

PPL CORPORATION, PPL RHODE ISLAND HOLDINGS, LLC, NATIONAL GRID USA,  
and THE NARRAGANSETT ELECTRIC COMPANY

Docket No. D-21-09

In Re: Petition for Authority to Transfer Ownership of  
The Narragansett Electric Company to  
PPL Rhode Island Holdings, LLC and Related Approvals  
Witness: David J. Bonenberger

**PRE-FILED REBUTTAL TESTIMONY**

**OF**

**DAVID J. BONENBERGER**

**Vice President of Operations Integration of PPL Corporation**

**Submitted in support of PPL Corporation, PPL Rhode Island Holdings, LLC,**

**National Grid USA, and The Narragansett Electric Company's**

**Petition for Authority to Transfer Ownership of The Narragansett Electric Company**

**to PPL Rhode Island Holdings, LLC and Related Approvals**

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1 **I. Introduction**

2 **Q. Please state your full name and business address.**

3 A. My name is David J. Bonenberger, and my business address is Two North Ninth Street,  
4 Allentown, Pennsylvania 18101.

5 **Q. What is your current position?**

6 A. I am the Vice President of Operations Integration of PPL Corporation (“PPL”). In that role, I  
7 have responsibility for overseeing the integration planning and implementation of The  
8 Narragansett Electric Company (“Narragansett”) into the PPL organization, including the  
9 creation of transition/integration strategy, implementation of change management across  
10 multiple stakeholder groups, and achievement of acquisition business case revenue and  
11 pretax income.

12  
13 Before becoming Vice President of Operations Integration, I served as Vice President of  
14 Transmission & Substations for PPL Electric Utilities Corporation (“PPL Electric”). In that  
15 role, I oversaw the operations, planning, engineering, project & construction management,  
16 siting, real estate, compliance, and operations to ensure safe and reliable service while  
17 providing exceptional customer service at a reasonable cost. I also managed new  
18 transmission business ventures.

1 From July 2012 to December 2017, I served as the Vice President of Distribution Operations  
2 for PPL Electric. In that role, I oversaw the planning, engineering, construction, operations,  
3 and maintenance of PPL Electric's distribution system to ensure safe and reliable service to  
4 customers while providing exceptional customer service. I was responsible for implementing  
5 PPL Electric's smart grid system and oversaw the largest reliability improvement in the  
6 company's history.

7 **Q. What will your role be if the Rhode Island Division of Public Utilities and Carriers (the**  
8 **“Division”) approves the Petition?**

9 A. I will serve as the President of Narragansett, and I will live and work in Rhode Island when  
10 PPL Rhode Island Holdings, LLC (“PPL RI”) acquires Narragansett (the “Transaction”). As  
11 President, I will manage all aspects of Narragansett's electric and gas business.

12 **Q. Please describe your educational background and professional experience.**

13 A. I have a bachelor's degree in accounting from Bloomsburg University and a Master of  
14 Business Administration from Wilkes University.

15  
16 I originally joined PPL in 1984 as assistant field office manager at PPL's Susquehanna  
17 nuclear power plant. Over the course of my tenure, I held various positions in the corporate  
18 audit, financial, customer service and operations departments with increased levels of  
19 responsibility. I played a key role in the startup of the PPL EnergyPlus retail business and  
20 PPL Solutions in the unregulated markets. I also served as Vice President of Distribution

1 Operations, General Manager of Transmission & Substations, Director of Distribution

2 Operations and Regional Director of the utility's central region.

3  
4 A comprehensive list of the positions I have held during my time at PPL and the times I held  
5 them is attached as Exhibit A to this rebuttal testimony.

6 **Q. Have you served on any boards or other industry organizations?**

7 A. Yes. Until recently, I served on the board of directors of WIRES, an International non-profit  
8 trade association. I also am involved in several other industry and community groups,  
9 including Edison Electric Institute's ("EEI") Preparedness & Recovery Executive Advisory  
10 Committee, Electric Power Research Institute's transmission executive advisory committee,  
11 the Southeastern Electric Exchange executive engineering and operations committee, the  
12 Association of Edison Illuminating Companies power delivery committee, and I am Chair  
13 Emeritus of the EEI National Response Executive Committee.

14  
15 I also serve on the board of directors and executive committees of the Minsi Trail Boy Scout  
16 Council and Hawk Mountain Sanctuary.

1 **Q. Have you previously testified before any public utilities regulators or other**  
2 **governmental bodies on energy issues?**

3 A. Although I have not testified before any public utilities regulators, I did testify before the  
4 Pennsylvania Senate Consumer Protection and Professional Licensure Committee regarding  
5 PPL Electric's ongoing efforts to improve reliability in the aftermath of Superstorm Sandy.

6 **Q. What is the purpose of your testimony?**

7 A. My testimony supports the petitioners' request that the Division approve the Transaction.  
8 Pursuant to the Share Purchase Agreement, PPL RI, an indirect subsidiary of PPL,<sup>1</sup> will  
9 purchase 100 percent of the outstanding common stock in Narragansett from National Grid  
10 USA. My testimony provides further evidence that the Transaction meets the statutory  
11 standard for approval defined by the Hearing Officer: (1) PPL has the necessary experience  
12 and financial strength such that there will be no degradation of utility service as a result of  
13 the Transaction; and (2) the Transaction will not unfavorably impact the general public  
14 (including ratepayers) and, therefore, is consistent with the public interest. My testimony  
15 specifically addresses: (1) PPL's experience operating electric transmission and distribution  
16 utilities, particularly in Pennsylvania; (2) PPL's process, in collaboration with National Grid  
17 USA, to prepare for a seamless transition of Narragansett's operations after the Transaction  
18 closes; (3) PPL's expectations for the transition period; (4) transition costs; (5) PPL's  
19 approach to completing the transition and concluding the Transition Services Agreement

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<sup>1</sup> Unless otherwise noted, I refer to PPL and PPL RI collectively as "PPL."

1 (“TSA”); and (6) how PPL will maintain Narragansett’s constructive role in the transition to  
2 renewable energy generation and the creation of a modern electric grid in Rhode Island.

3  
4 As part of this rebuttal testimony, I address particular issues and concerns raised in the pre-  
5 filed direct testimony filed on behalf of the Division Advocacy Section (the “Advocacy  
6 Section”) witnesses Gregory L. Booth, Bruce R. Oliver, Michael R. Ballaban, as well as  
7 Rhode Island Office of the Attorney General (the “RIAG”) witnesses Mark D. Ewen and  
8 Robert D. Knecht, and Green Energy Consumers Alliance, Inc. (“Green Energy”) witness  
9 Kai Salem.

10 **Q. Is PPL submitting any additional rebuttal testimony?**

11 A. Yes. PPL also is submitting rebuttal testimony from Lonnie E. Bellar, Bethany L. Johnson,  
12 Tadd J. Henninger, Todd J. Jirovec of Strategy&, a member of the PwC network, and  
13 combined testimony from John Reed and Daniel Dane of Concentric Energy Advisors.<sup>2</sup>

14 **Q. What does Mr. Bellar’s rebuttal testimony address?**

15 A. Mr. Bellar explains how PPL’s experience in gas distribution operations and establishing gas  
16 distribution rates in Kentucky demonstrates that it will successfully assume the ownership,  
17 management, and operation of Narragansett’s gas distribution business without any  
18 degradation in utility service. Mr. Bellar addresses specific issues raised by Mr. Oliver.

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<sup>2</sup> Additionally, National Grid USA and Narragansett are submitting the Pre-Filed Rebuttal Testimony of Christopher Kelly and Duncan Willey, which also addresses certain issues raised by the Advocacy Section, the RIAG, and Green Energy in their direct testimony.

1 **Q. What does Ms. Johnson’s rebuttal testimony address?**

2 A. Ms. Johnson discusses PPL’s experience in establishing utility rates for electric distribution  
3 service in Pennsylvania and explains PPL’s planned approach to establishing utility rates in  
4 Rhode Island for Narragansett. Ms. Johnson confirms that the Transaction is consistent with  
5 the public interest because PPL has sufficient plans in place to ensure the Transaction will  
6 not result in higher rates for customers, including with respect to the treatment of transition  
7 costs and the ratemaking treatment of the reset of accumulated deferred income taxes. As  
8 part of her testimony, Ms. Johnson responds to certain issues raised in the testimony  
9 submitted by Advocacy Section witnesses Booth, Oliver, Ballaban, and David J. Efron, as  
10 well as RIAG witnesses Ewen and Knecht.

