

January 18, 2022

VIA ELECTRONIC MAIL

Luly E. Massaro, Division Clerk
Rhode Island Division of Public Utilities and Carriers
89 Jefferson Boulevard
Warwick, RI 02888

RE: Docket D-21-09 – Petition of PPL Corporation, PPL Rhode Island Holdings, LLC, National Grid USA, and The Narragansett Electric Company for Authority to Transfer Ownership of The Narragansett Electric Company to PPL Rhode Island Holdings, LLC and Related Approvals
Post-Hearing Memorandum of National Grid USA and The Narragansett Electric Company

Dear Ms. Massaro:

On behalf of National Grid USA and The Narragansett Electric Company (together, “National Grid”), enclosed is National Grid’s Post-Hearing Memorandum in the above-referenced docket.¹

Thank you for your attention to this matter. If you have any questions, please contact me at 401-784-7288.

Very truly yours,



Jennifer Brooks Hutchinson

Enclosures

¹ Although this is a Division of Public Utilities and Carriers (“Division”) filing, consistent with Public Utilities Commission’s filing requirements during the COVID-19 emergency period, National Grid is submitting an electronic version of this filing. National Grid will provide the Division Clerk with five hard copies within 24 hours and, if needed, additional hard copies of the enclosures upon request.

Luly E. Massaro, Division Clerk
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Electric Company
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cc: Docket D-21-09 Service List (electronic only)
John Bell, Division
Leo Wold, Esq.
Christy Hetherington, Esq.
Scott H. Strauss, Esq. (electronic only)
Latif M. Nurani, Esq. (electronic only)
Amber L. Martin Stone, Esq. (electronic only)
Anree G. Little, Esq. (electronic only)

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**STATE OF RHODE ISLAND
DIVISION OF PUBLIC UTILITIES AND CARRIERS**

))	
Petition of PPL Corporation, PPL Rhode)	
Island Holdings, LLC, National Grid USA,)	
and The Narragansett Electric Company for)	Docket No. D-21-09
Authority to Transfer Ownership of The)	
Narragansett Electric Company to PPL Rhode)	
Island Holdings, LLC and Related Approvals)	
_____)	

**POST-HEARING MEMORANDUM OF NATIONAL GRID USA
AND THE NARRAGANSETT ELECTRIC COMPANY**

National Grid USA and The Narragansett Electric Company (“Narragansett”) submit this post-hearing memorandum in support of the Petition of PPL Corporation, PPL Rhode Island Holdings, LLC (“PPL Rhode Island”) (together, “PPL”), National Grid USA, and Narragansett (together, “National Grid”) (PPL and National Grid collectively, the “Petitioners”) for Authority to Transfer Ownership of The Narragansett Electric Company to PPL Rhode Island and Related Approvals (the “Petition”). The Petition seeks approval, pursuant to R.I. Gen. Laws § 39-3-25, of PPL Rhode Island’s acquisition of Narragansett from National Grid USA (the “Transaction”).

I. INTRODUCTION

The robust record in this proceeding demonstrates that the Transaction meets the requirements of R.I. Gen. Laws § 39-3-25 and should be approved: (1) if the Transaction is approved, “the facilities for furnishing service to the public will not thereby be diminished;” and (2) the Transaction is “consistent with the public interest.” For the past eight months, the Petitioners have produced detailed, comprehensive information that supports approval of the Transaction. Since the Petitioners filed the Petition on May 4, 2021, the proceeding has included approximately 500 discovery responses, multiple stages of pre-filed written testimony, and four

full days of evidentiary hearings, with testimony presented from 11 witnesses on behalf of the Petitioners. At the end, the record demonstrates that PPL is well-equipped to bring its vast utility experience into Rhode Island and serve the electric and gas utility customers of Rhode Island and the Petition should be approved.

If the Division of Public Utilities and Carriers (the “Division”) approves the Transaction and all other conditions to closing are satisfied, upon closing, Narragansett will continue to own and operate its assets and maintain all its franchise rights for the provision of electric and gas distribution service in Rhode Island, under the management and control of PPL Rhode Island. This regulatory proceeding before the Division is the last regulatory approval needed before closing the Transaction.

In preparation for a potential closing, the Petitioners have engaged in substantial work to be prepared for the transfer and transition of Narragansett from National Grid USA to PPL Rhode Island ownership promptly after the Division’s final decision issues. Hundreds of people directly employed by Narragansett are conveying to the PPL organization on “Day 1,” immediately upon closing, and will perform the same functional activities for Narragansett to serve the electric and natural gas distribution systems in Rhode Island as they do today. Hundreds of other people employed by the National Grid USA Service Company, Inc. (“National Grid Service Company”) are also conveying to the PPL organization on Day 1 and bringing their experience and expertise to PPL for their work in Rhode Island. Additionally, hundreds more will remain employed by National Grid Service Company after closing and continue to support Narragansett’s functional activities that are not transferred to PPL on Day 1 through a Transition Services Agreement, just as they would if Narragansett remained part of the National Grid USA organization. The Petitioners’ comprehensive and robust work on separating

Narragansett from National Grid USA, and integrating National Grid USA's Rhode Island-related employees, assets, and operations into PPL, will result in the continuation of safe and reliable electric and gas distribution service in Rhode Island that customers expect today.

Based on the evidence presented, if the result of this proceeding is that a significantly experienced and financially strong company like PPL cannot meet the standard under R.I. Gen. Laws § 39-3-25, then essentially no utility other than National Grid could ever meet the standard in Rhode Island. At the conclusion of the evidentiary hearings, the Hearing Officer directed the parties to brief the issue of whether the Division has the authority to compel National Grid USA to own and operate Narragansett in perpetuity. The Division has no such authority. Rather, the only standard for approval of the Transaction is governed by R.I. Gen. Laws § 39-3-25. First, the Division must find that “the facilities for furnishing service to the public will not thereby be diminished,” meaning “there will be no degradation of utility services after the transaction is consummated.”¹ Second, the Division must find that the Transaction is “consistent with the public interest,” meaning the Transaction will result in “no harm to the general public as a whole (including ratepayers).”² Thus, the standard does not require a showing of “net benefits,” as the Advocacy Section and some of the other parties have propounded; rather, the Division must find the Transaction “will not unfavorably impact the general public (including ratepayers).”³ The Petitioners have met that no net harm standard. Accordingly, the Petition should be approved.

¹ In re: Joint Petition for Purchase and Sale of Assets by The Narragansett Electric Company and the Southern Union Company, Division Docket No. D-06-13 (“Southern Union”), Report and Order No. 18676, at 52 (July 25, 2006); see also Docket D-21-09, Order No. 24109, at 74-75 (August 19, 2021).

² See Southern Union, Report and Order No. 18676, at 52; see also Docket D-21-09, Order No. 24109, at 75.

³ See Southern Union, Report and Order No. 1876, at 52-53; see also Docket D-21-09, Order No. 24109, at 75.

II. BACKGROUND

A. Factual Background

On May 4, 2021, PPL Corporation, PPL Rhode Island, National Grid USA, and Narragansett filed the Petition pursuant to the requirements contained in R.I. Gen. Laws §§ 39-3-24 and 39-3-25 and 815-RICR-00-00-1.13 (Exh. JP-1).⁴ The Petition requests approval of the Transaction, as described below.

1. The Transaction

Through the Transaction, National Grid USA will transfer 100 percent of its equity interest in Narragansett to PPL Rhode Island pursuant to the terms and conditions of the Share Purchase Agreement entered into as of March 17, 2021, by and among PPL Energy Holdings, LLC (“PPL Energy Holdings”), PPL Corporation (solely with respect to Sections 4.10 and 6.14), and National Grid USA (the “Share Purchase Agreement”) (Exh. JP-1-4,⁵ at 3).⁶ Following execution of the Share Purchase Agreement, PPL Energy Holdings assigned its right to acquire Narragansett to its wholly owned subsidiary, PPL Rhode Island, such that, upon closing, PPL Rhode Island will own 100 percent of the outstanding shares of common stock in Narragansett (id. at 3-4). The National Grid USA board of directors has approved the Transaction (id. at 10). As National Grid USA is the sole holder of the outstanding shares of common stock of

⁴ This Memorandum refers to the exhibits from the Hearing Officer’s final Exhibit List using an abbreviation for each party’s exhibits. For example, “Exh. JP-1” is Joint Petitioners’ Exhibit 1. For other exhibits, “AS” refers to the Advocacy Section’s exhibits, “AG” refers to the Attorney General’s exhibits, “GECA” refers to Green Energy Consumers Alliance’s exhibits, “NG” refers to National Grid’s exhibits, and “PPL” refers to PPL’s exhibits.

