**PENNSYLVANIA**

**PUBLIC UTILITY COMMISSION**

**Harrisburg, PA 17105-3265**

Public Meeting held December 21, 2017

Commissioners Present:

Gladys M. Brown, Chairman

Andrew G. Place, Vice Chairman, Statement

Norman J. Kennard

David W. Sweet

John F. Coleman, Jr.

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| Petition of PPL Electric Utilities Corporation for Approval of its Second Long-Term Infrastructure Improvement Plan  |  Docket Number: P-2017-2622393 |

**OPINION AND ORDER**

**BY THE COMMISSION:**

 Before the Commission for consideration is the Petition for approval of the Second Long-Term Infrastructure Improvement Plan (Second LTIIP) of PPL Electric Utilities Corporation (PPL). PPL filed its Second LTIIP on August 31, 2017. Copies of the Second LTIIP were served on the statutory advocates and the parties of record from PPL’s most recent base rate case proceeding.[[1]](#footnote-1)

 On September 20, 2017, Mr. Eric J. Epstein, private citizen, submitted comments via email that, *inter alia*, requested information: on how PPL plans to improve its reliability performance; on PPL’s reliability improvement expectations; on a mechanism that rate payers can utilize to monitor that performance matches increased funding; on PPL’s innovations and recent technologies being deployed; and on the funding of failed equipment expenditures “based on review of historical trends while considering current failure rates and proactive mitigating measures.” Epstein Comments at 2.

 On October 2, 2017, PPL filed reply comments to Mr. Epstein’s email. PPL noted that Mr. Epstein’s comments did not oppose or object to any portion of the Second LTIIP and that they did not raise any material factual issues related to the Second LTIIP. PPL Reply Comments at 4. In its reply comments, PPL addressed each of the 6 questions raised by Mr. Epstein. PPL also provided more information on the subjects raised by Mr. Epstein in a response to a Commission request for more information, as described below.

 On September 22, 2017, the PP&L Industrial Customer Alliance (PPLICA) filed comments. PPLICA’s comments expressed general concern that the Commission should ensure that the Second LTIIP is thoroughly reviewed and encouraged the Commission to develop robust procedures to ensure PPL’s future implementation of the LTIIP remains reasonably consistent with the projected capital improvements and PPL’s calculation of the distribution system improvement charge (DISC) includes only eligible projects.

 PPLICA’s comments did not oppose or object any portion of the LTIIP, nor raise any material factual issues. We note that the Commission does thoroughly review all filed LTIIPs as well as the required Annual Asset Optimization Plans (AAOPs). Further, the Commission conducts a periodic review of LTIIPs as required by 52 Pa. Code § 121.7.

 On September 29, 2017, the Office of Small Business Advocate (OSBA) filed comments and concluded that the Second LTIIP was inadequate as filed and requested PPL be given an opportunity to supplement its filing to: provide a reasonable explanation for the cost increases; and clarify inconsistencies in the Second LTIIP noted by the OSBA. OSBA Comments at 10. Specifically, the OSBA noted issues with PPL’s Second LTIIP pole replacement, and C-truss rehabilitation of utility pole programs. Further, OSBA noted issues with some of the other Second LTIIP project categories and expenditures.

 On November 2, 2017, PPL filed reply comments to the OSBA as well as a revised Second LTIIP page 18, which corrected a typographical error recognized by OSBA. The OSBA Comments and PPL Reply Comments are addressed herein in the discussion of the required elements of the Second LTIIP.

 On November 17, 2017, via a Secretarial Letter, the Commission issued a request to PPL for more supporting data and details regarding cost-effectiveness, distribution pole replacement and rehabilitation programs, and certain other of the Second LTIIP programs.

 On November 30, 2017, PPL filed a response to the data request.

**BACKGROUND**

 On February 14, 2012,Governor Corbett signed into lawAct 11 of 2012, (Act 11),[[2]](#footnote-2) which amends Chapters 3, 13 and 33 of Title 66. Act 11, *inter alia*, provides jurisdictional water and wastewater utilities, electric distribution companies (EDCs), and natural gas distribution companies (NGDCs) or a city natural gas distribution operation with the ability to implement a distribution system improvement charge (DSIC) to recover reasonable and prudent costs incurred to repair, improve or replace certain eligible distribution property that is part of the utility’s distribution system. The eligible property for the utilities is defined in 66 Pa. C.S. §1351. Act 11 states that as a precondition to the implementation of a DSIC, a utility must file a LTIIP with the Commission that is consistent with 66 Pa. C.S. §1352.