11 **Q. What does Mr. Henninger’s rebuttal testimony address?**

12 A. Mr. Henninger addresses PPL’s financial strength and establishes that the Transaction will  
13 not result in a degradation of utility service because Narragansett will remain at least as  
14 financially strong as it currently is under National Grid USA ownership. In particular, Mr.  
15 Henninger explains the “ring-fencing” measures PPL will employ to ensure Narragansett’s  
16 financial independence from PPL’s other regulated utilities. Mr. Henninger also describes  
17 how PPL will (1) provide long-term and short-term debt financing for Narragansett and (2)  
18 will manage Narragansett’s capital structure. Mr. Henninger responds to certain issues raised  
19 in the testimony submitted by Advocacy Section witnesses Mr. Efron and Matthew I. Kahal,  
20 as well as RIAG witnesses Messrs. Ewen and Knecht.

1 **Q. What does Mr. Jirovec's rebuttal testimony address?**

2 A. Mr. Jirovec addresses the planning and preparation PPL has completed in collaboration with  
3 National Grid USA for the transition and integration of Narragansett to PPL ownership and  
4 control. Mr. Jirovec also discusses the process PPL undertook to develop the comparison of  
5 PPL's steady state costs to National Grid USA's current costs to operate Narragansett and  
6 explains why that cost comparison reliably demonstrates that the costs to operate  
7 Narragansett will not increase because of the Transaction. Mr. Jirovec addresses issues  
8 raised by Advocacy Section witnesses Mr. Booth, Mr. Oliver, and Mr. Ballaban, as well as  
9 RIAG witnesses Messrs. Ewen and Knecht.

10 **Q. What does the rebuttal testimony of Mr. Reed and Mr. Dane address?**

11 A. Mr. Reed and Mr. Dane primarily address three issues:

- 12 • They confirm that PPL has the skill and experience to operate the electric and natural  
13 gas utility in Rhode Island, including the experience to build, operate, and maintain  
14 LNG facilities and acquire natural gas in the Northeast, and therefore the concerns  
15 expressed by the Advocacy Section are unfounded;
- 16 • They explain why PPL and National Grid USA will successfully implement and  
17 complete the transition plan and TSA; and
- 18 • They explain how PPL and National Grid USA will successfully transition  
19 Narragansett from National Grid USA to the PPL family of utilities, just as other utility  
20 holding companies have done in similar situations.

1 **Q. How is your testimony structured?**

2 A. This Section I is the Introduction, which provides an overview of my relevant background,  
3 describes the purpose of my testimony, and explains the scope of the pre-filed rebuttal  
4 testimony that other witnesses are filing on behalf of PPL. Section II discusses PPL's  
5 experience operating electric transmission and distribution utilities, particularly in  
6 Pennsylvania, and explains why that experience demonstrates that the Transaction will not  
7 result in a degradation of utility service. Section III discusses PPL's transition and  
8 integration process to create a seamless continuation of Narragansett's operations after the  
9 Transaction closes. Section IV describes PPL's expectations for the operation of Narragansett  
10 during the transition period. Section V addresses PPL's expectations for transition costs and  
11 discusses PPL's plans to ensure that those transition costs do not adversely impact customers.  
12 Section VI explains PPL's approach to completing the transition and having Narragansett  
13 exit the TSA. Section VII explains how PPL will continue Narragansett's current efforts in  
14 the transition to renewable energy generation and the creation of a modern electric grid in  
15 Rhode Island. Section VIII is the conclusion.

16

17 **II. PPL's Experience Operating Electric Distribution Utilities**

18 **Q. Please provide an overview of PPL's history and its current operations.**

19 A. PPL currently operates electric distribution utilities in Pennsylvania and Kentucky. In  
20 Pennsylvania, PPL has been in business for more than 100 years operating electric utilities.

1 Currently, PPL operates PPL Electric, which provides electric distribution service to  
2 approximately 1.4 million customers. In Kentucky, PPL provides electric distribution service  
3 through both Louisville Gas & Electric Corporation (“LG&E”) and Kentucky Utilities  
4 Corporation (“KU”).<sup>3</sup> LG&E provides electric service to approximately 425,000 electric  
5 customers,<sup>4</sup> and KU provides electric service to approximately 564,000 electric customers.  
6 Both LG&E and KU have also been in providing utility service for more than 100 years.

7  
8 This extensive experience in operating multiple electric utilities that now serve more than 2  
9 million electric customers establishes that PPL is well-positioned to manage and operate  
10 Narragansett’s electric distribution business without any degradation of service to customers.  
11 Additionally, as demonstrated through the Pre-Filed Rebuttal Testimony of Lonnie E. Bellar  
12 and of Daniel Dane and John Reed, PPL’s experience operating LG&E’s gas distribution  
13 business demonstrates that PPL is ready to successfully operate Narragansett’s gas  
14 distribution business without any degradation in service.

15 **Q. Can you explain further how PPL’s electric operations experience prepares it to**  
16 **operate Narragansett?**

17 **A.** Yes. Through PPL’s existing electric operations, PPL has a thorough understanding of each  
18 and every element of electric operations. PPL has a track record of providing safe and

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<sup>3</sup> PPL acquired LG&E and KU in 2010.

<sup>4</sup> As explained in the Pre-Filed Rebuttal Testimony of Lonnie E. Bellar, LG&E also provides gas distribution service to customers in Kentucky.

1 reliable service to its electric customers at a reasonable cost. PPL has achieved this  
2 successful track record through careful and thorough management of its electric operations.  
3 PPL has focused on hiring the best people and adopting the most effective and cost-efficient  
4 technology to maximize the performance of its electric system. This experience prepares  
5 PPL to build on the current successful operations of Narragansett and Rhode Island and to  
6 continue to identify and act upon areas where electric service in Rhode Island can be  
7 enhanced.

8 **Q. Has PPL's electric operations experience delivered successful results for customers?**

9 A. Yes. PPL's regulated utilities consistently rank among the industry's best in customer  
10 satisfaction. PPL Electric has received 29 J.D. Power awards for customer satisfaction and, in  
11 2020, ranked highest among large electric utilities in the eastern U.S. for residential customer  
12 satisfaction for the ninth year in a row. This success has continued through the first three  
13 quarters of 2021, when J.D. Power again ranked PPL Electric best in class in overall  
14 satisfaction among residential customers in the East Large segment. J.D. Power also ranked  
15 PPL Electric highest in customer satisfaction for Business Customers in its 2021 east large  
16 segment customer satisfaction survey.

17  
18 In 2020, Escalent awarded PPL Electric Utilities the 2020 Customer Champion of the East  
19 Region based on an independent customer survey measuring brand trust, product experience  
20 and service satisfaction. KU also ranked highest in customer satisfaction in 2020 among

1 Midwest Midsize electric utilities for the fifth year and second year in a row with residential  
2 and business customers, respectively. In that same survey, LG&E ranked fourth in both  
3 categories. In total, LG&E and KU have earned a total of 26 J.D. Power awards.

4 **Q. Can you also describe PPL's reliability performance?**

5 A. Yes. From 2011 to 2019, customer outages for PPL Electric Utilities' customers decreased  
6 by 30%. In Kentucky during that time period, customer outages have decreased by 19%.  
7 Overall, PPL Electric has reduced transmission outages by 74% since 2012. These results  
8 arise from PPL's forward-looking and cost-effective approach to infrastructure investment  
9 and grid modernization.

10  
11 As PPL explained in Mr. Dudkin's direct testimony and in responses to data requests, PPL  
12 continuously monitors, maintains, and enhances the reliability and resiliency of transformers,  
13 power lines, substations, distribution mains, service lines, and other equipment used to  
14 distribute electricity and gas to customers, and continuously analyzes its infrastructure to  
15 identify prudent investments to strengthen it. For example, PPL has invested in grid  
16 automation, including the installation thousands of smart devices on its electric transmission  
17 and distribution networks, leading to more than one million avoided outages. Additionally,  
18 these smart grid investments allow PPL's utilities to immediately pinpoint the location of  
19 power outages and, in many cases, limit the impacted area and automatically restore service

1 for most of the impacted customers. PPL's success in this area is reflected in the strong  
2 reliability statistics for its utilities.<sup>5</sup>

3 **Q. You said that these investments have been cost-effective. What has the impact been on**  
4 **PPL's customer rates?**

5 A. As noted in Mr. Dudkin's direct testimony and in responses to data requests, PPL has been  
6 able to make these investments while maintaining affordable rates for customers, which are  
7 27% lower than the average rates in the Mid-Atlantic region.

