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

DIRECT TESTIMONY AND SUPPORTING EXHIBITS OF GREGORY L. BOOTH

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

NOVEMBER 3, 2021
# TABLE OF CONTENTS

I. QUALIFICATIONS .............................................................................................................. 1

II. REVIEW AND ASSESSMENT OF MATERIALS .............................................................. 4

III. PURPOSE OF TESTIMONY .......................................................................................... 6

IV. OVERVIEW OF TESTIMONY AND OPINIONS ............................................................ 7

V. FILING DEFICIENCIES ................................................................................................. 13

VI. TRANSITION PLAN ANALYSIS ................................................................................... 21

   A. Overview ....................................................................................................................... 21

   B. Timeline ......................................................................................................................... 22

VII. INFRASTRUCTURE, SAFETY AND RELIABILITY PLAN IMPACT ............................. 28

VIII. ASSESSMENT OF PPL ANALYSIS OF COST TO OPERATE NARRAGANSETT .... 44

IX. SMART GRID AND ADVANCED TECHNOLOGIES .................................................. 48

X. EXAMPLE OF ACQUIRED SYSTEM DETERIORATION ........................................... 51

XI. IMPACT ON DIVISION ............................................................................................... 53

XII. CONCLUSION .............................................................................................................. 55
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 Holdings, LLC and Related Approvals

Docket No. D-21-09

DIRECT TESTIMONY OF
GREGORY L. BOOTH

I. QUALIFICATIONS

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. WOULD YOU PLEASE OUTLINE YOUR EDUCATIONAL BACKGROUND?

A. I graduated from North Carolina State University in Raleigh, North Carolina in 1969 with a Bachelor of Science Degree in Electrical Engineering, and was inducted into the North Carolina State University Department of Electrical and Computer Engineering Alumni Hall of Fame in November 2016. I am a registered professional engineer in twenty-three
(23) states, including Rhode Island, as well as the District of Columbia. I am a registered land surveyor in North Carolina. I am also registered under the National Council of Examiners for Engineering and Surveying.

Q. ARE YOU A MEMBER OF ANY PROFESSIONAL SOCIETIES?

A. I am an active member of the National Society of Professional Engineers, the Professional Engineers of North Carolina, the Institute of Electrical and Electronics Engineers (“IEEE”), American Public Power Association, American Standards and Testing Materials Association, the National Fire Protection Association, and Professional Engineers in Private Practice. I have also served as a member of the IEEE Distribution Subcommittee on Reliability and as an advisory member of the National Rural Electric Cooperative Association-Cooperative Research Network, which is an organization similar to Electric Power Research Institute.

Q. PLEASE BRIEFLY DESCRIBE YOUR EXPERIENCE WITH ELECTRIC UTILITIES.

A. I have worked in the area of electric utility and telecommunication engineering and management services since 1963. I have been actively involved in all aspects of electric utility planning, design and construction, including generation, transmission, and distribution systems, and North American Electric Reliability Corporation compliance. I have testified before regulatory commissions since 1978, throughout which time I have also testified before state and federal courts regarding electric and communication utility
matters. Exhibit A to this testimony contains my CV, including a representative list of
regulatory dockets and utility clients.

Q. HAVE YOU PREVIOUSLY TESTIFIED AS AN EXPERT BEFORE THE RHODE
ISLAND PUBLIC UTILITIES COMMISSION?

A. Yes. I have testified before the Rhode Island Public Utilities Commission (“RIPUC”) on
numerous matters, including RIPUC Docket Nos. 2489, 2509, 2930, 3564, 3732, 4029,
4218, 4237, 4307, 4360, 4382, 4770/4780, 4473, 4483, 4513, 4539, 4592, 4614, 4682,
4783, 4857, 4915, 4995, 5077 and 5098, and Division Docket Nos. D-11-94, and D-17-45.

My testimony in Rhode Island has included filed and live testimony on previous Electric
Infrastructure, Safety and Reliability Plan Fiscal Year Proposal filings by National Grid in
RIPUC Docket Nos. 4218, 4307, 4382, 4473, 4539, 4592, 4682, 4783, 4915, 4995 and
5098.

Q. HAVE YOU PREVIOUSLY TESTIFIED AS AN EXPERT IN OTHER
JURISDICTIONS?

A. I have testified before the Federal Energy Regulatory Commission and numerous state
commissions, including in Connecticut, Delaware, Florida, Georgia, Maine, Maryland,
Massachusetts, Minnesota, New Jersey, North Carolina, Pennsylvania, and Virginia. I have
also testified in Virginia and Florida in regard to electric utility acquisition matter.

Q. WOULD YOU BRIEFLY DESCRIBE YOUR WORK IN VIRGINIA, COLORADO
AND FLORIDA ON ELECTRIC UTILITY ACQUISITION MATTERS?
A. In Florida, I worked as a consultant on three separate acquisition matters for municipalities. The municipal clients were Casselberry, Florida in the acquisition of a portion of Progress Energy Florida; Winter Park, Florida in the acquisition of a portion of Progress Energy Florida; and South Daytona Beach, Florida in the acquisition of a portion of Florida Power and Light Company. The services included, but were not limited to, the initial analysis of acquisition feasibility, preparation of acquisition documents, preparation of acquisition filings, filing of testimony and exhibits, and utility start-up and transition consulting.

In Colorado, I led the PowerServices, Inc. team that provided a third-party feasibility assessment and other acquisition services to the City of Boulder, Colorado in its attempt to acquire the electric distribution facilities of Exelon inside the city limits.

In Virginia, I worked as a consultant on three separate acquisition matters for three different electric cooperatives. The services included, but were not limited to, the initial analysis of acquisition feasibility, preparation of acquisition documents, preparation of acquisition filings, preparation of construction work plans, preparation of condition assessments, reparation of separation and integration plans and designs, filing of testimony and exhibits before the Commonwealth of Virginia State Corporation Commission, utility start-up and transition consulting, and a great deal of facility integration and upgrade designs.

II. REVIEW AND ASSESSMENT OF MATERIALS

Q. HAVE YOU REVIEWED THE PPL PETITION FOR AUTHORITY TO TRANSFER OWNERSHIP OF THE NARRAGANSETT ELECTRIC COMPANY TO PPL RHODE ISLAND HOLDINGS, LLC FILING?
A. Yes, I have reviewed the documents PPL Corporation (“PPL Corp.”) and PPL Rhode Island Holdings, LLC (“PPL RI”) (together, “PPL”) and National Grid USA (“National Grid”) and The Narragansett Electric Company (“Narragansett” or “Narragansett Electric”) (together, “Narragansett”), (collectively, the “Petitioners”) have filed to date in Division Docket No. D-21-09, including any responses to data requests.

Q. PLEASE SUMMARIZE YOUR REVIEW OF MATERIALS AND ASSESSMENT PROCESS.

A. I first reviewed the joint petition the Petitioners filed on May 4, 2021, with the Rhode Island Division of Public Utilities and Carriers (“Division”).¹ I consulted with members of my team at Booth, PLLC who have many years of experience working for electric utilities and have been utility employees through an acquisition process. I worked with the Advocacy Section in preparation of data requests. I have reviewed all of the responses to data requests and associated attachments which have been filed through October 28, 2021. I assessed the filing and data request responses in an independent manner with the primary focus on whether these materials demonstrate that approval of the Transaction² would be in the public interest.

¹ See 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 1, Division Docket No. D-21-09 (May 4, 2021) (“Petition”).

² Pursuant to a Share Purchase Agreement dated March 17, 2021, by and among PPL Energy Holdings, LLC, PPL (solely with respect to Section 4.10 and Section 6.14), and National Grid USA (the “Agreement”), National Grid USA agreed to sell 100 percent of the outstanding shares of common stock in Narragansett to PPL Rhode Island, which is a wholly owned indirect subsidiary of PPL (the “Transaction”).
III. PURPOSE OF TESTIMONY

Q. WHAT IS THE PURPOSE OF THIS TESTIMONY?

A. The purpose of my testimony is to present my assessment of the Transaction. My primary finding is that approval of the Transaction would not be in the public interest, and my recommendation is that the Petitioners’ request for approval be rejected. In support of this recommendation, my testimony will focus on identifying substantive and significant gaps in the Petition, presentation and responses to data requests. I will outline many deficiencies in the filing and provide analysis of data responses confirming those deficiencies. I will outline areas of harm to the consumer if the Transaction is approved. I will provide my opinions based on my assessment of all the materials filed, including data request responses, in combination with my decades of experience with National Grid and Narragansett on behalf of the Division and my experience with many other acquisitions and mergers of electric utilities.

Q. IS THERE ANYTHING UNIQUE ABOUT THIS ACQUISITION AS COMPARED WITH THE OTHER UTILITY ACQUISITIONS WITH WHICH YOU ARE FAMILIAR?

A. Yes. This is unlike previous mergers or acquisitions that the Division has approved or I have seen. For decades, National Grid has worked to integrate Narragansett into the regional system. The majority of the staff, technologies and business processes that provide service in Rhode Island are part of the National Grid system. The provision of those services on a shared basis with other National Grid utilities in the region has produced
significant benefits for Rhode Island and its customers. Approval of the Transaction would unravel all of that integration work, making Narragansett a standalone utility in New England, with the ability to share services only with utilities far off in Pennsylvania and Kentucky. Petitioners have failed to carry their burden of showing that moving to this new arrangement is in the public interest. My testimony will explain why this is the case and emphasize particular areas of concern.

