



17 North Second Street
12th Floor
Harrisburg, PA 17101-1601
717-731-1970 Main
717-731-1985 Main Fax
www.postschell.com

Jessica R. Rogers

jrogers@postschell.com
717-612-6018 Direct
717-731-1985 Direct Fax
File #: 153362

November 25, 2015

VIA ELECTRONIC FILING

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor North
P.O. Box 3265
Harrisburg, PA 17105-3265

**Re: Periodic Review of PPL Electric Utilities Corporation's (PPL's) Long Term
Infrastructure Improvement Plan
Docket No. M-2015-2505631**

Dear Secretary Chiavetta:

Enclosed for filing please find the Reply Comments of PPL Electric Utilities Corporation in the above-referenced proceeding. Copies will be provided as indicated on the Certificate of Service.

Respectfully submitted,

Jessica R. Rogers

JRR/jl

Enclosures

cc: Matthew Stewart
Daniel Searfoorce
Darren Gill
Robert F. Young
Paul Metro

CERTIFICATE OF SERVICE

(Docket No. M-2015-2505631)

I hereby certify that a true and correct copy of the foregoing has been served upon the following persons, in the manner indicated, in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant).

VIA E-MAIL & FIRST CLASS MAIL

Steven C. Gray, Esquire
Office of Small Business Advocate
Commerce Building
300 North Second Street, Suite 202
Harrisburg, PA 17101

Tanya McCloskey, Esquire
Erin L. Gannon, Esquire
Office of Consumer Advocate
555 Walnut Street
Forum Place 5th Floor
Harrisburg, PA 17101-1923

Adeolu A. Bakare, Esquire
Pamela C. Polacek, Esquire
McNees Wallace & Nurick LLC
100 Pine Street
P.O. Box 1166
Harrisburg, PA 17108-1166

Eric Joseph Epstein
4100 Hillsdale Road
Harrisburg, PA 17112

VIA FIRST CLASS MAIL

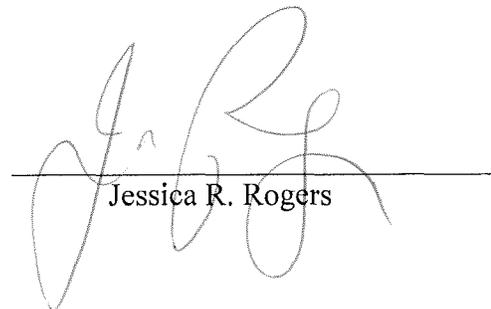
Pamela Mosconi
1754 Oak Court
Damascus, PA 18415

James Weaver
1680 Cochection Turnpike
Orwigsburg, PA 17961

Alan Whitehouse
1303 North 13th Street, A-11
Whitehall, PA 18052

John Hoag
4630 Forest Street
Lehighton, PA 18235

Date: November 25, 2015



Jessica R. Rogers

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Periodic Review of PPL Electric Utilities :
Corporation's (PPL's) Long Term : Docket No. M-2015-2505631
Infrastructure Improvement Plan :

**REPLY COMMENTS OF
PPL ELECTRIC UTILITIES CORPORATION**

TO THE PENNSYLVANIA PUBLIC UTILITY COMMISSION:

PPL Electric Utilities Corporation ("PPL Electric" or the "Company") hereby submits these reply comments in response to the comments filed by the Office of Consumer Advocate ("OCA") on November 5, 2015.

I. BACKGROUND

On September 18, 2012, PPL Electric filed a Long-Term Infrastructure Improvement Plan ("LTIIIP") for approval by the Pennsylvania Public Utility Commission ("Commission") at Docket No. P-2012-2325034. PPL Electric's LTIIIP addressed the repair and replacement programs and expenditures for the calendar years 2013 through 2017. The Commission approved PPL Electric's LTIIIP on January 10, 2013. The Company filed Annual Asset Optimization Plans ("AAOP") on March 28, 2014 at Docket No. M-2014-2413271, and on March 2, 2015 at M-2015-2469861.

In a Secretarial letter dated October 6, 2015, the Commission served notice that it was beginning a midpoint review of PPL Electric's LTIIIP as required by its regulations at 52 Pa.

Code §121.7(a). The Commission established a thirty day period for interested parties to file comments, and twenty days for PPL Electric to respond to any comments.

On November 5, 2015, the OCA filed comments to PPL Electric's LTIP. Therein, the OCA concluded that PPL Electric has generally adhered to its LTIP, and that the Company has provided a significant level of detail in its AAOPs that will assist the Commission's midpoint review of the LTIP. Although the OCA concluded that PPL Electric's AAOPs provided sufficient detail, the OCA also proposed that the Commission should compare PPL Electric's Biennial Inspection, Maintenance, Repair and Replacement Plans ("Biennial Reports") with the Company's AAOPs.

PPL Electric submits that a comparison of the Biennial Reports and AAOPs, as proposed by the OCA, would not be informative or useful to the Commission in its review of the LTIP. PPL Electric also submits that it is not necessary for the Commission to undertake such a comparison to ensure that PPL Electric's LTIP is prudent and cost-effective. For these reasons, as further explained below, PPL Electric respectfully requests that the Commission not adopt the OCA's proposal.