8 **Q. The Transaction also involves PPL taking ownership of electric transmission assets.**  
9 **Does PPL have transmission experience that prepares it to manage and operate these**  
10 **assets?**

11 A. Yes. PPL Electric has a substantial transmission business, and I previously served as the  
12 Vice President in charge of that area of the business. Although initially after the close of the  
13 Transaction Narragansett's transmission assets will continue to be operated by National Grid  
14 USA and its affiliates under the TSA and any other related service agreements that PPL and  
15 National Grid USA find necessary, PPL will assume operation of those transmission assets  
16 after all necessary FERC regulatory approvals are obtained. PPL's experience in operating  
17 its transmission business ensures that it will successfully operate without any degradation of  
18 transmission service. Notably, PPL has done substantial work in hardening its transmission  
19 facilities to enhance reliability. PPL's experience in this area will be a substantial asset in

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<sup>5</sup> See PPL's response to data request Division 2-49 and Attachment PPL-DIV 2-49-1.

1 operating Narragansett's transmission assets, as transmission reliability and capacity and  
2 coordination between transmission and distribution planning become critical issues as the  
3 electric grid evolves and incorporates substantially more renewable generation.

4 **Q. Mr. Booth raised some concerns about whether PPL's experience adequately prepares**  
5 **it to conduct Narragansett's capital investment planning process known as the**  
6 **Infrastructure, Safety, and Reliability program (the "ISR"). How do you respond to**  
7 **those concerns?**

8 A. I disagree with Mr. Booth for multiple reasons. First, PPL has substantial experience in  
9 evaluating and assessing the condition of its systems to determine what investments are  
10 necessary and appropriate to ensure safe and reliable utility service on a going forward basis.  
11 Although PPL does not have a program that is identical in process and scope to the ISR, PPL  
12 has other programs, such as the Long-Term Infrastructure Improvement Program ("LTIIP"),  
13 that reflect PPL's capabilities in conducting these evaluations and making robust, forward-  
14 thinking proposals for infrastructure investment and enabling the grid for distributed energy  
15 resources ("DER"). The purpose of the LTIIP is to ensure that utilities are planning and  
16 executing capital expenditures that will maintain and improve the efficiency, safety,  
17 adequacy and reliability of existing distribution infrastructure. Additionally, costs of  
18 approved LTIIP investments are recovered through the Distribution System Improvement  
19 Charge ("DSIC"). Although the LTIIP/DSIC and the ISR are not identical, they are

1 sufficiently similar such that PPL’s experience with the LTIIP/DSIC prepares it to engage in  
2 Narragansett’s ISR process.

3  
4 Second, as explained in National Grid USA’s rebuttal testimony, most of the Narragansett  
5 and National Grid USA Service Company, Inc. (“National Grid Service Company”)  
6 employees responsible for preparation of Narragansett’s ISR will either stay with or transfer  
7 to Narragansett as part of the Transaction, and they will bring deep and direct experience.

8  
9 Third, National Grid USA will transfer its knowledge base under the TSA during the  
10 transition.

11  
12 Fourth, PPL’s reliability philosophy focuses on reducing the frequency of outages. PPL  
13 Electric has been consistently in the top quartile in the System Average Interruption  
14 Frequency Index (“SAIFI”). By contrast, Narragansett’s SAIFI performance is in the second  
15 quartile. For 2020, PPL Electric’s SAIFI reliability performance was approximately 24%  
16 better than Narragansett’s, and for 2021, PPL Electric is currently tracking to perform 35%  
17 better than Narragansett on the SAIFI metric. Additionally, PPL Electric consistently has  
18 improved its reliability performance over time; Narragansett’s performance has stayed  
19 relatively flat.

1 Fifth, the ISR is, by statute, developed collaboratively with the Division, and the Division  
2 will weigh in on any programs that Narragansett proposes through the ISR under PPL  
3 ownership. Even if Narragansett ultimately proposes programs with which the Division  
4 disagrees, the Rhode Island Public Utilities Commission (the “PUC”) still must review and  
5 approve any such programs, and the Division will participate in the review process.

6 Accordingly, contrary to Mr. Booth’s concern, there is no risk that PPL will implement ISR  
7 programs that are unsupported or misaligned.

8  
9 PPL looks forward to working with the Division to continue and enhance the success of the  
10 ISR in bringing critical infrastructure investment plans to the PUC for review and approval.

11 **Q. Do you agree with Mr. Booth’s assertion that PPL’s infrastructure investment**  
12 **approach, such as in the LTIIIP, is reactive rather than proactive like the ISR?**

13 A. No, I disagree. First, PPL’s infrastructure investment approach is not limited to the LTIIIP.  
14 Second, as explained above and in Mr. Dudkin’s direct testimony, and in responses to data  
15 requests, PPL takes a proactive approach to identifying infrastructure investments. PPL’s  
16 process involves an evaluation of the current state of its electric grid and an assessment of the  
17 investments that will best improve efficiency, safety, adequacy and reliability of existing  
18 distribution infrastructure going forward. The LTIIIP is a multi-year plan that necessarily is  
19 forward-looking. Accordingly, there is no basis for Mr. Booth’s criticism and it appears to  
20 arise from a misunderstanding of PPL’s processes and experience.

1 To the contrary, PPL’s successful and early implementation of its smart grid is an example of  
2 its forward-looking and successful approach to infrastructure planning and investments. The  
3 smart grid has generated significant benefits for our customers in Pennsylvania and paves the  
4 way for onboarding renewable energy with much lower interconnection costs. PPL Electric is  
5 years ahead of most utilities in developing the electric grid of the future. In 2015, we were  
6 the first large utility in the country to implement a smart grid with 100% of our circuits on  
7 automatic Fault Location, Isolation, and Service Restoration (“FLISR”).

8 **Q. Mr. Booth also asserts that Narragansett, under PPL ownership, will not be able to**  
9 **dedicate the necessary personnel to adequately develop ISR plans after the Transaction**  
10 **closes. How do you respond?**

11 A. Mr. Booth is mistaken. As explained above and in National Grid USA’s rebuttal testimony:

- 12 • PPL already has substantial and demonstrated experience in this area.
- 13 • Narragansett will retain or onboard most of the current team responsible for ISR  
14 planning.
- 15 • National Grid USA will work with PPL under the TSA to ensure that the full ISR  
16 knowledge base is transferred.

17 PPL is committed to devoting all the necessary time and energy to develop robust ISR plans  
18 for both the gas and electric operations. PPL’s own deep experience, the successful  
19 experience of the ISR team that will stay with Narragansett, and the additional knowledge  
20 transfer during transition and integration ensures that effective ISR planning will continue

1 under PPL’s ownership. There is no reason, and Mr. Booth provides none, to conclude that  
2 PPL will not continue Narragansett’s success in ISR planning.

3 **Q. How do you respond to Mr. Booth’s concern that PPL’s statement that it will take a**  
4 **“fresh look” at the ISR means that PPL thinks that the current process is inadequate?**

5 A. Mr. Booth’s concern is misplaced. PPL applauds the good work done by Narragansett and  
6 the input from outside consultants, who obviously take pride in and some credit for that  
7 success. PPL recognizes that the ISR plan process has brought positive impacts to electric  
8 and gas service in Rhode Island and believes that National Grid USA, the Division, and all  
9 other stakeholders that have developed and implemented that process have done great work  
10 in creating a process and a mechanism that proactively addresses the safety and reliability of  
11 the electric grid and the gas distribution system. But often a fresh set of eyes from another  
12 experienced and award-winning team will identify opportunities for enhancements of the  
13 current processes to build on the positive results already being achieved. No one should  
14 consider the opportunity for improvements or enhancements a criticism of past work. As a  
15 new owner and manager of Narragansett, PPL will have an obligation to review with a “fresh  
16 look” and continuously assess existing operations and processes to achieve the best possible  
17 results for customers – much as National Grid USA does now. The application of that new  
18 perspective may result in proposed enhancements to the ISR process. And, of course, any  
19 proposed enhancement would involve collaboration with the Division and other stakeholders

1 and would require the review and approval of the PUC. No prudent operator would freeze the  
2 ISR program and isolate it from critical review as Narragansett moves forward.