The Commission promulgated regulations relating to LTIIPs at 52 Pa. Code §§ 121.1 – 121.8 that became effective December 20, 2014. In accordance with the regulations, an NGDC must include the following elements in its LTIIP:[[3]](#footnote-3)

1. Types and age of eligible property;
2. Schedule for its planned repair and replacement;
3. Location of the eligible property;
4. Reasonable estimates of the quantity of property to be improved;
5. Projected annual expenditures & measures to ensure plan is cost effective;
6. Manner in which replacement of aging infrastructure will be accelerated and how repair, improvement or replacement will maintain safe and reliable service;
7. A workforce management and training program;
8. A description of a utility’s outreach and coordination activities with other utilities, PennDOT and local governments on planned maintenance/construction projects.

**PPL’s FIRST LTIIP**

PPL is in the business of selling and distributing electric power to retail customers within the Commonwealth of Pennsylvania, and is therefore a “public utility” within the meaning of Section 102 of the Public Utility Code, 66 Pa. C.S. §§ 102, subject to the regulatory jurisdiction of the Commission. PPL provides electricity transmission and distribution services to residential, commercial, and industrial customers. The company delivers electricity to approximately 1.4 million customers in 29 counties of eastern and central Pennsylvania. As of December 31, 2016, its transmission system included 47 substations with a total capacity of 25 million kilovolt ampere (kVA) and 5,314 circuit miles in service. PPL’s distribution system consists of: 350 substations with a total capacity of 13 million kVA; 37,291 circuit miles of overhead lines; and 8,494 underground circuit miles.

 PPL’**s** first LTIIP petition (First LTIIP) was filed with the Commission on September 18, 2012, and was approved in an Order entered on January 10, 2013, at Docket No. P‑2012‑2325034. PPL’s DSIC petition was filed on January 15, 2013, and was approved in an Order entered on May 23, 2013, at Docket No. P-2012-2325034. PPL’s First LTIIP covered the years 2013 through 2017.

 PPL projects that it will have spent about 94% of the $705 million approved First LTIIP funds. The approximately $46 million of underspending is about 6% of the total approved First LTIIP expenditures. However, as shown below, PPL’s reliability performance has continued to improve through the First LTIIP period. PPL's annual capital investments in its First LTIIP were documented in its Annual Asset Optimization Plans (AAOPs), filed with the Commission annually beginning in 2014.[[4]](#footnote-4) PPL’s First LTIIP was also subject to a periodic review initiated in 2015, as required by 52 Pa. Code § 121.7(a). Our periodic review found that PPL’s First LTIIP was sufficient and that PPL had substantially adhered to its plan.[[5]](#footnote-5)

 Table 1, below, details the planned and actual PPL First LTIIP expenditures. The 2017 amounts are a projection based on actual and forecast expenditures for the remainder of 2017. While there was some variation in the individual project categories, PPL’s expenditures overall were on target with their expectations.

**Table 1: PPL First LTIIP Planned and Actual Asset Repair/Replacement Expenditures, in Millions of Dollars** 



 Table 2, below, details the projected and actual materials improved and/or reliability projects completed for the First LTIIP. The information for 2017 for actuals are based on estimations from PPL’s 2017 AAOP. It can be seen that there are several project categories with significant differences in projected and actual amounts. PPL indicated many projects were evaluated during the course of the First LTIIP and this caused the work scope of projects to change, and required PPL to reprioritize LTIIP activities to maximize benefit to customers.

 One example of a project reprioritization was the increase in the number of poles replaced and repaired. PPL started to use an inspection technique that utilizes a full excavation and treatment regimen versus a partial excavation. As a result, PPL identified more pole failures that would have otherwise been undetected. Another project that was refocused was the refurbishment of oil-circuit reclosers (OCRs) on three-phase circuits (Recloser Replacements). PPL stopped refurbishing the OCR reclosers on the three-phase circuits and determined these will be replaced with intelligent vacuum circuit reclosers with remote capability. Also of note, more animal guarding installations were completed due to new work management efficiencies. There were no failed 138/69 12 kV transformers reported as repaired as PPL did not have any failed transformer during the First LTIIP period. PPL provided a review of each project’s expenditure and progress in their AAOPs.

