BEFORE THE
STATE OF RHODE ISLAND
DIVISION OF PUBLIC UTILITIES AND CARRIERS

IN RE: 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

Docket No. D-21-09

SURREBUTTAL TESTIMONY OF
GREGORY L. BOOTH

ON BEHALF OF
THE RHODE ISLAND DIVISION OF PUBLIC UTILITIES AND CARRIERS ADVOCACY SECTION

DECEMBER 9, 2021
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SURREBUTTAL TESTIMONY OF
GREGORY L. BOOTH

I. INTRODUCTION

Q. PLEASE STATE YOUR NAME AND THE BUSINESS ADDRESS OF YOUR EMPLOYER.

A. My name is Gregory L. Booth. My company is Gregory L. Booth, PLLC (“Booth, PLLC”), mailing address 14460 Falls of Neuse Road, Suite 149-110, Raleigh, North Carolina 27614.

Q. ON WHOSE BEHALF ARE YOU TESTIFYING IN THIS MATTER?

A. I am testifying on behalf of the Advocacy Section of the Rhode Island Division of Public Utilities and Carriers (“Advocacy Section”).

Q. HAVE YOU PREVIOUSLY FILED TESTIMONY IN THIS DOCKET?

A. Yes.

II. REVIEW AND ASSESSMENT OF REBUTTAL TESTIMONY

Q. HAVE YOU REVIEWED THE REBUTTAL TESTIMONY FILED BY WITNESSES ON BEHALF OF THE PETITIONERS?

A. Yes, I have reviewed the November 23, 2021, rebuttal testimony and exhibits filed by the witnesses for the Petitioners.
Q. PLEASE SUMMARIZE YOUR ASSESSMENT OF THE REBUTTAL TESTIMONY.

A. The rebuttal testimony was presented primarily by consulting witnesses who generally repeat the information contained in the direct testimony filed with the original Petition, and fail to offer or present any substantive rebuttal of the Advocacy Section witnesses’ positions. While these witnesses stated opinions and made claims to support the Petition, they did so without any definitive support such as specific examples, studies or analyses or other new materials. Nothing in the rebuttal testimony changes my position or otherwise causes me to alter my original testimony or recommendation. I continue to assert that approval of the Transaction would not be in the public interest, and my recommendation remains that the Petitioners’ request for approval be rejected.

III. PURPOSE OF TESTIMONY

Q. WHAT IS THE PURPOSE OF THIS SURREBUTTAL TESTIMONY?

A. The purpose of my surrebuttal testimony is to address certain areas of the Petitioners’ rebuttal testimony. I am limiting my surrebuttal testimony, for the most part, to areas in which I find the rebuttal testimony contradicts my testimony. My surrebuttal testimony does not repeat my original testimony, but rather addresses some of the distinct areas of disagreement and clarifies the record in places the Petitioners’ witnesses have either misrepresented my testimony or made statements which lack any specific support and thus should be disregarded in the decision process.
Q. IS THERE NEW INFORMATION PROVIDED IN THE PETITIONERS’ REBUTTAL TESTIMONY WHICH ACTUALLY FURTHER SUPPORTS YOUR ORIGINAL TESTIMONY?

A. Yes. National Grid witnesses Christopher Kelly and Duncan Willey include numerous statements and statistics in their rebuttal testimony that directly support my original testimony and recommendation.

First and foremost, only 368 National Grid Service Company employees out of a workforce of 5,100 people will be transitioning to PPL, and of these only 103 will support the electric operations.¹

Second, the testimony identifies Alan LaBarre as the individual who will be guiding the long-range planning process and ISR Plan and Area Study process, although he has had very limited direct involvement, particularly over the past several years, in these processes. Mr. LaBarre has not been in the conferences or directly involved with the presentations or leading the process. PPL has not confirmed that the National Grid individuals most visible and directly involved in these processes and ultimate ISR Plan filings will be part of the PPL team.²

Third, none of the rebuttal witnesses provided any meaningful new analysis to support their testimony statements even though it is the Petitioners’ burden to make its case in favor of approval of the acquisition.

¹ Joint Rebuttal Testimony of Christopher Kelly and Duncan Willey at 17:4 (“Kelly and Willey Rebuttal Test.”).
² National Grid’s response to DIV 11-29 includes a list of employees that support the ISR Plan. National Grid rebuttal testimony footnote 19 on page 27 states that listed employees are essentially transferring over or supporting transition but does not actually identify those expected to become PPL Rhode Island employees. Kelly and Willey Rebuttal Test. at 27:6 n.19.
IV. SURREBUTTAL OF PETITIONERS’ REBUTTAL TESTIMONY

Q. WHAT IS YOUR REACTION TO NATIONAL GRID WITNESSES’ REBUTTAL OF YOUR VIEWS ON THE ANTICIPATED LENGTH OF THE TRANSITION PERIOD?

