

January 28, 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**  
**Reply 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 Reply Memorandum in the above-referenced docket.<sup>1</sup>

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

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<sup>1</sup> 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

Docket D-21-09 – Reply Memorandum of National Grid USA and The Narragansett Electric Company

January 28, 2022

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**Docket No. D-21-09 PPL Corp., PPL RI Holdings, LLC, National Grid USA and  
The Narragansett Electric Co. (collectively, Applicants) – Petition to Transfer  
Ownership and Related Approvals**

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

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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

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Docket No. D-21-09

**REPLY MEMORANDUM OF NATIONAL GRID USA  
AND THE NARRAGANSETT ELECTRIC COMPANY**

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Dated: January 28, 2022

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

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

**REPLY MEMORANDUM OF NATIONAL GRID USA  
AND THE NARRAGANSETT ELECTRIC COMPANY**

On January 18, 2022, National Grid USA and The Narragansett Electric Company (“Narragansett”) received the post-hearing memoranda submitted to the Rhode Island Division of Public Utilities and Carriers (the “Division”) by the Division Advocacy Section (the “Advocacy Section”), the Rhode Island Attorney General (the “Attorney General”), Acadia Center, Conservation Law Foundation (“CLF”), and Green Energy Consumers Alliance, Inc. (“Green Energy”)<sup>1</sup> regarding 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”). National Grid and PPL also filed their post-hearing memoranda on January 18, 2022.<sup>2</sup>

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<sup>1</sup> Together, the Attorney General, Acadia Center, CLF, and Green Energy are referred to as the “Intervenors.”

<sup>2</sup> National Grid’s post-hearing memorandum (“Memorandum”) already addresses many of the issues raised by the Advocacy Section’s Memorandum. National Grid incorporates by reference herein all arguments from its Memorandum.



In this reply memorandum, National Grid addresses the claims and arguments of the Advocacy Section and Interveners.

## **I. INTRODUCTION**

To the credit of the robust adjudicatory process that the Division has conducted regarding the Petition, the evidentiary record in this proceeding encompasses all of the information necessary for the Division to approve the proposed Transaction in accordance with the public interest standard set by R.I. Gen. Laws § 39-3-25. As a regional gas and electric utility company, PPL is well suited to acquire Narragansett and operate the electric and gas distribution system in Rhode Island in the interests of customers and the broader State of Rhode Island. Consummation of the Transaction will not cause net harm to customers, and there is no demonstration in this case that harm will occur if the closing moves forward. Moreover, the combined jurisdiction of the Division and the Rhode Island Public Utilities Commission (“PUC” or “Commission”) assures that the consummation of the Transaction will not cause net harm to customers in the future, notwithstanding the speculation asserted by the Advocacy Section and Interveners in this proceeding.

More specifically, by PPL’s acquisition of Narragansett, “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.”<sup>3</sup> The Division makes this determination by considering PPL’s experience and financial strength.<sup>4</sup> There is no evidence in this proceeding that calls into question PPL’s experience and financial strength.

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<sup>3</sup> 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; Docket No. D-21-09, Order No. 24109 (“Intervention Order”), at 74-75 (August 19, 2021).

<sup>4</sup> See Southern Union, Report and Order No. 18676, at 50; Intervention Order, at 75.

In addition, PPL's acquisition of Narragansett is "consistent with the public interest," meaning it will result in "no harm to the general public as a whole (including ratepayers)."<sup>5</sup> According to the Division, this does *not* mean the Transaction must result in a "net benefit" to customers or the general public; rather, it means PPL's acquisition of Narragansett "will not unfavorably impact the general public (including ratepayers)."<sup>6</sup> This is a "no net harm" standard, which the Petitioners have met in this proceeding.

To that end, the record demonstrates that PPL is a responsible and reputable electric and gas distribution company serving approximately 1.4 million electric distribution customers in Pennsylvania and approximately 1.3 million gas and electric distribution customers in Kentucky. Among other financial attributes, PPL has a market capitalization of approximately \$22 billion, consistently receives high credit ratings, and has been consistently awarded for the performance of its U.S. utility operations. Nothing in the record refutes the fact that PPL is sufficiently experienced and financially sound to operate the electric and gas distribution systems in Rhode Island.

Instead, the allegation is that PPL cannot operate the Rhode Island electric and gas distribution systems in exactly the same way National Grid USA does. This factor is not specific to PPL; it would be true for any company that would ever conceivably purchase Narragansett from National Grid USA. The Hearing Officer recognized this at the conclusion of the hearing when he posed his briefing question:

[T]here were a lot of accolades to National Grid during this process, that National Grid is very experienced and very open to renewables, that they can provide the most cost effective services to Rhode Island ratepayers, that they have special expertise that other utilities may not have, that they've been in Rhode Island for many years, that

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<sup>5</sup> Southern Union, Report and Order No. 18676, at 52; Intervention Order, at 75.

<sup>6</sup> Southern Union, Report and Order No. 18676, at 51-52; Intervention Order, at 75.

they're a New England company, and that . . . nobody can do it better than National Grid. . . . I'd like the parties to brief the issue of whether or not the Division has the authority to compel National Grid to . . . own and operate Narragansett[] in perpetuity, because that's the suggestion. The suggestion is that if National Grid wants to sell its company, under the circumstances because they're so entrenched in the state and because all the attributes that they bring to the mix, that nobody can do it better and for any other utility to come in would be a violation of the public interest.

(Tr. Day 4 (Dec. 16, 2021) at 340-41).

National Grid is appreciative of the diligence and dedication shown by the Division, the Advocacy Section, and the Interveners in conducting this proceeding to consider whether PPL is the right company to operate Narragansett's electric and gas distribution system in Rhode Island. This has been a long and challenging proceeding for all parties involved, although not unexpected given the significance of evaluating the next potential electric and gas public utility to serve almost the entire State of Rhode Island. These efforts have yielded a comprehensive evidentiary record demonstrating that the interests of customers will be protected and served through the transition to PPL's ownership and beyond. Thus, for these reasons and the evidentiary basis demonstrated below and in National Grid's Memorandum filed on January 18, 2022, National Grid is confident that PPL is the right utility partner for Rhode Island. Accordingly, National Grid respectfully submits that Petitioners have met the standard under R.I. Gen. Laws § 39-3-25, and the Transaction should be approved.

## **II. ARGUMENT**

The standard for approval under R.I. Gen. Laws § 39-3-25 is that there is no net harm to the public, including customers, if PPL were to become the owner and operator of Rhode Island's electric and gas distribution systems subject to the regulatory jurisdiction of the Commission and the Division. Based on the evidentiary record and briefing, including the

Petitioners' filed Commitments<sup>7</sup> addressing concerns raised by the parties, the Transaction will not result in a net harm to customers. All distinct concerns raised by the Advocacy Section or Interveners that allege harm are addressed by the Petitioners. Specifically, the evidentiary record demonstrates that: (1) no harm will occur as a result of the Transaction in relation to the distinct issues raised by the Advocacy Section and Interveners; and (2) the amorphous areas at issue involving future harm are speculative and wholly subject to the jurisdiction of the Commission and/or Division.<sup>8</sup> Therefore, the public interest is served by approval of the Transaction.

For example, any concerns involving potential future cost recovery are purely speculative and are subject to the exercise of the Commission's jurisdiction over rates and the Division's thorough review of such rates. In other words, any dollar that could possibly impact Rhode Island customers arising out of the Transaction would need future Commission approval before customers would experience any impact and would be reviewed in detail and potentially challenged by the Division and other parties, before any such costs could be reflected in rates. The Commission's regulatory process shields customers from any potential future harm associated with the costs of the Transaction.

"On the whole," the Transaction does not result in a net harm to Rhode Island or Narragansett's customers. See R.I. Gen. Laws § 39-3-25. The Petitioners' satisfaction of the legal standard is complete in that regard and all distinct areas of concern raised by the Advocacy

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<sup>7</sup> The Commitments consist of the Petitioners' Statement of Existing and Additional Commitments ("Statement of Commitments") and the Supplement to the Statement of Commitments (together, the "Commitments") (Exh. JP-2; Exh. JP-3).

<sup>8</sup> See R.I. Gen. Laws § 39-1-3(a); see also O'Neil v. Interstate Nav. Co., 565 A.2d 530, 532 (R.I. 1989) (Commission has exclusive jurisdiction to determine rates of public utilities, while Division's jurisdiction includes the effective administration, supervision and regulation of public utilities); Town of New Shoreham v. Rhode Island Public Utilities Commission, 464 A.2d 730, 737 n.5 (1983) (Commission has exclusive jurisdiction to determine rates of public utilities).

Section and Interveners relative to the scope of R.I. Gen. Laws § 39-3-25 are addressed in this proceeding, demonstrated as follows:

**A. No Harm Related to Transition Costs**

The Advocacy Section and Attorney General have alleged that customers could be harmed because PPL reserved its right to request recovery of no more than \$82 million<sup>9</sup> in potential transition costs related to Information Technology (“IT”) system implementation and operations facilities (the “Transition Costs”) (see AS Mem. at 9; AG Mem. at 18-19). The record demonstrates that the Transition Costs will not result in harm to customers, and the Commission has plenary jurisdiction over cost-recovery issues at all times in the future. Petitioners have ensured there will be no harm associated with the IT system implementation costs because PPL has committed that it will seek recovery of such costs “*only if* Narragansett can demonstrate that the incurrence of these costs to achieve system implementation has produced savings for Rhode Island customers that are quantifiable, verifiable and demonstrable” (Exh. JP-2, at Commitment 2) (emphasis in original). Petitioners have ensured there will be no harm associated with the operations facilities costs because PPL has committed that “Narragansett carries the burden to demonstrate that there is a direct benefit to customers as a result of the incremental investment as part of the next distribution base rate case” (id.). Further, PPL has committed that “Narragansett will not seek to recover in rates, including but not limited to base distribution rates and the ISR recovery mechanisms, any Transition Costs that are duplicative of existing costs, services, or assets for which Rhode Island customers have already paid through distribution rates” (PPL Mem. at Appendix A thereto at Commitment 2).

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<sup>9</sup> In its initial brief, PPL committed to cap the potential transition costs for IT system implementation and operations facilities at no more than \$82 million (PPL Mem. at 21-22, 27, 29-30, and Appendix A thereto at Commitment 2).

Even if PPL exercises its right to seek recovery of any of the Transition Costs in the future, there will be no harm because the Commission will exercise its jurisdiction to approve or deny such costs and the Division will exercise its jurisdiction to review, and may elect to oppose, all or part of any such request for recovery (see id.). Thus, Narragansett may recover Transition Costs only to the extent that those costs are *demonstrated* to have benefitted customers consistent with the Commitments, are not duplicative, and are prudently incurred in accordance with longstanding regulatory principles. These are not hypothetical safeguards to prevent harm to customers; these protections are firmly embedded in the Petitioners' Commitments that are part of the evidentiary record and within the Commission's jurisdiction to review cost recovery. Accordingly, Rhode Island customers will not be harmed by the Transition Costs.

**B. No Harm Related to PPL's Proposed Operating Model**

The Advocacy Section has alleged that PPL's proposed operating model is different than National Grid USA's operating model and therefore customers could be harmed by the loss of shared services and expertise that National Grid USA provides to Rhode Island (see, e.g., AS Mem. at 3).<sup>10</sup> This issue is not specific or unique to PPL; this would be true for any other buyer seeking to acquire and operate the electric and gas distribution systems in Rhode Island. The effect of the Advocacy Section's argument is that no other company can own and operate Narragansett in Rhode Island as well as National Grid USA (see Tr. Day 4, at 340-41). In fact, the record demonstrates that PPL's operating model is reasonable and will not harm Rhode Island customers.

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<sup>10</sup> The Attorney General argues that the Transaction "will remove Narragansett from a cost-efficient shared services model and prop it up as a standalone utility" (AG Mem. at 21). As explained in this section, the Attorney General misunderstands PPL's proposed operating model, because Narragansett will continue to benefit from shared services as part of the PPL organization and is not a "standalone utility" as the Attorney General suggests.

PPL, like National Grid USA, employs shared services and is adding the extra measure of an increased local Rhode Island presence (see Exh. JP-1-4, at 13; Exh. NG-2, at 11; Tr. Day 1 (Dec. 13, 2021), at 89-90; Tr. Day 2 (Dec. 14, 2021), at 29-30, 189-96, 198-99). The combination of synergies enjoyed from a shared services organization with an increased local presence in Rhode Island will not harm Rhode Island and its customers. Any suggestion otherwise is speculative and interferes with an experienced public utility company's exercise of its business judgment in managing its operations. See New England Tel. & Tel. Co. v. Public Utilities Commission, 116 R.I. 356, 373-75, 358 A.2d 1, 12-13 (R.I. 1976) (certain functions of public utility's management should not be interfered with absent evidence of being unreasonable or unjustly affecting the rate-paying public); United Transit Co. v. Nunes, 99 R.I. 501, 512-13, 209 A.2d 215, 222 (R.I. 1965) (should avoid an invasion of the office of a public utility company's board of directors and an unwarranted invasion into field reserved to management unless necessary).

PPL's shared services include IT; Regulatory Accounting and Reporting; Finance and Accounting (including Tax, Treasury, Gas Hedging, and Risk); Security; Remittance Processing; Legal; Customer Experience Strategy; Meter Data Services; Gas Forecasting; Centralized Electric Support, Transmission Operations, Transmission Planning and Regulation, Complex Engineering, Electric Market Operations, Compliance Training, Advanced Grid Strategy, and Transmission and Distribution and Substation Standards; Supply Chain; Communications; Health, Safety, and Environment ("HSE"); Emergency Preparedness; Human Resources ("HR"); Facilities; and Fleet (Exh. PPL-11; Tr. Day 4, at 30-37). Similar to National Grid USA, these key shared services across PPL's affiliates will provide synergies and economies of scale.

Locally, PPL Rhode Island will be led by David Bonenberger as the President of Narragansett (Exh. PPL-1, at 2). The President role will be located in Rhode Island (id.). This structure is similar to the model under which Narragansett has operated for several years. Narragansett's core functions will be performed in Rhode Island, and its leadership team will report directly or indirectly to Mr. Bonenberger. These core functions fall under Gas Operations, led by Michele Leone as Vice President of Gas Operations; Electric Operations, led by Alan LaBarre as Senior Director of Electric Operations; Customer, led by Kristin DeSousa as Senior Director of Customer; Regulatory and Government Affairs, led by Brian Schuster as Director of Regulatory and Legislative Affairs; Finance, led by Kate Hearn as Director of Finance; Business Services Lead, led by Avia Levin, Director of Business Services; HR, led by Kathy Moar, Manager of Human Resources; Legal, led by Celia O'Brien as Chief Counsel; and Corporate Compliance and Ethics, led by Patrick Carmody as Director of Compliance and Ethics (see Exh. PPL-11; see also Exh. NG-2, at 16). The senior leadership team responsible for these critical local functions are all transferring to the PPL organization from National Grid USA Service Company, Inc. ("National Grid Service Company") and have been established leaders at National Grid USA. They will each bring their experience and expertise to PPL, along with the employees who will report to them (Exh. NG-2, at 16-17).