**Table 2: PPL First LTIIP Planned and Actual Materials Improved / Projects Completed**

 

 As shown above, PPL’s First LTIIP expended significant capital and completed numerous projects designed to improved PPL’s reliability. The Commission ensures electric distribution companies (EDCs) are providing reliable service by requiring EDCs to meet certain reliability performance measures. The Commission established reliability benchmarks and standards to measure the performance of each EDC.[[6]](#footnote-6) The benchmarks and standards established by the Commission are based on four reliability

performance metrics adopted by the Institute of Electrical and Electronic Engineers Inc. (IEEE): SAIFI, CAIDI, SAIDI, and MAIFI.[[7]](#footnote-7) Our electric reliability regulations may be found at 52 Pa. Code § § 57.191-198. Table 3, below, details PPL’s annual reliability performance from 2012 through 2016 and as of the end of the second quarter for 2017.

**Table 3: PPL Reliability Performance**



 As can be seen in Table 3, PPL’s reliability performance has been steadily improving, especially in regard to SAIFI. Note that in 2014, there was one large ice storm that impacted PPL and PPL’s SAIFI and CAIDI would have been .85 and 122, respectively, without that storm. The Commission did not establish a standard or benchmark for MAIFI, however this is something that is monitored by Commission staff through the required reliability reporting of EDCs. Of note, MAIFI has increased from 4.11 in 2012, to 6.8 in 2016. In general, as utilities such as PPL increase the number of sectionalizing devices on electrical distribution circuits, the number of customers affected by a sustained outage should be decreasing. However, momentary outages may increase as installed sectionalizing devices isolate the fault to as fewer customers and quickly restore others who will merely notice a momentary loss of power. While momentary outages are a minor inconvenience, the prevention of a sustained outage is the goal. Overall, PPL’s First LTIIP programs and expenditures have appeared to met its goal of improving distribution reliability.

**PPL’s Second LTIIP**

PPL Second LTIIP is a 5-year plan covering the years 2018 through 2022. The Second LTIIP proposed accelerated spending of $903.13 million during that time frame. PPL averred nearly half of their distribution system is 40 or more years old, and as equipment continues to deteriorate it becomes increasingly critical to repair, upgrade, and replace assets. PPL noted the expected benefits of the Second LTIIP include:

* Maintaining public and employee safety
* Reducing service outage durations and number of customers affected
* Reducing service outage restoration times
* Reducing service outage locating and repair times
* Controlling service outage repair costs
* Limiting failure-related damages and related costs
* Improving/maintaining power quality such as voltage, flicker, etc.

PPL noted that historically it has experienced annual swings in reliability performance, primarily related from weather related outages. PPL averred the Second LTIIP will help ensure more consistent reliability performance to ensure performance does not exceed PUC benchmark thresholds for SAIDI, SAIFI, and CAIDI.

PPL, in their petition, addressed the eight LTIIP elements required by 52 Pa. Code § 121.3, as discussed below:

**(1) TYPES AND AGE OF ELIGIBLE PROPERTY**

**PPL’s Position**

PPL averred it faces a long-term issue regarding aging infrastructure. PPL noted that the surge in electrical construction in the 1960’s and 1970’s has resulted in many assets that have reached or are nearing the end of their useful life. PPL averred that nearly half of their distribution system was constructed 40 or more years ago. Table 4, below, details the types of eligible property and average asset age.

**Table 4: PPL’s Eligible Property and Average Asset Age**



**Comments**

In its comments the OSBA expressed concern that the Second LTIIP has several projects related to the replacement and repair of underground cable and that it was not clear if there was not double-counting of amounts in different projects. In its Reply Comments, PPL noted that the Second LTIIP does not have any double counting of expected cost or amounts for cable replacement. PPL further noted that the different projects related to cable replacement and repair were clearly delineated in the Second LTIIP.

**Resolution**

PPL’s Second LTIIP clearly explained the purpose and process for each of the projects related to underground cables. Upon review of PPL’s Second LTIIP and the supplemental information filed, the Commission finds that PPL’s Second LTIIP fulfills the requirements of 52 Pa. Code § 121.3(a)(1) by identifying the types and ages of eligible property for which it seeks DSIC recovery.

**(2) SCHEDULE FOR PLANNED REPAIR AND REPLACEMENT OF ELIGIBLE PROPERTY**

**PPL’s Position**

Table 5, below, details the planned Second LTIIP schedule for the repair and replacement of eligible property. Table 5 provides the schedule by year and by project category.