A. National Grid witnesses Kelly and Willey state on page 28 of their rebuttal testimony that the only support for my position on the transition duration is my Delaware example.\(^3\) They are factually incorrect. My testimony discusses Florida and Virginia acquisitions as well as a Colorado acquisition process. All of these acquisitions had transition periods well beyond thirty-six months, rather than the twenty-four month period proposed here. The Delaware example is specifically related to the learning curve duration on a unique ISR Plan process similar to Rhode Island. Petitioners provide no evidence that PPL has experience with the unique ISR Plan process and statutory requirements in place in Rhode Island. My first-hand experience with three utility client acquisitions, all of which required much longer transition periods than proposed here, has not been challenged, and the examples I provided are the only direct examples of transition periods in the record. The Petitioners have not provided any direct examples or references to actual acquisitions with transition periods of twenty-four months or less for significant sized acquisitions.

Q. ARE THERE ANY OTHER DISAGREEMENTS YOU HAVE WITH THE NATIONAL GRID REBUTTAL OF YOUR VIEWS ON THE ANTICIPATED LENGTH OF THE TRANSITION PERIOD?

\(^3\) Kelly and Willey Rebuttal Test. at 28:6-11.
A. Yes. Witnesses Kelly and Willey indicate (on page 28 of their rebuttal testimony) that I have offered no concrete support for a much longer transition duration. That is inaccurate. My direct experience with three Virginia clients who acquired significant portions of investor-owned utility systems is clear and indisputable concrete support. Additionally, I have witnessed many areas of transition through the Duke Energy acquisition of Progress Energy, two North Carolina utilities, which have taken many years and, in some areas, nearing a decade to complete. The Petitioners have not presented a single example of a similarly-sized acquisition between utilities that are operating in different states that have completed a transition in twenty-four months. My opinion continues to be that it is not possible to complete this transition in twenty-four months. If National Grid is so confident this can be accomplished it should be expected to escrow at least $200 million to assure it will either make the transition happen in twenty-four months or will remain committed beyond twenty-four months to accomplish the transition to the extent an acquisition is authorized. The National Grid sale of a portion of its system in New Hampshire set just such a precedent for a significantly smaller and less complicated system sale. If the acquisition is ultimately approved, a condition imposed should be that National Grid escrow $200 million, which would be subject to forfeiture if National Grid does not remain committed and actively involved through the TSA until all functions are fully transitioned to PPL, regardless of the duration to make a complete transition of all functions.

4 Id. at 28:3-6.
Q. DO YOU CONCUR WITH NATIONAL GRID WITNESS REBUTTAL CONCERNING THE GUIDANCE OF THE LONG-RANGE PLANNING PROCESS?

A. National Grid’s witnesses Kelly and Willey state (on page 26) that Alan LaBarre will guide the long-range plan process. I do not believe that this addresses my concern that PPL will not be prepared to advance the ISR Plan and Area Study, and long-range plan processes. I have been involved as a consultant to the Division for decades, well before and all the way through the ISR Plan process to date. This includes the development of the Area Study and long-range plan processes. My recollection is that Mr. LaBarre played a role in some limited collaboration with the Division in these areas many years ago, but his direct involvement on the past several fiscal years of ISR Plan filings, processes and conferences has been very limited, if not virtually non-existent. And regardless of the level of Mr. LaBarre’s personal involvement, the more important point is that PPL has failed to offer any specifics on how it will develop the staff and experience necessary to accomplish the unique ISR Plan and Area Study processes in Rhode Island which are currently supported by 89 National Grid service company employees. These are critical and essential processes for Narragansett’s annual capital budget of $100 million or more, not to mention the statutory requirement. This is a dramatic deficiency in the Petitioners’ filing, and they still have not explained how the public interest will not be damaged by this deficiency.

6 Kelly and Willey Rebuttal Test. at 26:4-13.
Q. HAVE THE NATIONAL GRID WITNESSES ADEQUATELY EXPLAINED HOW
SERVICE COMPANY EMPLOYEES WILL TRANSFER TO PPL TO SUPPORT
EXISTING FUNCTIONS?

