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October 9, 2012

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor
Harrisburg, PA 17120

VIA ELECTRONIC FILING

RE: Petition of PPL Electric Utilities Corporation For Approval of its Long Term Infrastructure Improvement Plan; Docket No. P-2012-2325034


Dear Secretary Chiavetta:

Enclosed for filing with the Pennsylvania Public Utility Commission ("PUC" or "Commission") is the Comments of the PP&L Industrial Customer Alliance ("PPLICA") concerning the above-referenced proceeding.

As shown by the attached Certificate of Service, all parties to this proceeding are being duly served. Thank you.

Very truly yours,

McNEES WALLACE & NURICK LLC

By 
Adeolu A. Bakare

Counsel to PP&L Industrial Customer Alliance

Enclosures

c: Certificate of Service

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CERTIFICATE OF SERVICE

I hereby certify that I have this day served a true copy of the foregoing document upon the participants listed below in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant).

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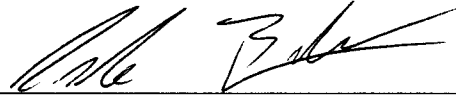
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Adeolu A. Bakare

Counsel to PP&L Industrial Customer Alliance

Dated this 9th day of October, 2012, at Harrisburg, Pennsylvania.

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Petition of PPL Electric Utilities Corporation For Approval of its Long Term Infrastructure Improvement Plan	:	
	:	
	:	Docket No. P-2012-2325034
	:	
	:	

**COMMENTS
OF THE PP&L INDUSTRIAL CUSTOMER ALLIANCE**

I. INTRODUCTION

On September 18, 2012 the PPL Electric Utilities Corporation ("PPL") filed a Petition for Approval of its Long-Term Infrastructure Improvement Plan ("LTIP" or "Plan"). PPL filed the LTIP following the Pennsylvania Public Utility Commission's ("PUC" or "Commission") issuance of a Final Implementation Order at Docket No. M-2012-2293611 ("Implementation Order"). The Implementation Order set forth the Commission's procedures for complying with the requirements of Act 11 of 2012 ("Act 11").

Act 11 provides utilities with an opportunity to implement a Distribution System Improvement Charge ("DSIC") to recover reasonable and prudent costs incurred to repair, improve, or replace distribution system property meeting certain eligibility requirements. The eligibility requirements are defined in Section 1351 of the Public Utility Code. Pa.C.S. § 1351(1). As a further requirement for recovering costs through a DSIC, a utility must file an LTIP in accordance with the provisions of Section 1352 of the statute. 66 Pa.C.S. § 1352(a).

Consistent with the procedures set forth in the Implementation Order, the PP&L Industrial Customer Alliance ("PPLICA") hereby submits the following Comments in response to the Petition filed by PPL on September 18, 2012.

II. COMMENTS

PPLICA has reviewed the LTIP to determine whether PPL's proposal is consistent with Section 1352 of the Public Utility Code and the Commission's Implementation Order. The Implementation Order established that the utility bears the burden of proof as to whether the proposed long-term plan and associated expenditures are reasonable and cost effective and are designed to maintain safe, adequate and reliable service to consumers in conformance with Section 1352(a). Implementation Order, p. 20. PPL's LTIP proposes approximately \$705 million of investment into distribution assets. LTIP, p. 14. These significant expenditures follow the previous acceleration of PPL's current Capital Investment Plan, which was originally budgeted for approximately \$232 million in spending from 2008 through 2012 and, following implementation of an Asset Optimization Strategy in 2009, ramped up to approximately \$447 million over the same period. *Id.* at 10.

Although the LTIP proposes substantial expenditures, it appears that PPL has allocated the \$705 million across a portfolio of equipment and facility investments designed to improve system reliability and reduce outages in a cost-effective manner. Accordingly, based on the representations and data provided in the LTIP, PPLICA does not object to the Company's proposed LTIP at this time.¹ However, several components of PPL's LTIP require further monitoring and review.

PPLICA submits that scope of investment projected for the LTIP demands the highest degree of scrutiny to ensure that the completed capital improvements remain reasonably consistent with projections outlined in the LTIP and limited to eligible assets. The Commission should conduct ongoing reviews of any method applied by PPL to measure cost-effectiveness,

¹ Although PPLICA does not object to PPL's LTIP as filed, PPLICA will participate in any subsequent adjudication or alternate review process initiated by the Commission.

including prioritization processes, asset health indices, and the Company's use of performance indicators such as the System Average Interruption Frequency Index ("SAIFI"), the Customer Average Interruption Duration Index ("CAIDI"), or the System Average Interruption Duration Index to assess program impacts. LTIP, p. 11. Furthermore, the Commission must ensure that only eligible investments are included in the LTIP and the DSIC. The Commission has recognized the necessity to develop a stringent review process for the LTIP, both in acknowledging its statutory obligation to initiate a Rulemaking to establish procedures for the five-year periodic review of LTIPs and in further agreeing to promulgate regulations establishing standards to for amending LTIPs. *See* Implementation Order, p. 21. Accordingly, while PPLICA does not oppose PPL's LTIP at this time, PPLICA encourages the Commission to develop robust procedures to ensure that PPL's future implementation of the LTIP remains reasonably consistent with the projected capital improvements, and that PPL's calculation of the DSIC includes only eligible projects.

III. CONCLUSION

WHEREFORE, the PP&L Industrial Customer Alliance respectfully requests that the Pennsylvania Public Utility Commission consider these Comments in disposing of PPL's proposed Long-Term Infrastructure Improvement Plan.

Respectfully submitted,

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By 

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Dated: October 9, 2012

APPENDIX A

PP&L INDUSTRIAL CUSTOMER ALLIANCE

Air Products and Chemicals, Inc.
Armstrong World Industries, Inc.
General Dynamics-OTS Scranton
Hercules Cement Company
Linde, LLC
SAPA Extrusions, Inc.
The Hershey Company
TIMET North America
Wegmans Food Markets, Inc.