**Table 5: PPL Second LTIIP Repair and Replacement Schedule for 2018 through 2022**

**Comments**

No comments were received regarding the schedule for planned repair and replacement of eligible property.

**Resolution**

Upon review of PPL’s Second LTIIP and supplemental information filed, the Commission finds that PPL’s Second LTIIP fulfills the requirements of 52 Pa. Code § 121.3(a)(2) by providing a schedule for planned repair and replacement of eligible property.

**(3) LOCATION OF THE ELIGIBLE PROPERTY**

**PPL’s Position**

PPL stated that nearly half of its distribution infrastructure was installed in the 1960s and 1970s. The investment in the distribution assets are expected to mitigate the growth in equipment failure projects in the short-term and eventually reverse the trend in the long-term. Some of the Second LTIIP project locations are dependent on emergent issues. Those projects not tied to a specific location of an asset, such as system reliability and customers experiencing multiple interruptions, are located based on reliability and safety impact. Table 6, below describes generally the expected locations of each of the Second LTIIP project categories.

**Table 6: PPL Second LTIIP Eligible Property Locations** 

**Comments**

No comments were received regarding the location of eligible property.

**Resolution**

Upon review of PPL’s Second LTIIP and supplemental information filed, the Commission finds that PPL’s Second LTIIP fulfills the requirements of 52 Pa. Code § 121.3(a)(3) by providing a general description of the location of eligible property.

**(4) REASONABLE ESTIMATES OF THE QUANTITY OF PROPERTY TO BE IMPROVED and**

**(5) PROJECTED ANNUAL EXPENDITURES AND MEASURES TO ENSURE THAT THE PLAN IS COST EFFECTIVE**

**PPL’s Position**

 The quantity of property to be improved was detailed in Table 5 of LTIIP Element 2, above. Table 7, below details the projected Second LTIIP expenditures by project category and year.

**Table 7: PPL Second LTIIP Projected Expenditures, in Millions of Dollars** 

PPL indicated that it intends to finance the costs of its DSIC eligible work through its normal financing mechanisms, debt and equity. In each DSIC rate filing, PPL will identify its capital structure and cost of debt. PPL will also use the Return on Equity as determined in its base rate case proceeding or as defined in the most recent applicable Commission Quarterly Financial Report.

PPL will award contracts for work on its Second LTIIP by utilizing a Request for Proposal (RFP) process that is followed by all interested bidders. Most contract work is competitively awarded from a field of 3 or more qualified contractors on construction contracts above $15,000, and material purchases greater than $5,000. PPL also has a Contractor of Choice (COC) program for smaller contracts performed on a time and material basis. These programs are controlled at each of the 6 regional offices. If a contract is greater than $50,000, then a corporate PPL Category Manager would oversee the process. For large projects qualified bidders are invited to review the technical and administrative components of the work in a pre-biding meeting and are invited to a walkdown of the project site. During the RFP process qualified bidders ask questions for clarification, and afterward, the awarded bidder meets with responsible PPL personnel for a pre-construction meeting. In general, PPL will award about 65% of the Second LTIIP work to qualified contractors. A detailed PPL Master Services Agreement (MSA) is agreed upon and signed by the awarded bidder prior to the start of any work. PPL provided the Commission with a sample MSA, and a template of general instructions to bidders.

In order to ensure that individual Second LTIIP programs are cost-effective, PPL will routinely review the effectiveness of its programs. Program and project impacts on SAIDI and SAIFI, in addition to potential reductions in outage response costs are compared to the overall program and project costs. Changes in reliability performance metrics are factored into program reviews and funding maybe redirected to projects that help ensure PPL’s ability to meet various reliability performance targets in a cost-effective manner. PPL utilizes a project prioritization process that defines the cost-effectiveness of programs and projects to ensure effective optimization of reliability investments.

PPL’s methodology utilizes a $ per CMI (customer minutes interrupted) or $ per SAIDI minute saved metric. PPL notes that generally any project with an investment less than or equal to $3 per SAIDI minute saved is a good investment. PPL notes that other factors such as system performance, public and employee safety risk, and customer satisfaction also are weighed. Table 8, below, details the estimated $ per SAIDI minute saved for the Second LTIIP projects. Note that, as explained, the metric may not apply or restrict the usefulness of some of the projects.