A. No. They have not shown that an adequate quantity of service company employees will be
transferred to PPL. The National Grid witnesses indicate (on page 17 of their rebuttal
testimony)\(^7\) that of its 5,100 service company employees, only 103 will transfer to the
Electric Operations for PPL. Considering 89 company employees support just the ISR Plan
and Area Study processes, of which 75 are service company employees, 103 total
employees is an insufficient level of support staff to transfer. The relatively low levels of
anticipated transfers underscores the tremendous loss of synergies, economies and support
that will result from approval of the acquisition. PPL has provided no detailed plan or
specifics as to how it can meet the current level of support, which is currently provided by
the 5,100 National Grid service company employees for Narragansett. This is another
dramatic deficiency in the Petition which will impede the Narragansett’s ability to meet its
public interest obligations and to provide safe and reliable electric system operations.

Q. ARE THERE SUBJECTS YOU ADDRESSED IN YOUR TESTIMONY THAT THE
PETITIONERS IGNORE IN THEIR REBUTTAL?

A. Yes. National Grid and PPL have remained relatively silent on the Advanced Metering
Functionality (“AMF”) and the Grid Modernization Plan (“GMP”) implementation delays,
and the inability to recover the loss of synergies, economies, and implementation timeline
associated with these efforts. In my direct testimony, I point out that National Grid AMF

\(^7\) Id. at 17:4.
and GMP filings before the Commission have been stayed pending the PPL Petition resolution. National Grid has explained in detail to the Division and stakeholders the benefits of its AMF advancement in New York, including economic, back office, synergy and implementation timeline benefits. PPL cannot make up for the setback in the AMF implementation time that Rhode Island would have achieved by concurrent implementation with the National Grid New York AMF project, which has already started. This will place PPL at least thirty-six months behind where Rhode Island would have been by taking advantage of the National Grid New York process and related synergies. PPL will have to develop and submit its own AMF and GMP plan filings with the Commission, and go through the regulatory process before it can even begin the engineering, design, material acquisition and implementation. This is another example of why I assert that the transition will take longer than twenty-four months to complete. Additionally, Mr. Jirovec indicates on page 7 of his rebuttal testimony that there is no area they have not developed a transition and integration plan, yet PPL has not indicated that it has developed AMF and GMP plans.8

Q. HOW WOULD YOU CHARACTERIZE MR. JIROVEC’S REBUTTAL TESTIMONY CRITICISM OF YOUR TESTIMONY?

A. Mr. Jirovec criticized my direct testimony for not providing any detailed analyses. The criticism is unwarranted. First, it is the Petitioners’ responsibility to provide the analyses and supporting details. Second, Mr. Jirovec’s claims are unsupported. He states on page 8 of his testimony that the twenty-four month transition period is aligned with the length of

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8 Rebuttal Testimony of Todd J. Jirovec at 7:14, 7:17-8:2 (“Jirovec Rebuttal Test.”).
periods he has observed in other utility transitions.\(^9\) He provided no utility names, states in which acquisitions transpired, or any other specifics to support his “observations.” I testified based on my personal direct experience with utility clients, rather than a general and unsubstantiated observation. His testimony on this subject should therefore be given no weight.

Q. **IS THERE ANOTHER AREA OF MR. JIROVEC’S REBUTTAL WITH WHICH YOU DISAGREE?**

A. While I disagree with all of Mr. Jirovec’s rebuttal testimony, I would like to discuss one other area in particular. Mr. Jirovec characterizes PPL’s supplement response to Advocacy Section Data Request1-54-1 as being a comprehensive assessment of anticipated Narragansett operating costs under PPL ownership. My testimony pointed to many deficiencies and the incomplete nature of this PPL assessment, which is clearly not a comprehensive evaluation. Some areas of deficiency that Mr. Jirovec ignores include the assessment’s failure to address either the AMF/GMP process under PPL versus National Grid, the enormous synergies and scale economies that will be lost, or the costs to transition construction processes, including materials and design standards. These are just a few of the many areas not addressed in the PPL assessment.

**V. RATEPAYER IMPACT OF ASSET/FUNCTION REPLICATION**

Q. **YOU RAISED IN YOUR TESTIMONY THE CONCERN THAT PPL WILL INCUR ADDITIONAL COSTS TO REPLICATE ASSETS AND FUNCTIONS**

\(^9\) *Id.* at 8:7-8.
CURRENTLY PROVIDED TO NARRAGANSETT THROUGH NATIONAL GRID’S CORPORATE SERVICES MODEL. CAN YOU ELABORATE?