In support of the local functions that will be performed in Rhode Island, Narragansett will rely on, and receive knowledge and support from, PPL's decades of experience operating electric and gas distribution companies in Pennsylvania, Kentucky, and Virginia. This will create its own set of synergies and economies of scale for Narragansett. For example, PPL has already implemented advanced metering functionality ("AMF") twice—one successfully completed in Pennsylvania, and a second currently ongoing in Kentucky (see Tr. Day 1, at 81). PPL will bring



its experience from these two jurisdictions to the benefit of the Updated AMF Business Case and Grid Modernization Plan (“GMP”) regulatory proceedings in Rhode Island (id.).

Moreover, Narragansett is retaining the assistance of the National Grid USA affiliates, including with respect to storm response and the need for spare materials and equipment, contrary to what the Advocacy Section and Attorney General assert (see AS Mem. at 2-3, 25; AG Mem. at 24-25). For example, as part of the Transition Services Agreement (“TSA”), National Grid Service Company and Narragansett have entered into a two-way sharing agreement for spare transformers for a two-year transition period (see Tr. Day 4, at 84-85). Under this arrangement, Narragansett can use spare transformers from National Grid USA companies at the replacement cost for the spare or the net book value of the spare, which is how Narragansett uses and pays for such spare equipment of National Grid USA affiliates today (see id.). Also, Narragansett will be able to take advantage of mutual assistance from National Grid USA companies to obtain spare equipment when needed, which is a common practice among public utilities (see id. at 85).

Similarly, Narragansett will participate in mutual assistance agreements for storms and other emergency response with the National Grid USA affiliates and other public utilities (Tr. Day 2, at 20-23). Massachusetts and Rhode Island are typically impacted by the same storms, often rendering a Massachusetts affiliate unavailable to assist in Rhode Island; however, Kentucky and Pennsylvania are almost never impacted by the same storm at the same time as Rhode Island, so Rhode Island will benefit from increased availability for assistance from PPL’s Kentucky and Pennsylvania affiliates (id. at 22).

For costs associated with storm or other mutual assistance, the Commission will exercise its jurisdiction to approve or deny such costs and the Division has the jurisdiction to review and

challenge them if there are any issues. Any alleged adverse impacts of PPL's proposed operating model in Rhode Island is speculative and not based on record evidence. Accordingly, Rhode Island customers will not be harmed by PPL's proposed operating model of using shared services combined with a significant local presence.<sup>11</sup>

**C. No Harm Related to the Updated AMF Business Case and GMP**

The Advocacy Section and the Attorney General have alleged that Rhode Island customers could be harmed by PPL's replacement of National Grid USA affiliates for the Updated AMF Business Case and GMP because those programs no longer will be co-deployed with National Grid USA's other operating companies and might result in increased costs (AS Mem. at 40-41; AG Mem. at 21). The Advocacy Section and Attorney General have also alleged that Rhode Island customers could be harmed by a delay in AMF and GMP implementation as a result of the Transaction (AS Mem. at 39-40; AG Mem. at 21). Further, the Advocacy Section and Attorney General have alleged that customers have already paid almost \$3 million for the AMF and GMP programs (AS Mem. at 39-40; AG Mem. at 21). To the contrary, the record demonstrates that the AMF and GMP issues will not result in harm to customers and the Commission maintains plenary jurisdiction over future cost recovery.

Most importantly, the Advocacy Section's argument that there will be increased costs or a delay in the implementation of AMF and GMP is purely hypothetical. Even absent the Transaction, there is no date by which the Commission is required to act, and there is no guarantee that the Commission would have approved the AMF and GMP programs as filed (see, e.g., Exh. AS-13, at 2 n.8 ("No procedural schedule was set"); Tr. Day 4, at 69-72). Arguing that

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<sup>11</sup> Please see National Grid's Memorandum at pages 20-23 and 25-26 for additional details regarding why PPL's proposed operating model will not harm Rhode Island customers.

customers are deprived of benefits suggests a pre-determined outcome and timeline based on the “illustrative” forecast used by Narragansett for the filing in Docket No. 5113 (see Exh. AS-15). Also, it is worth noting that the State of New York Public Service Commission (“NYPSC”) reviewed and considered Narragansett’s Upstate New York affiliate’s advanced metering filing for approximately two years before approving it.<sup>12</sup>

Next, the Advocacy Section’s arguments that Rhode Island may lose synergies with New York ignore the fact that Rhode Island customers are likely to gain synergies from PPL’s already completed advanced metering deployment in Pennsylvania and its recently approved advanced metering deployment in Kentucky (Tr. Day 1, at 197-98, 202-05, 218; Tr. Day 2, at 30-31). Narragansett is expected to obtain synergies through PPL’s experience rolling out advanced metering in Pennsylvania and Kentucky (Tr. Day 1, at 197-98). PPL will bring its experience and continuous work from these two jurisdictions to support the implementation of AMF in Rhode Island (see Tr. Day 1, at 81). Rhode Island customers will benefit from PPL’s synergies with its successful implementation of AMF in Pennsylvania and its ongoing implementation in Kentucky (see Tr. Day 1, at 197-98).

Lastly, Narragansett’s costs spent on consultants to develop the Updated AMF Business Case and the AMF and GMP Benefit-Cost Analyses (“BCA”) are not stranded, as the Advocacy Section argues. PPL is using the consultants’ deliverables, including stakeholder engagement and the BCAs, as key components for its plans for AMF and GMP in Rhode Island (see Tr. Day 1, at 164-165; see also Tr. Day 2, at 70-71). Thus, the AMF and GMP BCAs and the Updated AMF Business Case developed by Narragansett will be of tremendous value to Narragansett and

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<sup>12</sup> The NYPSC approved the Advanced Metering Infrastructure proposal of National Grid USA’s Upstate New York affiliate, Niagara Mohawk Power Corporation, on November 20, 2020, in Case Nos. 17-E-0238 and 17-G-0239 (see Exh. AS-17).

its customers when PPL submits the updated proposed GMP and AMF Business Case on behalf of Narragansett (see Exh. AS-23).

Any cost issues related to the implementation of AMF and GMP in Rhode Island are purely speculative, and there is no record evidence to support that these costs will result in harm to customers. In any event, the Commission retains all of its jurisdiction and regulatory authority to approve or deny any such costs in a request for recovery, and the Division retains all of its authority as the consumer advocate and party by right in any proceeding before the Commission to review and potentially challenge the costs. Accordingly, Rhode Island customers will not be harmed by the PPL's implementation of AMF and GMP in Rhode Island.

**D. No Harm Related to Alleged Stranded Assets**

The Advocacy Section and Attorney General have alleged that customers “could be” harmed by millions of dollars of stranded asset costs, including with respect to the Gas Business Enablement (“GBE”) Program and the Cybersecurity Information Services Technology Modernization (“Cybersecurity”) Program, without sufficient customer protections (AS Mem. at 39; AG Mem. at 23-24). Specifically, the Advocacy Section alleges “PPL will replace Narragansett’s IT systems and make substantial changes to Narragansett’s gas business enablement program. . . . As a result, the authorized regulatory assets will become stranded” (AS Mem. at 39). This argument mischaracterizes the live testimony of PPL witness Vincent Sorgi; any harm related to costs from the GBE and Cybersecurity Programs is thoroughly hypothetical and speculative at this point (see Tr. Day 1, at 75-76, 229-32). Even so, any speculative costs related to the GBE and Cybersecurity Programs will not result in harm to customers because the Commission will exercise its jurisdiction to approve or deny any such costs in a request for recovery, and the Division will exercise its jurisdiction to review the costs.

This regulatory oversight serves to protect the interests of customers.<sup>13</sup> Accordingly, Rhode Island customers will not be harmed by any alleged stranded assets.

**E. No Harm Related to National Grid USA's Transition Services**

**1. The Extension of the TSA Addresses Any Concerns**

The Advocacy Section has alleged that the duration of the TSA is insufficient and therefore could harm customers.<sup>14</sup> The record demonstrates that the duration of the TSA will not result in harm to customers. Two years is a sufficient period of time for two experienced and sophisticated public utilities to complete transition services. 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 transfer and transition of ownership of Narragansett to PPL Rhode Island under the TSA (see Exh. NG-2, at 14-15, 30; see also Tr. Day 2, at 186, 197-98, 200-01).

Further, even though it was not necessary, PPL and National Grid USA have amended the master form of TSA to the Share Purchase Agreement to include terms that can extend the TSA beyond the initial two-year term, if and as necessary to complete the successful transition to

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<sup>13</sup> See R.I. Gen. Laws § 39-1-1(c) (“[T]here is hereby vested in the public utilities commission and the division of public utilities and carriers the exclusive power and authority to supervise, regulate, and make orders governing the conduct of companies offering to the public in intrastate commerce energy . . . according desirable safeguards and convenience to their employees and to the public, and protecting them and the public against improper and unreasonable rates, tolls, and charges . . .”).

<sup>14</sup> The Advocacy Section also makes a confusing assertion that the need to enter into the TSA at all is an admission that PPL will be unable to operate Narragansett’s facilities independently upon consummation of the Transaction (AS Mem. at 42-43). Putting in place a TSA is customary for this type of transaction (see Exh. PPL-6, at 32-33). There is no basis whatsoever for the Advocacy Section’s statement and it should not be credited.

PPL (Exh. JP-3, at Commitment 17; Exh. PPL-9). Through this commitment, Petitioners have squarely addressed the Advocacy Section’s concerns over the length of the TSA (see, e.g., AS Mem. at 44-45). Therefore, there is no harm regarding the length of the TSA period.

The record also demonstrates that there will be no cost issues related to the duration of the TSA period or any extensions. PPL has committed that it will not seek to recover in rates any markups 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). Accordingly, Rhode Island customers will not be harmed by the duration of the transition services period.<sup>15</sup>

2. There is No Legal or Factual Basis to Support the Creation of an Escrow or Performance Metrics

No escrow or performance metrics are necessary or warranted in this case. Any conditions to approval of the Transaction, such as establishing an escrow, would need to be within the authority of the Division to enter. See Intervention Order, at 85 (“Division will not consider the implementation of conditions on the sale of Narragansett that have no legislative foundation”). No legislative foundation exists to establish an escrow here. Even if any did exist, the implementation of an escrow could occur only if the Advocacy Section had identified a specific harm, and the specific financial impact of that harm, which has not occurred. Without any record evidence, the Division cannot impose such a detrimental condition as a “back-up” or “just in case.” The scope of the Division’s authority is to approve or deny the proposed Transaction based on a showing of no net harm, as described in detail herein and in National Grid’s Memorandum. See R.I. Gen. Laws § 39-3-25; see also Intervention Order, at 75;

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<sup>15</sup> Please see National Grid’s Memorandum at pages 26-28 for additional details regarding why the duration of the TSA will not harm Rhode Island customers.

Southern Union, Report and Order No. 18676, at 52. Reasonable conditions set by the Division would need to relate to a specific, identified harm. Further, the Division would need specific, supporting record evidence that the identified harm supports the purpose and amount of any escrow imposed. See, e.g., New England Tel. & Tel. Co., 116 R.I. 356, 373-74, 358 A.2d at 13 (findings must be “fairly and substantially supported by legal evidence and sufficiently specific . . . to afford a reasonable basis for the result reached”).

An escrow would be intended to put money aside for customers to cover some type of speculative, non-performance by National Grid Service Company or PPL under the TSA. National Grid USA has a long track record of serving customers well in Rhode Island and it intends to similarly fulfill its TSA obligations with Narragansett (see Tr. Day 2, at 201). Mr. Willey explained as follows during his live testimony:

The first reason is that we intent (sic) to use exactly the same people, processes, systems and controls prior to the sale, so the same people will be doing the same job in the same way using the same systems, so there’s no reason to expect that the services will diminish. In addition to that, we’re putting in a small team that will be headed by me which is, again, a TSA governance team to act as a second line of assurance to make sure that we have the service provided at the level we want it to be at, and if it’s not at the level we want it to be at, then we can respond quickly and react and resolve those issues.

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 200-01). There is no showing here that continued high quality performance will not occur, or should not be expected.

Further, the Petitioners' extension of the TSA period beyond the initial two-year term, if and as necessary to complete the successful transition to PPL, negates any speculative harm of the parties not performing under the TSA (see Exh. JP-3, at Commitment 17) and, therefore, eliminates any need for an escrow. The Hearing Officer recognized that the Advocacy Section and Interveners aim to keep National Grid USA connected to Rhode Island for as long as possible (see Tr. Day 4, at 340-43). Their proposed escrow furthers that improper and unwarranted purpose. An escrow would force National Grid USA into being a quasi-owner and operator of Narragansett, which is not appropriate or warranted after the Transaction has closed.

Moreover, Mr. Booth and Mr. Oliver do not include any evidentiary foundation to recommend an escrow or identify a financial impact requiring a \$200 million escrow—or any other amount. No evidence exists in this record of either the nature of the alleged harm or the resulting financial impact. The effect of an escrow would be an unsubstantiated penalty to National Grid USA for which the Division has no legislative or evidentiary basis to enter in any amount. Therefore, there is no reasonable basis to establish any kind of escrow.

For the same reasons, there is no evidentiary foundation to establish performance metrics given National Grid USA's deep commitment to the success of the transition to PPL and its contractual obligations to support PPL through the TSA. Importantly, there is no mention whatsoever of what specific performance metrics the Advocacy Section thinks should be established. Without the identification of specific metrics and the reasons therefor, there is no reasonable basis to establish any performance metrics.

National Grid USA's sale of Granite State Electric Company and EnergyNorth Natural Gas, Inc. to Liberty Energy Utilities Company and Liberty Energy Utilities (New Hampshire)



Corporation<sup>16</sup> has no precedential value to this proceeding. The New Hampshire matter involved much different circumstances. Most notably, the order in the New Hampshire proceeding was the result of a *settlement*, not the result of a contested regulatory order (see Exh. AS-38, at 1) (“***Order Approving Settlement***, Granting Motions for Confidential Treatment and Waiver of Certain Filing Requirements”) (emphasis added). Even Mr. Oliver agrees in this important distinction: “The New Hampshire case is distinguishable from the situation here for several reasons. First, National Grid’s transfer of ownership of Granite State Electric Company and Energy North Natural Gas, Inc. to Liberty Utilities was resolved through a *negotiated settlement* . . .” (Exh. AS-10, at 44) (emphasis in original). In the New Hampshire proceeding, National Grid USA agreed to the establishment of certain performance metrics and an escrow for the performance regarding the transition services in a negotiated settlement, where it was possible to reach agreement on something that was reasonable for the circumstances of that particular case—and in relation to bargaining on other issues (see Tr. Day 3 (Dec. 15, 2021), at 152-53). Here, the parties have no settlement.

