

Division 7-56

Request:

Referencing PPL's statement in its response to DIV 2-1 that "PPL expects the implementation of its operational model will provide economies of scale by focusing the Rhode Island organization as described above and utilizing the Pennsylvania operations will bring enhanced reliability and customer satisfaction over the long term," compare and contrast PPL's proposed operational model to National Grid's current operational model and clearly indicate where the economies of scale will be achieved. How does PPL intend to enhance Narragansett's reliability? How will operations located in Pennsylvania be superior to operations currently located either directly in Rhode Island or in an adjacent region?

Response:

PPL's planned operational model for Rhode Island has been described in its response to data requests Division 2-1 and Division 7-42. As explained in PPL's response to data request Division 6-1(c), PPL's operating philosophy across all jurisdictions is based on prudent investments and operational efficiency that leads to strong reliability and premier customer satisfaction.

PPL and PPL Rhode Island will utilize support from a services company and affiliate utilities to achieve economies of scale in much the same manner as National Grid USA does currently with Narragansett. Areas where PPL anticipates economies of scale are in transmission, finance and accounting, remittance processing, business services, electric support, Information Technology, smart grid strategy, and customer experience strategy. These functions can be effectively performed outside of Rhode Island or adjacent areas without there being any degradation of service to Rhode Island customers. It should be noted that National Grid USA is performing some of these functions in areas that are not adjacent to Rhode Island currently, and that PPL Rhode Island will be bringing functions to Rhode Island that are not presently being performed in the state. Certain functions that are currently provided by National Grid USA that are planned to be created in Rhode Island are customer contact and back office functions, electric dispatch and control room operations, gas control and dispatch functions, gas and electric training operations and miscellaneous service company functions.

PPL has a proven track record of operational excellence, which it intends to bring to Rhode Island. There are several areas where PPL has identified that it can deploy its existing operational expertise with a goal to enhance reliability in Rhode Island. With respect to vegetation management practices, PPL will be using data analytics to address high risk areas that need to be addressed. This allows more surgical vegetation management investments with the goal of achieving excellent results. In addition, PPL's experience with the implementation of smart grid technology to provide

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Fault Location Isolation Sectionalize and Restore ("FLISR") capability on the grid provides self-healing capabilities and, ultimately, enhanced reliability. Also, PPL's extensive use of data analytics for system maintenance programs, capital investments for lightning protection, avian protection, and asset replacement allows for very targeted investments, with the goal of strong reliability results and reduced operations and maintenance costs. PPL plans to leverage the strategy used in Pennsylvania that has resulted in award winning customer service and top decile reliability performance and bring that success to Rhode Island.

Indicative of PPL's strong performance are the numerous awards PPL Electric Utilities Corporation has won, which include:

- 28 JD Power awards for customer satisfaction. Top among large utilities in the East region for residential satisfaction 17 of the past 22 years. Nine straight J.D. Power Customer Satisfaction awards for large electric utilities in the eastern U.S.;
- 2021 Association of Edison Illuminating Companies ("AEIC") Achievement Award for vegetation management;
- 2021 Most Trusted Utility Brand in the Nation by Escalent;
- 2021 Energy Star Partner of the Year;
- 2021 S.E.E. Chairman's Award for Innovative Downed Wire Technology;
- 2021 E Source Website Usability Benchmark (Ranked 1st);
- 2020 Public Utilities Fortnightly Foremost Innovator Award (DERMS);
- 2020 Public Utilities Fortnightly Top Innovator Award (3D modeling for substations);
- 2019 Smart Electric Power Alliance Investor-Owned Utility of the Year;
- 2019 AEIC Achievement Award;
- 2019 Electric Power Research Institute Technology Transfer Award; and
- 2018 S.E.E. Industry Excellence Award for Safety.

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Supplemental Response:

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