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E-File

March 1, 2019

Rosemary Chiavetta, Esquire
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17120

**Re: PPL Electric Utilities Corporation
2019 Annual Asset Optimization Plan
Docket No.**

Dear Ms. Chiavetta:

Enclosed for filing on behalf of PPL Electric Utilities Corporation is its 2019 Annual Asset Optimization Plan for the above-referenced proceeding.

Copies have been provided as indicated on the Certificate of Service.

If you have any questions or need additional information, please call.

Very truly yours,

A handwritten signature in black ink that reads "Kimberly A. Klock". The signature is fluid and cursive, with the first name being the most prominent.

Kimberly A. Klock

Enclosures

cc: Certificate of Service

CERTIFICATE OF SERVICE

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

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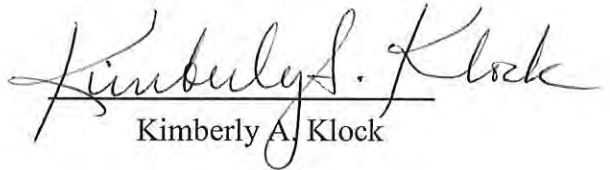
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Date: March 1, 2019


Kimberly A. Klock

PPL Electric Utilities Corporation
Annual Asset Optimization Plan
March 2019

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Introduction

PPL Electric Utilities Corporation (“PPL Electric or the Company”) files this Annual Asset Optimization Plan (“AAO Plan”) in compliance with 66 Pa.C.S. § 1356. Section 1356 requires a utility with an approved distribution system improvement charge (“DSIC”) and long-term infrastructure improvement plan (“LTIP”) to file an AAO Plan. Consistent with the requirements of Section 1356, PPL Electric’s AAO Plan will provide:

- (1) A description that specifies all eligible property repaired, improved and replaced in the immediately preceding 12-month period pursuant to the utility's long-term infrastructure improvement plan and prior year's asset optimization plan; and
- (2) A detailed description of all the facilities to be improved in the upcoming 12-month period.

The AAO Plan is part of PPL Electric’s overall strategy to proactively repair and replace its aging distribution infrastructure in order to ensure that its system continues to be safe, reliable, and able to meet the needs and expectations of its customers. PPL Electric’s plans reflect the Company’s ongoing commitment to accelerate its investment, while managing finite resources and ensuring that its portfolio of activities are cost effective. As a result, PPL Electric’s plans for the upcoming 12-month period have been developed incorporating the lessons learned from the Company’s experience with an effective LTIP and DSIC.

Procedural History

On February 14, 2012, Governor Corbett signed into law Act 11 of 2012 (“Act 11”), which amends Chapters 3, 13 and 33 of the Public Utility Code. Act 11 authorizes electric distribution companies (“EDCs”), natural gas distribution companies (“NGDCs”), water utilities, wastewater utilities and city natural gas distribution operations to establish a DSIC. The DSIC allows utilities to recover reasonable and prudent costs incurred to repair, improve or replace certain eligible property that is part of the utility’s distribution system. Eligible property for EDCs is defined in Section 1351 of the statute. See 66 Pa.C.S. § 1351. As a precondition to the initial implementation of a DSIC, each utility must file and obtain approval of a LTIP that is consistent with the provisions of Section 1352 of the statute. See 66 Pa.C.S. § 1352(a). Act 11 also requires a yearly compliance filing known as an Annual Asset Optimization Plan. See 66 Pa.C.S. § 1356.

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On August 2, 2012, the Commission issued its Final Implementation Order establishing procedures and guidelines necessary to implement Act 11. The Final Implementation Order adopted the requirements established in Act 11, provided additional standards that each utility must meet in developing an LTIP and DSIC, and gave guidance to utilities for meeting the Commission's standards.

