

COMMONWEALTH OF PENNSYLVANIA



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September 9, 2013

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17101

RE: Application of PPL Electric Utilities Corporation
Docket No. A-2012-2340872, et al.

Dear Secretary Chiavetta:

Attached for electronic filing is the Reply Brief of the Office of Consumer Advocate in the above-captioned proceeding.

Copies of this document have been served per the attached Certificate of Service.

Sincerely,

A handwritten signature in cursive script that reads "Amy E. Hirkakis".

Amy E. Hirkakis
Assistant Consumer Advocate
PA. Attorney ID#310094

Attachment

cc: Honorable David A. Salapa
Certificate of Service

173848

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Application of PPL Electric Utilities Corporation :
filed pursuant to 52 Pa. Code Chapter 57, :
Subchapter G, for approval of the siting and :
construction of transmission lines associated : A-2012-2340872
with the Northeast-Pocono Reliability Project :
in portions of Luzerne, Lackawanna, Monroe, :
and Wayne Counties, Pennsylvania :

Petition of PPL Electric Utilities Corporation :
for a finding that a building to shelter control :
equipment at the North Pocono 230-69 kV :
Substation in Covington Township, : P-2012-2340871
Lackawanna County, Pennsylvania is :
reasonably necessary for the convenience :
or welfare of the public :

Petition of PPL Electric Utilities Corporation :
for a finding that a building to shelter control :
equipment at the West Pocono 230-69 kV :
Substation in Buck Township, Luzerne : P-2012-2341105
County, Pennsylvania is reasonably necessary :
for the convenience or welfare of the public :

Application of PPL Electric Utilities Corporation :
under 15 Pa. C.S. §1511(c) for a finding and :
determination that the service to be furnished by :
the applicant through its proposed exercise of the :
power of eminent domain to acquire a certain :
portion of the lands of the property owners listed :
below for siting and construction of transmission :
lines associated with the proposed :
Northeast-Pocono Reliability Project in portions of :
Luzerne, Lackawanna, Monroe, and Wayne :
Counties, Pennsylvania is necessary or proper :
for the service, accommodation, convenience :
or safety of the public :

John C. Justice and Linda S. Justice : A-2012-2341107

Three Griffins Enterprises, Inc. : A-2012-2341114

Margaret G. Arthur and Barbara A. Saurman :
Trustees of the Residuary Trust of : A-2012-2341115

James C. Arthur	:	
	:	
Anthony J. Lupas, Jr. and Lillian Lupas	:	
John Lupas and Judy Lupas,	:	A-2012-2341118
Grace Lupas, Eugene A. Bartoli and	:	
Robert J. Fankelli	:	
	:	
Ronald G. Sidovar and Gloria J. Sidovar	:	A-2012-2341120
	:	
FR First Avenue Property Holding, LP	:	A-2012-2341123
	:	
Transcontinental Gas Pipe Line Company, LLC	:	A-2013-2341208
	:	
William Petrouleas and Joanna Petrouleas	:	A-2013-2341209
	:	
Peter Palermo and Francine Palermo	:	A-2013-2341211
	:	
Dianne L. Doss	:	A-2013-2341214
	:	
Donald Januszewski	:	A-2013-2341215
	:	
International Consolidated Investment Company	:	A-2013-2341216
	:	
Bradley D. Hummel	:	A-2013-2341220
	:	
Michael Palermo and Joanne Palermo	:	A-2013-2341221
	:	
John F. and Veronica Iskra	:	A-2013-2341233
	:	
Michael A. Mitch and Sue K. Mitch	:	A-2013-2341234
	:	
Clifton Acres, Inc.	:	A-2013-2341236
	:	
Dietrich Hunting Club	:	A-2013-2341237
	:	
NLMS, Inc.	:	A-2013-2341239
	:	
Duke Realty L.P.	:	A-2013-2341241
	:	
Ronald Solt	:	A-2013-2341249
	:	
Edward R. Schultz	:	A-2013-2341253
Donald W. Henderson and Louis Bellucci	:	A-2013-2341262
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Fr E2 Property Holding LP	:	A-2013-2341263

Sylvester J. Coccia	:	A-2013-2341267
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Lawrence Duda	:	A-2013-2341271
	:	
Blue Ridge Real Estate Company	:	A-2013-2341277
	:	
James L. and Michaelene J. Butler	:	A-2013-2344353
	:	
Susan Butler Reigeluth Living Trust	:	A-2013-2344604
	:	
Blueberry Mountain Realty, LLC	:	A-2013-2344605
	:	
Grumble Knot, LLC	:	A-2013-2344612
	:	
Pennsylvania Glacial Till, LLC	:	A-2013-2344616
	:	
Joe and Vanessa Caparo	:	C-2012-227 6713
	:	
v.	:	
	:	
PPL Electric Utilities Corporation	:	