Moreover, the New Hampshire proceeding included a sale to a significantly smaller utility with much less experience than PPL (Tr. Day 3, at 138-39). In fact, the two utilities entering New Hampshire had no gas distribution experience at the time and had approximately one year of electric distribution experience at the time of the transaction (see Tr. Day 3, at 138). These factors made the New Hampshire transaction a riskier transaction to approve. In contrast, PPL is an approximately \$22 billion company with deep experience in both electric and gas distribution operations (Exh. JP-1-1, at 5), which is a significant difference to the New

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<sup>16</sup> The New Hampshire matter is National Grid USA, New Hampshire Public Utilities Commission Docket No. DG-11-040 (settlement approved May 30, 2012) (see Exh. AS-38).

Hampshire matter. PPL also has a robust, professional shared-services organization to assist with its operation of Narragansett (Exh. JP-1-4, at 13; Exh. NG-2, at 11), in addition to the hundreds of people transferring to PPL on Day 1 and the hundreds of National Grid Service Company employees who will be working with PPL throughout the transition services period.

Given these circumstances, an escrow is not necessary or warranted in this case.

Accordingly, the unsubstantiated suggestion of an escrow should be rejected.

**F. No Harm Related to Base Distribution Rates**

The Advocacy Section has recommended a minimum four-year stay-out before Narragansett files a new base distribution rate case (AS Mem. at 33).<sup>17</sup> The record demonstrates that the timing of the next base distribution rate case filing will not result in harm to customers, and, in any case, the Commission has the authority to exercise its jurisdiction over the substance of a base distribution rate case filing at the appropriate time. PPL has already agreed to at least a three-year stay-out from the date the Transaction closes (Exh. JP-2, at Commitment 1), resulting in no increase in base distribution rates for approximately four years from the date of closing, or until approximately 2026. The Commission approved a comprehensive settlement in Narragansett's last base distribution rate case in 2018 with the last increase to base distribution rates occurring on September 1, 2020 (see Tr. Day 4, at 119). If the Transaction had not occurred, Narragansett would have filed a new base distribution rate case in November 2021, for new base distribution rates to go into effect September 1, 2022 (see id. at 119-21). PPL's

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<sup>17</sup> In its pre-filed direct and surrebuttal testimony, the Attorney General recommended a three-year stay-out before Narragansett could file a base distribution rate case (Exh. AG-1, at 11; Exh. AG-2, at 2). The Petitioners' Commitments meet the Attorney General's recommendation for a three-year stay-out (Exh. JP-2, at Commitment 1). In its post-hearing memorandum, however, the Attorney General changed its recommendation to reject a three-year stay-out (see AG Mem. at 17), because its experts "did not understand the ISR process" in Rhode Island (see Tr. Day 4, at 232-33). Notwithstanding the Attorney General's change of opinion, Rhode Island customers will not be harmed by a three-year base distribution rate case stay-out.

commitment to a three-year stay-out period following closing helps to ensure rate stability during and after the two-year transition period.

Moreover, if Narragansett files its next base distribution rate case in three years instead of four years, the Commission will exercise its jurisdiction over approval or denial of the proposed base distribution rates and all of the proposals included in the filing, including the reasonableness of PPL's historic test year, and the Division will exercise its jurisdiction to review and potentially challenge all or part of the filing. The Commission will also exercise its jurisdiction to approve or deny any proposals or costs in the Infrastructure, Safety, and Reliability ("ISR") Plans and all other filings pursuant to Narragansett's reconciling mechanisms before the next base distribution rate case filing, and the Division will exercise its jurisdiction to review the reconciling mechanism filings (see National Grid's Response to Record Request 2, attached as Appendix A). Therefore, filing a new base distribution rate case submitted no earlier than three years after the Transaction closes instead of four years will not harm customers.

**G. No Harm Related to the Operation of the Electric Infrastructure, Safety, and Reliability Plan**

The Advocacy Section has alleged that customers could be harmed because Mr. Booth does not think PPL has the capability to implement the Electric ISR Plan process in Rhode Island (AS Mem. at 49-50). The record demonstrates that PPL's implementation of the Electric ISR Plan will not result in harm to customers.

The Advocacy Section's Memorandum ignores the compelling live hearing testimony presented by National Grid witness Christopher Kelly. The Advocacy Section's Memorandum states: "Narragansett relies on many groups and 89 different staff members of the Service Company to implement the requirements of the ISR planning process. PPL failed to meet the burden that it will have the capability to take on the ISR responsibilities by the end of the

transition period” (AS Mem. at 49-50). It further states: “[t]he ISR process requires more than a couple executives who were involved several years ago, and have not presented a specific plan to replicate the multi-department organizational infrastructure that is necessary to meet Rhode Island’s regulatory requirements” (*id.* at 51). The Advocacy Section erred by ignoring National Grid’s hearing testimony in its analysis.

During the hearing, Mr. Kelly explained that essentially the entire approximately 90-person team that currently works on the Electric ISR Plan—including the well-known current and longstanding leaders of the Electric ISR Plan and its planning process—will be working on the Electric ISR Plan after closing (Tr. Day 2, at 189-92). A majority of those employees are transferring from National Grid Service Company to the PPL organization on Day 1—including key employees Alan LaBarre, Kathy Castro, Ryan Constable, and Patricia Easterly (*id.* at 191-92; see also Exh. NG-2, at 26-27). For example, Ms. Easterly is Narragansett’s witness this year in the pending Fiscal Year (“FY”) 2023 Electric ISR Plan filed on December 20, 2021, in PUC Docket No. 5209.<sup>18</sup> Mr. LaBarre’s deep experience in leading, developing, preparing, adopting, overseeing, executing, mentoring, and making the final decisions for the Electric ISR Plan is described in more detail in National Grid’s Memorandum (see NG Mem. at 20-21; see also Tr. Day 2, at 189-92; Exh. NG-2, at 13-14, 26-27). Mr. LaBarre will continue his involvement with, and oversight of, the Electric ISR Plan when he transfers to PPL on Day 1 as the leader of Narragansett’s Electric Operations team (Tr. Day 2, at 189-92).

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<sup>18</sup> In addition to her role as a witness to present this year’s FY 2023 Electric ISR Plan, Ms. Easterly’s testimony in PUC Docket No. 5209 states that she has previously testified before the Commission in support of Narragansett’s FY 2022, FY 2021, and FY 2020 Electric ISR Plans and has participated in and managed the Electric ISR Plan negotiations with the Division. See Narragansett Electric ISR Plan FY 2023 Proposal, PUC Docket No. 5209, Joint Pre-Filed Direct Testimony of Patricia C. Easterly, Ryan A. Moe, and Caitlin Broderick, at 2 (Dec. 20, 2021).

The remainder of the approximately 90 National Grid Service Company employees who work on the Electric ISR Plan, but are not transferring 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 and transfer knowledge to the employees of the PPL organization (see Tr. Day 2, at 192). In addition, the direct Narragansett employees who are transferring to PPL as part of the Electric Operations team will remain Narragansett employees and will perform the same functional activities in the field for Narragansett under PPL ownership as they currently do under National Grid USA ownership (Exh. NG-2, at 16).

Thus, these are not just “a couple executives who were involved several years ago,” as the Advocacy Section would lead the Hearing Officer to believe (AS Mem. at 51). These are significantly experienced National Grid Service Company employees transferring to PPL who currently are, and historically have been, intimately involved in the Electric ISR Plan process. The actual evidence in the proceeding belies the Advocacy Section’s position that Rhode Island will be harmed because PPL will not have the capability to take on the Electric ISR Plan responsibilities during or by the end of the transition period. In short, the post-Transaction Electric ISR Plan will be operated by essentially the same effective pre-Transaction team that is very familiar with the plan.

Accordingly, Rhode Island customers will not be harmed by PPL’s operation of the Electric ISR Plan on behalf of Narragansett.<sup>19</sup> Any suggestion otherwise is based on speculation or conjecture.

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<sup>19</sup> Please see National Grid’s Memorandum at pages 20-21 for additional details regarding National Grid Electric Operations employees transferring to the PPL organization.

**H. No Harm Related to the Gas Distribution System, Including Gas Procurement Activities**

The Advocacy Section has alleged that customers could be harmed by PPL’s operation of Narragansett’s gas distribution system. The record demonstrates that PPL’s operation of the gas distribution system will not result in harm to customers.

**1. The National Grid Service Company Employees Transferring to PPL Provide Significant Gas Operations Experience and Expertise**

Petitioners have ensured there will be no harm associated with the management of Narragansett’s Gas Operations after the Transaction closes. As explained in detail during the hearing and in National Grid’s Memorandum, the significantly experienced Gas Operations leadership team transferring from National Grid Service Company to the PPL organization includes Michele Leone—with 21 years of engineering, operations, and leadership experience—Julie Porcaro, John Currie, Nathan Kocon, Jeffrey O’Brien, Steve Bell, Regina Maddox, Lae Hunt, and Brian Kirkwood, among others (NG Mem. at 21-22; see also Tr. Day 2, at 193-96; Exh. NG-2, at 21-22). The Gas Operations employees transferring to PPL have decades of operations management and related gas distribution experience (Exh. NG-2, at 21-22). In addition, approximately 40 gas operations managers and supervisors are transferring to the PPL organization (id.; Tr. Day 2, at 194). Many of these employees have more than 10 years of gas operations experience in Rhode Island, and numerous employees have spent their entire careers at National Grid working on gas operations in Rhode Island (Exh. NG-2, at 22). This is a far cry from the Advocacy Section’s claim that “most management employees are based in other jurisdictions” and there will be an “expertise gap in gas operations” (AS Mem. at 54, 56-58).

The Advocacy Section raised a specific concern regarding PPL’s LNG-related capabilities for Narragansett. Petitioners have ensured there will be no harm associated with

Narragansett's LNG operations after the Transaction closes because of the employees transferring to the PPL organization. The entire team of 25 direct LNG employees of Narragansett is transferring to the PPL organization as a unit (Tr. Day 2, at 196; Exh. NG-2, at 19-20). In other words, Narragansett's LNG team will be the same exact group of LNG employees under PPL ownership as under National Grid USA ownership. There is no difference and therefore no harm. Any issues the Advocacy Section has with PPL's ability to perform LNG operations in Rhode Island would exist whether PPL or National Grid USA owns Narragansett, so the Transaction will not result in any such harm. In addition, Brian Kirkwood, PPL's incoming Manager of LNG Operations for Narragansett, has five years of direct experience 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). Julie Porcaro, the Chief Operator for the Gas Control Center for National Grid Service Company who is transferring to PPL, also has experience working with LNG Operations in Rhode Island and will have responsibility over the Narragansett LNG group (Tr. Day 2, at 195-96).

Mr. Oliver has misunderstood the management and operations of Narragansett's LNG facilities. The Advocacy Section Memorandum states that PPL will be responsible for managing and operating "the four LNG facilities on which Narragansett's customers depend" (AS Mem. at 56). In fact, however, Narragansett manages and operates only three LNG facilities—an LNG tank in Exeter and temporary LNG operations in Cumberland and on Aquidneck Island (see Tr. Day 4, at 206, 210-11). Mr. Oliver inaccurately included the Providence LNG facility in his list of LNG facilities operated and managed by Narragansett (compare id. at 206 with id. at 210-11; see also AS Mem. at 56). The Providence LNG facility is owned and operated by National Grid LNG LLC, *not* by Narragansett (Tr. Day 4, at 210-11). Therefore, the Providence LNG facility

is not part of the Transaction and will not be transferred to PPL. Mr. Oliver's error in this regard was corrected during his virtual testimony during the evidentiary hearing, but the Advocacy Section's Memorandum repeats the error (id.; AS Mem. at 56).

Overall, Rhode Island customers will not be harmed by PPL's management and operation of Narragansett's gas operations, including LNG operations.<sup>20</sup>

2. The National Grid Service Company Employees Supporting Gas Procurement Through the TSA Provide Significant Experience and Expertise to Assist PPL

Petitioners have ensured there will be no harm associated with Narragansett's gas procurement activities after the Transaction closes. The Petitioners' commitment regarding gas procurement activities (Exh. JP-2, at Commitment No. 5; see also NG Mem. at 32-33), along with the significant expertise and support Narragansett will receive from National Grid Service Company's Gas Procurement team through the TSA,<sup>21</sup> demonstrate Rhode Island customers will not be harmed by PPL's operation of the gas procurement functions.

The Advocacy Section's Memorandum maintains that "we really don't know who the specific persons will be and what levels of expertise will be available to [PPL] either during the transition period or after the transition period to support determinations in the gas procurement and gas asset management areas" (AS Mem. at 59) (quoting Tr. Day 4, at 149-50). During the hearing, however, Mr. Oliver testified that he watched most of Mr. Willey's live testimony from December 14, 2021, but was not sure he saw all of it (Tr. Day 4, at 189). Mr. Oliver then testified that he "didn't hear clearly" Mr. Willey's testimony that National Grid Service

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<sup>20</sup> Please see National Grid's Memorandum at pages 21-23 for additional details regarding National Grid Gas Operations employees transferring to the PPL organization.

<sup>21</sup> See Attachment NG-DIV 7-36-2-3 Supplemental, attached as Appendix B, at 8-13; see also Tr. Day 2, at 188 (Mr. Willey adopted the responses to data requests he sponsored under oath at the hearing).



Company's Gas Procurement team specifically identified in Mr. Oliver's pre-filed surrebuttal testimony—notably Elizabeth Arangio, Samara Jaffe, and the entire gas hedging team—would be supporting PPL throughout the transition (id.).<sup>22</sup> Mr. Willey testified as follows:

I've also got a few areas that I could provide some clarifications for Mr. Oliver. So the first area to talk to is energy procurement which we talked about just a few moments ago. I'd like to assure the hearing [sic] that some of the people that Mr. Oliver cited are . . . Ms. Arangio, Ms. Jaffe, and the team that will actually look after the hedging at the moment will be operating the energy procurement activities subject to the transition going through in exactly the same way as they do today through the transition service agreement.