**Table 8: Estimated $ per SAIDI Minutes Saved PPL Second LTIIP Projects**



**Comments**

The OSBA in their comments noted inconsistencies in the determination of the number of utility poles to be replaced or rehabilitated (C-truss or fiber wrap). The OSBA noted that PPL’s estimates of the quantity of the poles to be replaced did not match the quantity that should result from the calculations PPL provided. The OSBA also noted that PPL appeared to offer no justification for why the rejection rate for inspected utility poles doubled to 10% in the C-truss category. The OSBA further recognized what appeared to be a typographical error in that PPL’s rejection rate for inspected utility poles in the pole replacement category remained at 5%. OSBA Comments at 3-6.

The OSBA also expressed concerns with costs of certain of the Second LTIIP project categories. The OSBA noted that the System Reliability Improvement Projects category seemed to have a significant cost increase on a per-project basis from PPL’s First LTIIP, going from an estimated range of $685,000 to $1.47 million per project in the First LTIIP to a range of $1.83 to $3.3 million per project in the Second LTIIP. *Id*. At 6. The OSBA also noted that PPL greatly increased the spending on the Volt Var Optimizations category from $1.4 million in the First LTIIP to $24.4 million in the Second LTIIP. *Id.* at 7. The OSBA further noted a significant increase in the Replace Failed Underground Cable category from $17.9 million in the First LTIIP to $72.6 million in the Second LTIIP. *Id.* at 7-9.

PPL in its Reply Comments noted the error in its rejection rate for the pole replacement category and filed a revised page 18 of the Second LTIIP that corrected the rate to 10%. PPL Reply Comments at 1-2. PPL also noted that it has recently experienced an increase in rejections of inspected poles. *Id.* at 2. A rejected pole may be replaced or reinforced with either a C-truss or fiber wrap. In supplemental information filed with the Commission, PPL provided justification for the expected increase in inspected pole rejections by showing that the rejection rate has increased from 3% in 2009 to 10% in 2016, and an expected 8% in 2017. PPL also noted in its supplemental information that due to more stringent reinforcement rules, its rate of rejected poles requiring replacement is expected to increase from the estimated 25% outlined in the Second LTIIP discussion to upwards of 40%. This rate equates with the estimated quantities of poles requiring replacement in the Second LTIIP, and the estimates that the OSBA calculated in its comments.

In its Reply Comments, PPL noted that the reason for the increase in costs related to the System Reliability Improvement Projects is that there are several larger capital work projects including, but not limited to: new tie line projects; new line and terminal projects; substation conversions; and new reliability substation projects. PPL Reply Comments at 2.

PPL also noted that the increase in spending for the Volt Var Optimizations was due to the initiative in the Second LTIIP that includes automation of the capacitors and other assets in the program. PPL points out that automation was not a feature in the First LTIIP. PPL notes the automation includes adding technologies that allow automated inspections, enhanced data acquisition, and direct integration with PPL’s Distribution Management System*. Id.* at 2.

PPL also addressed the issue of the increase in planned expenditures for the Replace Failed Underground Cable category. PPL noted that it has seen an increase in failures of both primary and secondary underground cables. PPL also noted that it has seen an increase in the costs related to replacing the underground assets due to the unpredictability of the locations and ground conditions required for underground boring. Finally, PPL noted that in the Second LTIIP it plans to replace, rather than repair, all failed secondary cables. *Id.* at 3.

**Resolution**

PPL, through its Reply Comments and supplemental information filed with the Commission, has corrected the issues regarding its utility pole replacement and repair estimates. PPL has also sufficiently explained the increased costs related to the System Reliability Improvement Projects, Volt Var Optimizations, and Replace Failed Underground Cable categories. We note that the Second LTIIP project completions and expenditures are reviewed by the Commission in PPL’s AAOPs, as well as the required periodic review of LTIIPs as required by 52 Pa. Code § 121.7. These processes allow the Commission to ensure the utilities comply with the LTIIP schedule and cost estimates.

 Upon review of PPL’s Second LTIIP and the supplemental information filed, the Commission finds that PPL’s Second LTIIP fulfills the requirements of 52 Pa. Code §§ 121.3(a)(4) - (5) by providing reasonable estimates of the quantity of property to be improved and the projected annual expenditures and means to finance the expenditures and ensure cost effectiveness.

