

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

Docket No. D-21-09

In Re: Petition for Authority to Transfer Ownership of  
The Narragansett Electric Company to  
PPL Rhode Island Holdings, LLC and Related Approvals

Witness: Lonnie E. Bellar

**PRE-FILED REBUTTAL TESTIMONY**

**OF**

**LONNIE E. BELLAR**

**CHIEF OPERATING OFFICER OF KENTUCKY UTILITIES**

**AND LOUISVILLE GAS & ELECTRIC COMPANY**

**Submitted in support of PPL Corporation, PPL Rhode Island Holdings, LLC,**

**National Grid USA, and The Narragansett Electric Company's**

**Petition for Authority to Transfer Ownership of The Narragansett Electric Company**

**to PPL Rhode Island Holdings, LLC and Related Approvals**

**TABLE OF CONTENTS**

I.	Introduction.....	1
II.	PPL’s Gas Distribution Operations Experience.....	2
III.	PPL’s Ability to Safely and Reliably Operate Narragansett’s Gas Distribution Business.....	5
IV.	Conclusion.....	22

1 **I. Introduction**

2 **Q. Please state your full name, title, and business address.**

3 A. My name is Lonnie E. Bellar, and my business address is 220 W. Main Street, Louisville,  
4 Kentucky 40202. I am the Chief Operating Officer of Louisville Gas and Electric Company  
5 (“LG&E”) and Kentucky Utilities Company (“KU”).

6 **Q. Did you previously submit pre-filed direct testimony in this matter?**

7 A. Yes. I filed direct testimony in this proceeding on May 4, 2021.

8 **Q. What is the purpose of your testimony?**

9 A. My testimony supports the Petitioners’ request that the Division of Public Utilities and  
10 Carriers (the “Division”) approve PPL Rhode Island Holdings, LLC’s (“PPL RI”) acquisition  
11 of The Narragansett Electric Company (“Narragansett”). Specifically, my testimony  
12 addresses PPL’s gas distribution operations experience and rebuts certain points raised in the  
13 Division Advocacy Section (“Advocacy Section”) Witness Bruce R. Oliver’s Pre-Filed  
14 Direct Testimony.

15 **Q. How is your testimony structured?**

16 A. This Section I is the introduction, which sets forth the purpose of my rebuttal testimony and  
17 some additional background about PPL’s gas distribution utility, LG&E. Section II discusses  
18 PPL’s experience operating gas distribution utilities. Section III explains how that  
19 experience prepares PPL to take over ownership and management of Narragansett’s gas  
20 distribution operations without causing any degradation in utility service and without any

1 adverse impacts to the public. Section III also specifically responds to certain concerns  
2 raised by Mr. Oliver and identifies affirmative steps PPL has taken to bolster its ability to  
3 safely and effectively operate Narragansett's gas distribution business after the Transaction  
4 closes. Section IV is the conclusion.

5 **Q. How long has LG&E been part of the PPL family of companies?**

6 A. PPL acquired LG&E and KU in 2010 as part of a major expansion of its business, which also  
7 included the acquisition of the Midlands Distribution Network Operators in the United  
8 Kingdom ("the UK") in 2011. In June 2021, PPL announced the completion of its sale of the  
9 UK utility business to National Grid.

10  
11 **II. PPL's Gas Distribution Operations Experience**

12 **Q. How have LG&E's gas operations performed since PPL acquired the company?**

13 A. LG&E's gas operations have performed very well since PPL acquired the company in 2010.  
14 In addressing safety priorities, LG&E's forward-thinking gas strategy has reduced leak rates  
15 and significantly enhanced safety. Addressing infrastructure, LG&E has spearheaded a  
16 comprehensive and aggressive main replacement program to replace aging gas pipelines with  
17 new, more durable materials. That program has eliminated all cast iron pipe on LG&E's gas  
18 distribution and transmission system and has virtually eliminated all bare steel pipe. As a  
19 result, LG&E now has (1) substantially lowered its leak rate, (2) eliminated water intrusion  
20 on its pipelines, (3) increased the operating pressures on its system, and (4) introduced more

