

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

Docket No. D-21-09

PPL Corporation and PPL Rhode Island Holdings, LLC's  
Responses to the Division's Third Set of Data Requests  
Issued on July 6, 2021

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Division 3-1

Request:

Please identify and provide a copy of each contract under which Narragansett presently receives services for its gas system from National Grid or another affiliated entity in Rhode Island that will be transferred or assigned to PPL as part of the proposed transfer of ownership of Narragansett Electric Company's gas system.

Response:

PPL and PPL RI refer to the response of National Grid USA and The Narragansett Electric Company to data request Division 3-1.

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Division 3-2

Request:

Please identify any and all services that National Grid or an affiliated entity presently provides in support of Narragansett Electric Company's gas system administration, operations, planning and/or construction activities that will be terminated or phased-out if approval of the proposed transfer of ownership of Narragansett Electric Company's gas system to PPL is granted.

Response:

PPL and PPL RI refer to the response of National Grid USA and The Narragansett Electric Company to data request Division 3-2.

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Division 3-3

Request:

Please identify and provide a copy of each contract under which Narragansett presently receives services from a third-party contractor in support of its gas system operations in Rhode Island that will be transferred or assigned to PPL as part of the proposed transfer of ownership of Narragansett Electric Company's gas system.

Response:

PPL and PPL RI refer to the response of National Grid USA and The Narragansett Electric Company to data request Division 3-3.

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Division 3-4

Request:

Please identify and provide a copy of each contract under which Narragansett presently receives services from a third-party contractor in support of its gas system operations in Rhode Island that will be transferred or assigned to a PPL affiliate as part of the proposed transfer of ownership of Narragansett Electric Company's gas system.

Response:

PPL and PPL RI refer to the response of National Grid USA and The Narragansett Electric Company to data request Division 3-4.

Division 3-5

Request:

Please document the experience and expertise of PPL and its employees in the operation of LNG facilities.

Response:

PPL and its affiliated entities do not have organizational experience in the operation of LNG facilities. Notwithstanding the foregoing, the Director, Gas Asset Integrity Management & Compliance at LG&E is a former employee of a National Grid affiliate who has experience at the Holtsville liquefied natural gas plant located in Holtsville, New York. The sixteen-acre facility is a permanent LNG facility with both liquefaction and vaporization capabilities. At the time the Director worked there, the facility had a liquefaction capacity of 3 million cubic feet of gas per day, a tank storage capacity of 175,000 barrels (7,350,000 gallons) liquid equivalent to 600 million cubic feet of natural gas, and a vaporization capacity of 100 million cubic feet per day. Plant activities included maintenance and capital construction projects for compressor upgrades, valve inspection and replacements, and liquefaction (cold box) projects and repairs. That employee specialized in welding operations for plant maintenance and operations while working at the Holtsville facility.

Additionally, the LNG workstream currently is planned to convey to PPL RI's control on Day 1 and the Narragansett employees responsible for performing LNG operations will continue to perform those functions. Specifically, the supervisors and operators currently working at the Narragansett LNG plants will transfer to PPL at time of closing. As such, PPL RI will immediately have the personnel with substantial experience operating the Narragansett LNG facilities.

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Division 3-6

Request:

Please document the experience and expertise of PPL and its employees in the design and construction of LNG facilities.

Response:

PPL does not currently have employees with experience in the design and construction of LNG facilities. However, the LNG workstream currently is planned to convey to PPL RI's control on Day 1, and the Narragansett employees responsible for performing LNG operations, including design and construction as needed, will continue to perform those functions. As such, PPL RI will immediately have the personnel with experience in the design and construction of LNG facilities.

Division 3-7

Request:

Please provide a detailed explanation of the manner in which Gas Asset Management will be performed for Narragansett Electric Company's gas system after ownership of the gas system is transferred to PPL.

Response:

The Gas Asset Management function is part of the Engineering and Asset Management workstream. After ownership of the gas system transfers to PPL RI, PPL RI expects that the specific functions of Gas Asset Management will be performed by former personnel of National Grid and/or its affiliates who transfer to PPL and/or its affiliates, and work under PPL's management structure. Those personnel may be supplemented with new employees or contractors if needed.

The Engineering and Asset Management workstream includes gas engineering, investment planning, asset information (mapping/GIS), integrity management and corrosion control. The Gas Asset Management activities specifically include:

- Gas system strategic planning – System modeling of Rhode Island gas system and development of reinforcement and reliability strategies;
- Asset engineering – asset analysis, prioritization, and replacement planning (ex. Leak prone pipe program); and
- Integrity management – Management of system integrity programs.

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Division 3-8

Request:

Please identify who will oversee natural gas purchasing for Narragansett Electric Company after the close of the transaction and document their experience in New England natural gas markets.