⁵ Terence Sobolewski submitted initial pre-filed direct testimony on behalf of National Grid (Exh. JP 1-4). On November 23, 2021, Christopher Kelly submitted an affidavit to replace Mr. Sobolewski as the witness on behalf of National Grid (Exh. NG-1). Through his affidavit, Mr. Kelly adopted the pre-filed direct testimony of Mr. Sobolewski as his own testimony (id.; see also Exh. NG-2, at 3).

⁶ The Share Purchase Agreement and an Assignment and Assumption Agreement are included as Exhibit A to the Pre-Filed Direct Testimony of Vincent Sorgi (Exh. JP-1-1).

Narragansett, National Grid USA has satisfied the requirements for a vote of two-thirds of its shareholders to authorize the Transaction (id.).

If the Transaction receives all necessary approvals, upon closing, PPL Rhode Island will acquire 100 percent of the outstanding shares of common stock of Narragansett in consideration of PPL Rhode Island paying \$3.77 billion (subject to customary post-closing account adjustments) in cash and PPL Rhode Island assuming approximately \$1.5 billion of debt (Exh. JP-1-4, at 8).⁷ In other words, the Transaction is a stock purchase only. Through the transfer of its 100 percent equity interest in Narragansett, National Grid USA is effectively selling to PPL Rhode Island the business, operations, and activities of Narragansett, including the retail distribution and provision of electric and gas distribution services to customers within Narragansett's service area in the State of Rhode Island (id. at 9). Thus, Narragansett will continue to own and operate its assets and maintain all its franchise rights for the provision of electric and gas distribution service in Rhode Island, under the management and control of PPL Rhode Island (see id.).

Pursuant to the Share Purchase Agreement, the closing is scheduled to occur on the fifth business day following the date on which the last of the conditions for closing is obtained or waived (see Exh. JP-1-4, at 11; see also Exh. JP-1-1, at Exhibit A, Section 2.1, thereto). Approval of this regulatory proceeding before the Division is the last such condition needed to close the Transaction. If, for example, the Division approves the Petition on February 25, 2022,

⁷ In a separate but related business deal, on March 17, 2021, National Grid plc agreed to acquire PPL WPD Investments Limited, the holding company of Western Power Distribution, the United Kingdom's largest electricity distribution business, from PPL WPD Limited, a subsidiary of PPL Corporation (the "WPD Acquisition"). (Exh. JP-1-4, at 8. Closing of the Transaction under the Share Purchase Agreement is conditioned upon prior completion of: the WPD Acquisition; certain federal and state regulatory approvals in the U.S., including this docket; and other customary closing conditions (id. at 8, 10). The WPD Acquisition completed in June 2021 (Tr. Day 1 (Dec. 13, 2021), at 44). This regulatory proceeding before the Division is the last regulatory approval needed before closing the Transaction.

as contemplated by the Procedural Schedule, the closing would be scheduled to occur no later than March 4, 2022.

2. The Transition of Narragansett from National Grid USA to PPL Ownership

The Transaction is expected to result in a seamless transition with uninterrupted service and ongoing support for Rhode Island customers and other stakeholders (Exh. JP-1-4, at 14). Through their in-depth planning process, the parties have identified functional areas that can be safely and efficiently transferred to PPL ownership on the first day after the Transaction closes (“Day 1”) (Exh. NG-2, at 7). Activities that will require a more gradual transition supported by a Transition Services Agreement (“TSA”) to be entered into by National Grid Service Company, National Grid USA (solely with respect to Section 4.6), and Narragansett (id.).⁸

Under the TSA, the Service Company will continue to provide certain services and operational and systems support after the closing of the Transaction for periods up to two years (Exh. JP-1-4, at 14). The Transition periods will allow PPL adequate time to integrate Narragansett into PPL’s own operations and systems (id.). The overall 24-month transition period under the TSA is the outside date by which the functional activities will be transitioned fully to Narragansett post-closing (Exh. NG-2, at 29-30). The majority of functional activities will require much less than 24 months to transition fully to Narragansett under PPL ownership (id. at 30). Each individual TSA schedule has ranges in duration from a minimum of 6 months to a maximum of 24 months (id. at 30 and Exhibit NG-2 thereto). When they entered into the Share Purchase Agreement, National Grid USA and PPL agreed that 24 months was the appropriate maximum length of time for National Grid Service Company to provide services to Narragansett

⁸ The master form of TSA is Exhibit A to the Share Purchase Agreement (see Exh. JP-1-1, at Exhibit A thereto). The final master TSA will be executed upon closing (see id.).

post-closing to enable continuity of operations throughout the separation process (id. at 30-31). As discussed in more detail below, National Grid USA and PPL subsequently agreed and committed to terms in the TSA that will extend the TSA beyond the initial two-year term as necessary to complete the successful transition of Narragansett to PPL (Exh. JP-3, at Commitment 17; Exh. PPL-9).

To facilitate the separation of Narragansett from the National Grid USA organization and integration into PPL's organization, National Grid USA has in place a Transition Management Office ("TMO") that is fully and singularly dedicated to delivering the safe and efficient separation of employees, assets, and operations from National Grid USA and the transition of employees, assets, and operations to PPL in accordance with the terms of the Share Purchase Agreement (Exh. NG-2, at 11). The TMO includes leaders who are responsible for the execution of separation activities for their respective functions for National Grid USA (id.). The TMO consists of a separation leader on behalf of National Grid USA, who is accountable for overall separation, overseeing program level risks, decisions on separation activities, escalations to the executive steering committee, and coordinating with PPL on separation activities (id. at 11-12). The TMO team is also supported by National Grid USA functional teams responsible for working on the Day 1 and TSA transition efforts, described in more detail below (id. at 12).

After the Transaction closes, the TMO will shift its focus to oversight of the transition services that will be provided by National Grid Service Company to Narragansett under the TSA until Narragansett terminates such services when they are no longer needed from National Grid USA (id.). As Duncan Willey, National Grid Service Company's Vice President for Rhode Island TMO, explained during his live testimony at the evidentiary hearings, Mr. Willey will be responsible for the oversight and delivery of the transition services to be provided by National

Grid Service Company to Narragansett under the TSA to facilitate a seamless and efficient transition to PPL (id.; Tr. Day 2 (Dec. 14, 2021), at 186). The comprehensive work of the TMO, in addition to the transfer of Narragansett and National Grid Service Company employees and knowledge to PPL described in detail below, is intended to enable Narragansett to separate successfully from the National Grid USA organization (id.).

National Grid USA's TMO is working closely with PPL's Integration Management Office ("IMO") team on the separation and transition efforts (Exh. NG-2, at 12). Since April 2021, the TMO and IMO teams have been meeting no less than weekly to discuss progress against the schedule and workplans and coordinate across integration and transition topics (id.). The TMO and IMO governance structures will remain in place through the end of the transition period, including any extensions (id.). In addition, National Grid USA and PPL subject matter experts have engaged in many working meetings to ensure the orderly transition and integration of Narragansett from National Grid USA to PPL ownership (id.).

