

**STATE OF RHODE ISLAND
PUBLIC UTILITIES COMMISSION**

IN RE: THE NARRAGANSETT ELECTRIC COMPANY :
d/b/a RHODE ISLAND ENERGY APPLICATION FOR : **DOCKET NO. 25-45-GE**
APPROVAL OF A CHANGE IN ELECTRIC AND GAS :
BASE DISTRIBUTION RATES :

DIVISION’S EIGHTH SET OF DATA REQUESTS
DIRECTED TO RHODE ISLAND ENERGY
(Issued: February 20, 2026)

Julissa Burgos’ Testimony

- DIV-8-1 Please explain how Rhode Island Energy (“RIE”) raises equity capital.
- DIV-8-2 Reference page 1, lines 8-9, of Ms. Burgos’ Direct Testimony regarding her responsibility for the “execution of PPL’s debt and equity capital market transactions.” Regarding PPL’s equity issuances:
- a. What specific cost of equity or Internal Rate of Return (IRR) is used as a benchmark when evaluating proposed equity issuances, including if they are accretive or dilutive to current shareholders?
 - b. Please describe the specific financial models (e.g., Dividend Discount Models, IRR analyses, or Price/Earnings multiples) used to determine the market-clearing price for recent equity offerings.
 - c. During the investor marketing phase of an equity issuance, what expected total return (dividend yield plus projected growth) is communicated to institutional investors to secure their participation in the offering?
- DIV-8-3 Regarding the \$500 million equity infusion into RIE referenced on page 5, lines 6-8, of Ms. Burgos’ Direct Testimony:
- a. Please identify the specific source of the \$500 million infusion. Was this capital derived from a distinct external equity issuance, or was it sourced from PPL’s general corporate treasury?
 - b. If the funds were sourced from the general corporate treasury, please provide a breakdown of the Weighted Average Cost of Capital (“WACC”) for the parent company at the time the infusion was made.
 - c. Does PPL maintain a policy regarding the use of parent-level debt to fund equity requirements at its regulated subsidiaries? If so, please provide a copy of that policy.
 - d. What analysis did PPL perform to determine that an equity infusion—rather than a direct debt issuance by the subsidiary—was the most cost-effective method for RIE customers to finance these specific requirements?

DIV-8-4 Regarding the management of PPL's and its subsidiaries' pension funds, please answer the following:

- a. Please describe Ms. Burgos's role (or the role of the Investment Committee) in overseeing the pension fund. Specifically, how are the expected returns on equity determined for the various asset classes within the fund?
- b. What is the current long-term expected return for the domestic large-cap equity (or equivalent total market) asset class used by PPL's investment committee and actuaries for pension funding projections?
- c. Please provide the specific capital market assumptions provided by the fund's investment consultants (e.g., Mercer, Aon, or Wilshire) that support these return expectations.
- d. Please provide all current documents establishing or discussing equity return expectations for the pension fund, including the most recent investment policy statement, asset allocation studies, and the most recent actuarial valuation reports.

DIV-8-5 Reference pages 6 and 7 of Ms. Burgos' Direct Testimony. The Company does not propose changes to its capital structure. The Company wishes to maintain its current capital structure of 57.04 percent equity, 42.54 percent long-term debt and 0.42 percent short-term debt. On page 4, lines 10-12, Ms. Burgos states that "[t]he Company targets a capital structure that optimizes the mix of debt and equity financing that balances the appropriate amount of risk and minimizes its weighted cost of capital, while maintaining credit metrics that support its strong investment-grade credit ratings." Did Ms. Burgos perform any modeling that compares the proposed 57/43 structure to alternative capital structures (such as 55/45, 53/47, 50/50, 48/52)? If so, please provide all such comparative analyses.

- a. If yes, please answer the following questions:
 - i. Please provide all analyses, studies, models, and workpapers used to determine that the proposed 57% equity / 43% debt capital structure "optimizes" this mix.
 - ii. What analyses were performed to determine the "appropriate amount of risk"? What risk metrics did use?
 - iii. Please provide all analyses showing how it was determined this structure "minimizes" its weighted cost of capital.
 - iv. Please provide the basis and all supporting documentation for the statement that the proposed capital structure "balances the appropriate amount of risk."
 - v. What cost of equity assumptions were used in any optimization analyses or modeling? Specifically, what was the cost of equity percentage used, how was that percentage determined, and what were the source(s) for that determination? For each alternative considered, what was the associated risk level? Please provide all supporting documentation,

including spreadsheets, financial models, workpapers, memoranda, and presentations.