Response:

Gas procurement services will be provided under the Transition Service Agreement ("TSA") with National Grid and/or its affiliates for approximately two years, during which time National Grid will be involved in the natural gas purchasing activities. National Grid's Energy Procurement group has substantial experience in that it has been purchasing gas on behalf of Narragansett since 2008 and has even longer-term experience transacting on behalf of National Grid's Massachusetts gas customers. Further, PPL will work closely with National Grid during the TSA period to build its experience during that time to complement the substantial experience PPL personnel already have with natural gas purchasing for LG&E.

After the TSA period, PPL and PPL RI will ensure that gas procurement services for Narragansett will be provided in a manner consistent with the provision of such services prior to completion of the Transaction.

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Division 3-9

Request:

Referencing the Direct Testimony of Witness Lonnie Bellar at page 2, line 15, through page 3, line 4, please identify each regulatory proceeding (by jurisdiction and case or docket number) in which Mr. Bellar has testified with respect to gas system operations, planning, and/or ratemaking issues.

Response:

Please see Attachment PPL-DIV 3-9-1 LG&E Rate Cases – Case Descriptions.

Please also see Attachment PPL-DIV 3-9-2 Bellar Testimony Summary.

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Division 3-10

Request:

Referencing Mr. Bellar's testimony at page 3, lines 2-4, please provide a complete copy of each piece of testimony (direct, rebuttal, etc.) and all associated exhibits that Mr. Bellar sponsored in the 2010 proceeding before the Kentucky Public Service Commission regarding approval of PPL's acquisition of KU and LG&E.

Response:

Please see the following attachments:

Attachment PPL-DIV 3-10-1 (2010-00204 – Bellar Testimony and Settlement)

Attachment PPL-DIV 3-10-2 (2010-00204 – Bellar Initial Requests for Information)

Attachment PPL-DIV 3-10-3 (2010-00204 – Bellar Post-Hearing Brief Documents)

Division 3-11

Request:

Referencing Mr. Bellar's testimony at page 3, line 12, Mr. Bellar refers to PPL's capabilities in the operation of gas distribution utilities. Please identify each gas distribution utility other than LG&E that PPL has operated, and identify the time frame over which PPL has operated each identified utility.

Response:

Counsel for PPL and PPL RI, National Grid USA ("National Grid"), The Narragansett Electric Company ("Narragansett"), and The Rhode Island Division of Public Utilities and Carriers Advocacy Section (the "Division Advocacy Section") met and conferred regarding the breadth and scope of certain data requests. After that meet and confer, the Division Advocacy Section sent a letter, dated June 22, 2021, advising that PPL, PPL RI, National Grid, and Narragansett can "use sound judgment and the rule of reason in crafting responses and providing responsive documents." The Division Advocacy Section also advised in the June 22, 2021 letter PPL, PPL Rhode Island, National Grid, and Narragansett to "consider the Advocacy Section's goal of protecting ratepayers when determining scope and relevancy." Based on the scope and breadth of this request, PPL and PPL RI have applied the rule of reason and used sound judgment in limiting the breadth and scope of their response to this request, and have considered the Division Advocacy Section's goal of protecting ratepayers in determining which documents it will produce. Accordingly, PPL and PPL RI have limited their response to a 30-year time period.

On August 21, 1998, PP&L Resources, Inc. (now known as PPL Corporation) acquired Penn Fuel Gas, Inc., which owned two gas utilities, PFG Gas, Inc. and North Penn Gas Company.

On February 14, 2000, the name of the utility holding company for the two gas utilities changed from Penn Fuel Gas, Inc. to PPL Gas Utilities Corporation.

Effective December 31, 2004, the two gas utilities, PFG, Inc. and North Penn Gas Company, merged up and into PPL Gas Utilities Corporation.

On October 1, 2008, PPL Corporation sold PPL Gas Utilities Corporation to UGI Utilities, Inc.

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Division 3-12

Request:

Referencing Mr. Bellar's testimony at page 4, lines 10-11, please identify PPL's plans for use of on-system natural gas storage (excluding LNG storage) in Rhode Island to meet Rhode Island's peak day gas service requirements.

Response:

PPL and PPL RI have not yet determined whether or to what extent they will seek to use on-system natural gas storage (excluding LNG storage) to meet Rhode Island's peak day gas service requirements. The reference in Mr. Bellar's testimony at page 4, lines 10-11, identifies PPL's current use of underground natural gas storage. No such facility exists in Rhode Island on the distribution system.