On March 14, 2013, the Commission entered a Proposed Rulemaking Order at Docket No. L-2012-2317274 in *Review of Long-Term Infrastructure Improvement Plan*. In its Order, the Commission provided proposed regulations regarding the LTIP, including information on modification of a utility's LTIP, and the annual review process for the AAO Plan. On May 23, 2014, after review of comments from interested stakeholders, the Commission issued a Final Rulemaking Order which set forth the elements an LTIP must contain and outlines the procedure and process for filing and review of LTIPs and AAOPs. The Final Rulemaking Order was published in the *Pennsylvania Bulletin* on December 20, 2014 (44 Pa.B. 7856) and the final regulations became effective upon that publication.

On September 21, 2016, the Commission entered a Supplemental Implementation Order at Docket No. M-2012-2293611 in *Implementation of Act 11 of 2012*. In its Order, the Commission addressed issues regarding the implementation, operation and computation of the DSIC. Specifically, the Commission addressed the requirement of quarterly financial reports for all utilities that use the DSIC mechanism; filing and computation issues for when the DSIC is reset to zero; treatment of over/under collections, or E-factor, after the DSIC is reset to zero; computation issues for determining the DSIC rate cap; and the requirement to file an LTIP by water utilities that use the DSIC.

PPL Electric has been a long-time supporter of implementing a DSIC for EDCs, and has actively participated in the Commission's process to develop the procedures and policies surrounding the Commission's implementation of Act 11. PPL Electric was a participant in the Commission's working groups, and filed comments to both of the Commission's Tentative Implementation Orders.

Background

PPL Electric is a public utility and an EDC as defined in Sections 102 and 2803 of the Pennsylvania Public Utility Code, 66 Pa. C.S. §§ 102, 2803. PPL Electric furnishes electric distribution, transmission, and default service electric supply services to

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approximately 1.4 million customers throughout its certificated service territory, which includes all or portions of twenty-nine counties and encompasses approximately 10,000 square miles in eastern and central Pennsylvania.

On January 10, 2013, PPL Electric's first LTIP ("First LTIP") was approved by the Commission at Docket No. P-2012-2325034. PPL Electric's First LTIP covered the years 2013 through 2017. PPL Electric filed a petition seeking approval of a DSIC on January 15, 2013, which was approved in an Order entered on May 23, 2013, at Docket No. P-2012-2325034. PPL Electric's second LTIP ("Second LTIP") was filed with the Commission on August 31, 2017, and was approved in an Order entered on December 21, 2017, at Docket No. P-2017-2622393. The Company's Second LTIP covers the years 2018-2022. In preparing its LTIPs, PPL Electric followed the guidelines established in the Commission's August 2, 2012 Final Implementation Order.

Within the First and Second LTIPs, PPL Electric categorized its distribution system infrastructure planned for replacements into 32 and 30 asset groups, respectively, and provided a description of the DSIC eligible projects. Details on each of the asset groups included factors used to identify the need for the project, average age of the asset, scope of the project including the number of units to be replaced or improved over the next five years, the approximate location by geographic region for the projects and the yearly expenditures for five years period covered by the LTIPs for each asset class.

Executive Summary

In developing its AAOP, PPL Electric has included all of the 30 asset groups originally included in its Commission-approved Second LTIP. The AAOP provides projected and actual replacement numbers for 2018, and original and revised projections for 2019. PPL Electric maintained the project description provided in the Second LTIP but has added comments to describe the progress of the programs and to explain any deviations from the original projections. While some programs have been modified due to changing circumstances, PPL Electric does not propose to eliminate any of its programs at this time.

As the table below shows, in 2018 PPL Electric has underrun the original amount it projected to spend on DSIC eligible projects. The Company anticipates this underrun will continue as compared to the Second LTIP projections in 2019.

