to this request in their response to Data Request Division 3-24.