Division 3-13

Request:

Referencing Mr. Bellar's testimony at page 4, line 17, please provide the data, analyses, reports, studies and other documents upon which Mr. Bellar relies to assert that, "LG&E's forward thinking gas strategy has reduced leak rates" in:

- a. Distribution Mains
- b. Distribution Services

Response:

LG&E's forward thinking strategy is illustrated by its implementation of major programs to improve safety and reliability while reducing leaks. Please see page 10 of Attachment PPL-DIV 1-2-11 CONFIDENTIAL, which contains a chart illustrating the reduction in below ground leaks over time, along with charts demonstrating the reduction of cast/wrought iron and bare steel in the LG&E gas system from the Main Replacement program. This document also shows that the current LG&E distribution system is almost entirely plastic and protected steel. The primary programs LG&E has successfully implemented, and which were addressed in LG&E's rate cases in 2012, 2014, 2016, and 2020, are described further below:

**Main replacement/leak prone pipe replacement program**

LG&E implemented a main replacement/leak prone pipe replacement program from 1996-2017. The program eliminated LG&E's bare steel, cast iron, and wrought iron low pressure piping inventories. LG&E retired the 540 miles of leak prone pipe that were on the system when the program started in 1996 and installed approximately 650 miles of plastic and coated, protected steel pipe. This large scale approach also facilitated conversion of these areas of the gas distribution system from low to medium pressure and the replacement of more than 70,000 gas service lines. LG&E utilized a large scale/wide area replacement strategy as opposed to a priority/segment by segment approach. This large-scale approach more efficiently utilized resources by completing an area versus moving resources around the system completing smaller scopes of work. This also allowed the area to be converted to the new piping system and abandon/retire the leak prone pipe in that area. LG&E employed this strategy in conjunction with uprating the system operating pressure from low pressure (inches water column) to a medium pressure (30-35 psig) system. The remaining low pressure system is comprised of only approximately 10 miles of distribution piping which serves approximately 380 customers in the central-business district in downtown Louisville.

### **Gas service riser replacement program**

LG&E implemented a gas service riser replacement program over five years from April 2013 to December 2017. The program inspected approximately 306,000 gas services and replaced approximately 194,000 compression style gas service risers that were prone to leaks or failure. The program included an evaluation of riser failures and leaks, riser type, service size, and operating pressure. This evaluation determined service density impacts based on riser inspection results and prioritized replacements based upon zip codes based on the riser density and leak/failure data. The operational benefits included:

- Elimination of non-pullout-resistant compression style gas service risers;
- Support for the Distribution Integrity Management process by eliminating known threat of compression style gas service risers prone to leak or failure;
- A significant reduction in the number of riser failures, especially during winter months;
- Bringing riser and meter manifold installations up to current construction standards; and
- Indirect benefits resulting from the canvas of the entire service territory, such as finding and repairing leaks, identifying unlocatable gas service lines, and correcting meter problems.

### **Service Line Replacement Program**

LG&E currently is undertaking a large-scale replacement program covering approximately 45,000 steel gas distribution customer service lines, replacement of all active county loops, and abandonment of targeted steel curbed services over a 15 year period (2018-2032). This program will increase the safety and reliability of the services in use in LG&E's system. This supports the Distribution Integrity Management process by eliminating the known threat of leak prone pipe and supports the Damage Prevention Program by eliminating a known threat of curbed services.

Division 3-14

Request:

Referencing Mr. Bellar's testimony at page 5, lines 4-5, please Provide PPL's assessment of:

- a. The number of pipeline valves on the Rhode Island gas distribution system; and
- b. The expected costs and benefits of increasing the numbers of pipeline valves currently on the Rhode Island gas distribution system.

Response:

- a. PPL and PPL RI have not yet performed an assessment of the number of pipeline valves by pressure classification on the Rhode Island gas distribution system.
- b. PPL and PPL RI refer to their response to Subpart (a) of this Request.

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Division 3-15

Request:

Referencing Mr. Bellar's testimony at page 6, lines 1-3, please provide:

- a. A history of LG&E's gas costs adjustment rate by tariff class since 2016; and
- b. PPL's assessment of the changes it would make to Narragansett's current (pre-Transaction) gas procurement strategies and rates for Rhode Island to lower Rhode Island gas cost adjustment rates.

Response:

- a. The following table shows LG&E's effective Total Gas Supply Cost Component since 2016 as approved pursuant to the provisions of its Gas Supply Clause tariff.

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Year	Effective Date	Gas Supply Cost Component \$/Ccf
<b>2015</b>		
	November 1, 2015	\$ 0.34068
<b>2016</b>		
	February 1, 2016	\$ 0.32343
	May 1, 2016	\$ 0.35130
	August 1, 2016	\$ 0.38216
	November 1, 2016	\$ 0.41142
<b>2017</b>		
	February 1, 2017	\$ 0.42950
	May 1, 2017	\$ 0.44310
	August 1, 2017	\$ 0.42667
	November 1, 2017	\$ 0.43432
<b>2018</b>		
	February 1, 2018	\$ 0.39332
	May 1, 2018	\$ 0.37905
	August 1, 2018	\$ 0.41446
	November 1, 2018	\$ 0.39861
<b>2019</b>		
	February 1, 2019	\$ 0.42104
	May 1, 2019	\$ 0.43618
	August 1, 2019	\$ 0.34846
	November 1, 2019	\$ 0.38405
<b>2020</b>		
	February 1, 2020	\$ 0.34001
	May 1, 2020	\$ 0.25410
	August 1, 2020	\$ 0.30516
	November 1, 2020	\$ 0.36675
<b>2021</b>		
	February 1, 2021	\$ 0.32194
	May 1, 2021	\$ 0.35021

