

~~PENNSYLVANIA PUBLIC UTILITY COMMISSION~~
~~HARRISBURG, PA 17120~~

**Stratified Management and Operations
Audit of PPL Electric Utilities
Corporation**

**Public Meeting held December 8, 2016
2576052-AUD
Docket No. D-2015-2576052**

STATEMENT OF CHAIRMAN GLADYS M. BROWN

Our Bureau of Audits has completed a stratified management and operations audit of PPL Electric Utilities Corporation (PPL). Of the 118 recommendations cited in the audit report, the Company has accepted 72 of the recommendations, partially accepted 40 recommendations, and rejected six. This is no small feat considering the fact that the total audit benefits could potentially amount to \$3,383,500 in savings per year. While I am pleased to hear that the Company has begun the process of acting upon many of the recommendations, there are a few that I would like to highlight.

The audit has identified the following issues as ripe for further improvement:

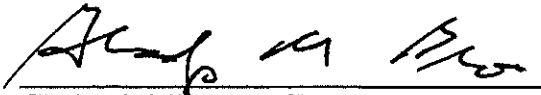
- Accelerate the evaluation of the system changes and other implementation requirements that are needed to have phone agents enroll customers in OnTrack.
- Re-evaluate the staff resources that are dedicated to and support the OnTrack program.
- Improve OnTrack outsourcing processes and decisions.
- Enhance the hiring rates for females and minorities to maintain the parity of PPL employees and the labor market.
- Reevaluate prior ring fencing measures and consider enhancing PPL's ring fencing.

With regard to the OnTrack recommendations, PPL has indicated that it is evaluating its current processes and will work on improvements. Because OnTrack, as a Customer Assistance Program, allows low-income customers to access essential utility service, I urge PPL to complete its OnTrack evaluation and improvements in a timely manner.

I was pleased to see that in 2015 PPL improved its hiring rates for females and minorities. I commend PPL for taking that initiative on its own.

Finally, I urge PPL to re-evaluate the potential risk mitigation benefits that ring fencing measures can create. I recognize that PPL's previous ring fencing policies were undertaken prior to the Talen Energy Corp. spinoff. However, the consideration and potential establishment of new ring fencing measures may insulate PPL Electric Utilities Corporation from risks which arise from the operations of regulated and non-regulated affiliates under PPL's parent holding company.

December 8, 2016
Date


Gladys M. Brown, Chairman