National Grid USA will transfer its experience and expertise to the PPL organization in a number of ways:

First, National Grid Service Company employees, and employees who are employed directly by Narragansett, will be transferring to PPL on Day 1 (Exh. NG-2, at 13-14). These employees currently perform the work on behalf of Narragansett and have detailed knowledge of the systems and processes in the functional activities that will be transferred to PPL on Day 1 (id. at 14). Approximately 731 direct Narragansett employees will continue working in their current roles for Narragansett when ownership is transferred to PPL Rhode Island (id.). Approximately 368 National Grid Service Company employees will transfer to the PPL organization as part of the Transaction (id.). Together, a total of approximately 1,100 employees are transferring from

the National Grid USA organization to the PPL organization on Day 1. Many of these employees currently working on Narragansett business will continue the same work following the Transaction close (id. at 13-14).

The employees conveying from the National Grid USA organization to the PPL organization were identified in three groups (Tr. Day 2, at 198-99). The first group includes the approximately 731 direct Narragansett employees who are transferring to the PPL organization on Day 1 (id. at 198). These employees, who include mostly union employees, are employed directly by Narragansett and work in the field on the electric and gas distribution operations, assets, and services (id. at 194, 198; see also Exh. JP-1-4, at 7-8). These employees will remain direct employees of Narragansett and will be performing the same functional activities in Rhode Island under PPL ownership as they currently do under National Grid USA ownership (Exh. NG-2, at 16). Thus, the level of experience and expertise of the direct Narragansett employees transferring to the PPL organization is the same as with National Grid USA (id.).

The second and third groups consist of the approximately 368 National Grid Service Company employees who are conveying to the PPL organization (Tr. Day 2, at 199). The second group includes approximately 200 of those National Grid Service Company employees who currently spend 50 percent or more of their time working on the Rhode Island gas or electric distribution business—and in many cases much more than 50 percent of their time (id.). These employees are intimately familiar with the Rhode Island business, the communities in which Narragansett operates, and the electric and gas distribution assets that Narragansett operates (id.). The third group is made up of the remaining National Grid Service Company employees conveying to PPL (id.). To select these employees, PPL identified the specific roles and

capabilities—and appropriate levels of expertise and experience—it needed to operate its Narragansett electric and gas distribution businesses (id.).

PPL Rhode Island’s leadership team will be led by the following current National Grid Service Company employees who are transferring to the PPL organization: Michele Leone, Vice President, Gas Operations; Alan LaBarre, Senior Director, Electric Operations; Kristin DeSousa, Senior Director, Customer; Brian Schuster, Director, Regulatory and Government Affairs; Kate Hearn, Director, Finance; Avia Levin, Director, Business Services; Patrick Carmody, Director of Compliance; Celia O’Brien, Chief Counsel; and Kathy Moar, Manager, Human Resources (Exh. NG-2, at 18). These people are established leaders at National Grid USA and will bring their experience and expertise to PPL in serving Rhode Island. In addition, many of the Electric Operations and Gas Operations employees of National Grid Service Company who have focused on Rhode Island operations and service will comprise the teams that will be responsible for PPL’s electric and gas distribution operations in Rhode Island under Mr. LaBarre and Ms. Leone’s leadership, respectively, on Day 1 (id.). The teams consist of employees at the vice president, director, manager, supervisor, and analyst level at National Grid Service Company, many of whom will be working on the same subject matter for PPL as they have for National Grid Service Company (id.). In total, more than 450 combined National Grid Service Company employees and direct Narragansett employees who are in the Electric Operations function are transferring to the PPL organization on Day 1 (id. at 17 n.9). Similarly, more than 450 combined National Grid Service Company employees and direct Narragansett employees who are in the Gas Operations function are transferring to the PPL organization on Day 1 (id. at n.10).

The second way National Grid USA will transfer its experience and expertise to PPL is that the functional activities that are not transferred to PPL on Day 1 will be gradually

transitioned to PPL as specified in the TSA (Exh. NG-2, at 14). National Grid Service Company plans to conduct training to PPL during the transition period under certain transition service schedules (id.).⁹ In addition, the National Grid Service Company teams performing the relevant functional activities today will continue to support Narragansett during the transition period in the same manner as if Narragansett remained part of the National Grid USA organization (id.). Specific individuals from National Grid Service Company will provide such support as needed (id.). National Grid USA will retain the resource capacity of National Grid Service Company's functional teams to support the transition services under the TSA, with more than 300 National Grid Service Company employees providing continued support through the TSA, either part-time or full-time (id.). The resources delivering the transition services will be the same teams and resources that currently provide such services to Rhode Island (id.). This is in addition to the 368 Service Company employees who are transferring to PPL on Day 1, as discussed above (id. at 15). National Grid Service Company will prioritize its Narragansett work under the TSA the same as it has historically through the end of the transition period (id. at 18-19).

For example, National Grid Service Company's Gas Procurement team, including the hedging team, will operate their activities through the TSA the same as they do today for Rhode Island (Tr. Day 2, at 196-97). Specifically, Elizabeth Arangio, Samara Jaffe, and their teams will continue their work in Rhode Island through the TSA, as will John Protano and his hedging team (see id.). With respect to hedging, National Grid Service Company intends to work with PPL Rhode Island to manage the Natural Gas Procurement Management Program ("NGPMP") and

⁹ The TSA training areas include Energy Transactions (Financial); Training Facilities; Training (Learning and Development); Talent and Performance Management; Health Services; Safety Policy & Programs; Consultancy Services for Dispatch Supervision; and Energy Planning and Operations (see Exh. NG-2, at 14).

Gas Procurement Incentive Program (“GPIP”) during the transition period, which will be consistent with the plans currently in place as approved by the Rhode Island Public Utilities Commission (“PUC” or “Commission”) in the 2021 Gas Cost Recovery filing in PUC Docket No. 5180, subject to any modifications that occur from discussions with the Division or rulings from the Commission in the Gas Cost Recovery proceedings during the transition period (Exh. NG-2, at 25; Exh. AS-27).

Third, National Grid USA and PPL are developing knowledge transfer services, which will be incorporated into the transition service schedules (Exh. NG-2, at 15). The knowledge transfer services will enable PPL to access National Grid USA subject matter experts who will help to build PPL’s knowledge during the transition period following the close of the Transaction (id.). In addition, significant institutional knowledge will convey to PPL when the Electric and Gas Operations individuals referenced above convey to the PPL organization (Tr. Day 2, at 198).

Fourth, National Grid Service Company will transfer appropriate knowledge and historical data, including physical documents and electronic files, to PPL to ensure operational continuity for Narragansett (Exh. NG-2, at 15). National Grid USA is committed to a successful transition to PPL (see Tr. Day 2, at 198, 201).

3. Petitioners’ Commitments

On December 11, 2021, the Petitioners filed a Statement of Existing and Additional Commitments (the “Statement of Commitments”) (Exh. JP-2). The Statement of Commitments includes 16 substantive commitments from Petitioners to address concerns of the Advocacy Section and other interveners (see id.). On December 12, 2021, the Petitioners filed a Supplement to the Statement of Commitments with an additional commitment (Exh. JP-3), for a total of 17 commitments (together, with the Statement of Commitments, the “Commitments”).

Among other commitments, the Petitioners agreed and committed that the TSA will include terms that will extend the TSA beyond the initial two-year term as necessary to complete the successful transition to PPL (Exh. JP-3, at Commitment 17).¹⁰ In furtherance of this commitment, the Petitioners have agreed that Narragansett can extend the duration of the TSA, at its discretion, if reasonably necessary to complete the successful transition to PPL Rhode Island (Exh. PPL-9, at Attachment PPL-DIV 2-20-1, Sections 3.1 and 3.2 thereto; see also Tr. Day 1, at 87; Tr. Day 3 (Dec. 15, 2021), at 43-45). Further, Narragansett agreed and committed that it will not seek to recover in rates any markup charged by National Grid USA or its affiliates in providing services under the TSA (Exh. JP-2, at Commitment 3). This commitment applies to the original term of the TSA and any extensions (id.; see also Tr. Day 1, at 101-02).

Please see PPL's post-hearing memorandum for additional details regarding the Commitments.