IV. OVERVIEW OF TESTIMONY AND OPINIONS

Q. HOW HAVE YOU ORGANIZED YOUR TESTIMONY?

A. Section I of my testimony provides an introduction and a summary of my background and experience. Section II addresses the materials I have reviewed in this matter, and my assessment of same. Section III provides the purpose of my testimony. Section IV provides an overview of my analyses and a summary of my position on the Petition. Section V is a detailed discussion of my analyses and observations regarding deficiencies in the Petition and responses provided by Petitioners. Section VI contains an overview of my analysis of the transition plan as proposed by PPL, including my opinions regarding the unreasonably optimistic timeline for transition. Section VII provides my evaluation of the impact of this transfer of ownership to PPL on the existing National Grid Infrastructure, Safety and Reliability Plan. Section VIII is an assessment of the costs that may likely be realized if this transaction proceeds as planned. Section IX is my assessment of the likely deterioration in service at Narragansett following completion of the proposed acquisition.
Section X assesses the probable increased burden on the Division if the acquisition proceeds. Section XI is my conclusion and my recommendations.

Q. WHAT WERE YOUR INITIAL OBSERVATIONS CONCERNING THE FILING?

A. This filing is different from many of the utility acquisition filings I have reviewed. First, the filing lacked much of the detail, materials, or information that I would typically see in an application attempting to demonstrate that an acquisition was in the “public interest.” A financial forecast and rate impact analysis are but two items that were missing from the filing and that are essential for a comprehensive assessment of whether the proposal is in the “public interest.” Second, and as I mentioned earlier, this acquisition is unique in my experience, especially because of three factual components: a) PPL is only acquiring Narragansett Electric, which is the smallest jurisdictional portion of the National Grid USA’s utility holdings, b) Narragansett currently benefits from the support of approximately 5,100 National Grid Service Company (“Service Company”) employees that provide significant cost and capability synergies that will be lost as a result of this acquisition, and c) National Grid has a long history of developing its multi-state shared service model in New England and New York, which cannot be replicated by PPL in just twenty-four months. Given these three major issues, the acquisition application must conclusively demonstrate that PPL can overcome the lost synergies and economies of scale associated with the Service Company and all its infrastructure. While PPL did submit as part of a data request response a hypothetical analysis of post-transition operating costs, I will address later in my testimony why this analysis is deficient. Additionally, PPL must
conclusively demonstrate that it can effectuate a full transition to replicate those services
of National Grid in twenty-four months, without added ratepayer costs or degradation in
safety and reliability. Although PPL and National Grid intend to enter into a Transition
Services Agreement (“TSA”) to preserve service company support for a period up to two
years\(^3\), the Petition does not demonstrate that PPL can and will operate at a similar or lower
cost for those services after the TSA expires. My evaluation concludes that the Petition is
deficient in many areas, and fails to demonstrate how PPL can replicate the existing
operations infrastructure, which it is not acquiring, without significant cost and degradation
in safety and reliability. I address later in my testimony why the proposed TSA and
transition plan will not overcome the loss of National Grid synergies and economies and
why the transition will not be completed in twenty-four months.

Q. PLEASE EXPLAIN, GENERALLY, HOW YOU REACHED THESE INITIAL
OBSERVATIONS.

A. My findings are predicated on my more than thirty years of providing consulting services
to the Division, which has included extensive evaluation and assessment of the National
Grid system and operations in Rhode Island, combined with my work in Massachusetts. I
have many years of experience dealing with many National Grid and service company
personnel; and I have conducted physical inspections and observations of its system. I have
communicated and collaborated on behalf of the Division with Service Company
employees in New York and Massachusetts in the implementation and expansion of

\(^3\) Petition at 4.
numerous programs. This work on behalf of the Division has included the collaboration between National Grid and the Division on National Grid’s system reliability assessment program, and involved the introduction of many programs, including enhanced reliability measurement tools and the Infrastructure, Safety and Reliability Plan (“ISR Plan”) process enhancements, which have evolved over the past decade. Many other programs, such as Power Sector Transformation, have additionally been introduced and expanded in Rhode Island through stakeholder processes that incorporate many synergies with New York and Massachusetts. My opinion is the experience, synergies, and economies Narragansett benefits from through the National Grid Service Company will be lost unless it agrees to provide services indefinitely to PPL for Narragansett Electric. Additionally, my opinion is that, PPL’s contrary claims aside, the decades it has taken to reach the present level of services, including safety, reliability and economies, cannot be transferred in two years to another company, much less one with no New England experience.4 I will discuss in much greater detail in my testimony PPL’s use of generalized commitments in support for the development of plans, and why I believe that direct operational controls by PPL are likely years away. I have been directly involved in the decades long evolutionary process of National Grid and its service company in reaching its current operational level, including the growth of several different regulatory requirements, many of which involve practices that PPL has not implemented and with which it has no evident expertise. My opinion is that this concern alone makes any transition most likely a decades-long process for PPL,

4 PPL’s response to Advocacy Section Data Request DIV 1-34. A copy of all data responses cited in this testimony are contained in Exhibit C to this testimony.
thus much more costly to ratepayers and with no discernable benefit. Certainly, Petitioners
have not met their burden in their filing.

Q. PLEASE DESCRIBE WHAT YOU SEE AS THE DIFFERENCES BETWEEN
NATIONAL GRID AND PPL OWNERSHIP.

A. National Grid is a regional utility which has operated in New England and New York for
decades. It has a long history and significant regional presence which benefits Rhode Island
and its customers. If the Transaction were approved, after the purported two-year transition
period several dramatic changes would occur. Rhode Island would ultimately be standing
alone as a utility without the support of a very large New England utility with decades of
experience within the region and with the customers and stakeholders in this region. Rhode
Island would be getting its support from Pennsylvania and Kentucky utilities and a
Pennsylvania, non-New England utility, owner. PPL and its Kentucky utilities have no
experience or history with New England, and as is customarily the case when two
companies merge, the change will create a significantly different dynamic and culturally
different utility. The customers, stakeholders, Division and regulators would be learning to
deal with a foreign (non-New England) utility model and philosophy, and PPL would be
learning to navigate all the differences in New England as opposed to Pennsylvania and
Kentucky. This will bring many challenges that are not resolvable through due diligence
investigations. Throughout nearly all dockets and stakeholder interactions in Rhode Island,
a common question is “what are they doing in Massachusetts, Connecticut or New York,”
or, more specifically, “how can Narragansett leverage initiatives in Massachusetts or New
York for cost efficient implementation in Rhode Island?’” Narragansett is integrated with New England states strategically and operationally. These overall differences, and all the transitions and challenges these differences bring, cannot be ignored. Some synergies may not be quantifiable.\textsuperscript{5} Others, such as synergies between New York and Rhode Island in the Advanced Metering Functionality (“AMF”) and the Grid Modernization Plan (“GMP” or “Smart Grid”), can be quantified.\textsuperscript{6} Each, however, translates into challenges which bring into question how PPL will overcome these challenges and not harm the customer, and also how PPL’s ownership of Narragansett could possibly be in the public interest given all the inherent challenges of the PPL model differences from National Grid. Even PPL admits its model is much different than National Grid.\textsuperscript{7} Narragansett would benefit significantly from the AMF that has been approved and advanced in New York. National Grid has presented a Rhode Island stand-alone plan and an AMF plan merged with an approved New York AMF plan. It’s presentations to the Division and its filing demonstrate excellent benefits from the joint New York AMF. Additionally, Massachusetts would be added later. This means Rhode Island would implement AMF with the majority of the engineering, major systems and operating costs being shared by New York and eventually Massachusetts. The

\textsuperscript{5} For example, Rhode Island is a signatory to a multi-jurisdictional Transportation and Climate Initiative Program that includes Massachusetts and Connecticut and a separate ZEV (or “Zero-Emission Vehicle”) action plan that includes all New England states.

\textsuperscript{6} RIPA Dockets Nos. 5113 and 5114

\textsuperscript{7} Supplement to PPL’s response to Advocacy Section Data Request DIV 1-54, Attachment PPL-DIV 1-54; [BEGIN CONFIDENTIAL] [END CONFIDENTIAL].
incremental cost would be much lower than a standalone Rhode Island. Similarly, Grid Modernization is advancing in Massachusetts and New York and Rhode Island will also benefit from those synergies.

V. FILING DEFICIENCIES

Q. PLEASE ADDRESS YOUR OBSERVATIONS CONCERNING THE PETITION IN DIVISION DOCKET NO. D 21-09.

A. Given the potential harm to Rhode Island of unwinding decades of integration between Narraganset and the rest of National Grid’s utilities, the acquisition cannot be found to be in the public interest without specific information in the filing demonstrating that PPL will achieve the same level of operational efficiency. The generalities provided in the filing do not support this conclusion; and, as discussed below, my analysis of PPL’s data responses confirms that the acquisition is not in the public interest. Many of the PPL data request responses address its ability to accomplish the transition by merely stating the PPL can do so. But PPL has provided few—if any--definitive ways in which it will do so, including (but not limited to) the lack of specific National Grid employee commitments to join PPL. The petition does not include the projected rate increase impacts associated with the proposed acquisition, or any sense of when initial rate filings may be coming. Conversely, [BEGIN CONFIDENTIAL]

8 PPL’s response to Advocacy Section Data Request DIV 1-8.

9 PPL’s Response to Advocacy Section Data Request DIV 1-2, Attachment PPL-DIV 1-2-3 (Confidential).
without developing underlying assumptions about rate base. A reasonable utility in a similar situation would have filed a comprehensive financial model and rate forecast within an acquisition application as a means to provide support both to regulatory commissions and stakeholders that ratepayers will not be harmed. In this instance, PPL’s unwillingness or inability to do so prevents stakeholders from examining data that not only impacts ratepayers in the short term, but more crucially, informs long term impacts that must be considered in approving or denying the Petition.