1 main line valves on the system for greater flexibility in management. Looking forward,  
2 LG&E continues to focus on improving its natural gas infrastructure and has plans to: (a)  
3 replace approximately 45,000 steel customer service lines and remove approximately 4,400  
4 steel curbed services; (b) complete a transmission pipeline modernization program to replace  
5 approximately 15.5 miles of transmission pipeline; and (c) upgrade city gate stations and gas  
6 regulation facilities with new valves, piping, and modern regulation, measurement and  
7 auxiliary equipment.

8 **Q. Please describe LG&E's safety record since PPL began its operation of the company.**

9 A. LG&E has maintained a strong safety culture in its gas distribution operations. It has  
10 developed a robust Distribution Pipeline Integrity Management Program. It also conducts  
11 routine pipeline safety inspections and monitors its gas distribution operations via a  
12 centralized control room 24 hours per day, seven days per week. Further, LG&E focuses on  
13 educating community partners and the general public about natural gas safety. In 2019,  
14 LG&E earned the American Gas Association Accident Prevention Award for Safety  
15 Excellence.

16 **Q. Can you summarize PPL's experience with filing electric and gas base rate cases in  
17 Kentucky?**

18 A. LG&E and its sister utility, Kentucky Utilities, have significant experience preparing, filing  
19 and prosecuting general base rate cases for their electric and gas operations in Kentucky.

20 LG&E and KU filed general rate cases using a historical test year in 2003, 2008, 2009, and

1 2012. LG&E and KU began using fully forecasted test years, as allowed by statute in  
2 Kentucky, with their filings in 2014, 2016, 2018, and most recently in 2020.

3 PPL's experience preparing rate cases that include gas distribution rates is substantially  
4 similar to Narragansett's current process and provides PPL with the expertise necessary to  
5 develop the detailed information required to support future Narragansett rate filings.

6 **Q. Please explain the process for the filing of a general base rate case.**

7 A. Since LG&E and KU moved to using a forecasted test year, the business planning process  
8 used to develop the five-year business plan is the starting point for the determination of when  
9 it is necessary for the companies to file for a rate increase to ensure their financial earnings  
10 are adequate to continue providing safe, reliable, and affordable utility service to their  
11 customers. Once the companies determine that a rate increase is necessary, they use the  
12 business plan to develop the schedules necessary to meet the application filing requirements  
13 and draft testimony to support the companies' applications. Essentially, the companies file  
14 three rate cases filed simultaneously: one for KU electric operations, one for LG&E electric  
15 operations and one for LG&E gas operations. The process of developing the application  
16 begins approximately six months prior to the filing date. Notice is provided to the Kentucky  
17 Public Service Commission ("KPSC") thirty days prior to the filing and public notices are  
18 published within a week of the filing. The KPSC has 10 months by statute to rule on the  
19 companies' rate application. However, the companies can put the filed rates in effect, subject  
20 to refund, six months after filing a historical test year or seven months after filing a

1 forecasted test year. The KPSC historically has completed its rate review within the six-  
2 month or seven-month period before rates can be put into effect subject to refund.

3  
4 **III. PPL's Ability to Safely and Reliably Operate Narragansett's Gas Distribution Business**

5 **Q. Did PPL encounter any major setbacks when it acquired LG&E and began to operate**  
6 **its first gas local distribution company ("LDC") with no previous LDC operating**  
7 **experience?**

8 A. None whatsoever. PPL had previously owned a gas LDC in Pennsylvania, which was sold in  
9 2008.

10 **Q. How did PPL manage to maintain reliability and service at LG&E without prior LDC**  
11 **experience?**

12 A. First, PPL retained the LG&E employees, both field and office employees. Second, PPL  
13 brought in experienced managers to fill any needs following the acquisition. Third, PPL  
14 applied its own management talent to ensure that LG&E continued its culture of continuous  
15 improvement in the safe operations of the gas transmission and distribution networks to  
16 improve service and reliability to its gas customers.