A. Yes. In my direct testimony on pages 18-21, I highlight that PPL’s acquisition of Narragansett would require duplication of systems and functions currently offered through shared services with National Grid. To provide its intended operation model, PPL must invest in these assets and systems at a cost which at the time of the filing was unidentified. Examples are electric and gas control centers, the Supervisory Control and Data Acquisition (“SCADA”) system, call center, material handling and stores and spare materials. I explained that the synergies from National Grid’s shared services model would not only be lost, but that the asset and system replacement costs could be significant, which will increase rates because the functions already paid for by Rhode Island ratepayers will be abandoned and replicated in some other fashion by PPL.

Q. WHAT IS PPL’S RESPONSE TO YOUR CONCERNS?

A. Witness Johnson claims that my concerns are misplaced and specifically states on page 22, lines 15-18 of her testimony that “. . . as discussed earlier in this testimony, PPL and PPL RI will not be seeking recovery of costs incurred solely for the purpose of replacing assets and functionality that Narragansett previously provided for its customers under National Grid USA ownership.” In addition, Witness Johnson on page 23, line 1 of her testimony

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10 Direct Testimony of Gregory L. Booth at 18-21 (Nov. 3, 2021) (“Booth Direct Test.”).
11 Rebuttal Testimony of Bethany L. Johnson at 22:15-18 (“Johnson Rebuttal Test.”).
implies that PPL expects to provide operational savings such that “. . . PPL’s costs are not expected to result in overall higher costs to operate Narragansett.”

Q. DOES WITNESS JOHNSON’S RESPONSE ALLEVIATE YOUR CONCERNS?

A. No. Witness Johnson has simply continued PPL’s unsupported assertions that costs to operate PPL Rhode Island are not expected to be higher than costs if Narragansett remains with National Grid. As highlighted in my direct testimony, PPL has offered only claims, and has made no commitments to that effect. PPL’s rebuttal testimony continues this theme. Additionally, while witness Johnson has provided a seemingly straight-forward response regarding cost recovery for duplicative assets, it comes with conditions which will most certainly impose higher costs on ratepayers.

Q. WHAT CONDITIONS HAS PPL PLACED AROUND COST RECOVERY FOR DUPLICATIVE OR REPLACEMENT ASSETS OR SYSTEMS?

A. Witness Johnson explains (on page 23, lines 9-13 of her testimony) that “PPL and PPL RI will not cause Narragansett to seek approval from the Commission for cost recovery that would require Narragansett customers to pay for the same thing twice. If an asset or system exists already, but PPL and PPL RI must re-create it as a result of the Transaction, then PPL and PPL RI will not seek cost recovery for the ‘pure like-for-like’ replacement of the asset or functionality for which Narragansett customers already have paid.” In addition, Witness Bonenberger on page 33, lines 4-6 of his testimony states that “PPL will and can only seek recovery of transition costs that generate incremental benefits to customers. And

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12 Id. at 23:1.
13 Id. at 23:9-13.
the PUC, with input from the Division, will only approve recovery of transition costs that meet the established regulatory standard." These witnesses do not define “pure like-for-like” replacements or “incremental benefits,” both of which can be easily argued to allow for the recovery of any additional new capital investment.

Q. **HOW DO YOU INTERPRET PPL’S VIEW OF TRANSITION RELATED COST RECOVERY?**

A. On the surface, it appears that PPL is willing to absorb costs to create infrastructure and systems necessary to separate Narragansett from National Grid rather than seek rate recovery, or at most, seek only the portion of investments that provide “incremental benefits” for customers. PPL does not consider that investments made today are unlikely to replace prior investments on a “pure like-for-like” basis. An asset or system available today to replace one installed or implemented in the past is going to be different due to intervening industry and technology changes, making it unrealistic for new replacements to satisfy a “pure like-for-like” criteria. In addition, today’s investments will naturally bring some incremental benefits compared to existing assets or systems due to these same technology advancements. In other words, the majority if not all of PPL’s proposed investments would be subject to rate recovery under PPL’s self-imposed tests.

Q. **PLEASE ELABORATE.**

A. It is improbable that PPL will be able to recreate assets or systems that exist under National Grid ownership on a “pure like-for-like” basis. National Grid either built the asset or installed the system in prior years, or possibly decades ago, and the same products are not

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14 Rebuttal Testimony of David Bonenberger at 33:4-6 (“Bonenberger Rebuttal Test.”).
available today. By the sheer virtue of construction or technology advancements, PPL would never be able to create the same asset or system today and have it conform to modern standards. It will be different and likely more advanced than National Grid’s investments. Technology is constantly improving and each successive generation adopted necessarily provides some new, incremental benefit. Theoretically, every investment today would exceed a “pure like-for-like” criteria because the product offering would be different, and would provide some form of additional “benefits” when compared to the asset or system being replaced. This provides PPL ample opportunity to argue that their transition investments would be fully recoverable. If that turns out to be the case, it means the ratepayers will be paying significantly more for new asset replication when they have already paid for the effective, safe and reliable functions which they are receiving today.