*Note: All tariff classes are billed the same GSC rate.*

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- b. PPL and PPL RI have not determined whether they will make changes to Narragansett's current (pre-Transaction) gas procurement strategies and rates for Rhode Island to lower Rhode Island gas cost adjustment rates. Based on the current state of their review, however, PPL and PPL RI currently view Narragansett's existing strategies as appropriate and prudent for the Rhode Island market.

Division 3-16

Request:

Referencing Mr. Bellar's testimony at page 6, lines 3-4, please provide:

- a. A copy of the referenced J.D. Power business customer satisfaction survey;
- b. A copy of the most recent J.D. Power residential customer satisfaction survey for Midwest gas utilities and indicate LG&E's ranking in that survey;
- c. LG&E's national ranking in the 2019 J.D. Power business customer satisfaction survey; and
- d. LG&E's national ranking in the most recent national J.D. Power residential customer satisfaction survey.

Response:

- a. Please see Attachment PPL-DIV 3-16-1 – 2019 Gas Business Study Questionnaire (CONFIDENTIAL) and Attachment PPL-DIV 3-16-2 – 2020 Gas Business Study Questionnaire (CONFIDENTIAL).
- b. Please see Attachment PPL-DIV 3-16-3 – 2020 Gas Residential Study Questionnaire (CONFIDENTIAL).

Below please find LG&E's 2020 overall rank in the study (national) as well as in the Midwest Midsize segment in which it participates:

- LG&E's 2020 overall study rank (national): 56 of 83
- LG&E's 2020 Midwest Midsize rank: 7 of 11

- c. Below please find LG&E's 2019 overall rank in the study (national) as well as in the Midwest Midsize segment in which it participates:
  - LG&E's 2019 overall study rank (national): 9 of 50
  - LG&E's 2019 Midwest Midsize rank: 1 of 19
- d. Please see the response to subpart (b), above.

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Attachments PPL-DIV 3-16-1 to 3-16-3

Confidential Attachments PPL-DIV 3-16-1 to 3-16-3 contain confidential commercial or financial information. PPL and PPL RI have requested protective treatment of these confidential attachments in their entirety.

Division 3-17

Request:

Referencing Mr. Bellar's testimony at page 7, lines 6-18, please list each of the "more than 20 gas operations functions for which PPL and Narragansett are crafting specific plans," and:

- a. Provide the expected timing of the completion of each plan for the identified gas operations function, including:
  - i. Any interim milestones for the development of the plan for each function; and
  - ii. The expected timing of the availability of the Transition Services Agreement ("TSA") for each applicable gas operations function;
- b. Identify each function on of Day 1 of PPL ownership for which:
  - i. National Grid USA Service Company, Inc. (the "Service Company") will perform on a temporary basis under the TSA;
  - ii. Services will be provided entirely by current Narragansett employees who:
    - (a) remain Narragansett employees
    - (b) become employees of PPL
    - (c) become employees of a PPL affiliate other than Narragansett (e.g., PPL Rhode Island).
  - iii. Services will be provided entirely by current Service Company employees who:
    - (a) remain Service Company employees
    - (b) become employees of PPL
    - (c) become employees of a PPL affiliate
  - iv. Services that PPL will be ready to absorb into its operations starting on Day 1;
  - v. Services that a PPL affiliate will be ready to absorb into its operations starting on Day 1.

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- c. For each identified gas operations function, provide PPL's assessment of the impact of the selected operating approach on Narragansett's costs of performing the function of each of the next three years.
- d. If PPL currently has or intends to use a PPL service company to provide services for Rhode Island's gas system, please identify the services that will be provided by the PPL service company for each of the next three years and provide the Cost Allocation Manual or methods that PPL intends to use to allocate to Rhode Island any PPL service company costs that are expected to be commonly incurred for Rhode Island's gas system and other PPL operations.

Response:

PPL and PPL RI refer to their response to data request Division 1-40 and to Attachments NG-DIV 1-28-2-3 through 1-28-2-4 to National Grid USA and Narragansett's response to data request Division 1-28 for a list each of the "more than 20 gas operations functions for which PPL and Narragansett are crafting specific plans" and the draft versions of the Transition Services Agreement ("TSA") schedules related to gas operations functions as of June 25, 2021.