17 **Q. Do you expect PPL's task in operating Narragansett's LDC will be more or less difficult**  
18 **than the LG&E transition?**

19 A. Integrating a new LDC into our company is always an important task. Under the leadership  
20 of the new Vice President, Gas Operations for PPL RI transitioning from National Grid USA,

1 along with continued support from our gas team at LG&E with respect to best practices  
2 sharing and other important collaboration and consultation, I am confident that PPL will  
3 devote all of the time and talent necessary to ensure a smooth and seamless transition that  
4 maintains the service and reliability Rhode Island customers expect. PPL's significant  
5 experience with gas operations over the past decade will help PPL complete that transition  
6 successfully and then continue to improve gas operations in Rhode Island as we move  
7 forward together.

8 **Q. Does PPL have the necessary experience in gas distribution operations to take over**  
9 **management and control of Narragansett's gas distribution operations in Rhode Island**  
10 **without any degradation of service?**

11 A. Yes. PPL RI's acquisition of Narragansett – including its gas distribution operations –  
12 presents an opportunity to create an operation located in Rhode Island solely focused on  
13 customers and stakeholders in Rhode Island. PPL will utilize support during the transition  
14 from National Grid USA and National Grid USA Service Company, Inc. (“National Grid  
15 Service Company”) for certain functions and services under a Transition Services Agreement  
16 (“TSA”). But as we transition to full PPL management, we will move from a pure shared  
17 service approach to a hybrid model (as described more fully in the Pre-Filed Rebuttal  
18 Testimony of Concentric Energy Advisors, Inc.). PPL will create a Rhode Island-based and  
19 Rhode Island-focused organization, while still providing synergies and support through  
20 shared services from PPL and its operations in Pennsylvania and Kentucky. PPL's transition

1 to a Rhode Island-based operation will logically build on existing strengths and establish  
2 expertise where needed resulting in an operation with employees focused on Rhode Island  
3 customer needs.

4 **Q. What concerns did Mr. Oliver raise about PPL’s gas operations experience?**

5 A. Mr. Oliver identified concerns with PPL’s lack of experience in three areas: (i) gas utility  
6 management in general; (ii) Liquefied Natural Gas (“LNG”) operations, and (iii) gas  
7 procurement in the New England and Canadian markets, including with financial hedging.  
8 Additionally, Mr. Oliver raised questions about PPL’s experience with gas leaks in Kentucky  
9 and its customer satisfaction performance.

10 **Q. How does PPL respond to Mr. Oliver’s general concern about PPL’s “dearth of  
11 experience in gas utility management”?**

12 A. There is considerable experience in gas utility management with the team transferring to  
13 Rhode Island. Michelle Leone, who will be Vice President in charge of gas operations in  
14 Rhode Island, has held numerous management roles for National Grid in Rhode Island,  
15 including as the Director of Performance and Strategy for the Rhode Island gas and electric  
16 business and as the Director of Gas Field Operations and Customer Meter Service, which is  
17 her current role. Ms. Leone’s leadership team has decades of operations management and  
18 related gas experience including engineering, dispatch, control center, pipeline safety &  
19 compliance, resource and work planning and field operations (including Customer Metering  
20 Service and Construction & Maintenance). Two of these leadership team members have

1 more than 25 years with National Grid and its predecessor companies. In addition, more than  
2 25 operations managers and supervisors currently working in Rhode Island are transferring to  
3 the PPL RI organization. Many of these employees have more than ten years of gas  
4 operations experience, and numerous employees have spent their entire careers at National  
5 Grid or its predecessor companies working on gas operations in Rhode Island.