Q. PPL STATES THAT IT WOULD ONLY SEEK RECOVERY FOR INVESTMENTS PROVIDING INCREMENTAL BENEFITS. DOESN’T THAT SATISFY THE DIVISION’S CONCERN WITH POTENTIALLY SIGNIFICANT COST RECOVERY REQUESTS?

A. No. Under PPL’s plan, PPL will make the first determination to bring transition costs forward for recovery, and then rely on the Division’s “experience” and “knowledge” to conduct a review (Bonenberger Rebuttal Test at 33:1). PPL theorizes that costs for “pure like-for-like” investments will not be recovered, but that transition costs that generate “incremental benefits” to customers are eligible for recovery. As I have explained, under this vague standard, PPL could seek rate recovery of virtually every transition investment. The RIPUC and the Division could certainly evaluate requested recovery on a case-by-case
basis, but such an undertaking would be arduous and unnecessary but for this acquisition. The question becomes, what part of the investment constitutes a “pure like-for-like” replacement and what part produces an “incremental benefit”? To assess PPL’s proposed cost recovery, the RIPUC and the Division would then have to undertake a complicated and speculative evaluation of the costs associated with “incremental benefits” by comparing future outcomes to what Narragansett customers previously experienced under National Grid’s ownership. It is important to recognize that PPL’s investments would not actually occur today when stakeholders are highly engaged. Instead, these cost recovery discussions would likely take place years from now when PPL would request recovery of major duplicative investments, such as a control center, assuming the transaction is approved in these proceedings. There would be no data or analysis available to validate the National Grid investment that is used as a benchmark, nor would the RIPUC or the Division be able to confirm what would have been the state of operations under National Grid’s ownership in order to determine if benefits were truly incremental. Further, National Grid would have no obligation to participate in such evaluation. PPL’s abstract rate recovery criteria exposes Rhode Island ratepayers to extraordinary rate increase risks. Furthermore, since the Commission is not currently involved in this acquisition authorization process, there is no mechanism for the Commission to protect the ratepayer from these cost implications. PPL’s “pure like for like” and “incremental benefits” standards are unworkable. Without a clear and workable standard applicable to cost recovery of transition costs, the rate increase exposure from transition costs is tremendous.
Q. **IN A SCENARIO WHERE PPL RHODE ISLAND PUT FORTH TRANSITION COSTS FOR RATE RECOVERY, WOULDN’T COST RECOVERY BE DECIDED BY THE RHODE ISLAND PUBLIC UTILITIES COMMISSION?**

A. Yes. The Division only has input; it is the Commission that ultimately disallows or approves cost recovery. PPL would seek recovery using a set of non-customary criteria: “pure like-for-like” replacement and “transition costs that generate incremental benefits to customers.” Commission approval must meet the established regulatory standards. Rhode Island’s regulatory standards apply tests of reasonableness and prudence and not “pure like-for-like” replacement or “transition costs that generate incremental benefits to customers.” While the Commission could consider PPL’s criteria in their evaluation, PPL’s proposed test is too vague to be workable and, in any event, is inconsistent with current practice.

**VI. CONCLUSION**

Q. **HAS ANY OF THE REBUTTAL TESTIMONY FILED BY THE PETITIONERS ALTERED ANY OF YOUR PREVIOUS TESTIMONY OPINIONS?**

A. The Petitioners rebuttal testimony has not presented any new positions or materials which would cause me to alter my previous testimony, opinions or recommendations. PPL has not shown that the Narragansett acquisition is in the public interest, and has failed to demonstrate that approval will leave Rhode Island ratepayers unharmed. My opinion remains that, if approved as proposed, PPL’s Petition to acquire Narragansett is a lose-lose proposition for Rhode Island ratepayers. I cannot support the acquisition of Narragansett Electric by PPL because I could not establish a single component of the acquisition as
proposed that would be in the public interest. I have determined that if this acquisition were to proceed, it would irrevocably damage Rhode Island electric ratepayers and harm the public interest.

Q. DOES THIS CONCLUDE YOUR TESTIMONY?

A. Yes.