3 **Q. Mr. Booth and Messrs. Ewen and Knecht raised the possibility that the Transaction**  
4 **could slow the modernization of Narragansett’s electric grid. Will PPL continue to**  
5 **advance grid modernization and the deployment of advanced metering functionality**  
6 **(“AMF”) in Rhode Island?**

7 A. Yes. PPL’s experience has prepared it to quickly advance the modernization of the  
8 Narragansett electric grid and the deployment of AMF in Rhode Island. PPL already has  
9 planned, implemented, and completed several of the critical elements of grid modernization  
10 that Narragansett faces in the near future. For example, PPL already has successfully  
11 deployed AMF in its existing operations, as well as an advanced smart grid system, and thus  
12 has substantial experience and knowledge that is uncommon in the U.S. utility landscape.  
13 PPL Electric currently is in the midst of a pilot program approved by the Pennsylvania Public  
14 Utilities Commission that allows PPL Electric to monitor and control distributed energy  
15 resources (“DER”), which has proven to expedite implementation of DER by increasing  
16 hosting capacity and reducing costs for developers. PPL is ready to apply its hard-earned  
17 knowledge and experience, always subject to review by the Division and PUC, to make  
18 Narragansett’s electric grid the smartest grid in the Northeast, and perhaps the country, on an  
19 expeditious and cost-effective basis, provided that there is regulatory support for and  
20 approval of such investments.

1 Mr. Booth's primary concern arises because Narragansett already sought and obtained  
2 approval for certain grid modernization investments and to update the AMF business case in  
3 its last rate case and already filed a proposed grid modernization plan ("GMP") and Updated  
4 AMF Business Case with the PUC for approval under National Grid USA ownership. Mr.  
5 Booth expresses concern that the Transaction will slow down this process, noting that the  
6 PUC has stayed consideration of the GMP and Updated AMF Business Case pending this  
7 proceeding. Mr. Booth's concern is unfounded.

8  
9 PPL is already evaluating the GMP and Updated AMF Business Case previously filed by  
10 Narragansett and will prepare revised proposals that incorporate PPL's experience with its  
11 existing deployments. PPL is prepared to move forward expeditiously to seek approval of a  
12 grid modernization plan and AMF deployment once the Transaction closes. And, PPL is  
13 ready to move forward with deployment upon PUC approval of such plans based on its  
14 experience of already having done so with its existing operations. PPL's ownership and  
15 experience will enhance and improve both grid modernization and AMF.

16  
17 Moreover, there was no clear timetable for grid modernization and AMF deployment in  
18 Rhode Island. Narragansett's proposals had been submitted to the PUC, but there was no  
19 guarantee of the outcome of those proceedings. Also, the nature and pace of grid  
20 modernization in Rhode Island will, ultimately, be a policy decision that the PUC or the

1 legislature will make. PPL, by virtue of its experience, stands ready to move forward with a  
2 grid modernization strategy to meet Rhode Island's needs expeditiously and effectively.

3 **Q. How do you respond to the concerns raised by Mr. Booth and Messrs. Ewen and**  
4 **Knecht that Narragansett's grid modernization and AMF deployment under PPL**  
5 **ownership could be more costly because it will be a single jurisdiction deployment?**

6 A. I disagree with their concerns for multiple reasons. First, they ignore the substantial  
7 advantage of prior experience in deployment. Modernizing a complex electric grid system is  
8 not just a procurement exercise; it requires careful planning, product selection, rollout and  
9 installation, and operation. PPL has already successfully deployed smart meters with AMF  
10 capability in Pennsylvania and part of Kentucky. Similarly, PPL has successfully installed a  
11 smart grid system in Pennsylvania. Narragansett's customers will benefit from this  
12 substantial experience with smart meters and grid modernization technology because PPL  
13 will leverage this experience and apply lessons learned to efficiently and effectively execute  
14 all phases of grid modernization – not just procurement. Second, PPL has already considered  
15 potential additional procurements for Rhode Island and expects that it can purchase smart  
16 meters with AMF capability for Rhode Island at favorable pricing, as good or better than the  
17 pricing available to National Grid USA. So, PPL is uniquely positioned to support  
18 Narragansett in implementing smart meters and grid modernization.

1    **Q.    Mr. Booth expresses concern that PPL did not conduct a “boots on the ground”**  
2           **assessment of Narragansett’s infrastructure before entering into the SPA. Does PPL**  
3           **have sufficient knowledge of the Narragansett system to effectively take over**  
4           **operations?**

5    A.    Yes. Although PPL did not perform physical inspections of Narragansett’s assets in advance  
6           of entering into the SPA, I have personally led a team of PPL personnel, and we have spent  
7           significant time in Rhode Island developing a detailed understanding of Narragansett’s  
8           infrastructure. If the Transaction is approved, PPL will begin with thorough knowledge of  
9           the condition of Narragansett’s assets.

10  
11           PPL also has engaged for months with Narragansett’s front-line professionals who perform  
12           the critical daily work to maintain the safe and efficient operation of Narragansett’s utility  
13           operations. Many of these professionals will remain with or transfer to Narragansett,  
14           preserving that institutional knowledge. PPL looks forward to working with these talented  
15           and hard-working professionals who have done and will continue to do excellent work  
16           serving the utility needs of Rhode Islanders.

1 **III. PPL's Transition and Integration Process**

2 **Q. Can you describe the process PPL and National Grid USA have undertaken to prepare**  
3 **for the transition and integration of Narragansett into the PPL organization?**

4 A. Yes. PPL and National Grid USA have been working diligently to fully identify and define  
5 all the services the National Grid Service Company currently provides to Narragansett and  
6 which services it will continue to provide under the TSA.

7  
8 PPL has created an Integration Management Office (“IMO”) that is dedicated to separation  
9 and transition effort to accomplish the safe and efficient separation of employees, assets, and  
10 operations from National Grid USA and the transition of employees, assets, and operations to  
11 PPL to ensure the seamless continuation of safe and reliable service to Narragansett  
12 customers. The IMO includes leaders responsible and accountable for overall separation,  
13 overseeing program level risks, decisions on separation activities, and coordinating with  
14 National Grid USA on separation activities. The IMO works closely with National Grid  
15 USA’s Transition Management Office (“TMO”) team on the separation and transition effort.  
16 Since April 2021, the IMO and TMO teams have met at least weekly, and often more  
17 frequently, to discuss progress against the schedule and workplans and coordinate across  
18 integration and transition topics. The IMO and TMO governance structures will remain in  
19 place through the end of the transition period. Both PPL and National Grid USA have

1 dedicated substantial resources to this process, and they entered into separate engagements  
2 with a third-party consultant, PricewaterhouseCoopers, to assist with the process.

3 **Q. How has that process progressed?**

4 A. The parties have worked collaboratively and effectively to refine the scope of the issues that  
5 need to be resolved and to finalize a plan. The parties have continued to revise and adjust the  
6 scope of services to be provided by National Grid Service Company under the TSA and those  
7 services that PPL will be able to manage on its own starting on Day 1. The parties have  
8 completed more than 800 Day 1 requirements, put in place more than 100 transition service  
9 agreements, and designed more than 80 new processes. Additionally, the parties have  
10 worked to identify the necessary time period for National Grid Service Company to provide  
11 services to Narragansett after the Transaction closes and to determine an expected reasonable  
12 time period for the parties to end the provision of each individual service under the TSA and  
13 fully transition provision of that service to PPL.

14 **Q. How did PPL and Narragansett make decisions about how services would be provided  
15 on Day 1?**

16 A. The principal focus was to ensure that there would be seamless and continuous safe and  
17 reliable service to Narragansett customers. As the transition and integration process  
18 progressed, PPL and Narragansett identified which existing employees of National Grid USA  
19 and its affiliates, including Narragansett, would remain Narragansett and/or PPL employees  
20 after close and determined the functions and services those employees provided. PPL then

1 identified the roles that its personnel would fill. PPL and National Grid USA then identified  
2 functions and services National Grid USA and its affiliates would continue to support after  
3 Transaction closing. As these efforts have progressed, PPL and National Grid USA have  
4 further refined how each function will be performed, and they are nearing completion of this  
5 process.

6 **Q. How did the parties identify the time period for National Grid Service Company to**  
7 **provide each service under the TSA?**

8 A. The parties have undertaken a robust analysis of each service National Grid Service  
9 Company will provide under the TSA and determined the time period necessary to complete  
10 the system migration (such as customer service and billing) or knowledge transfer to ensure  
11 continued safe and reliable service. We considered many factors including but not limited to  
12 the development of PPL systems and facilities to replace National Grid USA facilities and  
13 the time necessary for PPL personnel to gather any specialized and unique knowledge  
14 required to operate Narragansett. On this second point, PPL and National Grid USA have  
15 developed Knowledge Transfer TSAs to ensure that PPL personnel exit the transition period  
16 with the information required to provide the services necessary to safely and reliably operate  
17 Narragansett.

1 **Q. Will PPL, with the assistance of National Grid USA under the TSA, be ready to operate**  
2 **Narragansett on Day 1?**

3 A. Yes. The parties will complete the final transition plan in advance of the closing date. Once  
4 the closing happens, PPL and National Grid USA will be ready to implement that plan.

