

Division 8-3

Request:

Please provide a detailed description of how Narragansett will acquire its needed short-term debt and liquidity post-Transaction. The response should describe any plans or arrangements for Narragansett to have its own credit facility, operate under a PPL affiliate credit facility, and/or use a commercial paper program.

Response:

PPL expects Narragansett to have excess cash upon closing as a result of National Grid's \$600 million long-term debt issuance in April 2020 that will provide liquidity post-Transaction. PPL expects to supplement this cash position by establishing a third-party credit facility for Narragansett, as well as a PPL-affiliate borrowing arrangement for purposes of providing adequate liquidity to fund working capital. The affiliate borrowing arrangement will likely include the ability for Narragansett to lend to and from PPL affiliates, providing the ability to maximize returns on excess cash and minimize interest costs for working capital. The third-party credit facility will provide an efficient cost of borrowing commensurate with Narragansett's stand-alone credit ratings and likely access to the commercial paper market.

Supplemental Response:

In connection with providing Narragansett liquidity capacity after the Transaction closes, PPL is in the process of establishing a syndicated Master Credit Facility in the aggregate amount of \$1.25 billion under which PPL Capital Funding would be a borrower and Narragansett could become a co-borrower upon receipt of regulatory approval. The Master Credit Facility will have a maturity date of December 1, 2026 and would allow for each co-borrower to participate in a single credit facility, which would enable efficient and unilateral positioning of revolving capacity subject to sub-limits for each co-borrower. If approved, Narragansett would not be jointly liable for PPL Capital Funding's borrowings (or vice versa) and pricing for Narragansett and PPL Funding would be specific to their respective individual credit ratings. PPL expects to enter into the Master Credit Facility with respect to PPL Capital Funding on or about December 1, 2021, and PPL Capital Funding initially would have access to the full \$1.25 billion capacity under the Master Credit Facility as the sole Borrower. Immediately upon the close of the Transaction after PPL RI assumes ownership and control of Narragansett, PPL RI will cause Narragansett to file an application for approval under R.I. Gen. Laws § 39-3-15 and 815-RICR-00-00-1.14 for Narragansett to enter into this financing arrangement by joinder. Once Narragansett joins the Master Credit Facility upon regulatory approval, the sub-limits are expected to be \$650 million to \$1.25 billion for PPL Capital

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 Division's Eighth Set of Data Requests
Issued on September 7, 2021

Funding, with an operative sublimit of \$1.0 billion, and \$0 to \$600 million for Narragansett, with an initial operative sub-limit of \$250 million. PPL expects that Narragansett will have sufficient liquidity through excess cash on hand and/or the use of affiliate borrowings to operate Narragansett until it obtains approval of its joinder to the Master Credit Facility.