- b. If no, please explain, in detail, why no alternative capital structures were considered, and please provide evidence for why any such consideration was deemed unnecessary.

Revenue Requirements

- DIV-8-6 Referring to the response to Division 6-1, please provide an explanation and details of items included in “Revenue Account Reclasses (Includes Prior Periods).”
- DIV-8-7 Refer to the response to Division 6-2. Workpaper SAB-3, Page 1 supports the ISR Revenues on Schedule SAB-2-ELEC, Line 7. The ISR revenues on Workpaper SAB-3, Page 1 do not include revenues from the ISR “Property Tax Recovery Adjustment.” Please explain how those revenues are treated for the purpose of determining the Company’s base rate revenue requirement.
- DIV-8-8 Refer to the response to Division 6-4. Workpaper SAB-3, Page 2 supports the ISR Revenues on Schedule SAB-2-GAS, Line 4. The ISR revenues on Workpaper SAB-3, Page 2 do not include revenues from the ISR “Property Tax Recovery Adjustment.” Please explain how those revenues are treated for the purpose of determining the Company’s base rate revenue requirement.
- DIV-8-9 Referring to the response to Division 6-15, please provide details and supporting documentation for the “normalizing adjustment to remove write-offs that should have been written off in prior period.” The response should include specification of the prior period during which the write-offs should have been written off.
- DIV-8-10 Referring to the response to Division 6-17, please provide details and supporting documentation for the “normalizing adjustment to remove write-offs that should have been written off in prior period.” The response should include specification of the prior period during which the write-offs should have been written off.
- DIV-8-11 Please provide documentation supporting the amounts on Attachment DIV 6-18.
- DIV-8-12 Referring to the response to Division 6-23, please clarify why there was no Gas software in-service as of August 31, 2025.
- DIV-8-13 Refer to the response to Division 6-31. On page 15 of Report and Order 19152 (December 18, 2007) in Docket No. 3859, the Commission noted that Company Witness Laflamme “testified that he reviewed Mr. Efron’s testimony and schedules and agreed with his proposal regarding the hold harmless mechanism.” Given that there was agreement among the parties regarding Mr. Efron’s proposal for the hold harmless mechanism in Docket No. 3859 and that the Commission took notice of this agreement in its Report and Order, please explain why the Company reflects a treatment of the hold harmless mechanism that is not consistent with Mr. Efron’s proposal.

Forecasted Gas Environment Costs

DIV-8-14 Please provide the forecasted gas environmental costs for the 12-month period ending March 31st for the years 2026, 2027, and 2028.

Employment Levels and Retention

DIV-8-15 Refer to the testimony of Ms. Castro page 33. Ms. Castro stated that there were 435 electric distribution employees as of the end of the test year. Refer to the response to DIV-3-60. The Company stated that the number of electric distribution employees was 735. Please reconcile these balances.

DIV-8-16 Refer to the testimony of Ms. Leone page 39. Ms. Leone stated that there were 501 gas distribution employees as of the end of the test year. Refer to the response to DIV-3-60. The Company states that the number of gas distribution employees was 510. Please reconcile these balances.

DIV-8-17 Refer to the response to DIV-3-46. Please provide the value (dollar amount) related to retention expenses (LTI) for the years shown. Please provide the balance of retention costs included in Rate Year 1 and Rate Year 2 for Electric and Gas. Please explain what caused employees to voluntarily leave the Company (Electric Division) from 28 voluntary terminations in 2022 to 51 voluntary terminations in the test year absent collecting retention bonuses. Please provide the same explanation for the Gas Division. (16 in 2022 to 21 in the test year).

Gas Capital Investments

DIV-8-18 Pages 30 and 31 of Ms. Leone’s testimony mentions that the Company seeks to recover . . . capital investments in the gas distribution system made separately from the ISR plan process. Please provide a listing by year of all Non-ISR capital additions placed into service. Projects under \$1 million can be grouped together. Please include the following in the listing:

- a. Description of the project.
- b. Start and end dates for the project.
- c. Total cost of the project.
- d. Classification of the project (Growth, Reinforcement, etc.)

DIV-8-19 Page 31 of Ms. Leone’s testimony mentions that the Company is not seeking recovery of gas capital investments not currently in service. Please expand on what is meant by “not currently in service”. If the reference is to a date certain, such as the end of the test year, or the filing date of the rate case, please provide the calendar date being referenced.