(Tr. Day 2, at 196-97).<sup>23</sup>

In his virtual testimony at the hearing, Mr. Oliver testified that he heard Mr. Willey testify that through the TSA, the gas procurement team would be providing the same services that they provide today at the same level and commitment that they provide today, but “representations don't provide assurance to consumers that they will be protected” (Tr. Day 4, at 189-90). In other words, Mr. Oliver heard National Grid's compelling testimony providing exactly what he asked for—gas procurement support to PPL from Ms. Arangio, Ms. Jaffe, and the gas hedging team at the same level as they do today—but he does not believe it will happen. There is no evidentiary basis for this position. Mr. Oliver offers no reason why National Grid Service Company, who the Advocacy Section and Interveners speak so highly of regarding their work for Rhode Island (see Tr. Day 4, at 340), will not maintain its commitment to Narragansett

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<sup>22</sup> In his pre-filed surrebuttal testimony, Mr. Oliver emphasized the work of Ms. Arangio, Ms. Jaffe, and the hedging team to the benefit of Narragansett (see Exh. AS-10, at 10, 25). As discussed herein and in National Grid's Memorandum, these are same employees who will be supporting Narragansett through the TSA.

<sup>23</sup> See also Tr. Day 2, at 200-01 (explaining National Grid USA's commitment to provide the exact same level of service to Rhode Island customers under the TSA as provided today).

during the contractual transition services period. Accordingly, Rhode Island customers will not be harmed by PPL's operation of the gas procurement activities on behalf of Narragansett.

National Grid's Memorandum also already addresses the comments on the gas hedging programs raised by Mr. Oliver (NG Mem. at 32-33). The record demonstrates that the gas hedging programs will not result in harm to customers, and the Commission can execute its jurisdiction over Narragansett's hedging programs. In summary, National Grid Service Company will be working with PPL Rhode Island to manage the Natural Gas Portfolio Management Program ("NGPMP") and Gas Procurement Incentive Program ("GPIP") 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 (NG Mem. at 33; see also Exh. NG-2, at 25; Exh. AS-27; Appendix B at 12-13). Any speculative concerns with the NGPMP and GPIP should be addressed in a future year's Gas Cost Recovery proceeding with the Commission, not in this proceeding (id.). Moreover, the Advocacy Section has provided no reason as to why an experienced commodities trader could not adequately develop an understanding of the NGPMP and GPIP within the two-year transition period, especially with the extensive support and guidance of National Grid Service Company's hedging team throughout the transition period under the TSA. Accordingly, Rhode Island customers will not be harmed by PPL's operation of the gas financial hedging programs in Rhode Island.<sup>24</sup>

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<sup>24</sup> The Advocacy Section's reliance on the 2009 testimony from Stephen A. McCauley and the Report and Order in PUC Docket No. 4038 carries little relevance to the analysis today, as the NGPMP and GPIP programs were established under different circumstances, immediately following the 2008 financial crisis (see Exh. AS-28; Exh. AS-29). The analysis should be what is best for Narragansett in any given year. Through the process currently in place today, Narragansett receives feedback from the Division on its annual NGPMP and GPIP filings before it

3. Narragansett Operates its Gas Supply Portfolio on a Stand-Alone Basis Today

Petitioners have ensured there will be no harm associated with Narragansett's gas supply portfolio after the Transaction closes. Narragansett will not experience any loss of purchasing power and bargaining strength if it is removed from the National Grid USA family of companies, as the Advocacy Section incorrectly insists (AS Mem. at 59-60; Exh. AS-10, at 20, 25-27). Today, National Grid USA operates each of its jurisdictional gas supply portfolios separately (Exh. NG-2, at 24). Thus, today, National Grid USA operates Narragansett's gas supply portfolio separately, *not* combined with the National Grid USA family of companies (see id.). In particular, today Narragansett enters into its own gas supply purchase, transportation, and storage agreements with pipeline companies and natural gas producers (id.). Gas procurement decisions today are made based on Narragansett's specific forecasted requirements (id.). Narragansett's gas procurement contracts are in its own name, and they will remain Narragansett's contracts after closing of the Transaction (id.; see also Tr. Day 4, at 212). Narragansett will be able to engage with other similarly situated customers in the New England area when evaluating new projects, industry trends, and other strategic decisions regarding gas procurement; however, PPL's procurement decisions will continue to be based on Narragansett's independent needs (Exh. NG-2, at 24).

Purchases and sale of natural gas along interstate pipeline capacity are regulated by the Federal Energy Regulatory Commission ("FERC") and require that the shipper on an interstate

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files those plans with the Commission for its review and approval (Exh. NG-2, at 25; Exh. AS-27). PPL has stated it will ensure that the NGPMP continues to be managed in a manner that creates value for Narragansett's gas customers; any plan to change the management of the NGPMP would be addressed in a future Gas Cost Recovery proceeding before the Commission (see Exh. AS-27). Moreover, National Grid USA is the primary gas asset manager for Narragansett; however, National Grid USA does enter into Gas Asset Management Arrangements (*i.e.*, "AMAs") for some of Narragansett's assets (see id.).

pipeline hold title to the gas shipped. See 18 C.F.R. Part 284. If National Grid USA were to manage its gas supply portfolio cumulatively as part of its family of companies, as Mr. Oliver suggests, it would be a violation of FERC's regulations, would expose National Grid USA and its affiliates and customers to penalties, and would be inconsistent with the prudent management of the portfolio. Moreover, as National Grid USA has already unequivocally explained, Narragansett's gas supply portfolio is managed separately and purchasing decisions are made separately; they are not combined with the National Grid USA affiliates (see Exh. NG-2, at 24). National Grid USA's policy today strictly prohibits physical inter-book activity that crosses jurisdictional lines.

PPL will continue to operate Narragansett's gas supply portfolio separately, just as it is today (see Exh. NG-2, at 24). There will be no difference, and therefore no loss of purchasing power or bargaining strength. In other words, there will be no harm to Narragansett or its customers.<sup>25</sup> Furthermore, there will be no harm because the Commission will exercise its jurisdiction to approve or deny Narragansett's gas supply costs, and the Division will exercise its jurisdiction to review the costs and underlying contracts, just as they do today. Accordingly,

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<sup>25</sup> Related to Narragansett's gas supply portfolio, the Advocacy Section and the Acadia Center have requested assurances that the gas supply plan for Aquidneck Island and work on the LNG facility in Cumberland will not harm Rhode Island or its customers (AS Mem. at 60; AC Mem. at 20). The supply plan for Aquidneck Island is pending before the Energy Facility Siting Board ("EFSB") (see Tr. Day 3, at 82-84). If approved, the Commission will have jurisdiction over the implementation of the plan and any associated cost recovery. During the hearing, PPL committed it will not delay the EFSB proceedings to implement the plan for Aquidneck Island, and is prepared to implement the plan if approved (Tr. Day 3, at 83-84). Moreover, the plan for the Cumberland LNG tank raised by the Advocacy Section will be addressed by the Commission, Division, and EFSB. See, e.g., The Narragansett Electric Company d/b/a National Grid Gas Infrastructure, Safety, and Reliability Plan FY 2022 Proposal, PUC Docket No. 5099, Report and Order 24042, at 23-24 (May 6, 2021). Any costs related to the supply plan for Aquidneck Island after it is approved by the EFSB, or the work on the Cumberland LNG facility, will not result in harm because the Commission will exercise its jurisdiction to approve or deny such costs and the Division will exercise its jurisdiction to review the costs. There is nothing in the record to indicate PPL will not move forward with the plans for the Aquidneck Island gas supply or the Cumberland LNG project, as the Advocacy Section suggests.

Rhode Island customers will not be harmed by Narragansett's gas supply portfolio under PPL's ownership.

**I. No Harm Related to the 2021 Act on Climate**

The Attorney General, Green Energy, CLF, and Acadia Center seek to ensure the Transaction does not harm the State's important work to meet the 2021 Act on Climate ("Act on Climate"). The record demonstrates that the Transaction will not result in harm to the work to meet the Act on Climate requirements and, in any event, it will be addressed in another forum (e.g., with the Commission, legislation, and/or stakeholder groups). The Act on Climate is a critical piece of legislation for Rhode Island, and Petitioners are committed to a smart and responsible transition to a clean energy future that benefits all customers (see Exh. GECA-2; see also Exh. JP-1-2, at 13-15; Exh. PPL-1, at 44). For that reason, Petitioners included a commitment regarding decarbonization goals in the Commitments, such that PPL will submit a report to the Division within 12 months of the Transaction closing on its specific decarbonization goals for Narragansett that support the goals of Rhode Island's Act on Climate and the long-term strategy for the gas distribution system in light of the Act on Climate (Exh. JP-2, at Commitment 11).

Given the overall structure of the Act on Climate in Rhode Island and the various stakeholders who are and will be involved, this proceeding is not the forum for Petitioners to commit to anything more. The most immediate requirement of the Act on Climate is directed to the Rhode Island Executive Climate Change Coordinating Council ("EC4") to file an updated plan by December 31, 2022, that "includes strategies, programs, and actions to meet economy-wide enforceable targets for greenhouse gas emissions reductions;" and for state agencies to support and implement the plan (Exh. GECA-2; see also R.I. Gen. Laws §§ 42-6.2-2(a)(2)(i),

(viii), and 42-6.2-3). In addition, the Act on Climate grants each state agency their own authority to promulgate rules and regulations necessary to meet greenhouse gas reductions required under the Act on Climate (Exh. GECA-2; see also R.I. Gen. Laws § 42-6.2-8). The Act on Climate does not place any requirements on public utilities with which they must comply at this time; therefore, it is unknown how future rules and regulations implementing the new targets under the Act on Climate will implicate the utility sector (id.). There will need to be a concerted effort among the utility, regulators, state, and all stakeholders (i.e., not only the stakeholders participating in this proceeding) for the Act on Climate’s aggressive targets to be realized. Thus, compliance with future rules or regulations implementing the Act on Climate should be addressed in a separate forum and not as a condition of approval of the Transaction.

Nonetheless, PPL has represented that it is “absolutely committed” to meet Rhode Island’s decarbonization goals and the overall goals of the Act on Climate (Tr. Day 1, at 124). Through the work of people such as Brian Schuster, Kate Grant, and Steve Lasher, among others, National Grid has been fully engaged in the EC4’s process to develop Rhode Island’s plan consistent with the Act on Climate (see Tr. Day 2, at 61-62). Mr. Schuster, Ms. Grant, Mr. Lasher, and others from National Grid are transferring to the PPL organization on Day 1 and will continue to lead and engage in those same discussions under PPL’s leadership to meet Rhode Island’s climate goals (see Tr. Day 2, at 17, 61-62). PPL is also focused on the potential impacts of the Act on Climate as it relates to natural gas infrastructure (see Exh. JP-2, at Commitment 11; see also Tr. Day 2, at 16). In addition, PPL is on the “leading edge” of developing and operating advanced grid technology, such as grid automation, AMF, advanced distribution management systems (“ADMS”), distributed energy resource management systems (“DERMS”), and other

smart grid technologies, to support Rhode Island’s goals of 100 percent renewable energy by 2030 and net-zero emissions by 2050 (see Tr. Day 1, at 80-81, 152-53).

Given this backdrop, and in light of PPL’s commitment to submit a report to the Division within 12 months of the Transaction closing (Exh. JP-2, at Commitment 11), the Transaction will result in no harm related to the Act on Climate.

**J. No Harm Related to Other Suggested Conditions**

The Interveners have requested that the Division’s approval of the Transaction include various conditions to ensure customers are not harmed by the Transaction. The conditions raised by the Interveners are outside the scope of a review under R.I. Gen. Laws § 39-3-25 and therefore customers will not be harmed if they are not adopted in this proceeding.

The Intervention Order placed “strict limitations” on the Interveners only to “seek assurances from PPL, that if PPL’s petition is approved, that there will be no deterioration in any of the existing programs or commitments related to the promotion of clean, renewable, and energy efficient energy production and heating.” Intervention Order at 73. The Intervention Order further directed that the scope of review pursuant to R.I. Gen. Laws § 39-3-25 “does not include attempting to reshape the State’s renewable energy policies or seeking commitments to advocate for changes or new policies—matters that lie within the Commission’s jurisdiction or are addressed through the legislative process.” Id. at 73-74. The Intervention Order emphasized “that such assurances must be limited to currently existing programs and commitments from National Grid/Narragansett; such participation in this docket shall not be used to seek any expansion of such programs and/or commitments not otherwise specifically required by law or order of the Commission.” Id. at 74.

In its post-hearing memorandum, the Attorney General and Acadia Center acknowledged this “strict limitation” ordered by the Intervention Order (see AG Mem. at 3; AC Mem. at 1-2). Nonetheless, the Interveners all have requested specific conditions for approval that exceed the limitation set for the proceeding (see AC Mem. at 19-20; CLF Mem. at 4-6; GECA Mem. at 4-5; see also AG Mem. at 21, 26-29). The Division should decline to include those additional conditions as part of this proceeding because they are inconsistent with the clear instructions of the Intervention Order and more appropriately lie within the jurisdiction of the Commission and/or through the legislative or stakeholder processes related to the Act on Climate or otherwise.

**K. Procedural Matters**

The Advocacy Section and Attorney General’s post-hearing memoranda have raised several procedural matters that are misguided and unwarranted. First, the Advocacy Section and Attorney General attempt to discredit the Commitments, which were appropriately filed and admitted as a full exhibit without objection. Second, the Advocacy Section (in part) and the Attorney General have analyzed the Transaction using the wrong standard of review, namely, a net benefit review and not a no net harm review.

1. Petitioners’ Commitments Support Approval of the Petition

The Advocacy Section and Attorney General mischaracterize the Commitments. In particular, the Advocacy Section refers to the Commitments as a “new” petition, without the benefit of addressing them through discovery or pre-filed testimony (AS Mem. at 12-13). That is simply not the case.

None of the items listed in the Commitments are new to the proceeding. The Commitments derive from the review, evaluation, and careful consideration of direct testimony



and surrebuttal testimony filed by the Advocacy Section, Attorney General, the direct testimony filed by Green Energy, and data requests issued by the Advocacy Section, Attorney General, Green Energy, Rhode Island Office of Energy Resources, CLF, and Acadia Center (Exh. JP-2, at 1; Exh. JP-3, at 1). Specifically, the Commitments address “concerns about the proposed transfer of ownership of Narragansett from National Grid USA to PPL Rhode Island becoming part of PPL’s group of regulated entities” identified by the Advocacy Section, the Attorney General, and Green Energy (Exh. JP-2, at 1; Exh. JP-3, at 1). Thus, the Commitments are not new; they come directly from issues raised in, and explored through, discovery and testimony of the Advocacy Section and the Interveners throughout the case.