6 **Q. How does PPL respond to Mr. Oliver's concern about its lack of experience with LNG**  
7 **facilities?**

8 A. First, the supervisors and operators currently working at the Narragansett-owned LNG plants  
9 will transfer to PPL at time of closing – either remaining as Narragansett employees or as  
10 PPL employees. The transferring manager of LNG has twelve years of LNG experience,  
11 including five years at the Rhode Island LNG plants and seven years in LNG cargo  
12 operations. The transferring team also has two current LNG plant supervisors transferring in  
13 their current roles managing the Exeter, Old Mill Lane, and Cumberland LNG operations. In  
14 addition to their experience at the Rhode Island LNG plants, they each have more than ten  
15 years of plant operations experience before joining National Grid, including in nuclear and  
16 power generation facilities. The transferring team also has thirteen current LNG plant  
17 operators transferring, six of which have more than five years of experience working on  
18 Rhode Island LNG plants. As such, PPL will, on day one, have personnel with substantial  
19 experience operating LNG facilities, including the Narragansett LNG facilities.

1 Second, regarding Mr. Oliver's concerns about the lack of specific experience in the  
2 engineering, design and construction of LNG plants, PPL will have experienced LNG  
3 engineering and project management personnel transferring to PPL at the time of closing.  
4 Specifically, the transferring team includes an engineer with five years of LNG project  
5 development and design experience, including upfront work scope development, estimating,  
6 and analysis support, who has been involved in LNG projects in Massachusetts and Rhode  
7 Island, including Old Mill Lane and Cumberland. The transferring team also includes a  
8 project manager joining the combined Electric and Gas Project and Contract Management  
9 team with more than twenty years of experience, including working on LNG and liquefied  
10 petroleum and gas plant projects both within and outside of National Grid. In addition, any  
11 future LNG plant facility design and construction will be performed by a third party with  
12 expertise in LNG processes. This is how National Grid USA and/or its affiliates managed  
13 the design and installation of the new liquefaction system at the Fields Point LNG facility  
14 located at 181 Terminal Road, Providence, RI. Kiewit Corporation, with extensive  
15 experience with LNG projects, engineered, designed and built the new liquefaction system.

16 **Q. How does PPL respond to Mr. Oliver's concerns about PPL's inexperience in**  
17 **navigating the New England Gas Market, as well as the use of financial hedges to limit**  
18 **increases in gas purchase costs?**

19 A. PPL has considerable gas procurement experience through LG&E, which translates to other  
20 gas markets, including the New England market. LG&E performs many of the same gas

1 procurement functions that National Grid USA and its affiliates currently perform in their  
2 efforts to purchase low-cost gas supply for customers. These functions include, for example,  
3 determining procurement strategies, developing plans to meet those strategies, and executing  
4 those plans.

5  
6 LG&E has access to a variety of supply regions such as onshore Louisiana, north Louisiana,  
7 south Texas (Eagle Ford, Haynesville), and the Appalachian Basin (Marcellus). LG&E uses a  
8 bid solicitation process to request proposals from reliable, creditworthy suppliers, evaluates  
9 proposals based on a pre-determined evaluation methodology, and awards supply  
10 transactions to low-cost suppliers. National Grid and/or its affiliates use a similar process to  
11 purchase natural gas for Narragansett.

12  
13 In addition, LG&E transports gas on two interstate pipelines, Texas Gas Transmission, LLC  
14 (“Texas Gas”) and Tennessee Gas Pipeline Company, LLC (“Tennessee”). LG&E contracts  
15 for Firm Transportation Rate FT (north-to-south) capacity and No-Notice Service Rate NNS  
16 (south-to-north) capacity on Texas Gas, and Firm Transportation Rate FT-A (south-to-north)  
17 capacity on Tennessee. LG&E manages gas deliveries from these pipelines across multiple  
18 city gate stations on Texas Gas and two city gate stations on Tennessee. LG&E works to  
19 negotiate pipeline transportation discounts and enters capacity release transactions when

1 possible to lower interstate pipeline transportation costs. Notably, Tennessee is also one of  
2 the two pipelines on which National Grid and/or its affiliates purchase gas for Narragansett.

