

Division 2-37

Request:

Referring to Mr. Sobolewski's testimony (at 13:13-17), although the transfer of ownership of Narragansett to PPL Rhode Island will have no impact on base distribution rates charged to Narragansett electric and gas customers upon the closing of the Transaction, is it expected that the base distribution will eventually be impacted by PPL ownership? If so, please describe and quantify the expected impact of PPL ownership.

Response:

As explained in PPL and PPL RI's response to data request Division 1-8, PPL and PPL RI expect to collaborate with the Rhode Island Division of Public Utilities and Carriers on when PPL RI will file a base distribution rate case after the transfer of ownership of Narragansett to PPL RI is completed. Once PPL RI files that base distribution rate case, PPL and PPL RI expect that the proposed rates will be based on a test year that reflects actual costs associated with PPL RI's ownership and operation of Narragansett. And, on an ongoing basis thereafter, PPL RI's proposed base distribution rates in future base distribution rate cases for Narragansett will be based on costs incurred under PPL and PPL RI's ownership and operation. Accordingly, PPL ownership will eventually impact base distribution rates once those rates are set through rate cases based on actual costs under PPL ownership.

PPL and PPL RI are unable to quantify the expected impact at this time. PPL and PPL RI expect that PPL RI's ownership will have a positive impact on rates for Narragansett gas and electric customers by maintaining lower rates than otherwise would have resulted in the absence of PPL RI's ownership based on PPL's experience operating PPL Electric Utilities Corporation in Pennsylvania. PPL and PPL RI also refer to their response to data requests Division 2-9 and Division 2-10.

Supplemental Response:

PPL and PPL RI refer to Attachment PPL-DIV 1-54-1 for additional information responsive to this request.