PPL’s due diligence and expected level of support is a paper-based exercise only. For example, PPL has based the need for substation investment on data points and has not visited the substations\(^{10}\) on the system to assess the actual condition of major equipment. Thus, PPL does not really know the condition of what they are purchasing or how the distribution system operation can be effectively integrated into the PPL model without harming the customer (*see* PPL’s response to Advocacy Section Data Request DIV 6-1e (Confidential)). Again, a reasonable utility should have completed a major assessment of what it is purchasing with boots on the ground. In all of the utility mergers/acquisitions I have reviewed in Florida, Colorado, and Virginia, the acquiring utility conducted such an evaluation and some more robust than others. The PPL data request responses have led me to this conclusion.

\(^{10}\) PPL’s response to Advocacy Section Data Request DIV 9-31.
Based on the Petition and my review of discovery, PPL has demonstrated a lack of understanding of National Grid centralized support and has minimized the effort and cost of separating and rebuilding those functions in a standalone organization. The Petition fails to show how PPL’s acquisition could be an improvement to or even equal the current operations and synergies currently provided by National Grid. And while PPL produced a document in discovery with an analysis of PPL’s hypothetical operating cost of Narragansett, that analysis should have been filed with the Petition. And, as discussed below, that analysis is inadequate. PPL has many basic misunderstandings of what is in a National Grid Rhode Island approved budget.
Q. ONE OF THE DEFICIENCIES YOU ADDRESS IS THAT PPL HAS FAILED TO ESTABLISH A FULL UNDERSTANDING OF THE NATIONAL GRID CENTRALIZED SUPPORT AND HOW TO ACHIEVE COMPARABLE ECONOMIES. WOULD YOU ELABORATE ON THAT OBSERVATION?

A. [BEGIN CONFIDENTIAL] These statements by PPL support my strong belief and experience with the Service Company that Rhode Island enjoys very economical and efficient service company support due to the fact the approximately 5,100 employees (Petition, ex. 4, at 6:16-18, testimony of Terence Sobolewski) in the service

[END CONFIDENTIAL]

company are supporting New York and Massachusetts, which are much larger utilities than the Rhode Island jurisdiction. Thus, Rhode Island benefits from the extensive experience and cost sharing generated by the other two state jurisdictions, which will be very unlikely to be achieved by a Pennsylvania (non-New England) utility. [BEGIN CONFIDENTIAL]

This means an acquisition of Narragansett Electric by PPL will result in dramatically higher operating costs thus will lead to higher retail rates and harm to the customer. The TSA certainly has Service Company providing the same services support it currently provides to the Rhode Island customers. My testimony will discuss later why both the transition timeline is unrealistic and that many components as transitioned to PPL will result in additional cost components and loss of synergies.

Q. AS IT RELATES TO OPERATIONS ISSUES, IS THERE ANY OTHER ISSUE YOU HAVE UNCOVERED?

A. While there are many other operational issues and serious concerns which I will discuss throughout my testimony, there is one significant unresolved area I believe should be highlighted. [BEGIN CONFIDENTIAL]

[END CONFIDENTIAL] When asked to elaborate on the PPL model, PPL responded

---

12 PPL’s response to Advocacy Section Data Request DIV 6-2, Attachment PPL-DIV 6-2-5 (Confidential).
that its “... localized operating model can best be described as the people who are responsible to ensure the safe and reliable electric and gas service to customers will be present locally in Rhode Island and will have the appropriate decision-making authority commensurate with those responsibilities. In addition, the President will work directly with the [Executive Vice President and Chief Operating Officer] and other members of PPL’s Executive team, as necessary, to ensure that Narragansett has the resources and support necessary to provide this service to RI customers as having the appropriate resources necessary to carry out that mission.” Upon filing the Petition, PPL had not analyzed or compared their proposed operating model to Narragansett making it impossible to discern if post acquisition, particularly after the two-year transition period, ratepayers will experience subpar, equivalent, or superior service outcomes due to PPL’s operating model. That leads to the question of how PPL could ascertain that its operating model would satisfy the “hold harmless” requirement in the absence of any analysis. We know that even if the operating philosophies were identical, PPL simply cannot replicate the significant economies Rhode Island enjoys as part of the larger National Grid family and its shared service company operations and adjacent Massachusetts assets.

Q. BUT HASN’T PPL PRODUCED AN ANALYSIS THAT FINDS TO THE CONTRARY?

13 Supplement to PPL’s response to Advocacy Section Data Request DIV 1-54 at 1.
14 PPL’s response to Advocacy Section Data Request DIV 1-54.
A. No. On September 30, 2021, PPL ultimately provided in discovery an analysis of a potential staffing model and operational costs as a proxy for its post-transition organization. The analysis was submitted almost five months after the initial petition was filed. While the analysis indicates slightly lower, post-transition costs when compared to Narragansett operational costs, PPL in no way commits to the success of the organizational structure at the forecasted cost level. In fact, PPL only “...believes implementation of a dedicated organization to serve the customers of Rhode Island with a renewed focus on local control and management, and safe, reliable operations will not increase costs to operate Narragansett.” The analysis also fails to account for many of the duplications of functions that would arise from the acquisition, which I will discuss later in this testimony. These are functions, such as a control center, which currently operate very efficiently through shared services with National Grid and will require significant effort and cost to transition to PPL. National Grid’s response to Advocacy Section Data Request 9-82 indicated the book value of the Northborough, Massachusetts control center assigned to Narragansett was only $544,000 and it would now be substantially depreciated. Furthermore, Narragansett incurs only 21 percent and 27 percent of the annual operating cost for the SCADA and the control center operating costs, respectively. National Grid’s response to Advocacy Section Data Request DIV 9-82. To provide its intended operating model, PPL proposes duplicating the control center facility in Rhode Island at a

---

15 Supplement to PPL’s response to Advocacy Section Data Request DIV 1-54, Attachment PPL-DIV 1-54-1.
16 Id. at page 25 (emphasis added).
17 Petition, ex. 2, at 32:5-6, testimony of Gregory Dudkin (“Dudkin test.”)
significant cost which, based on my utility experience, I believe can be estimated to cost $20 million or more. PPL will also have to staff the control center and duplicate National Grid software systems that are already in place and partially depreciated. Absent a commitment by PPL to avoid passing certain costs to Rhode Island customers, Narragansett ratepayers will be funding the full value of this new control center in addition to paying 100 percent of its operating costs, as opposed to the current structure in which Rhode Island ratepayers only incur a portion of costs for a depreciated control center built at a much lower cost than will be incurred by PPL. The Supervisory Control and Data Acquisition (“SCADA”) system, Call Center, material handling and stores and spare materials are other areas of cost PPL will incur which are already in place with National Grid. These, and many other functions, will incur dramatic costs that will increase rates because the very functions already paid for by Rhode Island ratepayers will be abandoned, and will have to be replicated in some other fashion by PPL. Additionally, PPL in its response to Advocacy Section Data Request DIV 1-54(c) it stated: “Certain functions that are currently provided by National Grid that are planned to be created in Rhode Island are Customer Contact and back office functions, Electric dispatch and control room operations, gas control and dispatch functions, gas and electric training operations and miscellaneous service company functions.” When you consider the compounding of a multitude of these currently unquantified transition costs associated with moving from one corporate operating philosophy to another, you can begin to develop a clearer picture of a PPL acquisition that will be extremely costly to the ratepayers, and offers no assurance of even equal operating
quality or reliability. [BEGIN CONFIDENTIAL] [END CONFIDENTIAL]. This statement alone places substantial risk on ratepayer costs. It is evident that PPL believes that the Rhode Island ratepayers should bear additional costs to establish an independent operating company under the PPL model while those same ratepayers lose the cost and operational synergies they once enjoyed as part of National Grid.

VI. TRANSITION PLAN ANALYSIS

A. Overview

Q. WOULD YOU SUMMARIZE YOUR ANALYSIS OF THE TRANSITION PLAN?

A. The existing National Grid ownership model is a cohesive organization with individual state operations combined with a service company structure of support from some 5,100 employees. This existing company structure has an integrated operating structure between Rhode Island, Massachusetts and New York, featuring a common set of regulatory activities, a shared operating company philosophy, and single-minded goals. During the two-year transition period, PPL will fracture the existing cohesive model, and attempt to achieve the “Target State RI Operating Model,” as outlined in its response to Advocacy Section Data Request DIV-7-41, which—even if it could be achieved—would leave Rhode Island as a single New England entity supported from Pennsylvania and Kentucky, which are distinctly different regions. These regional differences, regulatory expectations and
New England philosophies cannot be absorbed and fully understood by PPL in the two-year transition period, and it is questionable how PPL will seamlessly manage the varying philosophies in the long term. Overall, this means the customers, stakeholders and regulators will see a dramatic decline in utility communications, reliability, and general responsiveness in the short term, and potentially over the longer term. This will not be in the public interest.

B. Timeline

Q. SUMMARIZE YOUR ANALYSIS OF THE PROPOSED TIMELINE.

A. National Grid and PPL have proposed a two-year transition period to transfer all of National Grid’s shared services to PPL. The filing provides no evidence or analysis to demonstrate that such a transition is achievable in two years. The filing is therefore deficient. National Grid and PPL subsequently provided a draft TSA plan (National Grid’s response to Advocacy Data Request DIV 7-36, Attachment NG-DIV 7-36-1 and Attachments NG-DIV 7-36-2-1 through NG-DIV 7-36-2-15) that describes a series of timelines for transitioning various functions from National Grid to PPL. The TSA identifies the functional areas and an associated 118 services with transition timelines of 6 months, 12 months or 24 months. Each functional area is broken out individually with detailed services that National Grid will perform on behalf of PPL during the various transition periods. In theory, at the end of each transition period, PPL will be operating independently and maintaining continuity of safe and reliable service. As discussed in detail below, I have
analyzed the transition plan and my overall conclusion is that the transition plan is not achievable within 24 months.