5

6 **IV. PPL's Operation of Narragansett During the Transition**

7 **Q. How will Narragansett operate during the transition?**

8 A. First, the direct employees of Narragansett who perform the day-to-day tasks to ensure that  
9 Narragansett customers receive electric and gas service safely and reliably will remain  
10 Narragansett employees on Day 1 and will continue to perform the roles and functions that  
11 they currently perform under National Grid USA ownership – without any interruption or  
12 disruption. The same people who currently make sure the electric lines are safe, the gas  
13 pipelines are safe, and the meters are working correctly, will continue to do so post-closing.

14

15 Second, PPL has announced its Rhode Island leadership team, and they will step into those  
16 roles on Day 1. PPL has announced:

17

- I will become President of Narragansett.

18

- Michele Leone will become Vice President, Gas Operations.

19

- Alan LaBarre will become Senior Director, Electric Operations.

20

- Kristin DeSousa will become Senior Director, Customer Service.

- 1 • Brian Schuster will become, Director, Regulatory and Government Affairs.
- 2 • Kate Hearn will become Director, Finance.
- 3 • Kathy Moar will become Manager, Human Resources.
- 4 • Mary Smith will become Senior Executive Assistant.
- 5 • Avia Levin will become Director of Business Services.
- 6 • Patrick Carmody will become Director, U.S. Compliance – GRC, Performance and  
7 Governance.
- 8 • Celia O'Brien will become Chief Counsel.

9 Each of these individuals will join PPL from National Grid Service Company and its  
10 affiliates and bring a deep understanding of the industry, a strong focus on continuous  
11 improvement, and a clear commitment to delivering energy safely and reliably for customers  
12 in Rhode Island. As the local President, I look forward to working with this outstanding  
13 management team.

14  
15 Third, PPL and National Grid USA have worked through the process spelled out in the SPA  
16 to identify other management-level employees of National Grid Service Company who will  
17 transfer to PPL as part of the Transaction. We have identified more than 300 management-  
18 level employees transferring to PPL with substantial experience providing services to  
19 Narragansett and National Grid USA. Most of these individuals will start their roles with

1 PPL on Day 1 and will continue to provide service to Narragansett in the same manner as  
2 National Grid Service Company employees have done so historically.

3  
4 Fourth, National Grid Service Company will continue to provide many services to  
5 Narragansett under the TSA. Under this contractual agreement, these National Grid Service  
6 Company employees responsible for providing these services to Narragansett will do so in  
7 the same manner as they have done historically. Additionally, the Knowledge Transfer TSAs  
8 provide a mechanism for National Grid USA and the National Grid Service Company  
9 employees to impart that specialized knowledge to PPL personnel.

10  
11 Fifth, PPL will engage third-party consultants to provide services and specialized knowledge  
12 on an as needed basis. For example, PPL has engaged Brant Energy, Inc. to assist PPL in  
13 managing some of the unique aspects of Narragansett's gas distribution operations, such as  
14 gas procurement.<sup>6</sup>

15  
16 Sixth, PPL will continue to identify and hire talented energy professionals with significant  
17 experience, including in the New England market, to supplement its workforce dedicated to  
18 continuing safe and reliable service in Rhode Island.

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<sup>6</sup> Mr. Bellar's rebuttal testimony provides additional specifics about Brant Energy's role.

1           These teams will work collaboratively to ensure a seamless transfer of ownership that is  
2           invisible to customers. And, this collection of experienced professionals will continue to  
3           operate Narragansett throughout the transition period.

4  
5           The Pre-Filed Rebuttal Testimony of National Grid USA witnesses Chris Kelly and Duncan  
6           Willey provides additional detail regarding the extensive experience and skill of the National  
7           Grid Service Company employees who will transfer to PPL as part of the Transaction. It also  
8           confirms National Grid USA's commitment to providing PPL with the necessary support to  
9           ensure continuous safe and reliable service during the transition period and the efficient and  
10          effective transfer of knowledge to PPL personnel.

11   **Q.   How will PPL work toward exiting the transition period?**

12   A.   PPL's goal is to complete the transition at a measured pace to ensure that we continue to  
13          provide safe and reliable service throughout the transition. Starting on Day 1, PPL will work  
14          to install the Information Technology ("IT") systems and other operational systems, construct  
15          the facilities, and assimilate the knowledge necessary to take over management and operation  
16          of Narragansett without the support of services provided by National Grid Service Company.  
17          PPL is developing work plans and processes to facilitate that transition. For each service  
18          provided by National Grid Service Company under the TSA, the agreed-upon time period is  
19          intended as an outside date. PPL will work to complete the transition on each service as soon  
20          as it confirms that it can do so with no reduction in safe and reliable service.

1 **Q. Mr. Oliver testified that he has concerns that National Grid Service Company**  
2 **personnel will not provide the necessary level of service to Narragansett during the**  
3 **transition to maintain safe and reliable service. How does PPL respond?**

4 A. PPL strongly disagrees. National Grid USA is an experienced utility operator, and it is  
5 committed to continuing to provide excellent service to Narragansett during the transition  
6 period. PPL is confident that National Grid Service Company will fulfill its obligations  
7 under the TSA in a professional and outstanding manner.

8 **Q. Several witnesses for the Advocacy Section and the RIAG described concerns that the**  
9 **proposed two-year transition period may not provide sufficient time for PPL to fully**  
10 **transition Narragansett's operations to PPL. How does PPL respond to this concern?**

11 A. PPL fully expects that it will complete the transition in two years and perhaps sooner. PPL  
12 understands and recognizes that there is a significant amount of work that must be completed  
13 to achieve that outcome. Much of the transition work will involve the installation of IT and  
14 other operations systems, which can be complicated and challenging. To meet that  
15 challenge, PPL is fully engaged already in planning the IT systems transition, talking with  
16 vendors, identifying and assessing systems – new and old – and planning the sequence and  
17 implementation of upgrades and replacements.

1 Similarly, some of the transition work will involve investment in new, Rhode Island-based,  
2 facilities, including a control center and customer service center. PPL expects to complete  
3 these facilities within the two-year window.

4  
5 Finally, the transition will involve ensuring that PPL has the personnel with the necessary  
6 skills to perform all the functions and services necessary to operate Narragansett. As  
7 explained above, PPL will meet that challenge through a combination of retaining existing  
8 talented Narragansett employees and management, welcoming National Grid Service  
9 Company employees that have provided services to Narragansett for years, adding key PPL  
10 management employees and services, and retaining outside consultants with unique skills and  
11 specialization. Where necessary, Narragansett will hire additional skilled and experienced  
12 personnel during the transition period. PPL personnel will focus on learning and  
13 understanding the intricacies of Narragansett's operations. The two-year transition period  
14 provides ample time for PPL to ensure that Narragansett will continue to provide safe and  
15 reliable operations both during and after the transition.

16 **Q. Mr. Oliver testified that he has concerns that PPL will not be able to attract and**  
17 **maintain qualified personnel to perform services for Narragansett without paying a**  
18 **salary premium. How does PPL respond?**

19 A. PPL disagrees with Mr. Oliver's testimony. Mr. Oliver provides nothing other than  
20 speculation on this issue. PPL is an experienced utility operator and it has been evaluating

1 the labor market. PPL's experience thus far has not indicated that it will need to pay a salary  
2 premium to attract qualified talent to work for Narragansett.

3 **Q. Is there a safeguard if PPL has the need for additional transition support for longer**  
4 **than the two-year period?**

5 A. Yes. The SPA and the TSA have a provision that permits an extension of the TSA if  
6 necessary and the parties mutually agree. Although PPL does not anticipate needing this  
7 extension, PPL expects that National Grid Service Company will reasonably cooperate on an  
8 extension if needed.

9

10 **V. PPL's Expectations and Plans for Transition Costs**

11 **Q. Many of the witnesses for the Advocacy Section and the RIAG's witnesses testified**  
12 **about their concern that PPL had not provided an estimate of its transition costs. Has**  
13 **PPL completed an estimate of transition costs?**

14 A. PPL has now completed an order of magnitude estimate of transition costs by function. A  
15 copy of that estimate is provided as Exhibit B to this rebuttal testimony.

16 **Q. Can you summarize PPL's understanding of these transition costs?**

17 A. Yes. The total estimate is approximately \$400 million. The largest share of these transition  
18 costs – more than \$300 million – includes the installation and implementation of PPL's IT  
19 systems and other operational systems. The other transition costs include facilities

1 investments, like the Rhode Island-based control center and customer service center, and  
2 operations and maintenance costs associated with the transition.