II. REPLY COMMENTS OF PPL ELECTRIC

In its comments, OCA has suggested that the Commission compare PPL Electric's Biennial Reports to its AAOPs in order to determine whether PPL Electric's LTIP is meeting the acceleration and cost-effectiveness requirements of Act 11, or if changes to the LTIP are needed. The OCA's proposal does not consider the differences in the scope and purpose of the Biennial Report and the LTIP. In addition, the OCA's proposal adds an unnecessary additional step in the Commission's review process. For these reasons, as further explained below, the OCA's proposal should not be adopted.

The LTIIP, as the name suggests, is a long-term plan. The programs identified in the LTIIP are intended to improve the reliability of service over many years, and to improve average metrics over a number of years across PPL Electric's entire distribution system. These long-term programs will proactively repair and replace the Company's aging distribution infrastructure to ensure that PPL Electric's system continues to be safe, reliable, and able to meet the needs and expectations of its customers.

Section 1356 of the Public Utility Code, 66 Pa.C.S. § 1356, requires a utility with an approved distribution system improvement charge ("DSIC") to file an AAOP. The AAOP reflects PPL Electric's annual progress and projections for meeting the long-term strategy in the LTIIP. The AAOP reviews the expenditures and progress under PPL Electric's LTIIP for the prior 12-month period, identifies projected spending for the next 12-month period, and also provides system reliability data for the prior five years. PPL Electric's AAOP describes the progress of the long-term programs, explains any deviations from the original projections in the LTIIP, and provides other parties with an opportunity to comment on the progress and expenditures.

Pursuant to the Commission's regulations, every two years PPL Electric is required to file its Biennial Report, which focuses on the requirements established by the Commission in 52 Pa. Code § 57.191 *et. seq.* Unlike PPL Electric's LTIIP and AAOPs, which focus on long-term programs, the Biennial Report focuses on short-term performance metrics, which can be significantly impacted by non-recurring events, such as storms. The long-term programs under the LTIIP may take longer to implement than the two-year period reflected in the Biennial Report. As a result, the data provided in the Biennial Report may not adequately reflect the long-term, system-wide performance goals targeted by the LTIIP. PPL Electric submits that

reviewing short term performance metrics to determine whether long-term program goals are being achieved may lead the Commission to mistakenly conclude that a long-term program is not successful.

In addition, the Biennial Report reflects programs and expenditures that are not part of the LTIP, because they are not eligible for inclusion in the DSIC. Thus, if the Commission were to consider the Biennial Report as it is currently filed, the data in that report would not exclusively reflect the performance of the long-term programs included in the LTIP. Based on this type of comparison, the Commission would have no way to determine which of the programs in the LTIP, if any, were not generating results or were not cost-effective.

Finally, it is not necessary for the Commission to compare the LTIP or the AAOPs to the Biennial Reports to determine whether the LTIP is effective. Each time PPL Electric files an LTIP, all parties to that proceeding have an opportunity to fully review and comment on the various programs that the Company is proposing, and to object to any program that they believe may not be cost-effective or improve reliability.¹ PPL Electric also must file an AAOP each year to report actual expenditures for the prior year and revised estimates for the coming year, as well as system reliability data. In addition, the AAOP must address whether the Company is meeting the accelerated program goals established in the LTIP. Further, PPL Electric must file a revised LTIP if it experiences any changes that qualify as a “major modification” under the Commission’s regulations, including significant changes in the scope or cost of programs in the LTIP. *See* 52 Pa. Code § 121.2. In summary, the Commission’s process already provides the Commission and interested parties with numerous opportunities to review the cost-effectiveness and acceleration of PPL Electric’s LTIP over the course of the five year plan, including system

¹ After five years, PPL Electric must file a new LTIP, at which point parties once again will have an opportunity to investigate and comment on whether the programs included in the LTIP are effective.

reliability and cost data relevant to the LTIIP programs, and therefore the OCA's proposal to compare the AAOPs to information in the Biennial Reports is not necessary.

III. CONCLUSION

For the reasons set forth above, PPL Electric Utilities Corporation respectfully requests that the Commission take these Reply Comments into consideration in conducting its review of PPL Electric's Long-Term Infrastructure Improvement Plan.

Respectfully submitted,



David B. MacGregor (ID # 28804)
Post & Schell, P.C.
Four Penn Center
1600 John F. Kennedy Boulevard
Philadelphia, PA 19103-2808
Phone: 215-587-1197
Fax: 215-320-4879
E-mail: dmacgregor@postschell.com

Paul E. Russell (ID # 21643)
Kimberly A. Klock (ID # 89716)
PPL Services Corporation
Office of General Counsel
Two North Ninth Street
Allentown, PA 18101
Phone: 610-774-4254
Fax: 610-774-6726
E-mail: perussell@pplweb.com
kklock@pplweb.com

Jessica R. Rogers (ID # 309842)
Post & Schell, P.C.
17 North Second Street, 12th Floor
Harrisburg, PA 17101-1601
Phone: 202-661-6964
Fax: 717-731-1985
E-mail: jrogers@postschell.com

Of Counsel:
Post & Schell, P.C.

Date: November 25, 2015

Attorneys for PPL Electric Utilities Corporation