- a. Attached as Attachment PPL-DIV 3-17-1 is the integration planning calendar that the integration planning teams, including Gas Operations, are working toward to develop both their Day 1 plans and Transition Services. This calendar has been developed to synchronize the finalization of the plans with the potential close of the Transaction.
  - i. See Attachment PPL-DIV 3-17-1 for interim milestones identified as part of the planning process.
  - ii. PPL and PPL RI refer to Attachments NG-DIV 1-28-2-3 through 1-28-2-4 to National Grid USA and Narragansett's response to data request Division 1-28 for the versions of the TSA schedules that include Gas Operations functions. These TSA schedules will be refined as the integration planning process proceeds and the Day 1 and TSA plans are finalized.
- b. (i) through (v)

PPL and PPL RI have not yet finally determined, for Day 1 of PPL RI ownership of Narragansett, which gas operations functions will be: (i) performed by the Service Company, (ii) serviced by current Narragansett employees, whether as Narragansett employees, PPL employees, or employees of a PPL affiliate, (iii) serviced by Service Company employees, whether as Service Company employees,

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PPL employees, or employees of a PPL affiliate, (iv) absorbed into PPL's operations starting on Day 1, or (v) absorbed into the operations of a PPL affiliate starting on Day 1. PPL and PPL RI currently are working collaboratively with National Grid on Day 1 planning, which includes analyzing and refining these functions and the plans for continuous performance of these functions to ensure safe and reliable gas distribution service to all customers as of Day 1 and throughout the transition period.

PPL and PPL RI also refer to Attachment PPL-DIV 3-17-2 for a view of the Day 1 requirement and TSA implications for Gas Operations as of July 15, 2021. These Day 1 requirements will continually be refined as the planning process proceeds and more information is shared between the Applicants.

- c. PPL and PPL RI have not yet fully determined the impact of the selected operating approach on Narragansett's costs of performing the function of each of the next three years. PPL and PPL RI are currently working to analyze and refine these functions that includes the related cost impacts of performing these functions as well as the plans for continuous performance of these functions to ensure safe and reliable gas distribution service to all customers as of Day 1 and throughout the transition period.
- d. PPL and PPL RI refer to the response in subpart b. above with respect to the utilization of the Service Company to provide services for the Rhode Island gas system. PPL and PPL RI have not fully developed a Cost Allocation Manual that it intends to use to allocate to Rhode Island any PPL service company costs that are expected to be commonly incurred for Rhode Island's gas system and other PPL operations Gas System. PPL and PPL RI expect to adopt generally accepted cost assignment methods that will include 1) direct assignment of costs, 2) utilization of cost causative allocations when appropriate, and 3) general allocation methods for remaining costs.

Division 3-18

Request:

With respect to Narragansett's existing billing systems: Please:

- a. Identify any and all anticipated modifications that will be made to Narragansett's existing billing system for gas service prior to the completion of PPL's first three years of operations; and
- b. Provide an estimate of the anticipated cost of each modification.

Response:

- a. PPL and PPL RI are in the process of evaluating what system modifications will be needed to transfer existing gas billing functions from National Grid to PPL RI. This evaluation has identified the following areas which will need to be addressed in the transition: 1) tariffs and billing, 2) customer service (including, but not limited to, call center, interactive voice recognition systems, and field services), 3) collections (including, but not limited to, assistance programs and payment agreements), 4) backend interfaces (e.g. Experian and supplier interfaces), and 5) financial reporting. The gas billing function will be handled by National Grid under the Transition Services Agreement until such time as PPL RI is ready to take over billing functions. PPL and PPL RI anticipate the transition period to take over billing functions to take between 18 and 24 months.

As part of this evaluation, PPL and PPL RI are determining how to effectively integrate the various functions into PPL's existing systems to serve Narragansett. The integration of billing functions will need to accommodate operating in multiple jurisdictions and multiple service functions. There is also cross-functional foundational systems work that will need to be completed that will serve both the gas and electric services. PPL and PPL RI will supplement this response when additional information is available regarding the billing functions.

- b. Estimates for the costs to transfer the gas billing function from National Grid to PPL and PPL RI have not yet been prepared. PPL and PPL RI will update this response once these estimates are developed.

Division 3-19

Request:

Referencing Mr. Bellar's testimony at page 9, line 1, please:

- a. Identify each element of the "necessary authority" that will be bestowed upon the Vice President of Gas Operations for Rhode Island;
- b. Identify the person or persons within Narragansett to whom the Vice President of Gas Operations for Rhode Island will report;
- c. Identify the person or persons within PPL to whom the Vice President of Gas Operations for Rhode Island will report.

Response:

- a. The Vice President of Gas Operations will ultimately be responsible for all elements of the gas operations business, including but not limited to planning, maintenance and asset management, and will have all necessary decision-making authority to ensure safe and reliable gas service to customers.
- b. The Vice President of Gas Operations will report directly to the President of PPL RI – David J. Bonenberger.
- c. The Vice President of Gas Operations will not report directly to anyone at PPL. Working with the President of PPL RI, the Vice President of Gas Operations will exercise the decision-making authority described in subpart (a), above, to ensure the safe and reliable operation of the Narragansett gas distribution system. PPL and PPL RI also refer to their response to data request Division 1-19(b).