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The Distribution Asset Planning process employed by PPL Electric has been focused on maintaining reliability at the level that existed prior to passage of the Electricity Generation Customer Choice and Competition Act ("Customer Choice Act"). Since the 1994-1998 benchmark period, which defines PPL Electric's reliability performance targets, PPL Electric's service reliability has experienced annual swings, positive and negative, resulting largely from varying weather conditions. Increased and accelerated levels of funding for distribution reliability programs will help to ensure more consistent performance below the PUC benchmark. Historical benchmark performance is illustrated below.

	2014	2015	2016	2017	2018
SAIFI (Benchmark = 0.98; rolling 12-month Std. = 1.18)	0.92	0.72	0.78	0.71	0.84
CAIDI (Benchmark = 145; Rolling 12-month Std. = 174)	180	118	121	146	168
SAIDI (Benchmark = 142; Rolling 12-month Std. = 205)	165	84	94	104	141
MAIFI	3.26	4.2	6.8	6.5	7.2
Average Number of Customers Served	1,399,535	1,405,701	1,411,897	1,417,978	1,422,558
Number of Sustained Customer Interruptions (Trouble Cases)	17,388	14,973	17,473	17,388	21,007
Number of Customers Affected	1,284,603	1,007,983	1,097,142	1,009,780	1,201,596
Customer Minutes of Interruptions	230,750,454	118,547,919	132,904,740	147,223,227	201,484,665
Number of Customer Momentary Interruptions	4,559,353	5,886,251	10,246,275	9,178,611	10,198,199

Approximately 45% of the capital dollars for distribution operations is allocated to Act 11 projects, therefore the assumption was made that 45% of the FTE (Full Time Equivalent) positions would be used for Act 11 purposes as well. The only break down available is between PPL Electric (PPL) and contract (COC) employees; there is no further drill down available at a field/supervisory level. The data shown below are for FTE only.

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Year	PPL	COC	Total
2018	212	129	342
2019	214	158	372

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LTIIIP	2018 LTIIIP	2018 Actuals	2019 LTIIIP	2019 Forecast
Copper Weld Copper	\$0.76	\$0.68	\$1.82	\$0.00
Cross-Yard 12 kV Underground Tie	\$1.72	\$3.06	\$1.65	\$1.29
C-Truss Distribution Poles	\$4.25	\$4.22	\$4.46	\$4.34
Customers Experiencing Multiple Interruptions	\$2.78	\$1.52	\$3.29	\$3.21
Distribution Animal Guarding	\$0.70	\$1.58	\$0.77	\$0.77
Distribution Automation Development	\$12.07	\$13.47	\$17.65	\$6.24
Distribution Failed Equipment	\$16.90	\$17.94	\$16.90	\$20.66
Distribution Pole Replacements	\$17.45	\$17.96	\$17.82	\$17.53
Distribution Reliability Preservation	\$6.58	\$10.03	\$8.09	\$9.26
Distribution Substation Circuit Breakers	\$6.90	\$4.20	\$6.04	\$3.39
Distribution Substation DC Equipment	\$0.19	\$0.45	\$0.26	\$0.27
Fiber Wrap Distribution Poles	\$2.05	\$2.16	\$2.15	\$2.65
Improve System Reliability Projects	\$2.14	\$11.36	\$28.36	\$23.23
Line Cutouts	\$1.51	\$2.28	\$1.51	\$1.52
Low Tension Network Primary Cable, Equipment and Structures	\$2.77	\$4.66	\$5.69	\$3.67
LTN Automation	\$0.00	\$0.00	\$3.43	\$0.00
Miscellaneous Substation Equipment	\$1.36	\$0.39	\$1.97	\$0.84
New Hydraulic Reclosers	\$0.02	\$0.22	\$0.23	\$0.00
Protection and Control	\$1.90	\$3.68	\$2.16	\$3.02
Reliability Preservation Emergent	\$1.80	\$1.87	\$1.77	\$1.37
Replace Deteriorated/Failed Low-Tension Network Equipment and Structures	\$0.86	\$2.48	\$0.86	\$0.88
Replace Deteriorated/Failed Area Supply Substation Equipment	\$2.53	\$2.54	\$2.52	\$2.58
Replace Failed 12kV Underground Getaway Cable	\$1.32	\$0.85	\$1.52	\$1.54
Replace Failed Underground Cable	\$14.19	\$13.88	\$14.19	\$14.67
Substation 69/12 kV Transformer Replacement	\$5.87	\$2.27	\$5.04	\$2.94
Substation Animal Guarding	\$0.51	\$0.38	\$0.51	\$0.12
Underground Cable Replacement and Life Extension	\$7.89	\$7.50	\$7.98	\$6.39
Underground Getaway Cable Replacements and Life Extension	\$5.05	\$3.87	\$5.30	\$5.37
Unreimbursed Highway Relocations	\$5.21	\$3.97	\$4.60	\$4.43
Volt Var Optimization	\$2.72	\$2.05	\$2.97	\$2.82
	\$129.99	\$141.49	\$171.52	\$144.99