The Commitments do not alter the fact that the Petition complies with all aspects of R.I. Gen. Laws § 39-3-25. The Petition includes a summary of the terms and conditions of the Transaction, including the transition of Narragansett from National Grid USA to PPL Rhode Island, and is supported by pre-filed direct testimony of Vincent Sorgi, Gregory Dudkin, Lonnie Bellar, and Terence Sobolewski (see Exh. JP-1 at 5).<sup>26</sup> Further, Mr. Sorgi’s testimony attached to the Petition includes a full copy of the Share Purchase Agreement entered into as of March 17, 2021, by and among PPL Energy Holdings, LLC, National Grid USA, and PPL (the “Share Purchase Agreement”) (Exh. JP-1-1, at Exhibit A thereto). Attached to the Share Purchase Agreement is a full copy of the master form of TSA<sup>27</sup> (id.). Therefore, the Petition sufficiently provides the terms and conditions of the Transaction, and the Advocacy Section’s argument to

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<sup>26</sup> On November 23, 2021, Mr. Kelly submitted an affidavit to replace Mr. Sobolewski as the witness on behalf of National Grid and adopted Mr. Sobolewski’s testimony as his own testimony (Exh. NG-1). The Advocacy Section and Attorney General did not object to Mr. Kelly’s affidavit and it was admitted as a full exhibit (Tr. Day 2, at 201-02).

<sup>27</sup> As explained above, PPL and National Grid USA amended the master form of TSA to the Share Purchase Agreement 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. PPL-9; Exh. JP-3, at Commitment 17).

the contrary is unreasonable. R.I. Gen. Laws § 39-3-25 does not contemplate the filing of a petition without any further information to be provided during the course of a proceeding (i.e., through discovery or otherwise). As explained above, the Commitments serve the specific purpose of addressing concerns of the Advocacy Section and other Interveners on issues that have already been identified as part of this proceeding.

Moreover, the Commitments were not untimely for several reasons. First, the Commitments are presented as a form of settlement offer, which a party may file at any time during a proceeding under the Division's Rules of Practice and Procedure. See 815-RICR-00-00-1.27(B)(1). In other words, to support an approval, the Petitioners will agree to the terms in the Commitments. Two of the Advocacy Section's witnesses, Matthew I. Kahal and David J. Effron, accepted the Commitments relative to the terms addressing their subject areas and a corresponding Stipulation entered (see Tr. Day 4, at 217-19; see also PPL Mem. at Appendix B thereto). Second, the Petitioners filed the Commitments as soon as practicable, on December 11 and December 12, 2021, after the specifically designated "settlement discussions" period of December 8 through December 10 and after the Interveners' filed their surrebuttal testimony on December 9, 2021. Third, the Commitments were offered as exhibits at the evidentiary hearing, and no party formally objected to their introduction for identification and discussion during testimony, or as full exhibits when the time came (Exh. JP-2; Exh. JP-3; see also Tr. Day 1, at 49). Fourth, the Commitments were subject to extensive cross examination during the evidentiary hearing, especially by the Advocacy Section. Lastly, the parties had an opportunity to explore the document during the hearing and ask for record requests for any information not available at hearing (and they did explore the Commitments at the hearing).

2. The Advocacy Section and Attorney General Have Misapplied the Standard of Review

There is no dispute that the standard of review for approval of the Transaction is governed by R.I. Gen. Laws § 39-3-25. The Division analyzed in detail the criteria to meet the standard in Southern Union, Division Docket No. D-06-13, Report and Order No. 18676 (July 25, 2006). Here, the Division reiterated the criteria for the standard of review in the Intervention Order on the motions to intervene and related matters (Order No. 24109). 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.” Southern Union, Report and Order No. 18676, at 52; Intervention Order, at 74-75. 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).” Southern Union, Report and Order No. 18676, at 52; Intervention Order, at 75.

Approval does not require a showing of a “net benefit,” as the Advocacy Section and the Attorney General continue to suggest in their application of the standard one way or another. The Division has specifically rejected a showing of a “net benefit.” Southern Union, Report and Order No. 18676, at 52-53; Intervention Order, at 75. Rather, the Division must find the Transaction “will not unfavorably impact the general public (including ratepayers).” Southern Union, Report and Order No. 18676, at 52-53; Intervention Order, at 75.

In application, at times the Advocacy Section and Attorney General reviewed the Transaction with the perspective of whether PPL’s entry into Rhode Island will benefit Rhode Island and its customers. For example, the Advocacy Section’s Memorandum relies on Mr. Oliver’s analysis and conclusion regarding all things related to PPL and Narragansett’s gas operations:

Advocacy Section witness Bruce Oliver details in his pre-filed and hearing testimony the adverse impacts that approval of the Transaction will have on Narragansett's gas operations, rates, and by extension, gas customers. ***He concludes:*** 'PPL's acquisition of Narragansett's gas utility operations ***offers no incremental value to Rhode Island*** and the state's gas utility customers,' ***nor will customers benefit from 'any improvements in service reliability or service quality*** that would result from the Transaction.'

(AS Mem., at 53) (quoting Exh. AS-5, at 4) (emphasis added).

Concluding that PPL's acquisition of Narragansett "offers no incremental value to Rhode Island" and that customers will not benefit from "improvements in service reliability or service quality" relies on a "net benefit" standard, not a "net harm" standard. Mr. Oliver also argued for a "net benefit" standard in the Southern Union proceeding in 2006 and the Division specifically rejected his argument. See Southern Union, Report and Order 18676, at 18-19, 51-53 ("a 'net benefit' is not a prerequisite for approval"); see also Intervention Order at 75 (explaining Division specifically rejected arguments in Southern Union that the public interest element required the finding of a "net benefit"). An expansion of the "public interest" criterion to include a prerequisite demonstration that the Transaction produces a "net benefit" to customers and the general public "would constitute an improper attempt to augment the Division's jurisdiction through a strained interpretation of an unambiguous statute." Southern Union, Report and Order No. 18676, at 52-53. Mr. Oliver's opinion in this case, based on his incorrect reliance on showing a "net benefit," should be rejected.

For its part, the Attorney General's Memorandum takes the curious approach of challenging the Division's interpretation of R.I. Gen. Laws § 39-3-25 in Southern Union and the Intervention Order. In particular, the Attorney General states the Southern Union decision "is erroneous as a matter of law and the Division should reconsider its interpretation" (AG Mem. at 9). The Attorney General did not, however, file a motion for reconsideration of the Intervention

Order in relation to the legal standard applied by the Hearing Officer or otherwise file a challenge at the time. The Attorney General continues: “[e]schewing the net benefit standard is *nonsensical* when a change of this magnitude makes disruption inevitable and the statute (even under the Division’s articulation) requires a demonstration of no harm” (*id.*) (emphasis added). The Attorney General’s incorrect argument on the standard should be rejected out of hand.<sup>28</sup>

### III. CONCLUSION

For the foregoing reasons, and for the reasons set forth in National Grid’s post-hearing memorandum filed on January 18, 2022, National Grid USA and Narragansett respectfully request that the Division unconditionally approve the Petition, as presented and together with the Commitments.

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<sup>28</sup> The Attorney General also devotes many pages complaining about the timing of the agreed-upon procedural schedule and discovery process. These issues are not timely raised given the travel of the proceeding. When the Attorney General suggested deficiencies with the procedural schedule during closing arguments at the hearing, the Hearing Officer asked whether the Attorney General was suggesting that “the process that we agreed to here in this docket was somehow inadequate or defective” (Tr. Day 4, at 339). The Attorney General responded: “No. I’m suggesting that in order to come to a conclusion today that we haven’t had adequate time” (*id.* at 339-40) (referring to its claim “that there has been inadequate time to prepare for response to the commitments and that we look forward to developing our understanding of the full application during our post-hearing brief”). Having denied on the record that the agreed-upon procedural schedule was inadequate or defective in this proceeding, the Attorney General cannot now raise it as an issue on brief.

The Attorney General’s discovery issues are also not timely and not germane to the Hearing Officer’s ruling. National Grid has already invalidated these issues in its opposition to the Attorney General’s motion for extension of time to file its direct testimony, so there is no need to further discuss the issue here ([see](http://www.ripuc.ri.gov/eventsactions/docket/D_21_09_M-ext_AG1_NGRID.pdf) [http://www.ripuc.ri.gov/eventsactions/docket/D\\_21\\_09\\_M-ext\\_AG1\\_NGRID.pdf](http://www.ripuc.ri.gov/eventsactions/docket/D_21_09_M-ext_AG1_NGRID.pdf)).

Respectfully submitted,

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

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Dated: January 28, 2022

# **Appendix A**

**National Grid USA and The Narragansett Electric Company**  
**Record Request 2**

**Request:**

Please provide a list of the existing Narragansett rate mechanisms that continue to function during the stay out period.

**Response:**

National Grid USA and The Narragansett Electric Company ("Narragansett") interpret this request to ask for a list of existing rate (i.e., reconciling) mechanisms, which, pursuant to Narragansett's various tariffs, require filings with the Rhode Island Public Utilities Commission ("PUC") to request approval for a change in rates, factors, charges, or surcharges that operate independently from Narragansett's base distribution rates for its electric and gas operations.

Please see Attachment Record Request 2 for a list of Narragansett's existing electric and gas reconciling and other mechanisms that will continue after the transaction closes and during a stay out period, unless otherwise altered by the PUC.



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

Docket No. D-21-09

National Grid USA and The Narragansett Electric Company's

Responses to Record Requests

Attachment Record Request 2

Page 1 of 3

<b>Table 1</b>	
<b>ELECTRIC RECONCILING MECHANISMS</b>	
<b>Reconciling Mechanism</b>	<b>Costs Recovered/Value Credited</b>
Last Resort Service	Electric Commodity Costs (Energy, Capacity, Ancillary Services)
Last Resort Service Administrative Cost Recovery	Administrative Costs of Providing Last Resort Service (Bad Debt, Cash Working Capital, Generation Information System, Disclosure Labels, Labor for Energy Procurement Staff)
Transmission Service Cost Adjustment Mechanism	Transmission Costs Billed by Wholesale Transmission Service Providers
Nonbypassable Transition Charge Recovery	Stranded Generation Cost from the Restructuring of the Electric Industry in Rhode Island
Revenue Decoupling Mechanism	Full Revenue Decoupling for all Rate Classes
Energy Efficiency Fund Balance	Energy Efficiency Program
Pension Adjustment Mechanism	Pension/Post-retirement Benefits Other than Pensions ("PBOP") Expense in Excess of Base Distribution Rate Allowance
Service Quality Plan	Service Quality Penalties
Infrastructure, Safety, and Reliability ("ISR") Plan	ISR Plan Revenue Requirement and Operation and Maintenance ("O&M") Expense on Forecasted Plan Spending for Upcoming Year and Reconciliation Amount for the Prior Year
Low Income Home Energy Assistance Plan ("LIHEAP") Provision	LIHEAP Enhancement Credit for Customers Receiving LIHEAP Grants
Renewable Energy Standard Recovery	Renewable Energy Standard Compliance Costs Consisting of Purchase or Transfer Value of Renewable Energy Certificates and, if needed, Alternate Compliance Payments
Long-Term Contracting for Renewable Energy Resources Recovery	Long-Term Contracts and Distributed Generation Standard Contracts Costs Including Contract Payments, Certain Administrative Costs, Offset by Net Process of Market Products Proceeds (Energy, Environmental Attributes, Capacity)
Net Metering Recovery	Net Metering Credits Applied to Net Metering Customers' Bills in the Prior Year, Payments to Qualifying Facilities in the Prior Year, Net Proceeds from the Sale of Energy of Qualifying Facilities in the ISO-New England Market
Renewable Energy Growth Program Recovery	Renewable Energy Growth Program Costs Forecasted for the Program Year and Reconciliation Amount for the Prior Year
Residential Assistance Recovery Mechanism	Low Income Discount Estimated for the Upcoming Year and Reconciliation Amount from the Prior Year

<b>Table 1</b>	
<b>ELECTRIC RECONCILING MECHANISMS</b>	
Reconciling Mechanism	Costs Recovered/Value Credited
	Arrearage Management Program Arrears Forgiven Pursuant to Meeting Threshold Tests
Performance Incentive Mechanism Recovery	Performance Incentives Earned in the Prior Year
Storm Fund Replenishment Funding (1)	Storm Contingency Fund ("Storm Fund") funding in addition to base distribution rate funding to replenish the balance of the Storm Fund

- (1) The Storm Fund Replenishment Funding does not require recurring filings with the Rhode Island Public Utilities Commission ("PUC") for changes in the Storm Fund Replenishment Factor ("SFRF") as the SFRF remains at its current level until a request for a change is submitted to the PUC for PUC approval. It is included on this list because the SFRF is a current component of The Narragansett Electric Company's ("Narragansett") overall rates billed to its electric customers, will continue into a stay out period, and is subject to change should Narragansett petition the PUC for a change in the SFRF.

<b>Table 2</b>	
<b>GAS RECONCILING MECHANISMS</b>	
Reconciling Mechanism	Costs Recovered/Value Credited
Gas Cost Recovery Mechanism	Gas Supply (Fixed (Demand) and Variable (Commodity)), Working Capital, Inventory Financing, Customers' Share of Natural Gas Procurement Management Program
	Gas Supply-Related Bad Debt
Revenue Decoupling Mechanism	Full Revenue Decoupling for all Rate Classes Except Large and Extra-Large
LIHEAP Enhancement Program	LIHEAP Enhancement Credit for Customers Receiving LIHEAP Grants
Energy Efficiency Fund Balance	Energy Efficiency Program
Distribution Adjustment Charge Mechanism	Amortization of Environmental Response Costs in Excess of Base Distribution Rate Allowance
	Pension/PBOP Expense in Excess of Base Distribution Rate Allowance
	Service Quality Penalties
	ISR Plan Revenue Requirement and O&M on Forecasted Plan Spending for Upcoming Year and Reconciliation Amount for the Prior Year
	Customers' Share of Excess Earnings
	System Pressure Costs Reallocated from the Gas Cost Recovery Mechanism
	Low Income Discount Estimated for the Upcoming Year and Reconciliation Amount from the Prior Year

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Table 2	
GAS RECONCILING MECHANISMS	
Reconciling Mechanism	Costs Recovered/Value Credited
	Arrearage Management Program Arrears Forgiven Pursuant to Meeting Threshold Tests
	Storm Net Revenue Credit for Mutual Assistance Provided by Gas Employees

# **Appendix B**

**National Grid USA and The Narragansett Electric Company**  
**Division 7-36 Supplemental**

**Request:**

On page 14 of Mr. Sobolewski's testimony, he indicates National Grid will work very closely with PPL in the short and long-term to transition support. What is the anticipated duration for the short-term support and the duration for the long-term support? Provide a detailed list of each support function which will be provided during the short-term and each support function provided during the long-term.

