

**PENNSYLVANIA PUBLIC UTILITY COMMISSION
HARRISBURG, PENNSYLVANIA 17120**

**PPL Electric Utilities Corp.-
Affiliated Interest Agreement for
Mutual Assistance with Kentucky
Utilities Company also doing
business in Virginia as Old
Dominion Power Company**

**Public Meeting September 26, 2013
2263689-TUS
Docket No. G-2011-2263689**

**MOTION OF
VICE CHAIRMAN JOHN F. COLEMAN, JR.**

Before the Commission for disposition is an Affiliated Interest Agreement (Agreement) between PPL Electric Utilities Corporation (PPL) and Kentucky Utilities Company, which is a public utility organized under Kentucky and Virginia law and doing business in Virginia as Old Dominion Power Company (KU/ODP). Both PPL and KU/ODP are subsidiaries of PPL Corporation. The Agreement would allow PPL and KU/ODP to provide emergency assistance to each other when service has been disrupted due to the weather, equipment malfunctions, accidents, sabotage or other occurrences for which emergency assistance is necessary or advisable.

The Agreement stipulates that the company requesting assistance will pay all costs and expenses incurred by the responding party in furnishing the emergency assistance. Under Section 2 B of the Agreement, these costs and expenses include, but are not limited to: (1) employee wages and salaries; (2) employee travel and living expenses; (3) replacement cost of materials and supplies; (4) repair or replacement cost of damaged or lost equipment; (5) charges at rates used internally by the responding company for the use of transportation equipment and other equipment and (6) administrative and general costs which are properly allocable to the emergency assistance.

PPL asserts that it will pay only actual costs incurred by KU/ODP to provide emergency assistance. PPL adds that the above language on cost responsibility was taken directly from the principle governing costs and expenses from Edison Electric Institute's (EEI) "Suggested Governing Principles Covering Emergency Arrangements between Edison Electric Institute Member Companies."

PPL is required to obtain Commission approval of the Agreement in accordance with Chapter 21 of the Public Utility Code. I believe the Agreement is reasonable and in the public interest and should be approved.

The Agreement provides PPL with access to an important resource – mutual aid – when electric service to customers has been disrupted due to, among other things, an extreme weather event. The mutual aid available under the Agreement is critical to ensuring that service is restored to affected customers as quickly and as safely as possible. I find the language in Section 2 B of the Agreement regarding cost responsibility to be reasonable as well. I do not believe this language is vague or overly broad,¹ as Section 2 B contains what is a comprehensive list of specific emergency-related assistance costs for which PPL may be responsible under the Agreement.

I also do not believe that the Agreement puts PPL customers at risk for bearing the burden, financially, for any unreasonable emergency assistance-related costs paid by PPL under the Agreement. I remind the parties that today's decision is not a determination on cost recovery from ratepayers or the reasonableness of any costs for emergency assistance paid by PPL under the Agreement. Rather, the ratemaking treatment, if any, for these costs is reviewable in a future ratemaking proceeding where PPL requests cost recovery for such expenses.

To the extent PPL seeks recovery of costs not specifically identified under the “not limited to” clause in Section 2 B of the Agreement, PPL should explicitly describe the nature of these costs and expenses, and should provide the specific amount of such costs and expenses. This should provide the statutory advocates, other interested parties, and the Commission the opportunity to conduct a detailed review prior to allowing any cost recovery.

THEREFORE, I move that:

1. The Affiliated Interest Agreement between PPL Electric Utilities Corporation and Kentucky Utilities Company/Old Dominion Power Company be approved, consistent with this Motion.
2. The Commission's Bureau of Technical Utility Services prepare an appropriate order consistent with this Motion.

Date: September 26, 2013


JOHN F. COLEMAN, JR.
VICE CHAIRMAN

¹ The language in question is the “shall include, but not be limited to” language that appears in Section 2 B of the Agreement prior to the list of the specific costs and expenses to be paid by the company receiving emergency assistance-related services provided under the Agreement.