B. Procedural History

On May 4, 2021, the Petitioners filed the Petition (Exh. JP-1), together with the pre-filed direct testimony of Vincent Sorgi, President and Chief Executive Officer of PPL Corporation (Exh. JP-1-1); Gregory N. Dudkin, Executive Vice President and Chief Operating Officer of PPL Corporation (Exh. JP-1-2); Lonnie E. Bellar, Chief Operating Officer of Kentucky Utilities Company and Louisville Gas and Electric Company (Exh. JP-1-3); and Terence Sobolewski, former President, Rhode Island, and Interim President, New England Jurisdiction, for National Grid Service Company (Exh. JP-1-4).

¹⁰ The Petitioners also agreed to provide transition reports to the Division at six-month intervals from the date of closing to the expiration of the TSA schedules, regarding the status of the transition and the progress made to complete the separation (Exh. JP-3, at Commitment 17).

Later in the proceeding, on November 23, 2021, Christopher Kelly submitted an affidavit to replace Mr. Sobolewski as the witness on behalf of National Grid (Exh. NG-1). Mr. Kelly is the Interim President for the Rhode Island Jurisdiction for National Grid Service Company, and also serves as the Chief Operating Officer for the US Electric Business, New England (id.). Through his affidavit, Mr. Kelly adopted the pre-filed direct testimony of Mr. Sobolewski as his own testimony (id.; see also Exh. NG-2, at 3).

On June 11, 2021, the Division issued a Notice of Filing and Deadline to Intervene, setting a deadline of June 25, 2021, for interested parties to file motions to intervene. Ten interested parties filed motions to intervene, one of which later withdrew its motion. On August 19, 2021, the Division issued an order on the motions to intervene and related matters (Order No. 24109, the “Intervention Order”). As a result of the Intervention Order,¹¹ the parties to the proceeding are: PPL, National Grid, the Advocacy Section, the Rhode Island Attorney General (the “Attorney General”), the Rhode Island Office of Energy Resources (“OER”), Acadia Center, Conservation Law Foundation (“CLF”), and Green Energy Consumers Alliance, Inc. (“Green Energy”).¹²

On September 9, 2021, the Division issued a Procedural Schedule with the following relevant deadlines: October 1, 2021 deadline for propounding discovery;¹³ November 3, 2021

¹¹ The Division denied the motions to intervene filed by (1) New Energy Rhode Island; Circular Fuels, LLC; RER Energy Group, LLC; Clean Economy Development, LLC; Heartwood Group, Inc.; Green Development, LLC; and Dr. Kenneth Payne (collectively, “NERI”); (2) Energy Development Partners, LLC; (3) Direct Energy Business, LLC, Direct Energy Business Marketing, LLC, Direct Energy Services, LLC, Reliant Energy Northeast, LLC, and XOOM Energy Rhode Island, LLC; and (4) Friends of India Point Park, Fox Point Neighborhood Association, Jewelry District Association, Residential Properties, Narragansett Brewing Company, Grand Festivals, and David Riley (see generally, Intervention Order).

¹² Together, the Attorney General, OER, Acadia Center, CLF, and Green Energy are referred to as the “Interveners.”

¹³ By agreement with the Petitioners, the Advocacy Section issued its Eleventh Set of Data Requests on October 13, 2021, consisting of 29 data requests to the Petitioners.

deadline for the Advocacy Section and Interveners to submit pre-filed direct testimony; November 23, 2021 deadline for Petitioners to submit pre-filed rebuttal testimony; December 8 through December 10, 2021 set aside for settlement discussions; December 9, 2021 deadline for the Advocacy Section and Interveners to submit pre-filed surrebuttal testimony; December 13 through December 17, 2021 for public hearings; January 17, 2022 deadline for the filing of post-hearing memoranda;¹⁴ January 25, 2022 deadline for the filing of reply memoranda; and February 25, 2022 for a decision target date.

Between June 8, 2021 and November 2, 2021, Petitioners responded to approximately 500 data requests. Petitioners' responses to the data requests produced an enormous amount of information.

On November 3, 2021, the Advocacy Section submitted pre-filed direct testimony of Matthew I. Kahal (Exh. AS-1), David J. Effron (Exh. AS-2), Gregory L. Booth (Exh. AS-3), Michael R. Ballaban (Exh. AS-4), and Bruce R. Oliver (Exh. AS-5). On November 8, 2021,¹⁵ the Attorney General submitted pre-filed joint direct testimony of Mark D. Ewen and Robert D. Knecht (Exh. AG-1), and Green Energy submitted pre-filed direct testimony of Kai Salem (Exh. GECA-1). OER, CLF, and Acadia Center did not submit pre-filed direct testimony.

On November 23, 2021, National Grid submitted pre-filed joint rebuttal testimony of Christopher Kelly and Duncan Willey (Exh. NG-2), and PPL submitted pre-filed rebuttal testimony of David J. Bonenberger (Exh. PPL-1), Lonnie E. Bellar (Exh. PPL-2), Bethany

¹⁴ Because January 17, 2022 is a holiday, post-hearing memoranda are due the following business day, January 18, 2022 (see Tr. Day 4 (Dec. 16, 2021), at 273-74). See also 815-RICR-00-00-1.10(A)(1).

¹⁵ On November 2, 2021, the Attorney General, Green Energy, and CLF filed a motion for extension of time to submit their pre-filed direct testimony. On November 3, 2021, the Hearing Officer ruled that those parties could submit their pre-filed direct testimony by November 8, 2021.

Johnson (Exh. PPL-3), Tadd Henninger (Exh. PPL-4), Todd Jirovec (Exh. PPL-5), and John J. Reed and Daniel S. Dane (Exh. PPL-6).

On December 9, 2021, the Advocacy Section submitted pre-filed surrebuttal testimony of Matthew I. Kahal (Exh. AS-6), David J. Effron (Exh. AS-7), Gregory L. Booth (Exh. AS-8), Michael R. Ballaban (Exh. AS-9), and Bruce R. Oliver (Exh. AS-10); and the Attorney General submitted pre-filed joint surrebuttal testimony of Mark D. Ewen and Robert D. Knecht (Exh. AG-2).

The Division held four full-day evidentiary hearings, from December 13 through December 16, 2021, with testimony presented by a total of 17 witnesses during the hearing, including 11 witnesses presented by Petitioners. OER did not participate in the hearing. On December 16, 2021, the Petitioners and the Advocacy Section filed a Stipulation excusing Mr. Kahal and Mr. Effron from appearing to testify at the hearing because the concerns raised in their pre-filed direct testimony and pre-filed surrebuttal testimony have been addressed by the Petitioners' Commitments (Tr. Day 4, at 217-19). Pursuant to the Stipulation, assuming the Commitments germane to Mr. Kahal and Mr. Effron's concerns are approved as conditions of the Transaction without material modification, the Advocacy Section has withdrawn its objections to approve the Petition on the basis of those concerns (id. at 218-19).

III. STANDARD OF REVIEW

The standard of review for approval of the Transaction is governed by R.I. Gen. Laws § 39-3-25. The Division must find that: (1) "the facilities for furnishing service to the public will not thereby be diminished," and (2) the Transaction is "consistent with the public interest." R.I. Gen. Laws § 39-3-25; Southern Union, Docket No. D-06-13, Report and Order No. 18676, at 52; Intervention Order, at 74; see also New Energy Rhode Island v. The Rhode Island Division

of Public Utilities and Carriers, C.A. No. PC-2021-05941, Decision at 8 (December 9, 2021) (agreeing with conclusions of law in Division’s Intervention Order, which includes that Division’s legislative charge under R.I. Gen. Laws §§ 39-3-24 and 39-3-25 cases is to confirm that “facilities for furnishing services to the public will not thereby be diminished” and that the sale is “consistent with the public interest”).

The first criterion means “there will be no degradation of utility services after the transaction is consummated.” Intervention Order, at 74-75 (quoting Southern Union, Report and Order No. 18676, at 52). “The Division makes this determination by considering the buyer’s experience and financial strength.” Id. at 75 (citing id. at 50). The second criterion does *not* mean the proposed transaction, if approved, will result in a “net benefit” to ratepayers or members of the general public. Id. (citing id. at 51). Instead, the public interest criterion “requires a finding that the proposed transaction will not unfavorably impact the general public (including ratepayers).” Id. (quoting id. at 52). Moreover, “an expansive reading of § 39-3-25 is not consistent with the legislative scheme contemplated by the chapters of our General Laws which deal with the Duties of Utilities and Carriers (§ 39-2-1 *et seq.*) and with the Regulatory Powers of Administration (§ 39-3-1 *et seq.*)” City of E. Providence v. Narragansett Elec. Co., No. C.A. No. 06-2888, 2006 WL 1660761 at *5 (Super. Ct. June 15, 2006).