**Original Response:**

As explained in National Grid USA and The Narragansett Electric Company's ("Narragansett") responses to Data Requests Division 1-28, Division 2-17, Division 2-18, and Division 2-22, National Grid USA and PPL Corporation ("PPL") continue to run through a Day 1 planning process to identify functional areas that can be transferred safely and efficiently on Day 1 and areas that will require a more gradual transition supported by the Transition Services Agreement ("TSA"). The planning process includes identifying employees who will be conveying to PPL, documenting processes/activities that National Grid USA will be performing on behalf of PPL through the TSA and as hand-offs occur between the two companies.

Table 1, below, contains a detailed list of functional areas that can safely and efficiently be transferred to PPL in the short-term and long-term. In particular, Table 1 provides the support functions and activities that will transition to PPL in the short-term (i.e., activities transitioning to PPL on Day 1) and long-term (i.e., areas with TSA needs). National Grid USA and PPL are still working on the specific activities that will be included on Day 1 and under the TSA, so the anticipated activities listed in the table are subject to change.

**Table 1**

<i>As of August 16, 2021</i>	<b>Short-term: Activities transitioning to PPL on Day One</b>	<b>Long-term: Areas with TSA Needs</b>
<b>Customer</b>	<ul style="list-style-type: none"><li>• Customer Connections</li><li>• Customer Programs (Energy Efficiency, Low Income)</li><li>• Marketing &amp; Growth</li></ul>	<ul style="list-style-type: none"><li>• Contact Center</li><li>• Billing &amp; Collections</li><li>• Customer Delivery</li><li>• Meter Data Services</li></ul>
<b>Gas</b>	<ul style="list-style-type: none"><li>• Customer Meter Services</li><li>• Meter Shop</li><li>• Field Operations</li><li>• Leak Survey &amp; Damage Prevention</li><li>• Construction &amp; Inspection</li><li>• Project &amp; Construction Management</li></ul>	<ul style="list-style-type: none"><li>• Control Center</li><li>• Gas Procurement</li></ul>

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	<ul style="list-style-type: none"> <li>• Work &amp; Resource Planning</li> <li>• Engineering &amp; Asset Management</li> <li>• LNG Operations</li> <li>• Instrumentation &amp; Regulation</li> <li>• Pipeline Safety &amp; Compliance</li> </ul>	
<b>Electric</b>	<ul style="list-style-type: none"> <li>• Field Engineering</li> <li>• Protection, Control, Telecom, Meter Engineering &amp; Operations</li> <li>• Distribution Design</li> <li>• Asset Management</li> <li>• Distribution Control Center</li> <li>• Regional Field Operations</li> <li>• Customer Meter Services</li> <li>• Project &amp; Construction Management</li> <li>• Work &amp; Resource Planning</li> </ul>	<ul style="list-style-type: none"> <li>• Electricity Procurement</li> <li>• Transmission Control Center</li> <li>• T-line and substation design &amp; engineering Transmission interconnections</li> </ul>
<b>Reg &amp; Gov Affairs</b>	<ul style="list-style-type: none"> <li>• Regulatory Affairs</li> <li>• Regulatory Strategy</li> <li>• Accountability for all Regulatory Filing Requirements</li> </ul>	<ul style="list-style-type: none"> <li>• TSA will provide consultant services on specific list of quarterly, annual, monthly filings as agreed with PPL</li> </ul>
<b>Ops Support</b> (incl. Bus. Services)	<ul style="list-style-type: none"> <li>• Fleet</li> <li>• Environmental</li> <li>• Safety</li> </ul>	<ul style="list-style-type: none"> <li>• Payroll &amp; Timekeeping</li> <li>• P2P</li> <li>• Facilities &amp; property services</li> <li>• Inventory management &amp; warehouse management</li> <li>• Security</li> <li>• Technical Training</li> </ul>
<b>HR</b>	<ul style="list-style-type: none"> <li>• Recruitment</li> <li>• Talent management</li> <li>• Labor relations</li> <li>• Performance mgmt.</li> </ul>	<ul style="list-style-type: none"> <li>• Employee services</li> <li>• HRIS</li> <li>• Benefits &amp; retirement administration</li> </ul>
<b>Legal &amp; Compliance</b>	<ul style="list-style-type: none"> <li>• All activities transitioning to PPL</li> </ul>	<ul style="list-style-type: none"> <li>• None</li> </ul>
<b>Finance &amp; Accounting</b> (inc Tax)	<ul style="list-style-type: none"> <li>• Overall financial planning including debt, cash management, tax filings, enterprise risk management, insurance, audit and internal controls</li> </ul>	<ul style="list-style-type: none"> <li>• Balance sheet account reconciliations, mid/back-office for energy procurement</li> <li>• Transactional activities in support of FP&amp;A, property tax, accounting &amp; financial reporting, tax consulting</li> </ul>
<b>IT</b>	<ul style="list-style-type: none"> <li>• PPL to provision access to RI employees to legacy PPL systems. RI employees to retain access to NG systems necessary for Day 1 operations</li> </ul>	<ul style="list-style-type: none"> <li>• All IT activities to be fully supported. App support for systems expected to drop-off with corresponding reductions in business TSA</li> </ul>

Please see Attachment NG-DIV 7-36-1 for list of updated TSAs by functions and duration (long-term support). Attachment NG-DIV 7-36-2-1 through Attachment NG-DIV 7-36-2-15 contain

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the detailed draft indicative TSA schedules by function as of August 16, 2021 and the anticipated duration of long-term support.

- List of TSA schedules – Attachment NG-DIV 7-36-1.
- Billing & Collections – Attachment NG-DIV 7-36-2-1
- Customer Services – Attachment NG-DIV 7-36-2-2
- Energy Procurement – Attachment NG-DIV 7-36-2-3
- Gas Operations & Engineering – Attachment NG-DIV 7-36-2-4
- Electric Operations & Engineering – Attachment NG-DIV 7-36-2-5
- Business Services: Balance Sheet Account Reconciliations – Attachment NG-DIV 7-36-2-6
- Business Services: P2P – Attachment NG-DIV 7-36-2-7
- Business Services: Employee Services – Attachment NG-DIV 7-36-2-8
- Facilities – Attachment NG-DIV 7-36-2-9
- Finance & Accounting – Attachment NG-DIV 7-36-2-10
- Human Resources – Attachment NG-DIV 7-36-2-11
- Health & Safety, Monitoring & Compliance – Attachment NG-DIV 7-36-2-12
- Regulatory – Attachment NG-DIV 7-36-2-13
- Supply Chain Management – Attachment NG-DIV 7-36-2-14
- IT – Attachment NG-DIV 7-26-2-15

The work associated with the Day 1 planning and TSAs are ongoing and currently undergoing further review, refinement, and finalization. Therefore, the activities transitioning to PPL on Day 1 and TSA schedules are subject to change. National Grid USA and Narragansett expect to continue to update the TSA schedules until the closing of PPL Rhode Island Holdings, LLC's acquisition of Narragansett from National Grid USA and will supplement this response accordingly.

This response supplements National Grid USA and Narragansett's responses to Data Request Division 1-28, Division 2-17, Division 2-18, and Division 2-22.

Supplemental Response:

Table 1, below, contains an updated list of functional areas that can safely and efficiently be transferred to PPL. In particular, Table 1 provides the support functions and activities that will transition to PPL on Day 1 and areas with TSA needs.

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**Table 1**

<i>As of November 17, 2021</i>	<b>Activities transitioning to PPL on Day 1</b>	<b>Long-term: Activities with TSA Needs</b>
<b>Customer</b>	<ul style="list-style-type: none"> <li>• Customer Connections</li> <li>• Customer Programs (Energy Efficiency, Low Income)</li> <li>• Marketing &amp; Growth</li> </ul>	<ul style="list-style-type: none"> <li>• Contact Center</li> <li>• Billing &amp; Collections</li> <li>• Customer Delivery</li> <li>• Meter Data Services</li> </ul>
<b>Gas</b>	<ul style="list-style-type: none"> <li>• Customer Meter Services</li> <li>• Meter Shop</li> <li>• Field Operations</li> <li>• Leak Survey &amp; Damage Prevention</li> <li>• Construction &amp; Inspection</li> <li>• Project &amp; Construction Management</li> <li>• Work &amp; Resource Planning</li> <li>• Engineering &amp; Asset Management</li> <li>• LNG Operations</li> <li>• Instrumentation &amp; Regulation</li> <li>• Pipeline Safety &amp; Compliance</li> </ul>	<ul style="list-style-type: none"> <li>• Control Center</li> <li>• Gas Procurement</li> <li>• Emergency Support</li> </ul>
<b>Electric</b>	<ul style="list-style-type: none"> <li>• Field Engineering</li> <li>• Protection, Control, Telecom, Meter Engineering &amp; Operations</li> <li>• Distribution Design</li> <li>• Asset Management</li> <li>• Distribution Control Center</li> <li>• Regional Field Operations</li> <li>• Customer Meter Services</li> <li>• Project &amp; Construction Management</li> <li>• Work &amp; Resource Planning</li> </ul>	<ul style="list-style-type: none"> <li>• Electricity Procurement</li> <li>• Transmission Control Center</li> <li>• T-line and substation design &amp; engineering Transmission interconnections</li> <li>• Emergency support</li> </ul>
<b>Regulatory &amp; Government Affairs</b>	<ul style="list-style-type: none"> <li>• Regulatory Affairs</li> <li>• Regulatory Strategy</li> <li>• Accountability for all Regulatory Filing Requirements</li> </ul>	<ul style="list-style-type: none"> <li>• TSA will provide consultant services on specific list of quarterly, annual, monthly filings as agreed with PPL</li> </ul>
<b>Operations Support</b> (including Business Services)	<ul style="list-style-type: none"> <li>• Fleet</li> <li>• Environmental</li> <li>• Safety</li> </ul>	<ul style="list-style-type: none"> <li>• Payroll &amp; Timekeeping</li> <li>• P2P</li> <li>• Facilities &amp; property services</li> <li>• Inventory management &amp; warehouse management</li> <li>• Security</li> <li>• Technical Training</li> <li>• TSA will provide consultant services for fleet, environmental &amp; safety</li> </ul>



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<b>HR</b>	<ul style="list-style-type: none"> <li>Recruitment</li> <li>Talent management</li> <li>Labor relations</li> <li>Performance mgmt.</li> </ul>	<ul style="list-style-type: none"> <li>Employee services</li> <li>HRIS</li> <li>Benefits &amp; retirement administration</li> </ul>
<b>Legal &amp; Compliance</b>	<ul style="list-style-type: none"> <li>All activities transitioning to PPL</li> </ul>	<ul style="list-style-type: none"> <li>None</li> </ul>
<b>Finance &amp; Accounting (including Tax)</b>	<ul style="list-style-type: none"> <li>Financial planning, debt, cash management, tax filings, enterprise risk management, insurance, audit and internal controls</li> </ul>	<ul style="list-style-type: none"> <li>Balance sheet account reconciliations, mid/back-office for energy procurement</li> <li>Transactional activities in support of property tax, accounting &amp; financial reporting, tax consulting</li> </ul>
<b>IT</b>	<ul style="list-style-type: none"> <li>PPL to provision access to RI employees to legacy PPL systems. RI employees to retain access to NG systems necessary for Day 1 operations</li> </ul>	<ul style="list-style-type: none"> <li>All IT activities to be fully supported. App support for systems expected to drop-off with corresponding reductions in business TSA</li> </ul>

Please see Attachment NG-DIV 7-36-1 Supplemental for list of updated TSAs by functions and duration (long-term support). Attachment NG-DIV 7-36-2-1 Supplemental through Attachment NG-DIV 7-36-2-16 Supplemental contain the detailed draft TSA schedules by function as of November 17, 2021 and the anticipated duration of long-term support.

- List of TSA schedules – Attachment NG-DIV 7-36-1 Supplemental
- Billing & Collections – Attachment NG-DIV 7-36-2-1 Supplemental
- Customer Services – Attachment NG-DIV 7-36-2-2 Supplemental
- Energy Procurement – Attachment NG-DIV 7-36-2-3 Supplemental
- Electric Operations & Engineering – Attachment NG-DIV 7-36-2-4 Supplemental
- Gas Operations & Engineering – Attachment NG-DIV 7-36-2-5 Supplemental
- Business Services: Balance Sheet Account Reconciliations – Attachment NG-DIV 7-36-2-6 Supplemental
- Business Services: Procure to Pay – Attachment NG-DIV 7-36-2-7 Supplemental
- Business Services: Employee Services – Attachment NG-DIV 7-36-2-8 Supplemental
- Business Services: Fleet Management – Attachment NG-DIV 7-36-2-9 Supplemental
- Facilities – Attachment NG-DIV 7-36-2-10 Supplemental
- Finance & Accounting – Attachment NG-DIV 7-35-2-11 Supplemental
- Human Resources – Attachment NG-DIV 7-36-2-12 Supplemental
- Health & Safety, Monitoring & Compliance – Attachment NG-DIV 7-36-2-13 Supplemental
- Information Technology – Attachment NG-DIV 7-36-2-14 Supplemental
- Regulatory – Attachment NG-DIV 7-36-2-15 Supplemental
- Supply Chain Management – Attachment NG-DIV 7-36-2-16 Supplemental

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The work associated with the Day 1 planning and TSAs are ongoing and currently undergoing further review, refinement, and finalization. Therefore, the activities transitioning to PPL on Day 1 and TSA schedules are subject to change.