3  
4 LG&E's gas procurement group manages daily deliveries from marketers on behalf of  
5 customers who participate in LG&E's two end-user gas transportation programs. Like  
6 National Grid and/or its affiliates on behalf of Narragansett, LG&E must integrate deliveries  
7 from these customers into its supply plans. During colder-than-normal weather conditions,  
8 LG&E may issue Operational Flow Orders to marketers delivering gas on behalf of these  
9 customers and may interrupt its "interruptible" gas service customers to preserve system  
10 reliability. LG&E's gas control group operates five on-system storage fields and three  
11 compressor stations. To ensure that gas is available for withdrawal from storage, LG&E's  
12 procurement group purchases gas during the summer for storage injection. LG&E then  
13 follows a withdrawal schedule to ensure that storage levels are adequate to meet customer  
14 loads throughout the winter season.

15  
16 LG&E's gas procurement group also works closely with its gas control group to determine  
17 daily supply plans. Daily pipeline purchase requirements are determined by the gas control  
18 group considering on-system storage withdrawals or injections, and deliveries to the system  
19 from marketers on behalf of gas transportation service customers. LG&E's gas procurement  
20 group then decides how much it will purchase on each pipeline, and dispatches existing

1 contracts, makes daily purchases, or uses interstate pipeline storage flexibility to acquire gas  
2 in a least cost manner.

3 **Q. Mr. Oliver asserts that there are unique aspects to gas procurement in the New**  
4 **England market for which PPL's experiences in Kentucky do not adequately prepare it.**  
5 **How does PPL respond to that concern?**

6 A. Overall, LG&E's procurement experience is similar to National Grid's procurement  
7 experience and translates to the New England market. Still, PPL understands that each gas  
8 market is different. So PPL is taking steps already to ensure that it gains more knowledge of  
9 the New England market, including the critical differences and idiosyncrasies of the market,  
10 to safely and reliably take responsibility for gas procurement in Rhode Island.

11  
12 First, immediately after the Transaction closes, National Grid Service Company will continue  
13 to provide gas procurement services under the TSA. PPL expects that National Grid Service  
14 Company will continue to provide such services for approximately two years. National  
15 Grid's Energy Procurement group has substantial experience in that it has been purchasing  
16 gas on behalf of Narragansett for more than a decade and has even longer-term experience  
17 transacting on behalf of National Grid's Massachusetts gas customers. During the TSA  
18 period, PPL will work closely with National Grid to build its experience to complement the  
19 substantial experience PPL personnel already have with natural gas purchasing for LG&E.

1 Second, PPL has taken additional steps to ensure that it builds its knowledge and skill in gas  
2 procurement in the New England market. PPL has retained the services of Brant Energy Inc.,  
3 located in New Hampshire, as a third-party consultant to assist in developing PPL's gas  
4 procurement capabilities in the New England market. The Brant team has more than 50  
5 years of combined experience in the energy industry specifically in the Northeast and New  
6 England markets and has been involved in electric generation development, gas storage,  
7 electric transmission, gas pipeline projects, gas and power marketing, LNG, and other energy  
8 ventures. Working with Brant Energy, PPL has established consultancy arrangements with  
9 New England-based individuals and former National Grid employees with expertise in gas  
10 procurement, hedging, trading, and retail choice programs.

11  
12 Both Brant Energy and National Grid will assist with the identification, recruitment, hiring,  
13 and knowledge transfer and training of experienced personnel for the PPL gas procurement  
14 organization as these resources are further defined. PPL will actively pursue qualified  
15 individuals to manage Narragansett's gas supply portfolio, contracting and associated  
16 hedging activities. Although Narragansett is the only gas distribution utility in Rhode Island,  
17 individuals well-versed in the dynamics of New England gas acquisition activities are not  
18 limited to National Grid Service Company or Narragansett alone. PPL will recruit  
19 experienced individuals to fill the gas procurement roles for Narragansett who will work  
20 alongside the National Grid Gas Procurement team during the TSA period. This combination

1 of activities will ensure that (1) PPL acquires from National Grid during the transition period  
2 the knowledge specific to Narragansett's supply planning and contracting activities; and (2)  
3 PPL has in place a talented team of employees experienced with the New England market to  
4 manage gas procurement. These measures will ensure that PPL will continue to provide gas  
5 procurement services in a manner consistent with past practices by National Grid at the end  
6 of the TSA.