REPLY BRIEF
OF THE OFFICE OF CONSUMER ADVOCATE

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TABLE OF CONTENTS

I.	INTRODUCTION	1
II.	ARGUMENT.....	2
	A. THE 138 kV ALTERNATIVE IS A VIABLE METHOD TO REINFORCE THE CURRENT TRANSMISSION SYSTEM	2
	B. THE 138 kV ALTERNATIVE AND 230 kV PROJECT ARE COMPARABLE IN COST	4
III.	CONCLUSION	6

I. INTRODUCTION

On August 26, 2013, the Office of Consumer Advocate (OCA) filed its Main Brief in this proceeding. Main Briefs were also filed by PPL Electric Utilities Corporation (PPL), North Pocono Citizen's Alert Regarding the Environment (NP CARE), and the Township of Covington. The OCA submits that its Main Brief provides the Pennsylvania Public Utility Commission (Commission) with a comprehensive discussion of the issues related to the need for infrastructure reinforcement in the Northeast Pocono Region, the Company's proposed 230 kV Project and the 138 kV Alternative .

It is not the purpose of this Reply Brief to respond to all of the arguments contained in the Main Briefs of the other parties. The OCA will limit its reply to two issues raised in PPL's Main Brief that require additional clarification and response -- the viability of the 138 kV Alternative and the cost of the 138 kV Alternative. Thus, any failure of the OCA to address specific arguments contained in any other parties' Main Brief does not mean that the OCA agrees with their position or that the OCA has revised its position as set out in its Main Brief.

II. ARGUMENT

A. THE 138 kV ALTERNATIVE IS A VIABLE METHOD TO REINFORCE THE CURRENT TRANSMISSION SYSTEM

PPL argues in its Main Brief that “[t]he 138 kV alternative electrical solution is not a viable technical option to resolve the criteria violations in the Northeast Pocono Study Area because it does not resolve the underlying problems.” PPL M.B. at 67. This statement is not entirely consistent with the record evidence in this matter. PPL’s statement suggests -- (1) that the 138 kV Alternative does not resolve the reliability violations and (2) that resolving the reliability violations is not enough to address the electrical needs of the Northeast Pocono region. It is undisputed, however, that the 138 kV Alternative would resolve all of the reliability violations identified by PPL. PPL’s own witness testified that the 138 kV Alternative would resolve all of the identified reliability violations. PPL St. 2-R at 21. Furthermore, the need to reinforce the existing system should not be solely based on a requirement that the system be redesigned in the process to address “underlying issues”, but rather to find a practical, reasonable solution to address the identified reliability violations.

As filed, PPL’s Application material identified seven (7) reliability violations that were projected to occur in the region beginning in the winter of 2014/2015. See OCA St. 1 at 7. As PPL performed further analysis it determined that only 4 of the 7 original violations remained, as two violations have been deferred and one has been resolved through alternate switching methods. PPL St. 2-R at 4. PPL witness Lisa R. Krizenoskas testified that, based on the remaining violations, reinforcement is still needed. See PPL 2-R at 5. OCA witness Peter Lanzalotta concurred that, based on the remaining violations, some level of reinforcement is necessary. See OCA St. 1 at 10.

Having confirmed that reinforcement is needed, Mr. Lanzalotta went on to determine whether potential alternatives to PPL's proposed 230 kV Project exist that would also satisfactorily resolve the identified reliability violations. Mr. Lanzalotta concluded that the 138 kV Alternative (which was first identified by PPL) would satisfy the electrical needs for the area as to the resolution of all reliability violations that PPL had identified. As Mr. Lanzalotta testified:

My conclusion is that reinforcement of the transmission system in Northeast Pennsylvania is required, although much of the justification initially presented by the Company has been eliminated or deferred. The remaining transmission planning violations and heavy facilities loading still indicate a need for reinforcement. I considered i) the proposed NERP 230 kV transmission line and related facilities and ii) an alternative 138 kV solution. Based on the data available to date, *either of these projects could potentially be reasonable solutions to the identified reliability violations.*

OCA St. 1 at 3 (emphasis added). PPL witness Krizenoskas acknowledged in her Rebuttal Testimony that the 138 kV Alternative would address the violations. See PPL St. 2-R at 21. As PPL is the only other party to address whether the 138 kV Alternative resolves the reliability violations, and concurs with Mr. Lanzalotta that it does, there is no dispute that the 138 kV Alternative is a viable option to resolve the identified reliability violations.

In its Main Brief PPL argues that, even though the 138 kV Alternative resolves the identified reliability violations, it is not a viable solution to the area's electric needs because it does not address the underlying problems – long transmission lines, heavy line loading, and no 230 kV power source in the region. PPL M.B. at 67. The OCA recognizes that addressing the underlying issues is a benefit of the 230 kV Project not shared by the 138 kV Alternative. The

OCA submits, however, that the inquiry as to which Project should be authorized by the Commission is much broader than what is captured by PPL's pure engineering discussion.