3 **Q. The Advocacy Section witnesses and the RIAG witnesses testified that the transition**  
4 **costs could result in increased rates that would arise solely because of the Transaction.**  
5 **Will these approximately \$400 million in transition costs impact customer rates?**

6 A. PPL's transition costs will not result in higher customer rates that arise solely because of the  
7 Transaction. PPL will not seek recovery of duplicative transition costs. Rather, PPL will  
8 seek recovery of only those costs that generate incremental benefits for customers. PPL  
9 carries the burden to prove that those incremental benefits support cost recovery before the  
10 PUC, and with review and input by the Division. This standard is consistent with general  
11 utility cost recovery principles. PPL will only seek recovery of costs that generate new  
12 customer benefits, and therefore the customers will not pay "increased rates solely because of  
13 the Transaction."

14 **Q. How can PPL provide assurance that it will not recover costs that are for duplicative or**  
15 **replacement services provided by PPL and National Grid Service Company during the**  
16 **transition period?**

17 A. The Rhode Island regulatory regime is robust and already provides that assurance. The PUC,  
18 with the participation of the Division and any interested interveners, will carefully review  
19 any request to recover transition costs. The Hearing Officer should have confidence that the

1 PUC and the Division have the experience and the knowledge to conduct this review and  
2 reject any speculation to the contrary.

3  
4 In sum, PPL will and can only seek recovery of transition costs that generate incremental  
5 benefits to customers. And the PUC, with input from the Division, will only approve  
6 recovery of transition costs that meet the established regulatory standard.

7 **Q. Does the same principle hold true for facilities costs and IT system costs?**

8 A. Yes.

9 **Q. Why is this a reasonable approach?**

10 A. It is consistent with generally accepted ratemaking principles. PPL knows and understands  
11 that customers should not have to pay for the replacement of systems and services they  
12 already received solely because a new entity purchased the utility. But, at the same time,  
13 PPL and all utilities have a reasonable expectation to recover prudent investments that  
14 deliver incremental benefits to customers. When there is a transaction such as this one, it is  
15 reasonably expected that the two paradigms collide – the purchaser has to replace a system or  
16 facility, but in doing so replaces it with something that enhances customer service. Although  
17 it is reasonable that the purchasing utility would not recover the costs associated with the  
18 portions of the investment that are merely a replacement, the value of the investment that  
19 provides enhanced service or incremental benefits can and should be eligible for cost  
20 recovery, provided it meets the regulatory standard.

1 **Q. Does PPL anticipate that it will seek recovery for all its transition costs on the basis that**  
2 **they provide incremental benefits?**

3 A. No. As PPL has stated, it will make a case-by-case assessment as to whether it will seek  
4 recovery of any particular transition costs. It will only pursue recovery for those costs for  
5 which it can meet its burden to demonstrate the incremental benefits.

6

7 **VI. PPL's Operation of Narragansett After the Transition Period**

8 **Q. After the transition period ends and PPL assumes full management and operation of all**  
9 **Narragansett functions and services, what will PPL's operating model for Narragansett**  
10 **be?**

11 A. PPL will operate Narragansett as a hybrid model that includes significant local control, while  
12 still providing substantial shared services from PPL's centralized operations. Narragansett  
13 will have a local, Rhode Island-based leadership team with substantial experience operating  
14 gas and electric utilities in New England. That Rhode Island leadership team and its local  
15 management and front-line workers will have substantial autonomy to focus on local service  
16 and support and ensure that Narragansett has all the resources and attention necessary to  
17 ensure safe and reliable gas and electric service.

18

19 Narragansett will not, however, be by itself on an island. Narragansett will receive support  
20 from PPL's operations in Pennsylvania and Kentucky for numerous functions and services.

1           Accordingly, although PPL will have a Rhode Island-based organization with functional  
2           areas focused entirely on Rhode Island, PPL still will provide shared services from its other  
3           affiliate operations that will cost-effectively supplement and strengthen the Rhode Island-  
4           based operations.

5  
6           As reflected in the Target State RI Operating Model provided in response to data requests as  
7           Attachment PPL-DIV 7-41-1, PPL's Rhode Island leadership team will have direct  
8           responsibility for each of Narragansett's operational functions. But, there are numerous  
9           functions, including transmission, IT, finance, electric support, and business services, among  
10          several others, for which PPL will provide support from its other locations.

11   **Q.   Several of the Advocacy Section witnesses and the RIAG witnesses testified that the**  
12   **PPL purchase of Narragansett will result in lost synergies from being a part of the**  
13   **regional National Grid USA group of utilities in Massachusetts, New York, and Rhode**  
14   **Island that will be detrimental to Narragansett's provision of service. Can PPL operate**  
15   **Narragansett just as efficiently under its proposed operating model as National Grid**  
16   **USA currently operates Narragansett?**

17   **A.**   Yes. As noted above, PPL's operating model is a hybrid model that continues to provide  
18   shared services similar to National Grid USA's current model, but with more services  
19   provided locally and with greater local control. It is a model that emphasizes local presence,  
20   local control, and local focus. But, it also provides the support of a large utility company that

1 provides numerous centralized services to its subsidiaries. Consequently, PPL's proposed  
2 operating state for Narragansett represents a best-of-both-worlds paradigm. Narragansett  
3 will get the benefit of an empowered local management team with Rhode-Island focused  
4 operations in various areas that currently National Grid USA provides only through its shared  
5 services model. Narragansett also will get the benefit of PPL's centralized services and the  
6 support of PPL's other utility companies in Pennsylvania and Kentucky.<sup>7</sup>

7  
8 National Grid USA's current shared services model has provided good results for  
9 Narragansett, but it is not the only way for a utility holding company to operate multiple  
10 utilities effectively and efficiently. And, the Division recently has encouraged greater local  
11 control. PPL's hybrid model takes the best attributes of a pure jurisdictional model and a pure  
12 shared services model to provide Narragansett with the benefits of local control and presence,  
13 while also providing the synergies and support, including economies of scale that come with  
14 a shared services model among multiple utilities.

15 **Q. Will it cost more to operate Narragansett because the Transaction removes**  
16 **Narragansett from National Grid USA's regional network of utilities?**

17 **A.** No, PPL expects that operating costs will go down. PPL has not completed a full business  
18 plan and budget for Narragansett's operation after the transition period, but Attachment PPL-  
19 DIV 1-54-1 provides PPL's reasonable expectation of its costs to operate Narragansett after

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<sup>7</sup> See Attachment PPL-DIV 1-54-1.

1 the transition period is complete. As that cost comparison document reflects, PPL expects  
2 that its managed costs to operate Narragansett will be lower than those same costs currently  
3 being incurred under National Grid USA ownership. When PPL completes its full business  
4 plan, it expects it will reflect similar cost estimates to those reflected in Attachment PPL-DIV  
5 1-54-1.<sup>8</sup>

6 **Q. Mr. Oliver testified that Attachment PPL-DIV 1-54-1 reflects that PPL will have**  
7 **significantly increased labor costs to manage and operate Narragansett's gas system as**  
8 **a result of the unbundling of Narragansett from National Grid USA's other utilities.**  
9 **How does this comport with PPL's overall view that PPL's costs to operate**  
10 **Narragansett will be lower than National Grid USA's?**

11 A. Mr. Oliver's testimony cherry picks certain data points from Attachment PPL-DIV 1-54-1  
12 that require additional context. The cost comparison that PPL performed reflects that,  
13 overall, PPL's managed costs to operate Narragansett will be lower than the same costs  
14 currently being incurred by National Grid USA. Some of the individual components of those  
15 overall costs are higher than National Grid USA's costs, and others are lower, but the net  
16 result is lower costs. One of the components of costs are the labor costs associated with gas  
17 operations. As is explained in the document, those labor costs are the result of PPL's plan to  
18 have an enhanced local presence in Rhode Island, which Rhode Island regulators have

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<sup>8</sup> Additional detail about the development of Attachment PPL DIV 1-54-1 is set forth in the Pre-Filed Rebuttal Testimony of Mr. Jirovec.

1 encouraged in recent years. This is a function of the differences in PPL and National Grid  
2 USA's operational models – not a consequence of lost economies of scale. As explained  
3 above and in Attachment PPL-DIV 1-54-1, PPL expects that its Rhode Island-based  
4 operations with support from centralized services in Pennsylvania and Kentucky will be as  
5 efficient and effective as current operations – and could bring incremental benefits to  
6 Narragansett customers.