**(6) ACCELERATED REPLACEMENT AND MAINTAINING ADEQUATE, EFFICIENT, SAFE, RELIABLE, & REASONABLE SERVICE TO CUSTOMERS**

**PPL’s Position**

PPL averred that the Second LTIIP will continue to accelerate its expenditures for needed capital improvements and repairs over its previous investment in its First LTIIP. As shown on Tables 9 and 10, below, PPL’s Second LTIIP expenditures are an increase over its previous capital investment. As demonstrated in the approval Order, the First LTIIP was a continuation of increased capital spending over the period before the First LTIIP.[[8]](#footnote-8)

**Table 9: PPL First LTIIP Expenditures 2013 through 2017, in Millions of Dollars**



**Table 10: PPL Second LTIIP Expenditures 2018 through 2022, in Millions of Dollars**



PPL averred that their aging infrastructure is a significant risk in attaining reliability benchmarks because a large portion of their distribution facilities are now beyond or nearing the end of their design life. Table 11, below, shows that during the First LTIIP period there was a positive trend reducing the number of non-storm related equipment failures. Tables 12 and 13, below, show a positive trend reducing PPL’s average annual SAIDI and SAIFI.

**Table 11: PPL Normal Operations (Non-storm related) Equipment Failures**



**Table 12: PPL Historical Annual SAIDI Results 1994 through 2016**



**Table 13: PPL Historical Annual SAIFI Results 1994 through 2016** 

**Comments**

No comments were received regarding the manner in which the infrastructure replacement will be accelerated.

**Resolution**

Upon review of PPL’s Second LTIIP and supplemental information filed, the Commission finds that PPL’s Second LTIIP fulfills the requirements of 52 Pa. Code §§ 121.3(a)(6) by providing a description of the manner in which infrastructure replacement will be accelerated and how repair, improvement, or replacement will ensure and maintain adequate, efficient, safe, reliable, and reasonable service to customers.

**(7) WORKFORCE MANAGEMENT AND TRAINING PROGRAM**

**PPL’s Position**

PPL provided a description of a rigorous formal training and evaluation process administered for all qualified electrical workers, as defined by OSHA 29 CFR 1910.269 Electrical Power Generation, Transmission and Distribution. PPL’s formal training programs are administered by a group of 7 full time employees who lead the design and development of the programs with input from craft employees from the field. The training, which includes classroom theory and hands-on fieldwork, is delivered in phases over varying lengths of time depending on the subject matter. The trainees are evaluated throughout the program through written or performance examinations. An employee must complete each training module prior to progressing to the next phase of training.

PPL’s trainees in key programs must complete additional skills assessments and are evaluated by a panel of knowledgeable field supervisors and experienced bargaining unit craft members. Over the next 5 years, PPL averred it will be executing a resource strategy that includes formal training classes for newly-hired employees in preparation for anticipated employee attrition.

PPL’s Sourcing department administers a standard process for soliciting contractors to perform work identified to be completed by independent contractors. PPL’s Request for Proposal (RFP) process includes, but is not limited to, an evaluation of the technical, financial, and level of training qualifications of the contractors and their employees performing the contracted work. PPL noted that most independent contractors employ personnel through the building trades, which includes Union apprenticeship programs. PPL noted that employee qualification programs for non-union contractors are stringently reviewed to assess the contractor’s training program, such as on the job training and certification programs.

PPL noted that it monitors contractors’ performance through several activities that may include: direct job oversight through on-site supervision; monthly contractor performance scorecards that evaluate contractors work performance and contractual expectations; and having a final acceptance of work by completing a “Project Quality Evaluation Form.”

**Comments**

No comments were received regarding the workforce management and training program.

**Resolution**

Upon review of the PPL’s Second LTIIP and the supplemental information filed, the Commission finds that PPL’s Second LTIIP fulfills the requirements of 52 Pa. Code § 121.3(a)(7) by providing a workforce management and training program that is designed to ensure that PPL will have access to a qualified workforce to perform the work in a cost‑effective, sage and reliable manner.

**(8) DESCRIPTION OF OUTREACH AND COORDINATION ACTIVITIES WITH OTHER UTILITIES, PENNDOT AND LOCAL GOVERNMENTS ON PLANNED PROJECTS**

**PPL’s Position**

PPL noted that it continues to seek opportunities with other utilities and government officials on the planning and execution of future construction projects. PPL notes that a forum exists with Utility Highway Liaison Committee (UHLC), with whom PennDOT, Turnpike Commission, other utilities, and the Energy Association of Pennsylvania meet quarterly to discuss policy issues and to present new and relocation projects. Initiatives are focused primarily on improving State and utility interactions.