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Division 3-20

Request:

Referencing Mr. Bellar's testimony at page 10, line 4, please indicate how the "integration and transition plan" being negotiated differs from the TSA reference at page 7, line 12, of Mr. Bellar's testimony.

Response:

The Transition Services Agreement ("TSA"), which is referenced at page 7, line 12 of Mr. Bellar's testimony is a piece of the integration and transition plan referenced at page 10, line 4 of Mr. Bellar's testimony.

PPL and PPL RI are working with National Grid and Narragansett to develop an overall integration and transition plan that will: (1) determine how all functions and operations of Narragansett's business will be performed on Day 1 of PPL RI ownership of Narragansett to ensure uninterrupted safe and reliable electric and gas distribution service to all Narragansett customers, and (2) establish a path to the full transition and integration of all Narragansett functions and operations to PPL and PPL RI's systems and personnel. The TSA is a part of that plan. Under the TSA being negotiated, National Grid USA Service Company, Inc. and/or its affiliates will perform certain operations and functions for Narragansett while the transition and integration of those functions to PPL and PPL RI is completed.

PPL and PPL RI also refer to their responses to data requests Division 1-28, Division 1-29, Division 1-34, Division 1-40, Division 2-17, and Division 2-19. PPL and PPL RI also refer to National Grid and Narragansett's responses to data requests Division 1-28 and Division 1-29 and the attachments to those responses.

Division 3-21

Request:

Referencing Mr. Bellar's testimony at page 11, line 19, through page 12, line 2, please:

- a. Provide the data, analyses, workpapers, studies and other documents upon which Mr. Bellar relies to assert that "PPL has a track record of making ... capital investments in gas infrastructure to improve safety and reliability while maintaining lower-than-average rates," and
- b. Explain how the references to "lower-than-average rates" will be relevant to Rhode Island and identify the measure of average rates that will be used to assess the Company's performance.

Response:

- a. LG&E has an annual 5-year Business Planning process including capital planning, which is reviewed and approved through various management levels, including Mr. Bellar. The capital plan has general categories of projects, including Maintaining and Enhancing the Network. These general categories include projects for gas distribution, gas transmission, regulation facilities, compressor stations, and storage fields. The projects typically replace existing infrastructure or install new infrastructure to improve system safety and reliability, enhance the system's ability to serve new/expanded gas load, compliance, and infrastructure relocation.

The Gas Operations Business/Operating Plans used for the three previous LG&E rate cases filed in 2016, 2018 and 2020 are attached as:

Attachment PPL-DIV 3-21-1 Gas Distribution Operations 2017 Business Plan – September 2016

Attachment PPL-DIV 3-21-2 Gas Distribution 2019 Operating Plan – September 2018;  
and

Attachment PPL-DIV 3-21-3 Gas Operations 2021 Operating Plan – September 2020).

These plans describe funding projects for the safety and reliability of the system. Capital in the category of Maintaining and Enhancing the Network is included in the 2018 and 2020 plans.

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Although significant capital investments in gas infrastructure have been made, LG&E has been able to sustain rates comparable to neighboring utilities. The table below compares LG&E's gas residential bill components, based on usage of 10 MCF, to that of other local distribution companies in Kentucky.

KY Gas Utility Residential Rate Comparison					
	Atmos Energy Corporation CN 2021-00214 (1)	Columbia Gas of Kentucky, Inc. CN 2021-00183 (1)	Delta Natural Gas Company CN 2021-00185 (1)	Duke Energy Kentucky CN 2021-00190 (1)	Louisville Gas and Electric Company Current Rates (2)
<b>Base Rate</b>	\$63.21	\$72.19	\$86.10	\$81.81	\$70.66
<b>GSC</b>	\$45.42	\$44.13	\$55.53	\$31.89	\$35.02
<b>DSM</b>					\$0.20
<b>GLT</b>					\$1.03
<b>Economic Relief Surcredit</b>					(\$0.62)
<b>Total Bill</b>	\$108.63	\$116.32	\$141.63	\$113.70	\$106.29
<i>**Based on 10 MCF usage</i>					
<i>(1) Based on data from Schedule N filed in the company's pending recent rate case application</i>					
<i>(2) Based on base rates approved in the KPSC's June 30, 2021 Order for CN 2020-00350 and current approved rates for GSC and DSM.</i>					

- b. The reference in Mr. Bellar's testimony to "lower-than-average rates" is based on Kentucky and is not specifically relevant to Rhode Island. PPL and PPL RI have not yet identified the measure of average rates they will use to assess performance in Rhode Island.