7 **Q. What specific areas of support will National Grid provide to Narragansett under the**  
8 **TSA during the transition of its gas operations to PPL ownership and control?**

9 A. PPL and National Grid have developed agreements under the TSA for National Grid Service  
10 Company to provide services in the following gas workstreams:

- 11 • Gas Dispatch – consultancy services for dispatch supervision, and emergency call dispatch  
12 support;
- 13 • Gas Control Operations – gas control operations, gas control recruitment and training  
14 support, emergency response support; and
- 15 • Gas Procurement – gas procurement recruitment and training support, gas load forecasting,  
16 gas procurement services, physical and financial gas transactions, and retail choice programs.

17  
18 These agreements include provisions for knowledge transfer, training and consultancy  
19 services with National Grid employees and subject matter experts. PPL and National Grid  
20 continue to refine the transition plan and may identify additional services that National Grid

1 Service Company will provide to Narragansett during the transition period to ensure a  
2 seamless transition of safe and reliable gas service after the Transaction closes. PPL will  
3 build its capacity to manage these services and will exit the agreements with National Grid  
4 Service Company for provision of these services when that knowledge transfer and staffing is  
5 complete.

6 **Q. Can you explain the differences between the New England and Canadian markets**  
7 **versus the markets in which PPL has operated gas services, which PPL will be**  
8 **developing the specialized knowledge and experience to address?**

9 A. Yes. The New England natural gas market is a historically capacity-constrained market,  
10 which requires utilities to rely more heavily on on-system peaking resources (such as LNG)  
11 to meet winter demand. The region is located at the end of the interstate pipeline systems,  
12 and, with no local gas production or underground storage capability, pipeline Operational  
13 Flow Orders (“OFOs”) or other supply disruptions pose greater operational and supply  
14 acquisition challenges than may be experienced in Kentucky.

15  
16 Narragansett’s gas distribution operations in particular are the product of the consolidation of  
17 three smaller gas utilities. Because of that, Narragansett’s distribution system has a  
18 multitude of pipeline and storage transportation contracts it actively manages to serve its  
19 customers. These contracts include both United States and Canadian supply points, as well  
20 as liquid refill and peaking contracts from LNG suppliers. Although counterparties and

1 capacity availability may vary by region, the basic functions of the procurement process  
2 remain the same, albeit with a greater level of complexity due to the consolidated portfolio of  
3 Narragansett and the inherent supply constraints in New England. As stated previously, PPL  
4 will work closely with National Grid through the transition period to build upon its internal  
5 capabilities and gain expertise in managing the Narragansett portfolio in a manner consistent  
6 with past practices of National Grid.<sup>1</sup>

7 **Q. Please address Mr. Oliver's concerns that PPL's experience with financial hedges in**  
8 **natural gas markets may be limited.**

9 A. Although the Kentucky Public Service Commission does not require the use of financial  
10 hedging by local gas distribution companies in Kentucky, LG&E does utilize its on-system  
11 storage as a physical hedge against winter price volatility. LG&E purchases about 12 Bcf of  
12 natural gas in the summer to refill its on-system storage, and then delivers that gas to  
13 customers during the winter season at a price that reflects the weighted average cost of  
14 summer injections. In addition, PPL does have experience with financial hedging as part of  
15 its electricity business. Further, PPL will leverage that experience, as well as the experience  
16 of National Grid and/or its affiliates under the TSA when it assumes control of gas  
17 procurement for Narragansett. Finally, PPL has engaged former National Grid personnel to  
18 provide consulting support for financial hedging programs for gas supply, and PPL will hire

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<sup>1</sup> See also PPL's response to data request Division 5-9.

1 personnel for its gas procurement organization with significant and particularized experience  
2 in New England, including financial hedging.