**Comments**

No comments were received regarding the description of outreach and coordination activities with other utilities, PennDOT and local governments on planned projects.

**Resolution**

Upon review PPL’s Second LTIIP and the supplemental information filed, the Commission finds that PPL’s Second LTIIP fulfills the requirements of 52 Pa. Code § 121.3(a)(8) by providing a description of PPL’s outreach and coordination activities with other utilities, PennDOT and local governments on planned projects and roadways that may be impacted by the Second LTIIP.

**SECOND LTIIP SUMMARY**

 The Commission’s review of an LTIIP must determine if the LTIIP:[[9]](#footnote-9)

* Contains measures to ensure that the projected annual expenditures are cost‑effective.
* Specifies the manner in which it accelerates or maintains an accelerated rate of infrastructure repair, improvement or replacement.
* Is sufficient to ensure and maintain adequate, efficient, safe, reliable and reasonable service.
* Meets the requirements of 52 Pa. Code § 121.3(a).

 The utility has the burden of proof to demonstrate that its proposed LTIIP and associated expenditures are reasonable, cost effective and designed to ensure and maintain sufficient, safe, adequate, reliable and reasonable service to consumers.[[10]](#footnote-10)

The Commission has reviewed PPL’s Second LTIIP, supplemental information filed, and any resulting comments. The Commission finds that PPL has meet its burden of proof by demonstrating that its Second LTIIP contains measures to ensure that the projected annual expenditures are cost-effective, specifies the manner in which it accelerates or maintains an accelerated rate of infrastructure repair, improvement, or replacement, is sufficient to ensure and maintain adequate, safe, reliable, and reasonable service, and meets the requirements of 52 Pa. Code § 121.3(a). Accordingly, PPL’s Second LTIIP is approved.

The Commission finds PPL’s Second Long-Term Infrastructure Improvement Plan and manner in which it was filed conforms to the requirements of Act 11 and our Regulations. The plan, as approved herein, is designed to maintain safe, adequate and reliable service and, as such, PPL shall be required to comply with the infrastructure replacement schedule and elements of that plan; **THEREFORE,**

**IT IS ORDERED:**

1. That the Petition for Approval of a Second Long-Term Infrastructure Improvement Plan filed by PPL Electric Utilities Corporation is approved, consistent with this Order.

2. That the proceeding at Docket No. P-2017-2622393 be closed.

 **BY THE COMMISSION,**

 Rosemary Chiavetta

 Secretary

(SEAL)

ORDER ADOPTED: December 21, 2017

ORDER ENTERED: December 21, 2017

1. Docket No. P-2017-2622393. [↑](#footnote-ref-1)
2. <http://www.legis.state.pa.us/WU01/LI/LI/US/HTM/2012/0/0011..HTM>. [↑](#footnote-ref-2)
3. *See* 52 Pa. Code § 121.3. [↑](#footnote-ref-3)
4. PPL’s 2014 through 2017 AAOPs may be found at Docket Nos. M-2014-2413271, M-2015-2469861, M‑2016‑2531747, and M-2017-2591311, respectively. [↑](#footnote-ref-4)
5. *See Periodic Review of PPL Electric Utilities Corporation’s Long-Term Infrastructure Improvement Plan*, Order entered May 5, 2016, at Docket No. M-2015-2505631. [↑](#footnote-ref-5)
6. *See* Docket No. M-00991220. [↑](#footnote-ref-6)
7. SAIFI is the system average interruption frequency index, or frequency of outages; CAIDI is the customer average interruption duration index, or duration of outages; SAIDI is the system average interruption duration index, or frequency of sustained outages; and MAIFI is the momentary average interruption frequency index, or occurrences of momentary customer interruptions. There is no benchmark measure for MAIFI. [↑](#footnote-ref-7)
8. *See Petition of PPL Electric Utilities Corporation pursuant to Act 11 of 2012, the Final Implementation Order of Act 11 and 66 Pa. C.S. §1352, for approval of its Long-Term Infrastructure Improvement Plan*, Order entered on January 10, 2013, at Docket No. P 2012 2325034. [↑](#footnote-ref-8)
9. *See* 52 Pa. Code § 121.4(e). [↑](#footnote-ref-9)
10. *See* 52 Pa. Code § 121.4(d). [↑](#footnote-ref-10)