Q. WHAT IS THE BASIS OF YOUR CONCLUSION?

A. My career as an electric utility engineering consultant and direct involvement with seven different utility acquisitions, cited previously in my testimony, provide first-hand experience in the challenges of combining, collapsing, or standing up services between two distinctly different companies. While electric utilities are guided by common national codes and requirements, each company has a unique system and method of planning, designing, constructing, and operating. As it currently stands, Narragansett is aligned and influenced by National Grid, which facilitates natural economies of scale across New York, Massachusetts, and Rhode Island jurisdictions. PPL believes that these differences can be synergized within 24 months. In my review of the 118 services over 180 functional areas to be transitioned, I identified several that I believe are, based on my experience combined with my familiarity with National Grid, unlikely to be transitioned successfully within 24 months.

Q. WHICH ELEMENTS OF THE TRANSITION PLAN ARE UNLIKELY TO BE ACCOMPLISHED WITHIN PPL’s IDENTIFIED TIMELINES?

A. There are multiple areas that will be affected by the fact that National Grid and PPL do not have the same materials and construction standards. From personal experience associated with an acquisition of two dissimilar systems, the simple transition of merging new construction standards took more than three years and the migration of material standards
and the supply chain will take likely decades. Narragansett’s existing electric grid is the product of decades of work using construction standards and materials that are different from PPL. PPL has the option of continuing to support those standards to maintain the system, but it must do it without the benefit of synergies with National Grid. Alternately, PPL may align the construction standards between the two companies and begin a process of phasing in new materials and methodologies in Rhode Island. For the latter, this will require PPL to duplicate efforts to maintain the old Narragansett system while transitioning to the new standards for future construction. PPL will effectively be managing different materials and design standards for a significant period of time, which adds resources, complexity and cost. Managing dissimilar practices has a direct impact on multiple departments that support core construction and maintenance work such as planning, engineering, procurement, inventory strategy, and asset management. In other words, every functional area that relies on material and construction standards will be subject to a protracted transition which is not achievable in two years. National Grid in its response to Advocacy Section Data Request 7-36 identified various complex functions to be performed under the TSA, including Supply Chain Master Data Management (“MDM”), Strategic Procurement, Inventory Management, Asset Management and Planning, Transmission & Sub-Transmission Asset, Electric engineering and design, Maintenance strategy engineering and technical, and Training (“Learning and Development”). PPL has inadequately addressed the challenges to transition these areas and I find that the estimated 24-month transition period is unachievable. As an example, in a Virginia acquisition the
acquiring utility spent some three years just developing a new set of construction standards
to merge the legacy system with the acquired system. Much more time was necessary to
transition the material stocking and supplies and move away from significant excess
components. Additionally, the training and transition of construction personnel to the
Legacy system method of design and construction and entire work order processes has
taken far more time. This is typical when dissimilar systems are being merged together to
eventually create synergies.

Q. HAVE YOU IDENTIFIED ISSUES WITH THE ESTIMATED TRANSITION
TIMELINE FOR OTHER AREAS?

A. Yes, there are other areas that are not driven by material and constructions standards that I
expect will take longer than 24 months to transition. First and foremost are the anticipated
changes to Control Center, SCADA and Call Center Operations. The National Grid main
facilities in Northborough, MA will not be transferred to PPL and PPL must construct a
major backup facility and transfer all communications and other infrastructure from the
National Grid system to a PPL model. This will also mean the SCADA system support
must be transitioned from Northborough, including software and infrastructure for 105
substations, 83 of which are interconnected to the SCADA and EMS systems as described
by National Grid in its response to Advocacy Section Data Request 9-81. The design and
construction of these types of facilities and the conversion and re-routing of all the
communication facilities will never be accomplished in two years. Studies just to determine
the appropriate software and communications protocols can take a year or more. PPL
appears to have completely ignored the tremendous cost of this effort and associated infrastructure, along with the lost synergies afforded to Narragansett since only a portion of control center and SCADA costs are presently allocated to Rhode Island (previously addressed in this testimony). I find the same result obtains with respect the Call Center and data center services, which will likewise require significant investment to implement and at the same time, will lose all synergies currently afforded to Narragansett. Next, I anticipate that transitioning regulatory support and related filings will be a lengthier process than PPL anticipates. The complexity and utilization of significant staff from the service company make it imperative to get this right and 12 months is not an adequate amount of time in which to do so. Additionally, assuming the transaction closes in March—a 12-month transition period, there would likely not be sufficient time to include all of the regulatory filings that will take place during that 12 month period.

Q. WOULD YOU ADDRESS SOME OF THE TIMELINE COMMENTS YOU COVER IN YOUR EXHIBIT B?

A. I will use the Exhibit B category descriptions to expand on why I find many areas of the transition timeline overly aggressive and not achievable.

*Maintenance strategy engineering and technical* - PPL does not have the same materials and construction standards as National Grid and will be operating multiple systems with many differences for years before they are migrated together. Additionally, National Grid is continually transitioning its Damage & Failure and Inspection and Maintenance ("I&M") programs and this work has yet to be fully transitioned by National Grid even after multiple
years. If this has been a multi-year process with National Grid through the ISR Plan collaboration with the Division and it is not yet complete, it is inconceivable how PPL could complete this process in only two years.

**Shared Telecom Network (STN)** - It is very unlikely the telecommunication studies can be completed in less than 12 months. The system design cannot even begin until the studies are complete and then a major migration of communications from National Grid to PPL system must be done in a slow coordinated manner which avoids communication interruptions. This will mean years of duplicated systems.

**Distribution Pole Attachments Program** – National Grid has had a new Verizon contract for several years which took many years to even negotiate and is still not fully functional, for instance pricing has not even been updated yet. PPL cannot expect to adopt this program and transition it in two years when even National Grid has not been able to do that.

**Q. DOES PPL HAVE A CONTINGENCY PLAN IN PLACE TO ADDRESS THE POTENTIAL THAT THE TRANSITION WILL NOT BE COMPLETED WITHIN 24 MONTHS?**

**A.** No. When asked that very question in Advocacy Section Data Request DIV 2-20, PPL responded that “[i]f it appears that any services will need to be provided beyond the two-year transition period, PPL and National Grid have the ability to negotiate to extend the provision of any such specific services beyond the two-year period.” PPL’s response clearly indicates that there is no prepared plan to manage unforeseen events that extend the transition period and/or add additional costs. Conversely, PPL maintains a reactive position
by stating that PPL will address TSA timetable issues at the time they “appear” and under
the assumption that PPL can negotiate a successful pathway with National Grid at a later
date. PPL has no assurances that National Grid can or will be in a position to provide the
needed services over an extended period of time, nor at what cost those services would be
provided. No basis has been provided to assume otherwise.

VII. INFRASTRUCTURE, SAFETY AND RELIABILITY PLAN IMPACT

Q. SUMMARIZE YOUR ANALYSIS OF THE INFRASTRUCTURE, SAFETY AND
RELIABILITY PLAN (ISR PLAN).

A. The ISR Plan is the essential statutory and regulatory process for the development of the
annual capital budget. This plan, as developed by National Grid for Rhode Island,
establishes both the annual budget and major multi-year projects and programs, all of
which undergo a very extensive Division assessment and collaborative process as well as
receiving the Commission staff analysis and stakeholder involvement and, ultimately, are
presented to the Commission for approval. The plan typically accounts for more than $100
million in annual capital spending. Based on my extensive experience on these matters, my
analysis discussed below demonstrates that this critical planning process cannot reasonably
be transitioned in 24 months and why, if the PPL acquisition is approved, this process will
be adversely impacted.

Q. WHAT IS YOUR INVOLVEMENT WITH NATIONAL GRID’S RHODE ISLAND
DISTRIBUTION PLANNING PROCESS AND ISR PLAN?
A. I am a consultant for the Division and have participated in multiple RIPUC matters pertaining to National Grid. Specifically, I became involved in the electric distribution planning process in 2002 when I developed an asset management and reliability assessment, developed a report with recommendations, and later reviewed the company’s process for developing a capital infrastructure plan to maintain system safety and reliability. For this, I personally inspected several areas of National Grid’s service territory to gain an understanding of configuration and condition of facilities. I have worked with the National Grid team responsible for distribution planning and asset management from the beginning of the ISR Plan process to assess the methods in which the company evaluates system needs and derives projects to be included in the construction plan up through the current ISR Plan. I have been a consultant for the Division for every ISR Plan filing since the statute was enacted.

Q. DURING YOUR PAST APPROXIMATELY 20 YEARS OF CONSULTATION, WHAT WERE YOUR RECOMMENDED AREAS OF IMPROVEMENT TO NATIONAL GRID’S RHODE ISLAND DISTRIBUTION PLANNING PROCESS?