3 **Q. Will Narragansett's removal from the National Grid gas procurement portfolio lead to**  
4 **a substantial loss of bargaining strength in the New England market?**

5 A. No. National Grid and its affiliates purchase gas separately for each of its utilities. In Rhode  
6 Island, all gas supply procurement contracts are in Narragansett's name – they are not part of  
7 broad-based contracts for the supply of gas to multiple National Grid affiliates. For new  
8 capacity infrastructure projects, the project proponent typically agrees to a negotiated rate  
9 that is the same for all project participants. With regard to overall supply acquisitions, they  
10 are utility specific and thus delivery point specific to the utility so economies of scale are less  
11 relevant.

12 **Q. Please respond to Mr. Oliver's concerns comparing LG&E's leak percentages to those**  
13 **of National Grid.**

14 A. Although the raw data reflects a greater number of leaks on the LG&E gas system than the  
15 Narragansett gas system, this information does not reflect any shortcomings in LG&E's  
16 experience running a safe and reliable gas distribution operation that effectively identifies,  
17 resolves, and prevents leaks. Rather, there are several contextual points that demonstrate that  
18 this raw data does not tell the full story of LG&E's excellent track record managing its gas  
19 system in a safe and reliable manner.

1 First, LG&E has approximately 50,000 more customers and more than 100,000 more gas  
2 services than Narragansett.

3  
4 Second, LG&E's annual excavating (line locating) ticket volume is more than double the  
5 Narragansett excavation ticket volume over a ten-year average and thus results in a higher  
6 volume of excavation damages by comparison. Approximately 86% of LG&E's excavation  
7 damages occur on gas services.

8 Third, material, weld, and joint failures contain the highest number of total leaks on an  
9 annual basis. These leak codes are used commonly when a leak occurs, but a true cause  
10 cannot readily be determined. For example, these codes are used frequently when there is a  
11 leak on a service and the entire service is replaced without determining the root cause of the  
12 leak. LG&E's ongoing service replacement program will continue to help drive down the  
13 number of these types of leaks.

14  
15 Fourth, these statistics do not address the rate of leaks on equipment, such as valves,  
16 regulators, and control/relief equipment, which also can be a threat to the distribution system.

17 Overall, these types of equipment failure leaks on LG&E's system have decreased 50 percent  
18 since 2010. This decrease is attributable to the replacement of aging equipment with newer,  
19 more reliable equipment.

1 Fifth, leaks coded as “incorrect operations,” which are historically one of the most  
2 reoccurring events, commonly arose from improper installation of a riser/service head  
3 adaptor by a plumber (cross-threading). LG&E has completed its gas service riser  
4 replacement project, and now owns customer gas service risers and thus expects a decrease in  
5 these types of events.

6  
7 Finally, LG&E’s Distribution Integrity Management group continues to monitor leaks and  
8 failures and will address any noticeable trends for both manufacturing issues and incorrect  
9 operations.<sup>2</sup>

10 **Q. Please comment on Mr. Oliver’s concern about LG&E’s gas customer satisfaction**  
11 **and/or service.**

12 A. Mr. Oliver appears to use the terms “customer satisfaction” and “customer service”  
13 interchangeably when referencing LG&E’s J.D. Power performance. The rankings he  
14 references are based on overall customer satisfaction scores, of which customer service is one  
15 of many factors. The other factors that make up the overall satisfaction scores are: safety and  
16 reliability, billing and payment, communications, corporate citizenship, and price.

17  
18 Contrary to Mr. Oliver’s assertion, LG&E’s scores and ranking trend parallel between  
19 residential and business customers – the level of service is consistent regardless of customer

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<sup>2</sup> See PPL’s response to data request Division 7-15.