Remaining within the scope of review set by R.I. Gen. Laws § 39-3-25 is important because the Division is an agency of limited jurisdiction. R.I. Gen. Laws § 39-1-3 establishes two separate agencies: the Commission and the Division. The Rhode Island Supreme Court has explained the roles of each agency as follows:

The Legislature intended to segregate the judicial and administrative attributes of ratemaking and utilities regulation and to vest them separately and respectively in the commission and the administrator (or division). The commission is to function as a quasi-judicial

tribunal. It has the power to hold hearings and to ‘sit as an impartial, independent body [. . .] charged with the duty of rendering independent decisions affecting the public interest and private rights based upon the law and upon the evidence presented before it by the division and by the parties in interest.’

O’Neil v. Interstate Nav. Co., 565 A.2d 530, 531–32 (R.I. 1989) (citing R.I. Gen. Laws § 39-1-11) (internal quotations and citations omitted).

The Commission’s authority includes matters “involving the rates, tariffs, tolls, and charges, and the sufficiency and reasonableness of facilities and accommodations of railroad, gas, electric distribution . . . public utilities.” R.I. Gen. Laws § 39-1-3(a). The Commission has the exclusive jurisdiction to determine the rates of public utilities. O’Neil, 565 A.2d at 532; Town of Shoreham v. Rhode Island Public Utilities Commission, 464 A.2d 730, 737 n. 5 (1983). The Division exercises powers not specifically assigned to the Commission. In re Kent Cty. Water Auth. Change Rate Schedules, 996 A.2d 123, 126 (2010); In re Proposed Town of New Shoreham Project, 25 A.3d 482, 487 (2011) (“In the simplest of terms, the Division of Public Utilities and Carriers (the division) performs any functions not specifically reserved to the Public Utilities Commission (the commission)”). “The Division’s powers include the ‘effective administration, supervision and regulation of public utilities, communications carriers, and common or contract carriers.’” O’Neil, 565 A.2d at 532 (citing R.I. Gen. Laws § 39-1-15).

The Division has recognized that “to attach rate-related . . . conditions to an approval of the proposed transaction would not only be contrary to the Division’s jurisdiction powers under R.I.G.L. § 39-3-25, but also tantamount to an attempted usurpation of a long-established Commission ratemaking function.” Southern Union, Order No. 18676, at 57; see also Intervention Order, at 85. Moreover, the “Division will also not consider the imposition of

conditions on the sale of Narragansett that have no legislative foundation.” Intervention Order, at 85.

At the conclusion of the evidentiary hearing, the Hearing Officer directed the parties to brief the issue of whether the Division has the authority to compel National Grid USA to own and operate Narragansett in perpetuity (Tr. Day 4, at 340-41). The Division has no such authority. The legal standard of review: is not based on speculative projections of how a company might perform in the future, notwithstanding its established past experience, overall size, financial strength, and performance; is not based on the geographical location of the company; is not based on a comparison of whether the company can come into Rhode Island and perform better than the existing utility; and is not that National Grid USA is the only company that can ever own and operate a public utility in Rhode Island. Rather, the only standard for approval for the Transaction is R.I. Gen. Laws § 39-3-25, as set forth above.

IV. ARGUMENT

A. The Transaction Meets the Standard for Approval in Rhode Island

The voluminous record evidence in this proceeding demonstrates that approval of the Transaction will result in no net harm to Rhode Island customers and the Petition should be approved. In particular, the facilities for furnishing service to the public will not be diminished if the Transaction is approved, and the Transaction is consistent with the public interest. Southern Union, Docket No. D-06-13, Report and Order No. 18676, at 52.

1. The Facilities for Furnishing Services in Rhode Island Will Not be Diminished if the Transaction is Approved

The record demonstrates that the Transaction will not diminish the level of electric and gas distribution services customers expect in Rhode Island. This is supported by: (1) the experience and expertise of the Narragansett and National Grid Service Company employees

who are conveying to PPL on Day 1; (2) National Grid Service Company's committed support to PPL through the TSA; and (3) PPL's significant operational experience, overall size, and financial strength.

a. *National Grid Employees Conveying to PPL from National Grid Will Continue the Same Level of Service*

More than one thousand combined National Grid Service Company employees and direct Narragansett employees are bringing their knowledge, experience, and expertise when they convey to PPL on Day 1 and will continue to serve Rhode Island at a high caliber (see Exh. NG-2, at 13-14; see also Tr. Day 2, at 198). During the evidentiary hearing, Mr. Kelly and Mr. Willey highlighted the strength of the Narragansett and National Grid Service Company employees who are conveying to PPL. The people listed below—and many more—will help to ensure that service to Rhode Island customers will not diminish if the Transaction is approved.

Alan LaBarre will lead PPL's Rhode Island-based Electric Operations team as Senior Director of Electric Operations (Tr. Day 2, at 189-92). Mr. LaBarre brings to PPL many years of experience at National Grid USA in engineering, operations, distribution planning, and asset management, with increasing roles of responsibility through his current position as Vice President of New England Control Center (id. at 189-90; Exh. NG-2, at 26). Mr. LaBarre has been directly and closely involved in the development and preparation of the Electric Infrastructure, Safety, and Reliability ("ISR") Plan over the years (id.). In particular, Mr. LaBarre has led the adoption and has overseen the execution of the long-range planning processes that support the Electric ISR Plan (Exh. NG-2, at 26). Mr. LaBarre's direct involvement in the Electric ISR Plan has included serving as the final decision maker on what goes into the plan submitted to the Division and Commission (Tr. Day 2, at 190-91). Mr. LaBarre also mentors witnesses who sponsor the Electric ISR Plan during the regulatory

proceedings (id. at 190). For approximately 8 of the last 10 years, he has prepared the succession plan for the Electric ISR Plan witnesses (id.). Mr. LaBarre will continue his involvement with, and oversight of, the Electric ISR Plan when he conveys to PPL on Day 1 (see id. at 189-92). Mr. LaBarre's leadership of the Electric Operations team will bring substantial benefits to the PPL organization.

Other key personnel who have been involved in the Electric ISR Plan for years are conveying to the PPL organization with Mr. LaBarre, including Kathy Castro, Ryan Constable, and Patricia Easterly, among others (Tr. Day 2, at 191-92; see also Exh. NG-2, at 26-27). These employees have worked directly with the Division on the Electric ISR Plan over the years (see id.). Additionally, a majority of the approximately 90 National Grid Service Company employees who currently work on the Electric ISR Plan will be conveying to PPL on Day 1 (Tr. Day 2, at 192). The few National Grid Service Company employees who are not conveying to the PPL organization support smaller roles in the preparation of the Electric ISR Plan and, in any event, will continue to assist in its preparation the same way through the TSA (see id.). In addition, the direct Narragansett employees who are conveying to PPL will remain Narragansett employees (Exh. NG-2, at 16). These employees work in the field and will perform the same functional activities for Narragansett under PPL ownership as they currently do under National Grid USA ownership (id.).

Rhode Island customers will experience similar benefits with the Gas Operations employees conveying to PPL. Michele Leone will lead PPL's Rhode Island-based Gas Operations team as Vice President of Gas Operations. Ms. Leone brings approximately 21 years of engineering, operations, and leadership experience to PPL (Tr. Day 2, at 193). Ms. Leone is currently the Director of Gas Field Operations and Customer Meter Services in Rhode Island and

formerly served as Chief of Staff to the Rhode Island Jurisdictional President and Chief Operating Officer (id.; Exh. NG-2, at 21). Ms. Leone's Rhode Island-focused background will be a significant benefit to Rhode Island gas customers.