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Division 3-22

Request:

Referencing Mr. Bellar's testimony at page 12, lines 11-15, please identify each commitment PPL offers with respect to strengthening Narragansett's gas distribution service in Rhode Island."

Response:

At this time PPL is still evaluating any and all potential commitments to strengthen Narragansett's gas distribution service while meeting or exceeding service quality metrics and improving pipeline safety through the replacement of leak prone pipe.

Division 3-23

Request:

Referencing Mr. Bellar's testimony at page 12, lines 18-20, please:

- a. Provide the data, analyses, workpapers, studies and other documents upon which Witness Bellar relies to support his assertion regarding PPL's "proven track record of managing its procurement and of gas to keep commodity prices down while also controlling operation and maintenance costs";
- b. Explain in detail how PPL's gas procurement experience for LG&E translates to New England gas markets; and
- c. Identify the key elements of gas procurement for Narragansett's gas system in Rhode Island that will differ from PPL's gas procurement activities for LG&E.

Response:

- a. LG&E benchmarks its gas commodity cost against the other four major Local Distribution Companies ("LDC") in Kentucky. Generally, LG&E's gas commodity cost is lower than the other four LDCs. See Attachment PPL-DIV 3-23-1 Gas Cost Adjustments of LG&E as Compared to Other Kentucky LDCs.

Additionally, LG&E is subject to a Performance Based Ratemaking ("PBR") mechanism which encourages it to undertake optimization activities to out-perform benchmarks that represent the otherwise applicable least cost acquisition standard. LG&E's PBR mechanism includes benchmarks for gas commodity costs, pipeline transportation costs, and off-system sales of natural gas. LG&E has consistently achieved savings for customers under this mechanism for more than 23 years. For example, for the five most recent PBR Years, LG&E has achieved total savings of about \$ 5.4 million per year. See Attachment PPL-DIV 3-23-2 Performance Based Ratemaking Savings.<sup>1</sup>

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<sup>1</sup> Data for PBR Years 19, 20, 21, and 22 was filed with the Kentucky Public Service Commission ("KYPSC") on December 27, 2019, in the Matter of Electronic Application of Louisville Gas and Electric Company ("LG&E's") for Renewal and Proposed Modification of its Performance-Based Ratemaking Mechanism, Case No. 2019-00437, Testimony of J. Clay Murphy, Appendix B. Data for PBR Year 23 was filed with the KYPSC January 29, 2021, in the Matter of Louisville Gas and Electric Company's Electronic Report on the Most Current Results of its Performance-Based Ratemaking Mechanism and its Request For Modification, Case No. 2021-00028, Supplemental Testimony of J. Clay Murphy, Appendix B.

Each of these analyses support PPL's proven track record of managing its gas procurement costs to keep commodity prices down.

For examples of LG&E's efforts to control operation and maintenance costs, see PPL's response to data request Division 3-21.

- b. LG&E's considerable gas procurement experience translates to other markets, such as the New England market. LG&E performs many of the same gas procurement functions in its efforts to purchase lowest cost gas supplies for its customers in Kentucky as National Grid and/or its affiliates perform for Narragansett. These functions include, for example, determining procurement strategies, developing plans to meet those strategies, and executing those plans. LG&E uses the ABB SENDOUT gas supply planning and optimization model to help determine supply and pipeline transportation requirements that, combined with its on-system storage deliverability, will meet customer load requirements during a design winter, as well as other weather scenarios.

LG&E purchases about 35 Bcf of natural gas annually for its customers. LG&E has access to a variety of supply regions such as onshore Louisiana, north Louisiana, south Texas, and the Marcellus (Lebanon Hub). LG&E uses a bid solicitation process to request proposals from up to 23 reliable, creditworthy suppliers, evaluates proposals based on a pre-determined evaluation methodology, and awards supply transactions to low-cost suppliers. National Grid and/or its affiliates use a similar process to purchase natural gas for Narragansett.

LG&E transports gas on two interstate pipelines, Texas Gas Transmission, LLC ("Texas Gas") and Tennessee Gas Pipeline Company, LLC ("Tennessee"). LG&E contracts for Rate FT (north-to-south) capacity and Rate NNS (south-to-north) capacity on Texas Gas, and Rate FT-A (south-to-north) capacity on Tennessee. LG&E manages gas deliveries from these pipelines across 10 city gate stations on Texas Gas and 2 city gate stations on Tennessee. LG&E works to negotiate pipeline transportation discounts and enters capacity release transactions when possible to lower interstate pipeline transportation costs. National Grid and/or its affiliates also contract for interstate pipeline service on two interstate pipelines, Tennessee Gas Pipeline Company, LLC and Algonquin Gas Transmission, LLC, as well as the necessary upstream pipelines. National Grid and/or its affiliates also enter into capacity release transactions when possible to reduce costs for customers.