A. My major recommendations were to establish a system I&M Program and to conduct a system-wide engineering analysis to assess comprehensive needs for a 10-15-year period. This is commonly referred to as a Long-Range Plan. Upon identifying and prioritizing those system needs, National Grid could then prepare a shorter term (3-5 year) construction work plan based on Area Studies, which enhances the ISR Plan. The benefit of these strategies is to take a holistic view of system needs by evaluating the service territory and
comparing potential projects to prioritize those with a higher risk of impacting safety or reliability and deferring those where system conditions have not developed to the point of requiring action. This allows National Grid to balance needs and budget, while also preventing premature asset replacement at ratepayer expense. In addition, I consulted with National Grid to refine its vegetation management program and support enhanced tree removal efforts with a cost benefit analysis.

Q. HAVE YOUR RECOMMENDATIONS BEEN INCORPORATED IN NATIONAL GRID’S CURRENT PLANNING PROCESS, OR IMPACTED THE ISR PLAN?

A. Yes. Through a collaborative process involving the Division and my consultation, National Grid has dramatically improved and refined its capital investment planning, cost estimating and execution. National Grid transitioned from a reactive and short-term maintenance program to a comprehensive, long-term plan focused on strategic investments to manage day-to-day safety and reliability, while sequentially upgrading the system to meet anticipated future needs. This is a significant evolution that aligns cost-effective investments with ratepayer funding. Specifically, the Company has adopted an I&M program, long term focus on asset condition and system upgrades, a comprehensive vegetation management plan, and is completing a system-wide Long-Range Plan through a series of robust Area Studies. National Grid Rhode Island also incorporates a non-wires analysis process in which the Division and stakeholders have work diligently to formalize. These changes, along with multiple other improvements such as increased collaboration and communication between operational areas, select benefit cost analysis, and updated
guidelines and practices, have resulted in a well-developed and supported ISR Plan. This evolution has taken some ten years.

Q. WHAT IS THE RESULT OF NATIONAL GRID’S ISR PLAN IMPROVEMENTS?

A. National Grid has significantly improved reliability, advancing through ten years to an IEEE reliability index in the first quartile, where it has remained for years. National Grid documents its reliability statistics with each filed ISR Plan and related data request responses. National Grid’s recent FY 2023 proposed ISR Plan filing, dated October 1, 2021 shows its customers interrupted by cause for CY 2020 has declined from CY2018 and CY 2019. Advocacy Section Data Request DIV 11-22 requests the IEEE statistics. These have not been received as of the completion of my testimony. This means that National Grid’s performance, when compared to peer utilities in the region, is aligned with the “best of the best.”

Q. DOES THE PPL “FRESH LOOK” APPROACH HAVE ANY IMPLICATION?

A. Yes. The PPL “Fresh Look” approach described in its response to Advocacy Section Data Request 9-33, while a reassessment of a portion of the National Grid analysis, on the surface appears to presuppose the collaborative Division and National Grid process is somehow not adequate and does not present the most appropriate cost benefit plan. Additionally, this means many studies and additional engineering and management costs but for the acquisition would not be incurred.

Q. HOW DOES NATIONAL GRID DEVELOP ITS ISR PLAN?
A. Generally, National Grid develops a capital spending plan annually, which considers work underway or identified in the previous five-year plan. The projects and programs are informed by customer and public requirements, expected maintenance and asset replacement, an annual capacity review, and Area Studies. Projects are also screened for non-wires alternatives when certain thresholds are met. See Narragansett Elec. Co. d/b/a Nat'l Grid, 1 Electric Infrastructure, Safety, and Reliability Plan FY 2022 Proposal at 66-57 (testimony of Patricia C. Easterly et al.), Narragansett Elec. Co. d/b/a Nat'l Grid, No. 5098 (R.I. Pub. Utils. Comm'n Dec. 21, 2020):

Once the mandatory budget level has been established for the Customer Request/Public Requirements and Damage/Failure spending categories, the Company reviews projects and programs in the System Capacity and Performance and Asset Condition categories for inclusion in the spending plan. A project risk score is assigned to each project and takes into account key performance areas such as safety, reliability, and environmental, while also accounting for criticality. While project risks score is a significant criterion, other factors considered in creating the Work Plan include, but are not limited to, new project or in-progress status, scalability, and resource availability. In addition, when it can be accomplished, the bundling of work and/or projects is analyzed to optimize the cost efficiency and outage planning. The objective is to establish a capital portfolio that optimizes investments in the system based upon the measure of risk or improvement opportunity associated with a project. Historical and forward-
looking checks are made to identify deviations from expected or historical trends.

The portfolio is presented to the Company’s senior executives and approved by
the President of The Narragansett Electric Company. The budget amount is
approved on the basis that it provides the resources necessary to meet the business
objectives set for that year. Company management is responsible for managing the
approved budget.

National Grid provides a quarterly ISR Plan report and reviews that report and the status
of the annual ISR Plan progression with the Division. Again, PPL has not demonstrated
that it has the capabilities to produce the comprehensive area studies and robust ISR Plan.
The recent ISR Plan process in Delaware has already been through the filing and
dissemination of two annual plans, and yet Delmarva still falls far short of the completeness
and comprehensiveness of the process and plans completed by National Grid in Rhode
Island.

Q. WHAT ARE THE RESOURCES USED BY NATIONAL GRID TO DEVELOP THE
ISR PLAN AND WILL THOSE RESOURCES DEFINITIVELY BE PART OF PPL-
RI?

A. The ISR Plan development is led by the Distribution Planning and Asset Management
group, which is a National Grid corporate function through the Service Company and
involves many groups and staff members. The Area Studies are performed by National
Grid corporate engineers and may also utilize external consultants. Inputs to the studies
rely on data sets and evaluation performed by other corporate groups, including, but not
limited to, those associated with development of long-term load forecasting (including
distributed energy resource projections, electric vehicle charging, Energy Efficiency, etc),
transmission planning, environmental, major asset condition assessments, capital project
estimations, and economic development. Many long-term maintenance programs in the
ISR-Plan are informed by reliability data and field conditions that are gathered at an
operational level but evaluated at the corporate level. Operations and construction
personnel ultimately implement planning projects subject to corporate oversight. In short,
distribution planning relies on a range of resources. Resources located and working in
Rhode Island provide data used in the planning process, but are primarily responsible for
the actual project work. [BEGIN CONFIDENTIAL]

[END CONFIDENTIAL]  PPL does not provide assurances that
distribution planning will advance without interruption and inefficiencies which translate
to inferior capital investment decisions that impact safety and reliability, thus harming the

\footnote{National Grid’s response to Advocacy Section Data Request DIV 6-4, Attachment NG-DIV 6-4-2 (Confidential),
at 35.}
\footnote{Facilitated through National Grid and PPL agreements. See PPL’s response to Advocacy Section Data Request DIV 1-47, Attachment PPL-DIV 1-47-1 (Confidential).}
ratepayer. In addition, there will be significant duplication of cost with PPL and National
Grid Service Company, which will also harm the ratepayer.

Q. ARE THERE SPECIFIC PERSONNEL WITHIN THE CORPORATE SERVICES
COMPANY THAT ARE SOLELY RESPONSIBLE FOR ISR PLAN
DEVELOPMENT?

A. Based on my long term and direct experience with National Grid distribution planning, I
estimate there are ten or more individuals highly involved in overall ISR Plan development,
management and presentations to the Division and its consultants. However, the skill sets
required to produce the plan, including individual project identification, scoping, budget
estimates, design and engineering, are spread across multiple functional groups. There are
numerous employees shared among multiple state jurisdictions with varying skill sets that
could be involved in the ISR Plan development at any given time. For Area Study reviews
alone, which is a subset of the planning process, I have participated in meetings with as
many as twenty National Grid upper-level employees which only accounts for a fraction
of those involved. A single National Grid Area Study can take as much as 24 months to
produce, meaning that PPL cannot transition this function in the purported 24-month TSA
time frame and expect future studies to be seamlessly and efficiently developed. Again,
PPL cannot immediately acquire all these skill sets, and certainly not all these individuals,
given their involvement in other jurisdictions as well. I address the staffing issues later in
this testimony.

Q. HOW DOES NATIONAL GRID ACHIEVE APPROVAL FOR THE ISR-PLAN?
A. There are various types and levels of internal approvals that navigate through layers of management, depending upon the scope and scale of projects. The ISR Plan itself and associated budget require corporate approval. In addition, individual projects that meet certain thresholds go through a sanctioning process that requires additional management approvals. PPL has not explained how it will replicate this sanctioning process while Service Company performs the work during the transition period. This will be very cumbersome and require extra coordination between the companies, while the resulting and associated costs are passed on to the customers.

Q. HAS PPL SAID THAT IT WILL ENSURE THAT THE CORRECT PERSONNEL WITH THE APPROPRIATE SKILL SETS ARE EXTRACTED FROM FUNCTIONAL TEAMS WITHIN NATIONAL GRID AND RETAINED BY PPL TO MANAGE THE ISR PLAN PROCESS IN RHODE ISLAND?

A. PPL has not provided those assurances. On the contrary, PPL believes that their current distribution planning and maintenance programs make the Company capable of handling the Rhode Island ISR Plan process, although the ISR Plan process is far more complex and robust than anything PPL has presented that it performs.