Ms. Leone will be joined by a highly experienced team of National Grid Service Company Gas Operations employees transferring to PPL, with decades of operations management and related gas distribution experience, including in engineering, dispatch, control center, pipeline safety and compliance, resource and work planning and field operations (including Customer Meter Services and Construction and Maintenance) (Exh. NG-2, at 21-22). In addition, approximately 40 gas operations managers and supervisors are transferring to the PPL Rhode Island organization (id.). Many of these employees have more than 10 years of gas experience, and numerous employees have spent their entire careers at National Grid working on gas operations in Rhode Island (id.).

Examples of the Gas Operations team conveying to PPL include Julie Porcaro, John Currie, Nathan Kocon, Jeffrey O'Brien, Steve Bell, Regina Maddox, Lae Hunt, and Brian Kirkwood, among others (Tr. Day 2, at 193-96). Many of these people have worked directly with the Division on the Gas ISR Plan, compliance, or other matters (id. at 193-94). Furthermore, Ms. Porcaro is currently the Chief Operator for the Gas Control Center for National Grid Service Company and will lead the Gas Control team that will convey to PPL after two years of training, while National Grid Service Company continues to support Gas Control under the TSA in the meantime (id. at 195-96). Ms. Porcaro is also experienced in LNG operations in Rhode Island and will have responsibility over the LNG group (id., at 196). In addition, Mr. Kirkwood is conveying to PPL as the Manager of LNG Operations and will oversee the team of 25 direct employees of Narragansett transferring to PPL as a unit, who are responsible for

performing Narragansett's LNG operations (id.; see also Exh. NG-2, at 19-20). Mr. Kirkwood has 12 years of LNG experience, including five years at the Narragansett LNG facilities and seven years of additional LNG experience before joining National Grid USA (Tr. Day 2, at 196; Exh. NG-2 at 20). The 25 LNG employees transferring to PPL with Mr. Kirkwood comprise the entire Narragansett LNG team and are conveying as an entire unit (Tr. Day 2, at 196). These employees, and all other direct Narragansett employees in the Gas Operations functions, will perform the same functional work under PPL ownership as they currently do under National Grid USA ownership (id.; Exh. NG-2, at 19-20).

In other words, National Grid Service Company is conveying significant Electric Operations and Gas Operations experience to the PPL organization to ensure service to Rhode Island customers will not diminish.

b. *National Grid Service Company Employees are Committed to Supporting PPL's Success in Rhode Island Through the TSA*

The level of service National Grid Service Company employees will provide under the TSA will be the same that is provided to Rhode Island customers today, with no decline in service (Tr. Day 2, at 200). Mr. Willey testified at the evidentiary hearing as the leader of the team that is accountable for ensuring that National Grid Service Company does everything it can to ensure a smooth and safe transfer of Narragansett to the PPL organization (id. at 186). In his live testimony, Mr. Willey explained there is no reason to expect that electric and gas distribution service in Rhode Island will diminish (id. at 200). In addition to using the same people, processes, and systems of National Grid Service Company to support PPL's Rhode Island work under the TSA, National Grid USA will implement controls to ensure the quality of the work (id.). National Grid USA will be implementing a "TSA governance team" led by Mr. Willey to "act as a second line of assurance" to make sure National Grid Service Company is

providing service at the appropriate level, and to resolve any issues that arise (id. at 200-01). Mr. Willey also strongly conveyed National Grid USA's commitment to Rhode Island customers to ensure a successful transition:

Finally, the reason why I'm so confident is because National Grid and our colleagues are absolutely committed to make this a success. We're very committed to the customers of Rhode Island and want to see this transition be successful, and I know that our colleagues will be very committed to make sure that they don't let their Rhode Island colleagues who they worked with so closely over the last many years down, so 100 percent will continue the services at a standard that Rhode Island expects.

(id. at 201).

Through its commitment, National Grid Service Company will prioritize Narragansett throughout the transition period the same as it has historically (Exh. NG-2, at 17-18). Thus, Mr. Willey and the National Grid Service Company employees supporting PPL through the TSA will ensure the level of service to Rhode Island customers will be the same, and will not diminish, after the Transaction closes.

c. *PPL Brings Its Significant Experience, Overall Size, and Financial Strength to Rhode Island*

The record has established that PPL is a reputable company with a purpose-driven culture and strong core values (see, e.g., Tr. Day 2, at 71; Tr. Day 3, at 39, 42).¹⁶ PPL is committed to providing safe and reliable service for Rhode Island customers, as National Grid USA has for years (see, e.g., Tr. Day 2, at 54, 56). For its part, National Grid USA is committed to ensuring that the Transaction will result in a seamless transition with uninterrupted service and ongoing support for Rhode Island and its customers, as explained above (see Tr. Day 2, at 201). Thus,

¹⁶ There is no dispute that PPL has sufficient overall size and financial strength to ensure continued operation of both gas and electric distribution services in Rhode Island. Please see PPL's post-hearing memorandum for more details demonstrating PPL's financial strength and vast experience in the operation of combined gas and electric utility operations in multiple jurisdictions.

the established transition processes will ensure the continuation of consistent, safe, and reliable service to Rhode Island customers (Exh. NG-2, at 13). Simply stated, electric and gas distribution service in Rhode Island will not diminish under PPL's ownership.

2. The Transaction is Consistent with the Public Interest

The record also supports that the Transaction is consistent with the public interest, in that the Transaction will not unfavorably impact the general public, including Rhode Island customers. This is *not* a "net benefit" standard. Intervention Order, at 75 (citing Southern Union, Report and Order No. 18676, at 51-52). Rather, the standard is that the Transaction will result in "no harm to the general public as a whole (including ratepayers)." Id. (citing id. at 52).

Separating Narragansett from the National Grid USA organization and integrating it into PPL's organization is not an insurmountable task as the Advocacy Section's witnesses seem to suggest (Exh. NG-2, at 11). Similar to the benefits provided by National Grid USA's multi-jurisdictional presence, PPL has extensive experience within, and working across, its jurisdictions to gain synergies, efficiencies, and savings wherever possible (See, e.g., Exh. JP-1-4, at 13; Tr. Day 1, at 89-90, 202-05, 218; Tr. Day 2, at 30-31, 70-71). PPL uses a shared services model, like National Grid USA, to provide synergies across its operations in Pennsylvania and Kentucky (see id.; see also Exh. NG-2, at 11). Once integrated into PPL's organization through the extensive work of National Grid USA's TMO and PPL's IMO (see Exh. NG-2, at 11-13), National Grid USA is confident that Narragansett will develop similar efficiencies and economies of scale through the PPL organization (id. at 11). In addition, as detailed above, Rhode Island-based management will be responsible for operating Narragansett on behalf of PPL (id. at 16, 19-22, 26-27; Exh. JP-1-4, at 13; see also Tr. Day 2, at 189-96, 198-99). The high level of service Rhode Island customers will receive from PPL, a company with

significant experience providing strong utility service in multiple jurisdictions, combined with a strong local presence, ensures the Transaction will not unfavorably impact Rhode Island and its customers (Exh. JP-1-4, at 13).

Moreover, as explained in detail above, the high level of skill and experience of National Grid Service Company employees and direct Narragansett employees transferring to PPL on Day 1 ensures the Transaction is in the public interest (see Exh. NG-2, at 16-22, 26-27; see also Tr. Day 2, at 189-96, 198-99). For any functional areas not transferring to PPL on Day 1, National Grid Service Company will provide the requisite support through the TSA during the transition services period (see Exh. NG-2, at 7-9, 14-15; see also Tr. Day 2, at 186, 197-98, 200-01). National Grid and PPL's comprehensive and robust work on separating Narragansett from National Grid USA, and integrating National Grid USA's Rhode Island-related employees, assets, and operations into PPL, will result in the continuation of safe and reliable electric and gas distribution service in Rhode Island with PPL that customers expect today with National Grid USA (Exh. NG-2, at 34). Accordingly, the Transaction will result in no net harm to Rhode Island and its customers.