## **SCHEDULE A**

### **TRANSITION SERVICES**

#### **DRAFT LEGAL TSA – Energy Procurement**

<b>101A-EP: GAS LOAD FORECASTING .....</b>	<b>2</b>
<b>101B-EP: ELECTRIC LOAD FORECASTING .....</b>	<b>5</b>
<b>102-EP: GAS PROCUREMENT SERVICES - GENERAL .....</b>	<b>8</b>
<b>103B-EP: ENERGY TRANSACTIONS (PHYSICAL TRANSACTIONS).....</b>	<b>12</b>
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<b>104-EP: RETAIL CHOICE PROGRAMS.....</b>	<b>14</b>
<b>105-EP: CLEAN ENERGY SUPPLY .....</b>	<b>16</b>
<b>106-EP: ELECTRIC PROCUREMENT.....</b>	<b>18</b>

## SCHEDULE A

### TRANSITION SERVICES

#### 101A-EP: Gas Load Forecasting

<b>ID</b>	<b>101A-EP</b>
<b>Service: Energy Procurement</b>	<b>Gas Load Forecasting</b>
Detail:	<p>National Grid will make available its employees to provide Load Forecasting on behalf of the Company in a manner consistent with the provision of such services prior to Completion, including:</p> <ul style="list-style-type: none"> <li>● Determine retail and wholesale natural gas requirements once a year on June 15: <ul style="list-style-type: none"> <li>• Retail demand forecast – monthly forecast of customer load requirements for residential, commercial &amp; industrial, and sales service and transportation services <ul style="list-style-type: none"> <li>▪ 10-years ahead at company-level</li> </ul> </li> <li>• Wholesale requirements forecast – daily forecast of customer load requirements at the city-gate. This forecast aligns the monthly retail demand forecast to the most recent 12 months. Forecasted under normal, design, and cold snap conditions <ul style="list-style-type: none"> <li>▪ 10-years ahead at company level</li> <li>▪ 5-years ahead at zip-code level for the design day only</li> </ul> </li> </ul> </li> <li>● The preparation of the retail and wholesale gas load forecast as described above includes the following: <ul style="list-style-type: none"> <li>• Data: Obtain necessary data from billing systems including monthly volumes and customer counts by rate code and zip code. Obtain necessary daily sendout and weather data from gas control. Obtain historic and forecasted demographic and macroeconomic data from Moody's. Obtain historic and forecasted oil, gas, and electricity prices. In the event that any of this data becomes the responsibility of PPL during the transition period, PPL will be responsible for providing National Grid with this data in a timely manner in the appropriate format.</li> </ul> </li> </ul>

## SCHEDULE A

### TRANSITION SERVICES

	<ul style="list-style-type: none"> <li>• Distributed resource estimates: Historic and projected impacts for energy efficiency, electrification of heat, and demand response will be provided by the Company to National Grid by February 15 to be included in the forecast that will be delivered by June 15 of the same year, if the Company wants the impact of these programs reflected in the retail and wholesale gas load forecast. These impacts will be provided to National Grid in the same format that has been historically used.</li> <li>• Model development: National Grid will create econometric models by rate class to be used as the basis for the retail forecast. The retail and wholesale gas load forecasts will be developed consistent with the methodologies described in the 2021 Long Range Resource and Requirements Plan. To ensure the integrity of the forecast, the forecast is developed independently by the Economics &amp; Gas Load Forecasting team without any internal or external influence.</li> <li>• Variance analysis: National Grid will periodically perform a variance analysis to determine the difference between actual and forecasted values. National Grid will do this at the same cadence that it produces the variance analyses for the other National Grid operating companies. This is typically on a weekly basis for December through February for the wholesale forecast, and on a monthly basis for the retail forecast throughout the year; however some reports may be delayed or skipped based on data quality, weather conditions, and competing responsibilities of the team.</li> <li>• Delivery to internal stakeholders: The wholesale forecast is provided to Gas Supply Planning and Gas Asset Management. The retail forecast is provided to Regulatory Pricing. The zip-code level forecast is provided to Gas Asset Management. The forecast will be provided to other teams by request (for example the Energy Efficiency team, the Finance team).</li> </ul> <ul style="list-style-type: none"> <li>• Compliance and Regulatory Support</li> </ul>
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## **SCHEDULE A**

### **TRANSITION SERVICES**

	<ul style="list-style-type: none"><li>Effectively represent the Company in regulatory proceedings (e.g. annual Gas Cost Reconciliation (“GCR”), annual Long-Range Resource and Requirements Plan (“LRP”) dockets) through written filings, data request responses, and live testimony, and by representing the Company in day-to-day interaction with RIPUC and RI division; and by responding to directives from the regulators to modify the company's methodologies and approach to forecasting.</li><li>Prepare and file in a timely manner all periodic submissions as per PUC Rules.</li></ul> <ul style="list-style-type: none"><li>When employees from National Grid are asked to be witnesses on policy questions or otherwise, they may only do so as part of a panel with PPL witnesses.</li></ul> <p>Service Exclusions:</p> <ul style="list-style-type: none"><li>Economics impact analysis will not be provided. Representation in regulatory proceedings outside of the ordinary course of business and bespoke forecast scenarios shall not be covered under this TSA (For example, but not limited to: additional analysis related to Aquidneck Island or other long term capacity analyses; additional policy based bespoke scenarios).</li></ul>
Transition Period:	24 Months
Fee:	
Seller Service Representative:	Shira Horowitz, Director Economics & Gas Forecasting
Company Service Representative:	Stewart Wilson, Director, Energy Planning Analysis and Forecasting

## SCHEDULE A

### TRANSITION SERVICES

#### 101B-EP: Electric Load Forecasting

ID	101B-EP
Service: Energy Procurement	Electric Load Forecasting
Detail:	<p>National Grid will make available its employees to provide Load Forecasting on behalf of the Company in a manner consistent with the provision of such services prior to deal close, including:</p> <p>For the first 12 months of the TSA period:</p> <ul style="list-style-type: none"> <li>• Determine daily and long-term electric requirements: <ul style="list-style-type: none"> <li>• Retail Sales Forecasting includes the following forecasts by company, revenue class, and rate code: <ul style="list-style-type: none"> <li>▪ 15-year ahead monthly forecasts</li> <li>▪ Pre- and Post-Distributed Energy Resources (DERs)</li> <li>▪ The Retail Sales Forecast shall be delivered on an annual basis, usually in September / October timeframe</li> </ul> </li> <li>• Supply Forecasting includes: <ul style="list-style-type: none"> <li>▪ At wholesale level <ul style="list-style-type: none"> <li>• Provider type (competitive supplier or company)</li> <li>• Revenue class (residential, commercial, and industrial)</li> <li>• By Calendar month</li> </ul> </li> <li>▪ Deliver on an annual basis, usually in September / October timeframe</li> </ul> </li> <li>• Peak Forecasting includes: <ul style="list-style-type: none"> <li>▪ 15-years ahead for summer and winter</li> <li>▪ Hourly load profiles <ul style="list-style-type: none"> <li>• Peak day: summer and winter</li> <li>• Typical day: weekday and weekend by season</li> <li>• By scenarios: <ul style="list-style-type: none"> <li>○ Weather (normal, extreme, climate change)</li> <li>○ DERs, Base. High &amp; Low, as appropriate</li> </ul> </li> </ul> </li> </ul> </li> </ul> </li></ul>

## SCHEDULE A

### TRANSITION SERVICES

	<ul style="list-style-type: none"> <li>▪ Annual load growth rate for Power Supply Areas (PSAs)</li> <li>▪ Deliver on an annual basis, usually in October / November timeframe</li> <li>• Day Ahead Forecasting in the interval of one hour using weather forecast <ul style="list-style-type: none"> <li>▪ Deliver five-day hourly forecasting load for Residential twice a day.</li> <li>▪ Deliver five-day hourly forecasting load for Commercial twice a day.</li> <li>▪ List Residential and Commercial daily loads (i.e., the sum of hourly loads) that are forecasted at different previous time points, which helps confirm if re-bidding would be needed.</li> </ul> </li> <li>• Compliance and Regulatory Support <ul style="list-style-type: none"> <li>• Develop, prepare, and submit electric demand forecasts, customer requirements forecasts</li> <li>• Prepare and file in a timely manner all periodic submissions as per PUC or Division rules, regulations, practice or precedent, working groups, and technical sessions.</li> </ul> </li> <li>• Internal Budgeting and Planning Support. Provide a dedicated group of analysts to model and forecast electric demand and customer requirements and assist in preparation of supply plans that satisfy those requirements in support of the company's revenue forecasting and budgeting function and the distribution system planning functions. Modeling and forecasting include the following activities: <ul style="list-style-type: none"> <li>• Database Management - Obtain all internal and external data, and maintain the appropriate data bases used in the analysis and effort to build the forecast models. The data include but are not limited to: <ul style="list-style-type: none"> <li>▪ CSS billing data</li> <li>▪ ISO settled load</li> <li>▪ Daily weather information</li> <li>▪ Moody's Economic forecasts</li> </ul> </li> </ul> </li> </ul>
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## **SCHEDULE A**

### **TRANSITION SERVICES**

	<ul style="list-style-type: none"><li>▪ Energy Price forecasts</li><li>▪ Distributed Energy Resources history and forecasts</li><li>• Model Development - Build the statistical models that are used to forecast demand by customer class and rate class and customer requirements for the system as a whole</li><li>• Data Analysis - Analyze the results of the demand forecasts and customer requirements forecasts against actual performance to test the accuracy of the models and the forecast methodologies</li><li>• Internal Interface – Respond to internal inquiries for data and ad hoc analysis on historical data and forecasts in support of various departments.</li></ul> <p>For the second 12 months of the TSA period, National Grid shall provide data necessary for PPL to prepare any load forecasts to the extent that such data has not already been transitioned to PPL.</p> <p>National Grid will provide access to one or more members from each of National Grid’s teams conducting activities included in this TSA, as applicable, including, for example to those who are currently, or were previously, fact witnesses in a regulatory proceeding, technical session, working group, related litigated matter, or other activities included in this TSA.</p>
Transition Period:	24 Months
Fee:	
Seller Service Representative:	Balaji Doraibabu, Director Advance Analytics & Data Engineering
Company Service Representative:	Bethany Johnson, Director of Regulatory Affairs

## SCHEDULE A

### TRANSITION SERVICES

#### 102-EP: Gas Procurement Services - General

<b>ID</b>	<b>102-EP</b>
<b>Service: Energy Procurement</b>	<b>Gas Procurement Services - General</b>
Detail:	<p>National Grid will provide the following gas procurement services in a manner consistent with the provision of such services prior to Completion: These services shall include:</p> <ul style="list-style-type: none"> <li>• Gas supply planning according to near-term and short-term, peak hour, and other gas supply planning criteria including design weather;</li> <li>• Pipeline and upstream capacity (transportation and storage requirements)</li> <li>• LNG delivery and transportation requirements as needed, commodity procurement (including determination of base load purchases by pipeline, swing purchases by pipeline, storage injections/ withdrawals, purchases for LNG liquefaction);</li> <li>• RFP solicitation and evaluation;</li> <li>• Gas contracting (e.g., NAESBs and interstate pipelines) in compliance with DoA: <ul style="list-style-type: none"> <li>○ Maintain existing gas contracts for interstate pipeline transportation, storage and gas supply purchase agreements</li> <li>○ Referral and input on opportunities and requests to PPL for new gas supply services including execution of NAESBs, participation in new supply projects and negotiation of new contracts</li> <li>○ Identify and analyze opportunities to acquire long-term supply and pipeline capacity</li> <li>○ Provide input in federal regulatory proceedings to develop portfolio position</li> <li>○ Managing asset management agreements</li> <li>○ LNG: <ul style="list-style-type: none"> <li>▪ Maintain approved LNG vendor listDevelopment of bids and bid evaluation criteria</li> </ul> </li> </ul> </li> </ul>

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## SCHEDULE A

### TRANSITION SERVICES

	<ul style="list-style-type: none"> <li>▪ Support contracting for product and transportation (portable and non-portable) storage and portable storage equipment, and liquefaction and vaporization if any</li> <li>• Procurement and capacity modeling Scenario analysis, ongoing portfolio analysis, transportation and storage capacity analysis, and procurement (supply) analysis via SENDOUT;</li> <li>• Support for internal and external reporting for programs existing prior to Completion or as may be required by the RI Division or PUC during the Transition Period;</li> <li>• Support state and federal regulatory filings compliance. <ul style="list-style-type: none"> <li>○ Provide input on PPL requests for regulatory filings / contract approvals</li> <li>○ When employees from National Grid are asked to be witnesses on policy questions or otherwise, they may only do so as part of a panel with PPL witnesses.</li> </ul> </li> <li>• Provision of pricing inputs as specified below: <ul style="list-style-type: none"> <li>○ Default Rate Calculation: Monthly Contract Index for Algonquin &amp; Tennessee</li> <li>○ Monthly GCR Deferred Report: Monthly Gas Supply Forecast</li> <li>○ Annual GCR Filing: Annual Gas Supply Forecast</li> <li>○ Capacity Allocators: Annual Peak Day Portfolio Breakdown</li> </ul> </li> <li>• Support middle- and back-offices relating to accounting; credit support and cash flow analysis and data access in Horizon with respect to monthly closes and any of the gas procurement services</li> </ul>
Transition Period:	24 Months
Fee:	
Seller Service Representative:	Elizabeth Arangio, Director
Company Service Representative:	Michele Leone, VP PPL RI Gas Operations

## **SCHEDULE A**

### **TRANSITION SERVICES**

#### **103A-EP: Energy Transactions (Physical Transactions)**

<b>ID</b>	<b>103A-EP</b>
<b>Service: Energy Procurement</b>	<b>Energy Transactions (Physical Transactions)</b>
Detail:	<p>National Grid will make available its employees to support the Company's Energy Transactions (Physical) programs in a manner consistent with the provision of such services prior to Closing, including:</p> <ul style="list-style-type: none"><li>• Physical transactions include<ul style="list-style-type: none"><li>• Execute supply plan (daily and short-term) based on demand outlook.</li><li>• Purchase monthly base load and daily spot natural gas supply to meet gas customer requirements.</li><li>• Exercise supply calls pursuant to Asset Management Arrangements and long-term supply options.</li><li>• Carry out scheduling of physical transactions so that Gas is scheduled for delivery from point of purchase and nominated/delivered to the Company's city-gate, gas storage facility and/or to the point of sale (off-system).</li><li>• Record physical transactions, interstate pipeline capacity release activities required for system supply optimization.</li><li>• Capture all commodity transactions in National Grid's gas trading system (currently Horizons) each day prior to close of business.</li><li>• Support retail access program including execution of capacity releases and storage inventory transfers</li></ul></li><li>• Optimization Services include<ul style="list-style-type: none"><li>• Determination of base load purchases by pipeline and swing purchases by pipeline, storage injections/withdrawals, and any off-system sales of gas either for optimization or load balancing; dispatch; analysis</li></ul></li></ul>

## **SCHEDULE A**

### **TRANSITION SERVICES**

	<ul style="list-style-type: none"><li>• Develop monthly plan to include establishing a proxy (index) to optimize against and physical locations</li><li>• Trade physical gas daily to capture cost savings vs index</li><li>• Identify and execute arbitrage opportunities based on locational (basis) spreads and time (e.g., summer vs. winter), including physical and financial (hedging) transactions</li><li>• Release temporarily un-needed transportation capacity via pipeline Electronic Bulletin Boards during non-peak periods.</li><li>• Design and execute Asset Management Arrangements with third party managers to solicit competitively priced management fees.</li><li>• Internal reporting</li></ul> <ul style="list-style-type: none"><li>• Support middle- and back-offices relating to accounting; credit support and analysis</li></ul>
Transition Period:	24 Months
Fee:	
Seller Service Representative:	Mark Liotta, Lead Trader
Company Service Representative:	Michele Leone, VP PPL RI Gas Operations