In Millions

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Distribution Assets

The following pages set forth actual results for calendar year 2018 and revised projections for calendar year 2019. These assets include, but are not limited to, the following:

- Structures
 - Poles
 - Crossarms
 - Vaults
 - Manholes
- Overhead Conductors and Hardware
- Underground Cables and Hardware
- Switching Devices
 - Air Break Switches
 - Disconnect Switches
 - Switching Cabinets
- Protective Devices
 - Fuses
 - Reclosers
 - Network Protectors
 - Lightning Arresters
- Transformers
 - Overhead
 - Pad-Mounted
 - Submersible
 - Low Tension Network

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Distribution Pole Replacements

Program Description and Purpose

Replacement of distribution wood poles identified as non-restorable (cannot be reinforced) during the annual inspect and treat program or during a spot inspection in an effort to improve public and employee safety, as well as service reliability. This program contributes to storm hardening efforts and aims to improve public and employee safety, as well as service reliability, by reducing potential pole failures.

Identification/Justification Process

PPL Electric inspects approximately 90,000 poles per year. Historical data suggests an approximate 5% rejection rate from the population of yearly inspections; of those rejected, 70% are candidates for reinforcement while 25% are candidates for replacement. Replacing rejected poles avoids property damage and risk of accidental injury, and it mitigates the costs associated with extended service outages. Replacement rates are expected to fall as a result of PPL Electric's pole treatment program. The average age of an in-service wooden distribution pole is 38 years.

Scope

The scope of the program is a direct correlation to the number of wood pole inspections.

Replacements in Units	2018	2019
Second LTIP	2900-3200	2900-3200
Current YR Actual/ Future YR Forecast	2,735	4000-4300

Locations

Specific locations are a direct correlation to the wood pole inspection plan. Inspection locations are identified yearly primarily as a function of previous inspection dates, as well as ensuring cost-effectiveness of the program and minimizing inspection crew movements.

Planned Expenditures (in millions)

Planned Expenditures	2018	2019
Second LTIP	\$17.45	\$17.82
Current YR Actual/ Future YR Forecast	\$17.96	\$17.53

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Comments:

PPL Electric is expanding the planned pole inspection scope in 2019 by 33%, so the resultant programs to handle the poles that do not pass inspection and must be remediated or replaced will also expand in scope.

C-Truss Distribution Poles

Program Description and Purpose

Steel reinforcement (C-Trussing) of deteriorated distribution wood poles in order to restore the pole's original strength, ensure public safety, and maintain reliable electric service through the reduction of potential pole failures. This program contributes to storm hardening efforts by reducing potential pole failures.

Identification/Justification Process

PPL Electric inspects approximately 90,000 poles per year. Historical data suggests an approximate 10% rejection rate from the population of yearly inspections, of which historically 75% are candidates for steel reinforcement. When applicable, this method achieves a significant savings over pole replacement.