Q. DOES PPL DEVELOP A DISTRIBUTION CAPITAL INVESTMENT PLAN?

A. Yes. PPL provided a copy of its Long Term Infrastructure Improvement Plan (“LTIIP”) for 2018-2022 in response to Advocacy Section Data Request 2-14. The LTIIP is compelled by regulations set by the Pennsylvania PUC and include eight major elements. Primarily, PPL’s capital investment plan describes and quantifies eligible equipment that
PPL desires to repair or replace, projects annual expenditures, and justifies accelerated investments. PPL addresses the PUC’s requirements through a LTIIP that includes multiple, independent programs to repair, improve, and replace aging infrastructure. The LTIIP includes a significant amount of accelerated capital investment (Asset Optimization Strategy) that doubled its investment in eligible property from 2009-2012 (PPL’s Response to Advocacy Section Data Request DIV 2-14, Attachment PPL-DIV 2-14-1, at 29). To summarize, the PPL LTIIP is focused on replacing aged assets with additional spend for system reliability projects (“ISR”), Smart Grid and highway relocations. The LTIIP does not reflect anything remotely comparable to the Narragansett ISR Plan and associated Area Studies. National Grid prepares a comprehensive plan where the majority of discretionary projects are supported by engineering studies that identify system issues, produce alternative solutions, and selects the least cost, fit-for purpose option. Non-wires alternative evaluations (“NWA”) are required for projects meeting certain criteria, and National Grid uses a stakeholder and open bidding process to facilities NWAs. National Grid produces cost-benefit analyses and identifies broader environmental and social impacts of project implementation. These are but a few examples of components that are absent from PPL’s LTIIP.

Q. HOW DOES PPL JUSTIFY PROJECTS FOR INCLUSION IN ITS CAPITAL INVESTMENT PLAN, AND DOES IT FOLLOW A MODEL SIMILAR TO N?

A. PPL states: “PPL Electric utilizes a project prioritization process that defines the cost-effectiveness of programs/projects to ensure effective optimization of reliability
investments. PPL Electric currently is improving the use of ongoing asset health indices to

further refine asset replacement criteria.” PPL’s response to Advocacy Section Data

Request 2-14, Attachment PPL-DIV 2-14-1, at 29-30. Upon further examination of the

LTIIP, however, there is very little support in terms of cost effectiveness other than PPL

implying that assets are aged, prone to failure, and would affect reliability. There is no

justification for the level of spend in any category which is required of National Grid in

presenting its capital investment plan and budget to the Division and PUC, prior to

implementation. PPL does not perform a comprehensive or holistic engineering analysis

comparable to National Grid Rhode Island.

Q. HAS PPL EVALUATED HOW THEIR CURRENT DISTRIBUTION PLANNING

PROCESS ALIGNS WITH NATIONAL GRID RHODE ISLAND’S ISR PLAN?

A. No. When PPL was asked in Advocacy Section Data Request 2-43 to compare PPL’s

infrastructure distribution system analysis methodology with National Grid’s Rhode Island

ISR Plan, PPL responded that “PPL and PPL RI do not currently have any documents

responsive to this request for any studies, reports, or other Documents prepared by PPL

comparing the analyses referenced in Mr. Dudkin’s testimony (at 9:7-15) to the National

Grid Electric Infrastructure, Safety, and Reliability Plan and Gas Infrastructure, Safety, and

Reliability Plan.”

Q. HAS PPL DEMONSTRATED THAT IT CAN PRODUCE A LONG-RANGE PLAN,

SHORT TERM STUDIES OR AREA STUDIES LIKE THE NATIONAL GRID ISR

PLAN?
A. No. When asked that exact question in Advocacy Section Data Request 7-47, PPL responded that it “. . . has experience and expertise in preparing long- and short-term plans and studies similar to the National Grid ISR Plan” and then goes on to reference documentation provided in response to Advocacy Section Data Requests 2-14 and 2-43 as proof. As I have indicated in my testimony, PPL’s planning processes and investment plans are reactive and piecemeal, unlike National Grid’s comprehensive and robust plans, and in no way equate to the National Grid’s Rhode Island ISR Plan and its process.

Q. IF PPL HAS NOT DEMONSTRATED THE CAPABILITIES TO DEVELOP THE ISR PLAN, CAN PPL RELY ON CURRENT NATIONAL GRID RESOURCES?

A. PPL’s answer to every transitional dilemma is just that. PPL intends to leverage existing National Grid resources through a services agreement and ultimately hire National Grid employees to conduct expected work in Rhode Island. In its response to Advocacy Section 7-47, PPL claims that for the ISR Plan “. . . experienced National Grid system planners and engineering leadership will be joining PPL staff and will work in Rhode Island post-Transaction close. As such, distribution system planning work product will continue to be delivered in a manner that supports the ISR Plan and meets the Rhode Island Division of Public Utilities and Carriers and Rhode Island Public Utilities Commission’s expectations.” This is a troublesome and unsupported statement. I have discussed the vast number of corporate resources that are required to develop and implement National Grid’s capital investment plan, including multiple levels of management. PPL has not and cannot identify those resources, so it is impossible for PPL to make a commitment on behalf of
those resources. It is also improbable that the breadth and depth of skill sets required for
the Rhode Island ISR Plan process and Area Study process will be extracted from National
Grid and seamlessly transferred to PPL. The Service Company employees are mostly in
Massachusetts with some in Rhode Island. It is very unlikely that all these necessary
employees and skill sets would be willing to relocate to Pennsylvania, particularly since
National Grid needs their services for the much larger remaining company even if the
Rhode Island transaction is approved. In the present hiring market and likely continuing
for many years due to so many retirements, obtaining the very experienced engineers
needed for all the special activities and docket work National Grid accomplishes each year
has not been addressed with specifics by PPL. While they indicate much of these skill sets
and experience will come from National Grid, there are few positions with specific names
that have been provided to give the Division even a small reassurance this will be done.

Q. SUMMARIZE YOUR ANALYSIS OF WHY PPL CANNOT TRANSITION THE
ISR PLAN PROCESS IN 24 MONTHS AND YOUR CONCERNS WITH PPL’S
PROPOSED TRANSITION PROCESS.

A. There are numerous reasons PPL cannot transition the extremely important and critical ISR
Plan process in only 24 months:

1. The proposed FY 2023 ISR plan has recently been transmitted to the Division and the
   90-day collaborative process between the Division and National Grid has already
   started. The FY 2023 ISR Plan process and hearing will be completed about the same
time the acquisition decision is scheduled to occur. If the acquisition is approved, that
means a 24-month transition period will most likely only cover a single ISR Plan filing process which is not sufficient for PPL to fully absorb the planning process.

2. The institutional knowledge and staff at National Grid responsible for the completion of the ten Area Studies and the twelve years of ISR Plans cannot be assumed to fully transition from National Grid to PPL. These Service Company staff provide similar work for the Massachusetts and New York jurisdictions and mostly live outside of Rhode Island. It will take much longer than 24 months for PPL to acquire the staffing and knowledge to be in a position to replicate the Area Studies and ISR Plan at its present level, assuming that level of staffing can be achieved given the uncertainty of future employee commitments to PPL.

3. National Grid utilizes other corporate groups in the entire Area Study and ISR Plan process. This includes but is not limited to those responsible for: load forecasting; project cost estimation; project sanctioning processes through multiple levels and management; CYME modeling and distribution planning decisions; I&M and damage and failure processes and estimations and specially developed documentation; a wide array of substation design and siting staff; the corporate vegetation management team; environmental; economic development; grid modernization office; and many other areas. It would be unreasonable to expect PPL to be able to acquire all this staff. It is also a process which has been evolving and developed in collaboration with the Division that would just not be transitioned in a matter of a few years. There will
duplicate costs and the necessity to continue Service Company services well beyond 24 months.

4. PPL has stated it has a planning process and alludes to its ability to use its planning process to transition to the Narragansett Area Studies and ISR Plan process and documentation. Having reviewed the very limited documentation provided by PPL on its plans and process, it does not come close to what National Grid currently delivers or what would be expected by the Division and its consultant. As the Division’s consultant, I know firsthand what goes into the Area Studies and ISR Plan and its processes, and the years of collaboration to reach the state of the present deliverables. For example, I have been involved in the state of Delaware’s process of developing and implementing an ISR Plan process that is designed to reflect the Rhode Island process. I worked closely with the Commission staff and Department of Public Administration to develop both the ISR Plan format and required studies for project justification. Furthermore, I consulted with Delmarva Power on the first two ISR Plan filings. After the first two years, I can confidently state that Delmarva Power’s filings and the collaborative process in Delaware is easily another three to five years away from approaching the level which has been reached in Rhode Island between the Division and National Grid. I would not expect PPL to transition any better or faster than Delmarva unless it significantly duplicates efforts and costs while maintaining Service Company in the process for five years or even more.
Q. WHY IS THE NG-ISR PLAN SIGNIFICANT IN YOUR EVALUATION OF PPL’S PROPOSED ACQUISITION AND WHAT ARE THE IMPLICATIONS IF PLANNING CONTINUITY IS NOT PRESERVED?

A. The ISR Plan is the strategic capital investment plan for the entire National Grid Rhode Island region. The Plan guides orderly distribution system asset maintenance, replacement, and expansion, along with system safety requirements. It allocates budgets to meet non-discretionary customer and public needs while providing additional capital spend for discretionary projects necessary to maintain reliability. It is the primary mechanism to guide and fund National Grid Rhode Island’s annual investments. National Grid’s capital, O&M related to capital, cost of removal, and vegetation management expended under the ISR Plan is recovered on an annual basis, not during a rate case. Therefore, the ISR Plan development and execution are critical to ratepayer impacts. Failure to produce and execute a holistic plan would result in loss of system integrity. This deficiency may not be immediately evident, but over time will result in reduced safety and reliability. More importantly, the ISR Plan incorporates a comprehensive long-term strategy that drives prudent, reasonable, and cost-effective investments. Failing to meet the robust standards that have been built into the ISR planning process, or modifying the investment strategy by adding unsupported or misaligned programs, brings inefficiencies and unnecessary costs. The bottom line is that those costs are incremental to ratepayers and meet the standard of “harm.” PPL has demonstrated in its responses that it lacks any of the necessary experience with this form of planning process and detail analysis. The PPL
“Fresh Look” approach described in its response to Advocacy Section Data Request 9-33, while a reassessment of a portion of the National Grid analysis, on the surface appears to presuppose the collaborative Division and National Grid process is somehow inadequate and does not present the most appropriate cost benefit plan. That is incorrect, and proceeding in the manner described by PPL will result in incurring incremental and additional acquisition-related costs.