7 **Q. Mr. Oliver also testified that PPL's decision to have a Rhode Island-based operation is**  
8 **not because PPL seeks to provide more local control in response to previously expressed**  
9 **regulatory concerns, but rather because PPL has no other choice because of the**  
10 **geographic remoteness of its other utilities. Is this accurate?**

11 A. No, that is not accurate. PPL could operate a pure shared services model that is substantially  
12 similar to National Grid USA's current model with centralized operations for all its utilities  
13 from Pennsylvania. PPL has developed its model for Narragansett because it draws the  
14 proper balance between having empowered and knowledgeable management in place locally  
15 to operate the utility safely and reliably, while also having the support of the larger  
16 centralized operations in areas where it makes the most sense to do so. PPL will provide  
17 shared services, but also will ensure accountability and local control in Rhode Island,  
18 protecting the interests of Narragansett and its customers. With the local Rhode Island  
19 leadership team and additional local operations that do not exist today, including customer  
20 contact and back-office functions, electric dispatch and control room operations, gas control

1 and dispatch functions, and gas and electric training operations, PPL will provide  
2 Narragansett and its customers with the support they need to ensure safe and reliable service.

3 **Q. How does PPL expect to provide storm response support to Narragansett?**

4 A. PPL expects that the Transaction will enhance Narragansett's storm response capabilities for  
5 several reasons.

6  
7 First, Narragansett will continue to be a party to mutual support arrangements substantially  
8 similar to what is currently in place.

9  
10 Second, PPL's ability to provide mutual support to Narragansett from its other utility  
11 operations will increase from what National Grid USA currently is able to provide. Because  
12 National Grid USA's utilities are located in the same geographic region, when storms impact  
13 Narragansett they also likely impact National Grid USA's other utilities operations in  
14 Massachusetts and New York. In contrast, storms that impact Narragansett rarely impact  
15 PPL's utilities in Pennsylvania and Kentucky, and vice versa. According to National  
16 Oceanic and Atmospheric Administration data, when a tropical event impacts Pennsylvania  
17 or Kentucky, there is only a 15 percent to 20 percent likelihood that it will impact Rhode  
18 Island as well. But, when tropical events impact Massachusetts, there is a 45 percent to 50  
19 percent likelihood that it also affects Rhode Island. Further, when major storms hit Rhode  
20 Island, they typically affect New York, limiting the number of resources that Narragansett

1 can receive from New York, particularly because New York does not permit crews to leave  
2 the state until there is full restoration of New York customers. Accordingly, the availability  
3 of crews in Pennsylvania and Kentucky to provide support to Narragansett in storm response  
4 is likely greater than exists currently.

5  
6 Third, PPL will deploy its predictive modeling approach to prepare to respond to storms  
7 before they happen. We conduct daily seven-day forecast reviews multiple times daily, using  
8 multiple weather forecasting systems and companies, entering data from those systems into  
9 our outage modeling tool to predict the number of expected outage cases and the number of  
10 customers affected. From this data, we are prepared to deploy restoration and support  
11 resources that allow us to restore power safely, quickly, and effectively.

12 **Q. Mr. Booth testifies that Narragansett will lose the ability to leverage initiatives in**  
13 **Massachusetts and New York to gain cost efficiencies in Rhode Island. Is this a**  
14 **legitimate concern?**

15 A. No. Under PPL ownership, the ability for Narragansett to gain cost efficiencies by  
16 leveraging initiatives in other jurisdictions will remain – just the other jurisdictions will  
17 change. Instead of leveraging initiatives in Massachusetts and New York, PPL and  
18 Narragansett will instead be able to leverage initiatives in Pennsylvania and Kentucky. The  
19 difference in geography is not an impediment. For example, PPL expects to leverage its  
20 experiences with procurement and implementation of smart meters in Pennsylvania and

1 Kentucky to achieve cost efficiencies for its planned revision to the Updated AMF Business  
2 Case it will file for Narragansett after the transaction closes.

3 **Q. Mr. Booth's testimony heavily emphasizes that National Grid USA currently has**  
4 **approximately 5,100 National Grid Service Company employees providing support to**  
5 **Narragansett and expresses his concern that PPL ownership will deprive Narragansett**  
6 **of the extensive experience and cost efficiencies that result from having those employees**  
7 **provide service to both Narragansett and National Grid USA's Massachusetts and New**  
8 **York utilities. How do you respond?**

9 A. Although National Grid USA has approximately 5,100 National Grid Service Company  
10 employees who provide some service to Narragansett, that number does not provide full  
11 context around the amount of employee time dedicated to providing service to Narragansett.  
12 Few, if any, of those approximately 5,100 employees are devoted full time to providing  
13 service to Narragansett. Rather, their time is split between and among the various National  
14 Grid USA utilities.

15  
16 PPL's model will have fewer total people providing service to Narragansett, but will still  
17 provide all the necessary time and attention to deliver safe and reliable service for  
18 Narragansett customers. Many of the individuals who provide services for Narragansett  
19 under PPL ownership will be 100% dedicated to Narragansett. Accordingly, their entire  
20 focus will be on Narragansett and they will not have competing priorities for other utilities.

1 Ultimately, both National Grid USA and PPL's models serve to deliver the necessary time,  
2 attention, and expertise to ensure that Narragansett operates effectively and efficiently.

3 There is no reason to conclude, and Mr. Booth provides no evidence, that providing the  
4 necessary service to Narragansett with 5,100 employees is more effective and efficient than  
5 providing the same level of service with fewer total people dedicating a greater percentage of  
6 their time.

7 **Q. Ms. Salem testified that she has concerns with PPL's experience and ability to**  
8 **administer Narragansett's least-cost procurement program and energy efficiency**  
9 **programs at least as well as National Grid USA. How does PPL plan to manage those**  
10 **programs?**

11 A. PPL has substantial experience managing energy efficiency programs and programs similar  
12 to least-cost procurement in its existing utilities.<sup>9</sup> PPL will leverage this experience, together  
13 with the knowledge and experience of the National Grid Service Company employees that  
14 will be transferring to PPL, to continue Narragansett's laudable energy efficiency results.

15 **Q. How do you respond to Ms. Salem's concerns that PPL may propose changes to these**  
16 **programs based on its experience, which she contends is inferior to Narragansett's**  
17 **performance?**

18 A. There is no risk that PPL will propose, the Division will support, or the PUC will approve  
19 changes that harm or degrade Narragansett's programs in these areas. As with my earlier

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<sup>9</sup> See e.g., PPL's responses to data requests OER 1-2 and GECA 1-2.

1 testimony regarding PPL’s planned “fresh look” at the ISR, the basis for PPL’s expectation  
2 that it may propose changes is that PPL believes there are always opportunities for  
3 enhancement. PPL will propose changes that it expects will deliver overall enhanced  
4 performance in energy efficiency and least cost procurement. And, any changes that PPL  
5 might propose will be subject to stakeholder and regulatory review to test PPL’s position on  
6 the proposals.

7 **Q. Ms. Salem also questions PPL’s ability to ensure Narragansett complies with Rhode**  
8 **Island’s renewable energy standard. How do you respond to this concern?**

9 A. The renewable energy standard is a statutory requirement. PPL is both required and  
10 committed to complying with all statutory requirements, including the renewable energy  
11 standard. PPL has experience procuring renewable energy. As Ms. Salem observes, PPL has  
12 met its requirements for procuring renewable energy in Pennsylvania. It is prepared to  
13 continue to procure renewable energy for Narragansett, whether via the Renewable Energy  
14 Growth Program, long-term contracts for renewable energy, offshore wind procurements, or  
15 other programs.

1 **VII. PPL’s Approach to Transitioning to Renewable Energy Generation and Creation of a**  
2 **Modern Electric Grid in Support of Rhode Island’s Climate Change Policies**

3 **Q. Is PPL committed to take the steps necessary to support Rhode Island’s policy goals for**  
4 **transition to renewable energy and reducing greenhouse gases to combat climate**  
5 **change?**

6 A. Yes. PPL is committed to economically and sustainably transitioning to cleaner energy  
7 sources through innovation, responsible resource management and investments in  
8 infrastructure that support a more reliable, resilient and efficient grid. PPL supports the  
9 transition to cleaner energy sources and recognizes that utilities play a major role in  
10 delivering a clean economy. PPL has a history of acting on these commitments in its existing  
11 jurisdictions, as explained in Mr. Dudkin’s direct testimony, and PPL is committed to  
12 continuing to identify, understand and manage risks and opportunities associated with  
13 climate change and the transition to a cleaner energy future. PPL will carry this ethic and  
14 philosophy forward into its ownership, management, and operation of Narragansett in  
15 furtherance of Rhode Island’s laudable and aggressive plans to combat climate change.

