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File #: 153362

November 2, 2017

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: Petition of PPL Electric Utilities Corporation for Approval of its Long-Term Infrastructure Improvement Plan for the Period January 1, 2018 through December 31, 2022 - Docket No. P-2017-2622393

Dear Secretary Chiavetta:

PPL Electric Utilities Corporation (“PPL Electric” or the “Company”) herein submits this letter in response to certain comments submitted by the Office of Small Business Advocate (“OSBA”) in the above-reference matter.

On August 31, 2017, PPL Electric filed and served a Petition for Approval of its second Long-Term Infrastructure Improvement Plan (“LTIIIP-2”) for the period January 1, 2018 through December 31, 2022. Pursuant to 52 Pa. Code § 121.4(c), LTIIIP filings are subject to a 30-day comment period. On September 29, 2017, the OSBA submitted Comments in response to PPL Electric’s LTIIIP-2 filing. Through its Comments, the OSBA requests that PPL Electric provide a reasonable explanation for the cost increases addressed in its Comments and clarify the inconsistencies identified by OSBA. PPL Electric herein responds to OSBA’s Comments addressing both the cost increases and the inconsistencies observed by the OSBA.

Distribution Pole Replacement/C-Truss Distribution Poles

In its Comments, the OSBA states that it “suspect that the rejection rate in the ‘Distribution Pole’ section is an error, and the Company’s intention was to use a rejection rate of 10 percent.” (OSBA Comments at pg. 5). PPL Electric submits that the OSBA has indeed identified a typo in the LTIIIP-2. On page 18 of the LTIIIP-2, the rejection rate for distribution poles should be 10 percent, not 5 percent. As such, the sentence that reads “PPL indicates that 5% of inspected

poles are rejected, and of those rejected, 70% are candidates for reinforcement and 25% are candidates for replacement,” should read “PPL indicates that 10% of inspected poles are rejected, and of those rejected, 75% are candidates for reinforcement and 25% are candidates for replacement.” (See LTIP-2 at pg. 18). PPL Electric will submit a corrected page that makes this correction to the LTIP-2.

The OSBA also states that PPL Electric does not explain what happened to the “additional reinforcement technologies” that served to reduce the forecasted replacement rate in the Company’s current LTTIP (“LTIP-1”), and that the LTIP-2 forecast of replacements is overstated. (OSBA Comments at pg. 4-5). The “additional reinforcement technologies” referenced in the LTIP-1 refer to the use and implementation of fiber wrapping poles. Upon initial implementation of this technology, the number of poles identified for replacement reduced. However, while this technology initially reduced the rejection rate, the Company has since experienced an overall increase in the rejection rate. In 2016 PPL Electric’s pole inspection program moved to a full excavation and treatment program instead of the past partial excavation and treatment program. Under the full excavation and treatment program, poles are dug out to a depth of 18 inches and treated with preservatives, unless marked as a rejected pole. As a result, the Company has identified more pole failures that could have otherwise gone unmitigated. Consequently, the Company anticipates the rejection rate to increase.

Regarding the OSBA’s observation that the C-Truss Distribution Poles rejection rate has gone from 5 percent to 10 percent, PPL Electric confirms that the C-Truss Distribution rejection rate has increased to 10 percent for the reasons explained.

System Reliability Improvement Projects

In its Comments, the OSBA states that the Company has not offered any basis for the large increase in estimated costs between LTIP-1 and LTIP-2 for system reliability improvement projects. (OSBA Comments at pg. 6). The LTIP-2 includes 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, all of which contribute to the increased costs for LTIP-2 compared to LTIP-1.

Volt Var Optimizations (formerly Capacitors)

In its Comments, the OSBA states that PPL Electric offers no rationale for the increase in spending for capacitors. (OSBA Comments at pg. 7). PPL Electric submits that increased costs are related to the Volt/Var initiative included in the LTIP-2. Under this initiative, PPL Electric is leveraging advanced technology to enable condition-based maintenance and automated inspections of the Company’s assets. This provides enhanced data acquisition, driving smarter investment strategies for the aging infrastructure, as well as provides for direct integration with the Company’s Distribution Management System (DMS) which provides centralized automatic operations and fault indication technology. The LTIP-1 did not include the automation of these devices.

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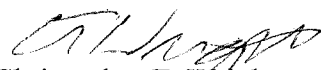
Replaced Failed Underground Cables

The OSBA commented that it is not clear in the LTIIIP-2 that there is not double-counting of expected costs for cable replacement, nor has PPL Electric explained the increased in planned spending related to cable replacement. The OSBA also commented that the difference between “underground cable replacement and life extension” is not clearly different from “replace failed underground primary cable.” (OSBA Comments at pg. 7-8). The Company submits that the LTIIIP-2 does not include a double counting of expected costs related to the replacement of underground cables. PPL Electric has seen an increase in failures for both primary and secondary assets. This increase was documented in the Company’s 2017 Annual Optimization Plan filed with the Commission on March 1, 2017. A copy was served on the OSBA at that time. The costs to replace these assets are higher than average due to the unpredictability of area and ground conditions required for boring. The Company made a decision to replace all failed secondary cables, versus repairing, in order to reduce the number of customers affected. The costs stated in the LTIIIP-2 represent these changes.

Regarding the difference between “underground cable replacement and life extension” is not clearly different from “replace failed underground primary cable,” the “underground cable replacement and life extension” refers to the Company’s use of cable curing, which is a proactive rejuvenation program that extends the life of the cable for its underground getaway cables.

PPL Electric submits this letter to provide clarity on the issues raised in the OSBA’s Comments. Copies of this letter are being served as indicated on the Certificate of Service.

Respectfully submitted,


Christopher T. Wright

CTW/jl
Enclosures

cc: Certificate of Service

CERTIFICATE OF SERVICE

Docket No. P-2017-2622393

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).

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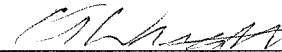
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Date: November 2, 2017



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