The Commission's Regulations require a broad balancing of interests in this matter. As the record provides, the 138 kV Alternative would require no new ROW. OCA St. 1 at 19. In comparison, the 230 kV Project would require 58 miles of new ROW to construct. PPL Exh. 1, App. at 22, ¶ 72. The OCA submits that the Commission should adequately weigh PPL's desire to address the stated "underlying issues" through construction of the proposed 230 kV Project against the equally viable 138 kV Alternative. The ability to resolve the underlying issues should be considered a benefit of the 230 kV Project, not a requirement, in assessing which project – the 138 kV Alternative or the 230 kV Project – best fits the needs of the Northeast Pocono region.

B. THE 138 kV ALTERNATIVE AND 230 kV PROJECT ARE COMPARABLE IN COST

In PPL's Main Brief, PPL states that the 138 kV Alternative will cost "far more" than the 230 kV Project. PPL M.B. at 77. The most current cost estimate of the 138 kV Alternative is approximately \$249 million, with potential additional costs to increase the total cost to \$443 million. PPL St. 5-RJ, Exh. KJS-1 at 2. In comparison, the current cost estimate of the 230 kV Project is \$247 million, with potential to grow. PPL St. 5-RJ at 4. The OCA submits that the current estimated costs for the two projects are comparable -- \$249 million vs. \$247 million, and that PPL's statement that the 138 kV Alternative costs "far more" than the 230 kV Project is a mischaracterization of the most current cost estimates.

Furthermore, as discussed fully in the OCA's Main Brief, the cost estimate for the 230 kV Project does not contain any costs associated with rehabilitating the existing transmission

lines that would need to be tied into the new 230 kV system. OCA witness Lanzalotta testified that the existing lines are between 43-60 years old and stated:

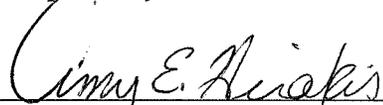
It is likely that, over the next ten years, some or all of these transmission lines will need rebuilding. The 138 kV alternative provides for rebuilding a substantial portion of these transmission lines. The estimated costs for the 230 kV alternative do not. The 230 kV alternative does not avoid the costs of rebuilding the 138/69 transmission lines, and these costs will increase the actual costs of the 230 kV alternative.

OCA St. 1SR at 7. PPL witness Krizenoskas confirmed on cross exam that the updated cost estimate for the 230 kV Project does not include any costs to rehabilitate the existing transmission lines that would be tied into the new 230 kV system. See Tr. at 307-309. Thus, when comparing costs of the two projects, it should be noted that the cost estimate for the 138 kV Alternative includes the costs of upgrading the existing transmission lines and that the cost estimate for the 230 kV Project does not.

III. CONCLUSION

For the reasons discussed above, and those set forth in the Main Brief of the OCA, the OCA submits that the 138 kV Alternative is a viable option to resolve the electric reliability issues in the Northeast Pocono region. The 138 kV Alternative provides a different method of resolving the electric reliability issues in the region than that of the 230 kV Project, and thus has its own advantages and drawbacks. These benefits and drawbacks should be weighed against those of the 230 kV Project to determine whether the 230 kV Project is the appropriate project to resolve the electric reliability issues in the area.

Respectfully Submitted,



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September 9, 2013
174419

CERTIFICATE OF SERVICE

FOR APPROVAL OF THE SITING AND CONSTRUCTION OF TRANSMISSION LINES ASSOCIATED WITH THE NORTHEAST-POCONO RELIABILITY PROJECT IN PORTIONS OF LUZERNE, LACKAWANNA, MONROE, AND WAYNE COUNTIES, PENNSYLVANIA

DOCKET NO. A-2012-2340872

FOR A FINDING THAT A BUILDING TO SHELTER CONTROL EQUIPMENT AT THE NORTH POCONO 230-69 KV SUBSTATION IN COVINGTON TOWNSHIP, LACKAWANNA COUNTY, PENNSYLVANIA IS REASONABLY NECESSARY FOR THE CONVENIENCE OR WELFARE OF THE PUBLIC

DOCKET NO. P-2012-2340871

FOR A FINDING THAT A BUILDING TO SHELTER CONTROL EQUIPMENT AT THE WEST POCONO 230-69 KV SUBSTATION IN BUCK TOWNSHIP, LUZERNE COUNTY, PENNSYLVANIA IS REASONABLY NECESSARY FOR THE CONVENIENCE OR WELFARE OF THE PUBLIC

DOCKET NO. P-2012-2341105

I hereby certify that I have this day served a true copy of the Reply Brief of the Office of Consumer Advocate upon parties of record in this proceeding in accordance with the requirements of 52 Pa. Code §1.54 (relating to service by a participant), in the manner and upon the persons listed below:

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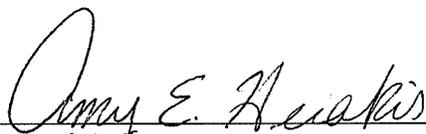
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