16 **Q. How does that align with PPL’s acknowledged opposition to the Obama**  
17 **administration’s Clean Power Plan, as referenced in Ms. Salem’s testimony?**

18 A. As PPL explained in its response to data request GECA 1-13, LG&E and KU Energy LLC’s  
19 opposition to the final Clean Power Plan (“CPP”) was not a philosophical opposition to the  
20 aims and goals to reduce carbon and other greenhouse gas emissions. Rather, PPL

1 challenged what we believed, and the courts ultimately agreed, to be flaws and deficiencies  
2 in the approach taken in the CPP and expressed concerns about methodology, analyses and  
3 assumptions in developing the proposed final rule. Instead, PPL supported a federal carbon  
4 reduction rule that would impose standards based on “inside the fence” or unit-specific  
5 reductions that are demonstrated to be achievable. More broadly, PPL recognizes that to be  
6 effective, U.S. climate policy needs to be national and economy-wide in scope, with a focus  
7 on market-based solutions and incentives rather than simply the regulation of individual  
8 emissions sources. In addition, PPL believes that climate change policy should provide  
9 regional and state flexibility and equally value all forms of carbon reduction to achieve deep  
10 and lasting decarbonization in the most efficient way

11 **Q. At page 10 of their testimony, Messrs. Ewen and Knecht state that “PPL has offered**  
12 **little in the way of proposals to expand upon NG’s current policies and activities to**  
13 **begin to address” the “recent changes in Rhode Island policy” that they contend “will**  
14 **require a more aggressive approach for reducing carbon emissions associated with**  
15 **electric supply, for overall gas usage, and for distribution services.” How do you**  
16 **respond to the suggestion that PPL has an obligation to “expand” upon National Grid**  
17 **USA’s current policies?**

18 A. First, PPL is fully engaged in meeting the standard for approval of this Transaction. It has  
19 demonstrated through its Petition, testimony, and data responses that (1) it has the experience  
20 and financial strength necessary to continue to operate Narragansett without degrading the

1 utility service that Narragansett has delivered, and (2) that the Transaction is consistent with  
2 the public interest in that it will not adversely impact the public, including customers.

3  
4 Second, PPL must become more familiar with many aspects of Narragansett's operation—  
5 familiarity that will come from actual operational control—before proposing aggressive  
6 enhancements or improvement in carbon reduction policies. It would be presumptuous to do  
7 so now.

8  
9 Third, PPL will strive to propose and implement enhancements, but those future  
10 enhancements are beyond the scope of this proceeding. That said, PPL is firm in its  
11 commitment to support the transition to renewable energy and is ready to take the steps  
12 necessary to support Rhode Island in achieving its objectives in combatting climate change –  
13 consistent with PPL's understanding that utilities play a major role in delivering a clean  
14 economy. And it will do so in a collaborative manner led by direction from the General  
15 Assembly, the Governor and the PUC, with input from the Division, the Office of Energy  
16 Resources, and many other interested parties.

17 **Q. Can you describe PPL's ability to support Rhode Island's greenhouse gas emission**  
18 **reductions mandated by the 2021 Act on Climate?**

19 A. Currently, the 2021 Act on Climate does not impose any affirmative obligations on utilities  
20 to take any particular actions. PPL recognizes and understands that Rhode Island's

1 implementation of the 2021 Act on Climate may result in affirmative enforceable obligations,  
2 and Narragansett will, of course, comply with those obligations.

3 **Q. Messrs. Ewen and Knecht testify that they believe that meeting climate goals will**  
4 **require a reduction in the use of natural gas and suggest that PPL should not be**  
5 **permitted to make capital expenditures on the gas distribution system other than for**  
6 **projects that already are under way. What is PPL's view of the future of natural gas**  
7 **distribution in Rhode Island?**

8 A. The General Assembly, the Governor, the PUC, the Division and local leaders are already  
9 engaged in discussing and planning for the future of natural gas distribution in Rhode Island.  
10 PPL is prepared to participate in that discussion and planning process, and to implement the  
11 decisions made by these government actors. These leaders will balance the competing  
12 interests in ensuring that there is sufficient energy supply to serve the needs of Rhode Island  
13 customers and planning for a future that achieves greenhouse gas reductions related to  
14 Narragansett's gas operations, along with rate impacts to customers. PPL understands this is  
15 a complicated and important problem to solve and is committed to working with Rhode  
16 Island stakeholders to achieve Rhode Island's clean energy goals.

17  
18 PPL does not agree that there should be a restriction on capital expenditures on the gas  
19 distribution system. Such a restriction would hamstring the ability of Narragansett and the

1 state of Rhode Island to meet the energy needs of customers that are critical to quality of life  
2 and a vibrant economy and to meet its obligations to provide safe and reliable service.

3  
4 **VIII. Conclusion**

5 **Q. Please summarize how the Transaction will not result in a degradation of utility**  
6 **services and is consistent with the public interest.**

7 A. PPL and National Grid USA have demonstrated, through their initial petition and direct  
8 testimony, responses to data requests, and through rebuttal testimony that PPL has the  
9 experience and financial strength necessary to continue safe and reliable electric and gas  
10 distribution service in Rhode Island. Accordingly, PPL has met the standard of the  
11 Transaction not resulting in a degradation of service.

12  
13 PPL also has made the necessary commitments to ensure that the Transaction does not result  
14 in higher costs that customers will have to pay to facilitate the transition of Narragansett to  
15 PPL ownership, and it has demonstrated that it has the ability to continue to develop and  
16 adapt as the needs to Rhode Islanders change, particularly with respect to efforts to combat  
17 climate change. Accordingly, the record firmly establishes that the Transaction will not have  
18 an adverse impact on the public and is therefore consistent with the public interest.

19 **Q. Does this conclude your testimony?**

20 A. Yes.

Job Title	Department	Job Sen Dt
VP-Operations Integration	Corporate Ops and Integration	4/12/2021
VP-Transmission & Substations	Transmission & Substations	1/1/2018
VP-Distribution Operations	Dist-Operations Admin	7/10/2012
GM - Transmission Operations	Transmission Operations	11/29/2010
Director of Operations	Dist-Operations Admin	1/26/2009
Regional Director Operations	Field Services Central	7/30/2007
R-Mgr Field ServicesOps Suppor	Field Services	7/17/2006
R-Mgr-Business Consulting	Utilities Business Consulting	5/10/2004
Mgr-Customer Care	Customer Operations	4/6/1998
Mgr-Technology Applications	CS Technology Applications	7/28/1997
Supv-Technical Support	Customer Contact Center	4/3/1995
Supv-Technical Supp-D.O.	Customer Contact Center	6/6/1994
Systems Analyst-Contact Center	Customer Contact Center	11/12/1990
Sr Accountant	Corporate Accounting	4/9/1990
Sr Auditor	Audit Services	12/14/1987
Staff Auditor	Audit Services	6/17/1985
Asst Field Office Mgr	Inactive Cost Areas 4xx	1/23/1984

## Transition Costs Estimate

<u>Transition Cost Categories</u>	<u>Cost estimates (millions)</u>
Integration and Regulatory Planning (PWC, Legal and internal)	\$ 48.1
Severance Costs for Grid Employees (per terms of SPA)	\$ 15.4
Pre-Close Grid Costs to be Reimbursed to Grid at Close	
Branding	\$ 4.4
ERP Separation for Day 1 TSA needs	\$ 8.2
IT new systems implementation <sup>1</sup>	\$ 315.0
RI Operations Facilities <sup>2</sup>	<u>\$ 17.0</u>
Total Estimated Transition Costs	\$ 408.1

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<sup>1</sup> **IT Systems including the following:**

Core Customer Service Center Capabilities, including IVR and Telephony  
Essential Customer facing website and services  
Customer Billing System  
Gas Engineering/Specialty Technology  
Gas Commodity Trading and Risk Management  
Electric Engineering/Specialty Technology  
Core Gas SCADA and Control Center  
Core Electric SCADA and Control Center  
Electric & Gas Work Management  
Gas and Electric Geographic Information Systems  
Data and Content Transfer and Rehosting Activities  
Core Finance capabilities  
Supporting Integration, Server, Infrastructure and Storage Technology  
Core Network & Telephony capabilities  
Employee Workstation & Mobile Devices  
Core HR and employee service capabilities  
Cybersecurity Technology and Supporting Capabilities  
IT Service Management Capabilities

<sup>2</sup> **Rhode Island Operations Facilities include the following:**

Customer Service Center  
Training Center  
Distribution Control Center