VIII. ASSESSMENT OF PPL ANALYSIS OF COST TO OPERATE NARRAGANSETT

Q. HAVE YOU ASSESSED PPL ATTACHMENT PPL-DIV-1-54-1?

A. Yes, to the extent possible considering PPL provided very little documentation to support any of its claims that it would operate Narragansett at a lower cost than National Grid.

Q. PLEASE SUMMARIZE YOUR OPINIONS.

A. I will start with a summary of my opinions concerning the PPL analysis of operating cost, and then can address the basis for my opinions. PPL concludes its analysis discussion with a very misleading statement: “PPL believes the implementation of a dedicated organization to serve the customers of Rhode Island with a renewed focus on local control and management, and safe, reliable operation will not increase costs to operate Narragansett.” (PPL’s response to Advocacy Section Data Request DIV 1-54, Attachment PPL-DIV 1-54-1 at 25). The statement infers that Narragansett and National Grid somehow lack a dedicated organization to serve the customers of Rhode Island. It also infers that there is no local control or management. In the twenty years during which I have been closely involved in assessing and evaluating nearly every aspect of National Grid operations of
Narragansett, I have found National Grid to have adequate local control and management with a dedicated organization, both in Rhode Island and Massachusetts, focused on a high level of customer service, safety and reliability. They have also always been very open to recommendations from the Division and its consultants for enhancements, improvements and increased transparency. The continual enhancement in the ISR Plan process and deliverables is but one example.

PPL’s 29-page analysis, submitted in response to the Advocacy Section’s data request, has the appearance of a document created for the purpose of a response and not as a part of the larger initial analysis conducted before the Petition was filed. Such a document would typically be an important part of an acquisition filing. This filed document lacks detail, and I find it failed to address many issues related to operating cost including, but not limited to, the loss of synergies in multi-state material purchasing and stocking economies; loss of spare materials and equipment shared between Massachusetts and Rhode Island for such major components as power transformers and mobile transformers which benefit Rhode Island; loss of major construction and material standardization between Massachusetts and Rhode Island; the absence of a direct comparison of the PPL model and National Grid model; and PPL’s admission\(^\text{20}\) that it does not now know the total number of employees needed in each area. Thus, the premise of its entire analysis and assumption that it can operate Narragansett at a lower cost than National Grid is flawed and lacks credibility.

\(^{20}\) PPL’s response to Advocacy Section Data Requests DIV 2-17, DIV 2-31, and DIV 2-32.
Q. EXPLAIN THE LOSS OF ECONOMIES ASSOCIATED WITH CONSTRUCTION AND MATERIALS.

A. Expanding on my earlier testimony, there currently exist construction and material standards within National Grid which allow for a nearly seamless transfer of materials, equipment and construction personnel between Massachusetts and Rhode Island, and which dramatically benefit the smaller Rhode Island system. One of the benefits achieved by larger utilities, particularly those with regional similarities and geographically close proximity, is that they create a construction standard which allows workforce to flow seamlessly between jurisdictions. The standards allow materials to be shared, thus enhancing spare parts and creating economies in inventory management and purchasing. Convenient access to replacement equipment that is compatible across jurisdictions also acts as an insurance policy during emergencies. For example, when a substation power transformer failure occurs in Rhode Island that results in lost load, Narragansett has access to a network of 19 mobile substations available in Rhode Island and Massachusetts, along with 26 mobiles in New York\(^\text{21}\), for emergency restoration. In addition, Narragansett has access to 66 spare transformers located in both Rhode Island and Massachusetts, along with 95 spare transformers in New York\(^\text{22}\) that can be used for a permanent replacement if a compatible configuration is available. Access to this critical infrastructure, especially when transmission restoration is involved, creates far superior reliability by outage

\(^{21}\) National Grid’s response to Advocacy Section Data Request DIV 9-77.

\(^{22}\) National Grid’s response to Advocacy Section Data Request DIV 9-78.
duration avoidance that the PPL model and a singular Rhode Island control and
management structure will not achieve. The PPL analysis not only fails to address this
major issue but also most certainly has not proposed a plan and accounted for the cost of
implementing such a plan. If the transaction is approved, this is but one of many major
existing multi-state utility synergies which will immediately be lost, causing higher cost.
It will only be exacerbated if PPL revises Narragansett material standards since
neighboring jurisdictions will be less likely to have spare parts that can be used on the
Narragansett system. I have seen this occur even in states where two different utilities
merge within the same state. These are but a series of the major costs unaccounted for in
the PPL analysis.

Q. ARE THERE OTHER COMPONENTS YOU FIND PPL FAILED TO
INCORPORATE INTO ITS ANALYSIS OF OPERATING COSTS?

A. Yes. PPL has not addressed in its analysis how it will establish the expertise and staffing
level utilized by National Grid across multiple jurisdictions to prepare the system Area
Studies and the annual ISR Plan. This is an area of such importance and required analysis
and focus; I have a separate section in my testimony addressing this alone. National Grid
utilizes staff for these plans and studies which perform these complex engineering analyses
on a continual basis for multiple states, thus creating expertise and economies of scale
which the local Rhode Island focus proposed by PPL cannot achieve. Second, PPL has not
presented how it would develop the staffing expertise which exists at National Grid across
many areas and how it would perform as economically as National Grid does by having its
staff share time and resources across three utility jurisdictions. For example, National Grid handles the unique Rhode Island requirement for an annual contact voltage analysis by utilizing staff out of New York and contractors performing the field assessments for them across multiple National Grid jurisdictions, thus creating much greater economies of scale in sharing resources among more than one utility. Third, PPL has stated in its responses multiple times that it plans to increase the amount of infrastructure investment in Rhode Island. This statement, on the surface, appears to indicate PPL has a lack of understanding of the ISR Plan process, the superior reliability existing on the Narragansett system, and PPL certainly has no benefit cost analysis to support such a bold proposal. These are three major areas which are not addressed in the PPL analysis of operating cost for which National Grid has a significant and apparent cost benefit over PPL.

IX. SMART GRID AND ADVANCED TECHNOLOGIES

Q. WILL THE SMART GRID AND OTHER ADVANCED TECHNOLOGIES BEING IMPLEMENTED BY NATIONAL GRID IN RHODE ISLAND BE IMPACTED BY THIS TRANSACTION IF IT IS APPROVED?

A. Yes.

Q. PLEASE EXPLAIN THE IMPACT.

A. National Grid has begun a GMP with programs and other technology advancements, including AMF. It filed an AMF business case in RIPUC Docket No. 5113 and a GMP in RIPUC Docket No. 5114. Both of these dockets were suspended as a result of the filed acquisition transaction. Prior to the suspension, National Grid had filed in RIPUC Docket
Nos. 4770 and 4780, together with the past several ISR Plan filings, a variety of grid modernization first steps and implemented some programs and pilots. If the transaction is approved, most, if not all of the implementation costs and capital expenditures will no longer be used and useful. PPL has its own AMI and smart grid programs and technologies which would be most logically utilized in lieu of National Grid programs. PPL’s response to Advocacy Section Data Request 9-34 confirms that PPL and PPL RI expect to prepare, and file updated advanced metering plans after the closing of the Transaction. Additionally, PPL’s response to Advocacy Section Data Request 9-33 states that PPL does not intend to implement “grid of the future” investments starting “...from the assumption that the investments proposed previously by Narragansett while owned by National Grid USA are the investments PPL and PPL RI plan to propose.” PPL is clearly signaling that its future advanced metering or GMP plans may not be compatible with National Grid’s strategies or investments made to date. If this were to happen, most if not all of revenue already received from the Rhode Island ratepayers will no longer be going toward anything used and useful. These are unrecoverable costs and lost forever. Additionally, the tremendous AMF benefits which would accrue to Rhode Island from shared engineering and facilities and operations from National Grid New York initially, and then later New York and Massachusetts, will be lost. There will be stranded investment. These would all be direct harms to the Rhode Island consumer.

Q. ARE THERE OTHER AREAS ON ADVERSE IMPACT, AND WOULD YOU EXPLAIN?
A. Yes. National Grid has been advancing a very effective Volt/Var optimization program and sophisticated CYME modeling, including assessment of distributed energy resource ("DER") integration and impacts, all of which PPL appears not to have incorporated in system assessment and planning. These are technology advancements which are incorporated in the Area Studies and ISR Planning which is not an activity PPL has indicated it performs. Furthermore, the engineering expertise for these activities resides within the National Grid service company, and this staff also performs these activities and many others for the New York and Massachusetts jurisdictions. It is my opinion that PPL will not be able to acquire this expertise during the 24-month transition period, or within any reasonable time frame to avoid an adverse impact. Based on how difficult it is to identify and hire truly skilled and talented electric utility engineers, my opinion would be that National Grid would attempt to maintain its very talented and experienced staff for its two much larger jurisdictions. This will leave PPL without sufficient staff or experienced staff in these areas resulting in lack of knowledge regarding the specialties necessary to know all the Rhode Island statutes and processes. The most likely option is for these functions to be performed by National Grid through the TSA for a much longer time frame. While PPL has committed that “the costs paid to the Service Company [under the TSA] will not result in increased rates for Narragansett’s customers,”23 PPL has not committed to absorb the costs that will be incurred if the TSA needs to be extended beyond its original term of two years.