1 class. As you can see from the chart below, in 2019, LG&E ranked 2 out of 11 within its  
2 segment and 32 out of 84 within the industry with respect to residential customers and 1 out  
3 of 19 within its segment and 9 out of 50 within industry for business customers. In 2020,  
4 LG&E ranked 7 out of 11 within its segment and 56 out of 83 within industry for residential  
5 customers, and 11 out of 20 within its segment and 29 out of 50 within industry for business  
6 customers. Based upon the comments from the 2020 survey, the drop in performance from  
7 2019 to 2020 is likely primarily associated with a new gas pipeline project that is necessary  
8 to resolve a capacity problem in a particular county in Kentucky that is experiencing  
9 significant growth. That pipeline project has faced significant and vocal opposition from  
10 some landowners, which likely skewed the customer satisfaction results in 2020. The charts  
11 below also demonstrate that PPL has the expertise to meet or exceed the current customer  
12 satisfaction levels for Rhode Island customers.

13 **JD Power Gas Residential Study**

Year	Customer Type	Utility	Rank within Segment	Rank within Industry	Customer Satisfaction Index Score by State
2019	Residential	LG&E	2 out of 11	32 out of 84	749
2019	Residential	National Grid	10 out of 12	72 out of 84	723 <ul style="list-style-type: none"> <li>• Massachusetts (695)</li> <li>• New York (731)</li> <li>• Rhode Island (738)</li> </ul>
2020	Residential	LG&E	7 out of 11	56 out of 83	743
2020	Residential	National Grid	11 out of 12 (tied for 11 place)	74 out of 83	728 <ul style="list-style-type: none"> <li>• Massachusetts (732)</li> <li>• New York (729)</li> <li>• Rhode Island (708)</li> </ul>

1 **JD Power Gas Business Study**

Year	Customer Type	Utility	Rank within Segment	Rank within Industry	Customer Satisfaction Index Score by State
2019	Business	LG&E	1 out of 19	9 out of 50	833
2019	Business	National Grid	13 out of 15	44 out of 50	772 <ul style="list-style-type: none"> <li>• Massachusetts (743)</li> <li>• New York (785)</li> <li>• Rhode Island (774)</li> </ul>
2020	Business	LG&E	11 out of 20	29 out of 50	817
2020	Business	National Grid	13 out of 14	45 out of 50	793 <ul style="list-style-type: none"> <li>• Massachusetts (779)</li> <li>• New York (800)</li> <li>• Rhode Island (794)</li> </ul>

2 Customer satisfaction is an important priority for PPL, and PPL is committed to achieving  
 3 strong customer satisfaction results in Rhode Island. LG&E continues to focus on the  
 4 customer experience, designing and adjusting messaging throughout the year based on  
 5 customer feedback to reach customers at the right place and the right time. LG&E  
 6 communicates with customers by direct outreach on various topics through customers’  
 7 newsletter and bill inserts both in print and digital. LG&E also distributes information  
 8 through media, social media, targeted advertising (radio, TV, outdoor print, etc.), public  
 9 announcement, and its corporate website. This year, LG&E introduced a new self-service  
 10 tool and mobile app and has recently joined the Nextdoor app, which allows us to reach  
 11 customers in specific neighborhoods. PPL will seek to deploy similar strategies and

1 approaches, among others, to deliver excellent customer satisfaction to Narragansett's  
2 customers.<sup>3</sup>

3 **Q. Other than what you have already mentioned, what specific support will LG&E**  
4 **provide Narragansett from Kentucky?**

5 A. LG&E will provide annual retail and wholesale gas load forecasting and contribute to gas  
6 supply plans that support cost of gas rate recovery filings for Narragansett. LG&E and  
7 National Grid use similar gas load forecasting tools, and the two-year transition period will  
8 afford LG&E the opportunity to fully understand National Grid's current processes and then  
9 move forward with what LG&E determines to be best practices.<sup>4</sup>

10

11 **IV. Conclusion**

12 **Q. Does this conclude your testimony?**

13 A. Yes.

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<sup>3</sup> See also PPL's response to data request Division 7-17 for additional information on LG&E's best practices for gas system operations, maintenance, and customer service.

<sup>4</sup> See PPL's responses to data requests Division 7-5 and Division 7-20.