

PENNSYLVANIA PUBLIC UTILITY COMMISSION
Harrisburg, Pennsylvania 17105-3265

Re: PPL Electric's Long-Term
Infrastructure Improvement
Plan

Public Meeting: January 10, 2013
2325034-FUS
Docket No. P-2012-2325034

STATEMENT OF COMMISSIONER JAMES H. CAWLEY

Before us is a petition filed on September 9, 2012, pursuant to Act 11 of 2012, the Final Implementation Order of Act 11, and 66 Pa.C.S. § 1352 for approval of PPL Electric Utilities Corporation's (PPL) Long-Term Infrastructure Improvement Plan (LTIIP). I commend PPL for commencing implementation of its five-year Asset Optimization Strategy ("AOS") in 2010. The LTIIP shows that PPL intends to accelerate its investment over the amount contained in the five-year plan, accelerating not only the AOS level of distribution infrastructure investment, but also increasing the investment amount each year throughout the five-year period covered by the LTIIP.

The documentation submitted by PPL, however, does not indicate that this investment will improve reliability beyond that which it has already maintained during the several years of rate caps following restructuring, and during the following years when several base rate cases were filed. Rather, PPL projects that reliability will only be maintained at current levels under its proposed LTIIP. Given the step up in projected investments, it is reasonable to anticipate that PPL would design a program that improves reliability relative to today's performance, as measured by the Commission's quarterly and annual benchmarks and standards.

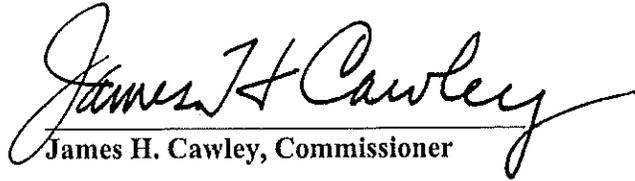
I recognize that Act 11 only requires that reliability be "maintained." While this standard may be appropriate for Pennsylvania's natural gas distribution companies given the very significant costs of replacing aging cast iron and bare steel pipelines required to simply maintain service, the standard falls short of appropriate expectations for higher investment in the electric industry that does not share this characteristic to the same degree. Instead, electric distribution companies should strive to improve reliability of service to customers who are being asked to pay additional revenues to utilities under this new legislation. As such, unless these plans can be better designed to achieve real improvements in service relative to today's standards, electric customers may not get real benefits in exchange for this higher cost burden.

I strongly encourage PPL and other electric utilities to submit LTIIPs that improve reliability, as measured by our benchmarks and standards, and that improve service restoration timelines for major storm events relative to today's performance. Only then can electric customers be assured that they are getting true value for the incremental cost burden that will accompany future distribution system improvements.

In simpler terms, for the electric industry, this should be a distribution system improvement charge – not a distribution system maintenance charge.

As is, I begrudgingly vote to support this Order. I encourage PPL to file plan updates to its LTIP that improve the reliability of its distribution service as it ramps up its expenditures.

DATE: January 10, 2013


James H. Cawley, Commissioner