B. The Term of the TSA is Sufficient and Can Be Extended if Needed

Based on their respective experience and overall commitment to a successful transition, National Grid USA and PPL determined that 24 months was the appropriate maximum length of time for National Grid Service Company to provide services to Narragansett post-closing to enable continuity of operations throughout the separation process (see Exh. NG-2, at 29-31).

The Advocacy Section’s concerns about the duration of the TSA are speculative, hypothetical, and, at times, incorrect.¹⁷

Twenty-four months is sufficient time to complete the transition. The 24-month transition period under the TSA is the outside date by which functional activities will be transitioned fully to Narragansett, under PPL’s ownership, post-closing (Exh. NG-2, at 29-30). The majority of the functional activities will require much less than 24 months to transition fully to Narragansett under PPL Rhode Island ownership (id. at 30). Each individual TSA schedule has ranges in duration from a minimum of 6 months to a maximum of 24 months (id. at Exhibit NG-2 thereto). As functional activities are transitioned fully to Narragansett and those transition services are terminated, National Grid Service Company will continue to support the more complex and lengthier transition services throughout the full 24-month period (id. at 30).

More importantly, as discussed throughout this Memorandum, hundreds of National Grid Service Company employees and direct Narragansett employees with extensive knowledge of the services currently provided to Narragansett, including of the functional activities described under the TSA schedules, will transfer to the PPL organization on Day 1 (see Exh. NG-2, at 16-22, 26-27; see also Tr. Day 2, at 189-96, 198-99). Hundreds of other National Grid Service Company employees also will provide knowledge transfer services to support the successful

¹⁷ For example, in the pre-filed surrebuttal testimony of Mr. Booth, Mr. Booth inaccurately states: “National Grid witnesses Kelly and Willey state *on page 28 of their rebuttal testimony* that the only support for my position on the transition duration is my Delaware example. They are factually incorrect” (Exh. AS-8, at 4) (emphasis added). On the contrary, Mr. Booth is mistaken and misunderstands the testimony. All of page 28 in Mr. Kelly and Mr. Willey’s rebuttal testimony specifically discusses *only* the length of the transition for the Electric ISR Plan and its related Area Study, and does *not* address the entire “transition duration” for the acquisitions, as Mr. Booth incorrectly argues (compare Exh. AS-8, at 4-5 with Exh. NG-2, at 28 (“Q. Does National Grid USA agree with Mr. Booth’s allegations that 24 months is not sufficient *to transition the Area Study and Electric ISR Plan process?*”) (emphasis added)). As Mr. Kelly and Mr. Willey’s rebuttal testimony point out, the only example provided by Mr. Booth related to the timing of the Electric ISR Plan is the Delaware example (see Exh. AS-8, at 40-42). The Florida, Virginia, and Colorado examples raised by Mr. Booth are “acquisitions” generally, and do not discuss the implementation of an electric ISR plan (id. at 4-5). Thus, Mr. Booth’s review and understanding of the material presented is mistaken.

transfer of ownership of Narragansett to PPL Rhode Island under the TSA (Exh. NG-2, at 14-15, 30; see also Tr. Day 2, at 186, 197-98, 200-01).

Through all these measures, there is no reason that a complete transition of all services provided under the TSA will not be achieved by the end of the two-year transition period. Both Petitioners are highly motivated to effectuate the transition as smoothly and efficiently as possible (Exh. NG-2, at 31). National Grid USA is very confident in achieving a successful transition through PPL's capabilities to operate Narragansett throughout and after the transition and the level of service National Grid USA will provide to support the transition (id. at 31-32; Tr. Day 2, at 200-01). National Grid USA is committed to work with PPL through a smooth and timely transition so Narragansett customers can receive the same level of safe and reliable service they are receiving today (Exh. NG-2, at 31; Tr. Day 2, at 200-01).

Notwithstanding the Petitioners' position on the sufficiency of the TSA period, the Advocacy Section's arguments are moot at this point because PPL and National Grid USA have amended the TSA to include terms that can extend the TSA beyond the initial two-year term, if and as necessary to complete the successful transition to PPL (Exh. JP-3, at Commitment 17; Exh. PPL-9). Accordingly, nothing about the term of the TSA will harm Rhode Island or its customers.¹⁸

C. The Transaction Will Not Harm Narragansett's Advanced Metering Functionality Business Case or Grid Modernization Plan in Rhode Island

As PPL explains in its post-hearing memorandum, PPL's experience with advanced metering is a significant benefit to Rhode Island, not a harm. In contrast to Rhode Island being

¹⁸ Moreover, PPL committed that it would not seek to recover in rates any markup charged by National Grid USA and/or its affiliates in providing services under the original term of the TSA and any extensions (Exh. JP-2, at Commitment 3).

at the beginning stages of the initial Updated Advanced Metering Functionality (“AMF”) Business Case through PUC Docket No. 5113, PPL has already implemented AMF twice—once successfully in Pennsylvania, and once currently pending in Kentucky (see Tr. Day 1, at 81). PPL will bring its experience from these two jurisdictions to the regulatory proceeding in Rhode Island (id.). PPL has started working on updating Narragansett’s AMF Business Case in Rhode Island based on actual results that PPL realized through its implementation in Pennsylvania, in which it successfully rolled out 1.4 million meters, which is approximately three times the anticipated implementation in Rhode Island (id.). PPL has committed to submit an updated Grid Modernization Plan (“GMP”) and AMF Business Case to the Division and Commission within 12 months of the Transaction closing (Exh. JP-2, at Commitment 13). Therefore, PPL’s experience in already implementing advanced metering is expected to benefit Rhode Island and its customers.

National Grid USA disagrees with the concerns the Advocacy Section has raised regarding the Updated AMF Business Case and GMP if the Transaction is approved. First, the Advocacy Section argues that Rhode Island will lose the benefit of the \$2 million in rates given to Narragansett in the Amended Settlement Agreement in PUC Docket No. 4770 to develop the Benefit-Cost Analysis (“BCA”) models and updated AMF Business Case and GMP (Tr. Day 4, at 313-14). The BCA models, Updated AMF Business Case, and GMP developed by Narragansett will be of tremendous value to Narragansett and its customers when the proceedings in PUC Docket Nos. 5113 and 5114 continue (see Exh. AS-23). Moreover, based on PPL’s significant experience with advanced metering, PPL is well positioned to leverage the extensive AMF and GMP work in Rhode Island for the benefit of Rhode Island customers, including the detailed AMF Business Case, GMP, and BCA models.

Second, the Advocacy Section argues that the Transaction will delay implementation of AMF in Rhode Island. During the hearing, the Advocacy Section focused on the estimated timing of the regulatory proceeding in PUC Docket No. 5113 and subsequent AMF implementation; however, the estimated timing of when the Commission might approve the Updated AMF Business Case in PUC Docket No. 5113 was an assumption. There is no date by which the Commission is required to issue an order regarding the Updated AMF Business Case. *For illustrative purposes*, Narragansett optimistically assumed a six- to nine-month process for Commission review and approval (see Exh. AS 15) (“The Company has also provided an *illustrative view* of the *anticipated timeline*”) (emphasis added). Following approval, there is expected to be a three- to six-month managed ramp up (see id.). Assuming a project start in January 2022 (based on the estimated timing in the original filing), Narragansett would have anticipated completing back-office work by approximately December 2023 or early-2024 (see id.). In January 2024 (based on the estimated timing in the original filing), an anticipated 18 months of meter installation would begin, through approximately July 2025. That was the estimated best-case scenario at the time of filing, but likely could have been longer if the best-case circumstances did not occur.

In the meantime, the Commission issued a stay in Docket Nos. 5113 and 5114 in June 2021 as a result of the Transaction (see Exh. AS-13); in practice, the proceeding has been stayed for nearly one year. The Advocacy Section’s concern regarding the Commission’s stay is a non-issue for purposes of approval of this Transaction. The stay is the result of the Transaction itself, and not any delay or malfeasance of PPL and National Grid (see Tr. Day 4, at 46-47). Whether National Grid USA or PPL owns Narragansett after this proceeding, the schedule in the AMF proceeding has shifted from the estimates included in the initial filing. Also, it would take time

for the proceeding to ramp up after the pause—including potentially updating the estimated cost of implementation in the filing, which Narragansett had initially estimated for filing in January 2021. Thus, the Advocacy Section’s concern regarding timing of the AMF implementation, including the impact of the stay, should not determine whether to approve the Transaction.