LG&E's gas procurement group manages annual deliveries of about 14 Bcf from marketers on behalf of customers who participate in LG&E's two end-user gas transportation programs. Like National Grid and/or its affiliates on behalf of Narragansett, LG&E must integrate deliveries from these customers into its supply plans. During colder-than-normal

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weather conditions, LG&E issues Operational Flow Orders to marketers delivering gas on behalf of these customers and may interrupt its "interruptible" gas service customers to preserve system reliability. National Grid and/or its affiliates take similar actions on behalf of Narragansett to manage deliveries from marketers and preserve system reliability.

LG&E's gas control group operates five on-system storage fields, and three compressor stations, cycling about 12 Bcf of gas annually. LG&E's gas procurement group cycles up to 4.5 Bcf of Texas Gas Rate NNS storage. To ensure that gas is available for withdrawal from either storage option, LG&E's procurement group purchases gas during the summer for storage injection. LG&E then follows a withdrawal schedule to make sure that storage levels are adequate to meet customer loads throughout the winter season. Similarly, National Grid and/or its affiliates manage, on behalf of Narragansett, injections and withdrawals into the storage it has under contract to make sure that storage levels are adequate to meet customer loads throughout the winter season.

LG&E's gas procurement group works closely with its gas control group to determine daily supply plans. Daily pipeline purchase requirements are determined by Gas Control considering on-system storage withdrawals or injections, and deliveries to the system from marketers on behalf of gas transportation service customers. LG&E's gas procurement group then decides how much it will purchase on each pipeline, and dispatches existing contracts, makes daily purchases, or uses interstate pipeline storage flexibility to acquire gas in a least cost manner. National Grid and/or its affiliates employ a similar process to develop daily supply plans for Narragansett.

As demonstrated above, LG&E's procurement experience is similar to National Grid's procurement experience and therefore translates to the New England market.

Notwithstanding the above, PPL understands that each gas market is different and will ensure that the New England market is well understood, and differences fully appreciated as it takes responsibility for gas procurement in RI.

- c. PPL has identified the following key differences in LG&E's and Narragansett's gas procurement strategies, which arise from the location of each LDC and the supply options available to each LDC:
- Narragansett contracts for third party gas storage, while LG&E owns and operates on-system storage, and contracts for pipeline storage as a component of its Texas Gas Transmission, LLC ("Texas Gas") Rate No-Notice service. Although each company's storage strategy is somewhat different, both companies must manage the procurement of gas during the summer season (within interstate pipeline capacity and storage injection limits) to make sure that storage is full by the start of

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the winter season. Similarly, both companies must manage the withdrawal of gas over the winter season (within interstate pipeline capacity and storage withdrawal limits) to meet customer loads and storage ending inventory requirements.

- Narragansett uses financial options to hedge against gas price volatility. The Kentucky Public Service Commission does not support the use of financial hedging by local gas distribution companies in Kentucky. However, LG&E uses its on-system storage as a physical hedge against winter price volatility. LG&E purchases about 12 Bcf of natural gas in the summer to refill its on-system storage, and then delivers that gas to customers during the winter season at a price that reflects the weighted average cost of summer injections. While LG&E does not have experience with financial hedging, PPL does have experience with financial hedging as part of its electric business. PPL will leverage that experience, as well as the experience of National Grid and/or its affiliates, when it assumes control of the gas procurement for Narragansett.
  
- Narragansett owns and operates Liquefied Natural Gas (“LNG”) facilities. It also contracts with third party LNG providers for LNG deliveries. Narragansett dispatches LNG to meet customer requirements as required during the winter season. LG&E does not own LNG facilities. However, Narragansett’s LNG procurement strategy is similar to LG&E owning and operating on-system storage, contracting for pipeline storage, and withdrawing gas from storage to meet customer requirements as required during the winter season. PPL and PPL RI also refer to their responses to data requests Division 3-5, Division 3-6, and Division 3-24(a).

Division 3-24

Request:

Referencing Mr. Bellar's testimony at page 13, lines 4-16, please document PPL's prior experience with:

- a. Portable and/or permanent LNG vaporization operations;
- b. Trucked liquid LNG; and
- c. Gas peak period demand response programs.

Response:

- a. PPL and its affiliates do not have experience with portable or permanent LNG vaporization operations. LG&E does, however, employ a Director of Gas Asset Integrity Management and Compliance, who has LNG experience. Please see PPL and PPL RI's response to data request Division 3-5 for additional details regarding his experience.
- b. PPL and its affiliates do not have experience with trucked liquid LNG.
- c. PPL does not have any experience with gas peak period demand response programs. However, PPL does have experience with electric peak period demand response programs. PPL Electric Utilities Corporation has managed a dispatchable demand response program through its Pennsylvania Act 129 Energy Efficiency and Conservation Plan. Additionally, LG&E and KU manage a dispatchable demand response program for electric residential, commercial, and industrial customers as a component of their demand-side management plans approved by KPSC pursuant to KRS 278.285.