## **SCHEDULE A**

### **TRANSITION SERVICES**

#### **103B-EP: Energy Transactions (Financial)**

<b>ID</b>	<b>103B-EP</b>
<b>Service: Energy Procurement</b>	<b>Energy Transactions (Financial)</b>
Detail:	<p>National Grid will make available its employees to support the Company’s Energy Transactions (Financial) programs in a manner consistent with the provision of such services prior to Completion, including:</p> <ul style="list-style-type: none"><li>• Financial Transactions include.<ul style="list-style-type: none"><li>• Financial hedging planning (volatility mitigation hedge plan, known as Gas Procurement Incentive Plan (“GPIP”)) and transaction activities for natural gas supply (includes optimization and storage activities, known as Natural Gas Portfolio Management Plan (“NGPMP”), other than volatility hedge planning) shall be executed in accordance with the plans filed and approved by RI PUC during the latest GCR filing. If PPL desires to modify the plans in any way, not at the request of the RI PUC, then the Company is not responsible for additional assistance. GPIP and NGPMP shall collectively be referred to herein as “Plans.”</li><li>• Work closely with Middle Office, and other departments, to verify calculation of incentives under any regulatory programs, as well as tracking the performance of the Plans to guarantee cost recovery.</li><li>• Support PPL in interactions with regulatory agencies and regulatory proceedings (including quarterly/ annual NGPMP results, semi-annual GPIP results and annual GCR filings) through drafts of written filings, data request responses, and live testimony; analysis; internal and external reporting; and knowledge transfer. When or if employees from National Grid are asked to be witnesses on policy questions or otherwise, they may only do so as part of a panel with PPL witnesses.</li></ul></li></ul>

## **SCHEDULE A**

### **TRANSITION SERVICES**

	<ul style="list-style-type: none"><li>• Financial hedges conducted pursuant to ISDA agreements between Narragansett Electric Company's existing counterparties and appropriate credit and delegation-of-authority ("DOA") limitations.</li><li>• Referral of opportunities and requests to PPL for execution of new ISDA agreements</li><li>• Capture all transactions in National Grid's gas trading system (currently Horizon) each day prior to close of business.</li></ul>
Transition Period:	24 Months
Fee:	
Seller Service Representative:	John Protano, Manager
Company Service Representative:	Tadd Henninger, VP Finance and Treasury and Yan Gao, Sr. Director, Risk Management

## SCHEDULE A

### TRANSITION SERVICES

#### 104-EP: Retail Choice Programs

<b>ID</b>	<b>104-EP</b>
<b>Service: Energy Procurement</b>	<b>Retail Choice Programs</b>
	<p>National Grid shall make available to the Company its personnel for providing support in relation to the retail choice programs in a manner consistent with the provision of such services prior to Closing, in particular the following:</p> <ul style="list-style-type: none"> <li>• Managing and administering daily metered FT1 and nondaily FT2 volume retail choice programs</li> <li>• Tracking, confirming, and monitoring gas deliveries by marketers</li> <li>• Calculation and transmittal of delivery requirements for FT2</li> <li>• Monitoring of third party (ESCO) deliveries to maintain tariff compliance</li> <li>• Regulatory, compliance, and legal support as it relates to customer choice</li> <li>• Billing of both daily metered FT1 and nondaily metered FT2 <ul style="list-style-type: none"> <li>○ Balancing of ESCOs</li> <li>○ Billing ESCOs for any imbalances and penalties</li> <li>○ Billing marketers for storage, peaking demand, and commodity if applicable</li> </ul> </li> <li>• Calculation of pipeline capacity requirement for retail choice including calculation of storage and peaking limits for third party suppliers</li> </ul> <p>Required systems and services</p> <ul style="list-style-type: none"> <li>• Systems used are CSS (customer system), EBB (nominations), TSA (customer choice system), WSI (weather service), ZEMA (pricing) and MV90.</li> <li>• Retail choice cannot perform proficiently without the support of the above systems and services</li> <li>• Any missing or nonfunctioning systems or services may result in nonperformance or increased manual effort</li> </ul>



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### **TRANSITION SERVICES**

Transition Period:	24 Months
Fee:	
Seller Service Representative:	Dawn Querzoli, Lead Specialist
Company Service Representative:	Michele Leone, VP PPL RI Gas Operations

## **SCHEDULE A**

### **TRANSITION SERVICES**

#### **105-EP: Clean Energy Supply**

<b>ID</b>	<b>105-EP</b>
<b>Service: Energy Procurement</b>	<b>Long Term Clean Energy Supply</b>
	<p>National Grid shall make available to the Company its personnel to manage the Long Term Clean Energy Supply function in a manner consistent with the provision of such services prior to Completion. In particular the following:</p> <p>Long-term contracts – The Narragansett Electric Company has executed agreements to meet its contract capacity obligation pursuant to the Long Term Contracting Standard. If PPL elects to terminate one or more of the projects that have not yet achieved Commercial Operation per the terms of the agreement(s) such that The Narragansett Electric Company falls short in meeting its contract capacity obligation pursuant to the Long-Term Contract Standard, issuance of a new RFP would be necessary. A replacement RFP and its associated tasks, some of the pre-Commercial Operation Date (COD) contract administration, as well as general contract administration would be conducted by National Grid and require ongoing coordination with PPL and necessary DOA.</p> <ul style="list-style-type: none"><li>• Development and filing of long-term clean energy Request for Proposals (RFPs) (annual to meet Long Term Contracting Standard requirement, or voluntarily as agreed to by company)</li><li>• Evaluation and selection of winning bidder(s) in RFP process</li><li>• Contract negotiation and contract filing</li><li>• When employees from National Grid are asked to be witnesses on policy questions or otherwise, they may only do so as part of a panel with PPL witnesses.</li><li>• Pre-COD contract administration, track existing contract project progress</li><li>• General contract administration (estoppels, assignments, change in control)</li></ul>

## **SCHEDULE A**

### **TRANSITION SERVICES**

	<p>Renewable Energy (RE) Growth Program</p> <ul style="list-style-type: none"><li>• Open Enrollment – Implement new rules and tariff changes for the program year to conduct tri-annual open enrollment solicitations to evaluate, select and enroll projects in the Re-Growth program. Current open enrollment is in April/May, July and October. Provide changes to Wipro to update websites for application process.</li><li>• Administration - Assist Regulatory in creating a summary of projects selected, awarded and those requesting PUC approval. Issue certificate of eligibility to developer when PUC approval is received (if applicable).</li></ul>
Transition Period:	24 Months
Fee:	
Seller Service Representative:	Katherine Wilson, Manager Long-Term Clean Energy Supply
Company Service Representative:	James Rouland, Regulatory Policy Manager

## SCHEDULE A

### TRANSITION SERVICES

#### 106-EP: Electric Procurement

ID	106-EP
Service: Energy Procurement	Electric Procurement
	<p>National Grid shall make available to the Company its personnel to manage the Electric Procurement function in a manner consistent with the provision of such services prior to Completion. In particular the following:</p> <p>Last Resort Service (LRS)</p> <ul style="list-style-type: none"> <li>• LRS Procurement Plan submission to Rhode Island PUC – support development and submission, including coordination with PPL if changes to LRS Procurement Plan are required due to PPL directional changes or alterations required to comply with new regulatory requirements.</li> <li>• Request for Proposals (RFPs) posted through National Grid’s website <ul style="list-style-type: none"> <li>○ Conduct quarterly RFP filings (execution dates in January, April, July, and October)</li> <li>○ DOA from PPL to enter transactions</li> <li>○ Rate hearings and discovery (data requests by PUC, Division, and any additional intervening stakeholders) – coordinate with PPL if policy related.</li> </ul> </li> <li>• Daily load bidding into ISO-NE, utilizing forecasts provided by the Advance Data Analytics (“ADA”) team for the first 12 month period. Daily load bidding into ISO-NE, either utilizing forecasts provided by PPL or utilizing a historical load data methodology (which is less accurate than forecasts provided by the ADA team) for the second 12 month period.</li> <li>• Load bidding spot market analysis for quarterly NE pricing informational filing</li> <li>• Contracts – Master Power Agreement contracts and amendments – provide the business input and coordinate with PPL Legal, Energy Procurement, and Risk Management in accordance with TSA 051b-FIN – Middle Office Support for Electric Procurement Activities. Authorized signatory to execute.</li> </ul>

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### TRANSITION SERVICES

	<ul style="list-style-type: none"> <li>• Model the Capacity Risk Premium (CRP) estimate for PUC requirement quarterly. Include CRP results in Annual Retail Rate Filing (ARRF) (February/March). The ARRF may include analysis on under/over recovery of LRS costs, rate hearings, and discovery.</li> <li>• Annual ICAP Tag (Spring) and Load Forecast analysis (Fall) and review</li> </ul> <p>Renewable Energy Certificates (RECs)</p> <ul style="list-style-type: none"> <li>• Compete annual compliance filing (July) to demonstrate RECs meet Renewable Energy Standard (RES): existing and new RECs</li> <li>• Annual Procurement Plan submission to PUC – support development and submission, including coordination with PPL if changes to REC Procurement Plan are required due to PPL directional changes or alterations required to comply with new regulatory requirements..</li> <li>• Conduct necessary procurements to purchase required existing RECs; execute Certificate Purchase Agreement (CPA) for transactions <ul style="list-style-type: none"> <li>○ Approximately one month prior to a REC RFP, PPL to be provided a summary report of approximate RECs to be procured, timing for procurement, and estimated value of procurement. Summary report is provided for informational purposes only and not designed to be an approval.</li> <li>○ DOA from PPL to enter transactions. Authorized signatory to execute.</li> </ul> </li> <li>• Sell Rhode Island New RECs through Request for Bids (RFBs) and brokers; execute Master Certificate Sales Agreements <ul style="list-style-type: none"> <li>○ DOA from PPL to enter transactions. Authorized signatory to execute</li> <li>○ Currently plan RFBs conducted quarterly in July, October, January, and April; RFBs subject to change based upon any updates to any plan updates.</li> </ul> </li> <li>• Contracts – Master Certificate Sales Agreement and Certificate Purchase Agreements – provide the business input and</li> </ul>
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	<p>coordinate with PPL Legal, PPL EP, and Risk Management in accordance with TSA 051b-FIN – Middle Office Support for Electric Procurement Activities. Authorized signatory to execute</p> <ul style="list-style-type: none"> <li>• REC Settlement – Receive and deliver RECs through NEPOOL-GIS; coordinate with Back Office for invoice for payment or receipt</li> <li>• GreenUp Program – allowing LRS customers to choose renewable energy supplier; GreenUp supplier delivers RECs to NECO. <ul style="list-style-type: none"> <li>○ Manage GreenUp REC inventory</li> <li>○ Quarterly determine REC quantity requirements per supplier based on customer load</li> <li>○ Accept RECs into appropriate NEPOOL subaccount</li> <li>○ Provide quarterly REC data reports for GreenUp suppliers to Supplier Services, or its successor, who provides it to the GreenUp suppliers</li> <li>○ RI SOS/LRS GreenUp state filings quarterly</li> <li>○ Include GreenUp suppliers GIS REC data in the Narragansett annual compliance filing (July)</li> </ul> </li> <li>• Disclosure Labels <ul style="list-style-type: none"> <li>○ Quarterly filings of LRS customers’ supply characteristics, which are calculated from RECs in the NEPOOL GIS account</li> <li>○ Work with Creative Marketing, or its successor, to generate labels</li> </ul> </li> <li>• RES Charge – Submit annual (Feb) filing in coordination with NE Pricing to determine the cost to comply with RES next year.</li> <li>• Generate quarterly internal accounting reports</li> </ul> <p>Market Based Rate (FERC Requirements)</p> <ul style="list-style-type: none"> <li>• Provide notice to PPL of any new Power Purchase Agreement that becomes commercial which should be included in PPL’s monthly requirement to FERC</li> </ul>
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## SCHEDULE A

### TRANSITION SERVICES

	<p>Power Purchase Agreements (PPAs) – the Long Term Clean Energy Supply team is responsible for pre COD tasks. Electric Procurement is responsible for post COD tasks.</p> <ul style="list-style-type: none"> <li>• Internal Bilateral Transactions (IBTs) to deliver hourly energy revenue to NECO’s ISO account. Confirm every 6-months and more frequently during resettlement</li> <li>• Semi-annual Long-Term Contract Renewable Energy Recovery Factor filings (May and November) to recover the above market costs of PPAs. Requires coordination with NE Pricing and typically discovery questions from PUC</li> <li>• Forward Certificate Transfers (FCTs) and other REC deliveries in NEPOOL-GIS. For NECO’s accounts, RECs are automatically deposited. For other accounts, RECs are delivered manually or through FCTs</li> <li>• Establish quarterly REC transfer prices for RECs used by LRS. REC transfer prices are the REC sales price paid by LRS customers</li> <li>• Orbit PPA – NECO uploads emissions data to NEPOOL-GIS to mint RECs</li> </ul> <p>Renewable Energy (RE) Growth Program</p> <ul style="list-style-type: none"> <li>• Register RE Growth assets to NEPOOL-GIS account as Rhode Island New REC, once approved by PUC</li> <li>• Quarterly estimate of aggregation RECs based on nameplate capacity</li> <li>• Provide inputs to NE Pricing’s annual RE Growth filings</li> <li>• Support various projects regarding ISO energy settlements, etc.</li> <li>• Establish quarterly REC transfer prices for RECs used by LRS. REC transfer prices are the REC sales price paid by LRS customers</li> </ul> <p>Qualifying Facilities</p> <ul style="list-style-type: none"> <li>• Maintain existing qualifying facilities, update Adapt 2 for quarterly LRS price changes</li> </ul>
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## **SCHEDULE A**

### **TRANSITION SERVICES**

	<ul style="list-style-type: none"><li>• Manage Capacity Supply Obligations if necessary</li></ul> <p>Irregular requirements</p> <ul style="list-style-type: none"><li>• Provide support in a manner consistent with such services prior to Completion that is required on an irregular basis for:<ul style="list-style-type: none"><li>○ regulatory purposes,</li><li>○ one-off projects such as Virtual Net Metering energy settlement,</li><li>○ internal reporting, and</li><li>○ risk committee strategies, if necessary (Fall)</li></ul></li><li>• Security Administrators for NECO with the ISO, if necessary. Approve digital certificates used by employees to access ISO applications.</li></ul> <p>When employees from National Grid are asked to be witnesses on policy questions or otherwise, they may only do so as part of a panel with PPL witnesses.</p>
Transition Period:	24 Months
Fee:	
Seller Service Representative:	James Ruebenacker, Manager New England Wholesale Electric Supply
Company Service Representative:	James Rouland, Regulatory Policy Manager