Similarly, the Advocacy Section’s comparison of estimated costs from Docket No. 4770 provides no value to the Division’s review of the Transaction. The costs from Docket No. 4770 do not reflect the robust stakeholder collaboration and analysis that went into the Power Sector Transformation subcommittee process and was ultimately reflected in Narragansett’s Updated AMF Business Case filing in January 2021 (see Exh. AS-18; see also Tr. Day 1, at 217-20). As the document itself states, those estimated costs were purely estimates, intended to “inform PUC evaluation of the Plan,” and “the detailed planning and procurement phase will allow for further refinement of cost estimates for the entire AMF program” (id.).

The cost estimates from PUC Docket No. 5113 also provide little or no value to the Division’s review of the Transaction. Narragansett’s cost estimates from January 2021 were based on an extensive request for solution process with the down-selected vendor (see Exh. AS-19). The Advocacy Section argues that under PPL’s ownership, Narragansett would lose the synergies associated with also implementing advanced metering by its upstate New York affiliate (see id.; see also Tr. Day 1, at 197). This argument ignores the synergies that Narragansett is expected to obtain through PPL’s experience rolling out advanced metering in Pennsylvania and Kentucky (Tr. Day 1, at 197-98). Rhode Island customers will benefit from PPL’s synergies with its successful implementation of AMF in Pennsylvania and its ongoing implementation in Kentucky (id.). Accordingly, there is no harm to Rhode Island and its customers if PPL proceeds with Narragansett’s AMF Business Case in Rhode Island rather than National Grid USA. To the

contrary, PPL's extensive experience with advanced metering implementation in other jurisdictions likely will result in benefits and synergies for Rhode Island and its customers.

D. The Transaction Will Not Harm the Narragansett's Gas Procurement Activities

Through the TSA, National Grid Service Company will continue its gas procurement work in Rhode Island after the Transaction closes the same as it does today (Tr. Day 2, at 196-97). In his pre-filed surrebuttal testimony, Mr. Oliver argued that the employees transferring to PPL should have the same knowledge and expertise after the transfer that they have exhibited prior to the transfer (Exh. AS-10, at 9). In particular, Mr. Oliver assumed, without any evidentiary basis, that National Grid Service Company would transfer junior employees to PPL, rather than employees with the requisite experience and expertise (id. at 9-11). As an example, Mr. Oliver referred to the experience and expertise of National Grid Service Company's Gas Procurement team, especially Elizabeth Arangio, Director of Gas Supply Planning;¹⁹ and Samara Jaffe, Director of Gas Contracting, Compliance and Hedging (id. at 10). Mr. Oliver also raised concerns with PPL's ability to implement financial hedging strategies for Narragansett (see id. at 23-25).

The Petitioners have addressed these concerns through the TSA and PPL's commitments regarding gas procurement and hedging activities (see Exh. JP-2, at Commitment 5). Ms. Arangio, Ms. Jaffe, and the team that is currently responsible for the hedging program will be operating the gas procurement activities through a TSA schedule in exactly the same way as they do today (Tr. Day 2, at 196-97). This will be a significant benefit to PPL during the transition period, as it prepares to take over the gas procurement activities.

¹⁹ Ms. Arangio also oversees National Grid USA's Customer Choice programs (Exh. AS-10, at 10).

Moreover, National Grid Service Company will be working with PPL Rhode Island to manage the NGPMP and GPIIP during the transition period, which will be consistent with the plans currently in place as approved by the Commission in the 2021 Gas Cost Recovery filing in PUC Docket No. 5180, subject to any modifications that occur from discussions with the Division or rulings from the Commission in the Gas Cost Recovery proceedings during the transition period (Exh. NG-2, at 25; Exh. AS-27). Through the process currently in place today, Narragansett receives feedback from the Division on its NGPMP and GPIIP filings before it files those plans with the PUC for its review and approval (id.). Any speculative concerns with the NGPMP and GPIIP, including National Grid Service Company's support during the two-year transition period, should be addressed in a future year's Gas Cost Recovery proceeding, not in this proceeding (id.). There is no basis for Mr. Oliver's allegation that PPL will not, or cannot, operate the NGPMP and GPIIP effectively after the two-year transition period for gas procurement services (id.).

Finally, Mr. Oliver has wrongly suggested that Narragansett's gas procurement costs will increase under PPL's ownership because Narragansett will be a stand-alone purchaser in the gas supply market without the purchasing power that existed under National Grid USA's ownership (Exh. AS-5, at 72-73; Exh. AS-10, at 25). National Grid USA has unequivocally explained that it operates each of its jurisdictional gas supply portfolios separately and enters into its own gas procurement contracts separately, not together with any or all other National Grid USA gas distribution entities (Exh. NG-2, at 24). Thus, Narragansett currently operates its gas supply portfolio separately, and any suggestion otherwise, or of any decreased bargaining power, is inaccurate. As it does today under National Grid USA ownership, Narragansett will continue to

negotiate its own gas supply and related contracts and plan for Rhode Island's specific gas distribution forecast requirements (see id.).

E. Hearing Officer's Briefing Question

At the conclusion of the evidentiary hearing, the Hearing Officer directed the parties to brief the issue of whether the Division has the authority to compel National Grid USA to own and operate Narragansett in perpetuity (Tr. Day 4, at 340-41). For context, the Hearing Officer stated that the case as presented by the Advocacy Section suggests that, based on National Grid USA's good work on behalf of Narragansett and its roots in Rhode Island, no other company can own and operate Narragansett better than National Grid USA; and, further, it would be a violation of the public interest if any other company came into Rhode Island to own and operate Narragansett (see id.). Thus, the Hearing Officer requested the legal authority for the State of Rhode Island to compel National Grid USA to continue to own and operate Narragansett and, if there is any, for how long they can be compelled to do so (id. at 341). Further, the Hearing Officer suggested that the burden to meet the standard for approval of the Transaction, as presented by the Advocacy Section, is such that the standard arguably could not be met by any company other than National Grid USA (see id. at 343).

The Division has no such authority. The legal standard of review: is not based on speculative projections of how a company might perform in the future, notwithstanding its established past experience, overall size, financial strength, and performance; is not based on the geographical location of the company; is not based on a comparison of whether the company can come into Rhode Island and perform better than the existing utility; and is not that National Grid USA is the only company that can ever own and operate a public utility in Rhode Island. Instead, the undisputed, and only, standard for approval of the Transaction is governed by R.I.

Gen. Laws § 39-3-25. First, the Division must find that “the facilities for furnishing service to the public will not thereby be diminished.” Southern Union, Report and Order No. 18676, at 52; see also Intervention Order, at 74-75. Second, the Division must find that the Transaction is “consistent with the public interest.” Id. As demonstrated in great detail herein and throughout the proceeding, the Petitioners have met that no net harm standard and the Petition should be approved.

V. CONCLUSION

For the foregoing reasons, National Grid USA and Narragansett respectfully request that the Division unconditionally approve the Petition, as presented and together with the Commitments.

Respectfully submitted,

**NATIONAL GRID USA and
THE NARRAGANSETT ELECTRIC
COMPANY d/b/a NATIONAL GRID**

By their attorneys,



Cheryl M. Kimball, Esq.
Robert J. Humm, Esq.
Keegan Werlin LLP
99 High Street, Suite 2900
Boston, Massachusetts 02110
(617) 951-1400
ckimball@keeganwerlin.com
rhumh@keeganwerlin.com



Jennifer Brooks Hutchinson, Esq.
Senior Counsel
National Grid
280 Melrose Street
Providence, Rhode Island 02907
(401) 784-7288
jennifer.hutchinson@nationalgrid.com

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