---

23 Dudkin Test. 30:1-5
X. EXAMPLE OF ACQUIRED SYSTEM DETERIORATION

Q. DO YOU HAVE PERSONAL FIRST-HAND EXPERIENCE WITH MAJOR UTILITY ACQUISITIONS?

A. Yes. Other than those mentioned earlier in which I acted as a consultant for the acquiring utility, I have experience with two levels of acquisition of major utilities in the northeast.

Q. WOULD YOU FIRST BRIEFLY PROVIDE AN OVERVIEW?

A. I was directly involved decades ago when GPU acquired and consolidated utilities such as Jersey Central Power & Light (“JCP&L”), Pennsylvania Electric Co. and Meropolitan Edison Co. GPU was later acquired and became part of FirstEnergy Corp. (“FirstEnergy”) out of Ohio. The reliability and system condition on all three of these systems deteriorated significantly, and the decentralization of most engineering and other operational and customer service activities resulted in much poorer electric service, including a decline in customer service.

Q. WOULD YOU DISCUSS YOUR EXPERIENCE AND THE SUPPORT YOU HAVE FOR YOUR STATEMENTS ABOUT THE DECLINE IN SERVICE?

A. First, I had clients in New Jersey and Pennsylvania for decades through all these acquisitions and the transitions. I witnessed, through the studies I performed for these clients, a dramatic decline in service and reliability at the client’s delivery points. Second, I served as an expert in multiple occasions for Pennsylvania clients before the Public Utilities Commission concerning the dramatic decline in reliability. This included my personal field assessment of system facilities which were far below industry standards. I
also was engaged by the New Jersey Division of Rate Counsel to perform a full assessment of the JCP&L system and management. This involved extensive field assessments, management interviews, control center and call center assessments along with all engineering and operations aspects of both JCP&L and its parent company, FirstEnergy. I filed a report and testimony with the New Jersey Public Service Commission (“PSC”) in which I outlined how the system condition had deteriorated, the management and engineering was inadequate, and generally how far below the standard of care the entire system had been allowed to reach. The PSC supported my report and testimony in its order, including requiring significant system upgrades. FirstEnergy changed the management structure, including replacing the two presidents who had the system divided with a single new president for JCP&L and replacing engineering leadership.

Q. WHY IS THIS TESTIMONY RELEVANT IN THIS PROCEEDING?

A. I have always strongly believed that you should look at history and examples of similar activities in order to assist in forming a broader understanding during any decision process. While each utility acquisition is certainly unique, they all have had many obstacles to overcome. Furthermore, when the parties to the transaction have not provided the necessary details and specifics as to how many of the critical transitional issues will be accomplished, it is necessary to look at what has occurred in other jurisdiction with comparable disconnects in regions, demographics, philosophies and likely losses in synergies and customer service focus. My opinion is that the JCP&L system experience is more likely than not what Narragansett Electric customers will experience once National Grid and its
service company is no longer in charge of operations, many activities transitioned to PPL and Pennsylvania, and as PPL admits, it imposes a different operating philosophy on Narragansett. With the absence of PPL offering any specifics that this transaction will actually be in the public interest or even not harm the consumer, it is essential to look at what has occurred in other similar or comparable acquisitions, with the acquiring utility being outside the region with admittedly different philosophies.

XI. IMPACT ON DIVISION

Q. IN WHAT WAYS DO YOU BELIEVE THE DIVISION WILL BE IMPACTED IF THE PPL ACQUISITION IS APPROVED?

A. The impact on the Division will be significant, requiring a dramatic expansion of its staff and outside services. PPL, throughout its responses to data requests, has primarily proposed future efforts to accomplish needed advancements and programs. This means the Division will be required to monitor many undetermined programs, activities and efforts implemented by PPL in order to determine if PPL is actually meeting its proposals and assurances of accomplishing the necessary changes, additions, programs and processes to achieve its purported requirement to achieve the public interest in the acquisition. This means an incremental increase in the Division’s efforts to track the safety, reliability and costs of each activity. The Division will need to increase the efforts to monitor PPL activities throughout the numerous ongoing dockets, as well as the array of means and methods PPL proposes to at least achieve the same level of efficiency and public interest that has been accomplished by National Grid and its service company for years and, in
many cases, a decade or more. PPL has only offered vague generalizations of what it will need to do to transition to a level equal to what National Grid is achieving now. Since National Grid has advanced its improvements in most areas, such as reliability, vegetation management, DER interconnection and assessment, Power Sector Transformation, and many others, PPL must advance beyond the existing National Grid level of proficiency. It will be nearly impossible for the Division to remain constantly in contact with all the processes being utilized by PPL to meet its purported goals, as currently hypothesized in its filing and data responses. Additionally, the Division will have to monitor both Service Company efforts and PPL duplicated efforts simultaneously to have any sense of what is actually taking place.

Q. DO YOU HAVE ANY ESTIMATE OF THE ADDITIONAL STAFF OR COST ASSOCIATED WITH ALL THIS INCREASED OVERSIGHT REQUIRED BY THE DIVISION?

A. I am not able to quantify this increase at this time, in part because PPL has provided virtually no specifics for any of its plans going forward. Obviously, during the transition, the Division will have more than twice the existing effort to monitor activities, since there will be Service Company and PPL staff both involved at varying levels, that will have to be assessed. Additionally, the Division will have to travel to Pennsylvania and, most likely, include consultants in the Pennsylvania efforts to assess those portions of activities that will leave New England and be transacted in Pennsylvania. This is further effort currently not imposed on the Division. Since my opinion is that the transition will last far beyond
two years, these early extraordinary burdens imposed on the Division will last far beyond
two years. Even after the transition, the Division will have dramatically greater staffing
and cost requirements to monitor and assess the much different programs, means and
methods still not yet determined by PPL. These dramatic burdens on the Division will
translate to damage to the public interest, most particularly through additional unnecessary
costs yielding no incremental benefit since, but for the acquisition, these costs would not
be imposed on the Division and ratepayers.

XII. CONCLUSION

Q. DO YOU AND THE ADVOCACY SECTION SUPPORT THE ACQUISITION OF
NARRAGANSETT ELECTRIC BY PPL?

A. I cannot support the acquisition of Narragansett Electric by PPL. 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 electric
ratepayers and would harm the public interest.

Q. PLEASE SUMMARIZE YOUR TESTIMONY AND POSITION ON THE
TRANSACTION.

A. 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. Instead, if
approved as proposed, PPL’s petition to acquire Narragansett is a lose-lose proposition for
Rhode Island ratepayers. After completion of PPL’s proposed two-year transition period,
Rhode Island ratepayers will no longer have the benefit of the operational and cost
efficiencies experienced by being part of the National Grid family of companies. And
PPL’s plan to effectuate the acquisition will cause Rhode Island ratepayers to incur
additional costs to create what is in essence a new, independent and Rhode Island-centric
operating company—but with no certainty that the new structure will at least replicate (if
not improve upon) the operational and cost efficiencies ratepayers enjoyed as part of
National Grid.

My conclusion is based the following major issues:

1. PPL proposes a two-year transition period at a forecasted cost with no contingency plan
upon expiration. The Advocacy Section contends the hypothetical timeline is not
achievable and that the transition will be far more protracted than estimated and subject
to additional, unidentified costs. PPL repeatedly makes no guarantees that it will absorb
these increased costs. That leaves the Rhode Island ratepayers fully exposed to higher
rates above what the ratepayers would have incurred if the acquisition did not occur.

2. PPL will be spending several years (if not longer) transitioning Narragansett to all of
PPL’s policies, procedures, and standards (such as construction and materials) to
approach the level of synergies and economies Narragansett currently enjoys as part of
National Grid. Alternatively, PPL may preserve Narragansett’s current policies,
procedures and standards and operate the small utility as an isolated company in Rhode
Island. While this structure avoids a costly transition, it eliminates the synergies and
economies Narragansett currently enjoys as part of National Grid. Whichever direction
PPL takes, there will be long-term incremental costs without apparent benefit to the customers.

3. PPL has failed to provide assurance that it will develop adequate staff and experience to at least replicate the current expertise/experience levels provided to Narragansett by National Grid. PPL has not provided positions and names of Service Company staff committed to PPL RI as would allow for an assessment of appropriate continuity of legacy knowledge and skillsets required during and beyond the transition period. Additionally, given the difficulty of identifying and hiring skilled and experienced electric utility engineers, National Grid will presumably not want to lose members of its staff now servicing Narragansett as well as Grid’s New York and Massachusetts operating companies. This reality undermines further whatever confidence there may be in PPL’s ability to execute on its hiring plans. Additionally, PPL has offered no contingency plans in the event it fails to execute its unrealistic hiring plans. The result will either be increased cost to consumers (for example, by PPL contracting with National Grid for additional transition services) or a reduction in quality of service. Neither is in the public interest.

4. PPL has not provided complete estimates of the costs that will be incurred to develop its Rhode Island operational model; those will apparently not be disclosed until some period of time after the deal has concluded. PPL fails to make any commitment that Rhode Island ratepayers will be shielded from the potentially substantial costs of future capital investments to replicate services and infrastructure currently provided by
National Grid, including customer contact and back-office functions, SCADA electric dispatch and control room operations, gas control and dispatch functions, gas and electric training operations and miscellaneous service company functions. Rhode Island ratepayers will be faced with funding extraordinary costs for additional facilities in order for PPL RI to provide services that the customers already receive.

Q. DOES THIS CONCLUDE YOUR TESTIMONY?

A. Yes.