Scope

Reinforcements in Units	2018	2019
Second LTIP	5260-5815	5260-5815
Current YR Actual/ Future YR Forecast	5,054	8500-8800

Locations

Locations identified for C-trussing are a direct correlation to the number of wood pole inspections.

Planned Expenditures (in millions)

Planned Expenditures	2018	2019
Second LTIP	\$4.25	\$4.46
Current YR Actual/ Future YR Forecast	\$4.22	\$4.34

Comments:

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PPL Electric is expanding the planned pole inspection scope in 2019 by 33%, so the resultant programs to handle the poles that do not pass inspection and must be remediated or replaced will also expand in scope.

Fiber Wrap Distribution Poles

Program Description and Purpose

Fiber reinforcement of deteriorated distribution wood poles to improve the pole's strength, ensure public safety and maintain reliable electric service through the reduction of potential pole failures. Fiber wrapped poles are restored to 85% original strength. Fiber wrap is a reinforcement method by which a standing pole in Pennsylvania Department of Transportation (PennDOT) right of way is wrapped and cured in fiber reinforcement materials. This program contributes to storm hardening efforts and aims to improve public and employee safety, as well as service reliability, by reducing potential pole failures.

Identification/Justification Process

Fiber wrap candidates are selected from a pool of restorable poles in PennDOT's right-of-way on the basis of the condition of pole, the age of pole and the cost of replacement. Historically, reinforcement of poles within PennDOT right-of-way was not practiced and all poles that did not pass inspection were replaced. In an effort to increase cost-effectiveness, PPL Electric began fiber wrap reinforcement during 2012 and reduced the number of pole replacements from 30% of rejected poles to 25%. Shifting capital from replacement to fiber wrap allows capital to be invested in more effective areas.

Scope

Fiber Wrap in Units	2018	2019
Second LTIP	585-645	585-645
Current YR Actual/ Future YR Forecast	676	1100-1400

Locations

Locations identified for fiber wrap are a direct correlation to the wood pole inspection plan.

Planned Expenditures (in millions)

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Planned Expenditures	2018	2019
Second LTIP	\$2.05	\$2.15
Current YR Actual/ Future YR Forecast	\$2.16	\$2.65

Comments:

PPL Electric is expanding the planned pole inspection scope in 2019 by 33%, so the resultant programs to handle the poles that do not pass inspection and must be remediated or replaced will also expand in scope.

Line Cutouts

Program Description and Purpose

Replacement of porcelain cutouts on the 12kV system to avoid tracking along freeze/thaw cycle cracks, which can eventually lead to pole top fires.

Identification/Justification Process

Porcelain cutouts are identified via regularly scheduled line patrols (EOR, WPC, pole inspections). Locations are then prioritized via system exposure and historical locational propensity to pole top fire events.

Scope

Cutouts in Units	2018	2019
Second LTIP	400-500	400-500
Current YR Actual/ Future YR Forecast	908	890-920

Locations (Approximate total over 5 year plan)

Region	Units
Lehigh	72
Northeast	40
Central	247
Susquehanna	275
Harrisburg	117
Lancaster	157

Planned Expenditures (in millions)

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Planned Expenditures	2018	2019
Second LTIP	\$1.51	\$1.51
Current YR Actual/ Future YR Forecast	\$2.28	\$1.52

Comments:

Due to the expansion of work necessary to fill PPL Electric's second shift crew's time, which will continue at the same level as the second shift program continues, our original estimate of the number of cutouts that could be replaced in a year was too low.

Volt Var Optimization

Program Description and Purpose

Installation of capacitors on the 12 kV system to achieve a near unity power factor on the high side of the distribution substation transformers ensuring required overall power quality.

Identification/Justification Process

Capacitors are installed on the 12 kV system using VAR requirements that are identified annually by PPL Electric's distribution planning resources. PJM requires a minimum power factor of 0.97 as measured at the transmission/distribution interface point. Scope is determined by voltage and MVAR requirements to support any system shortages. Regional splits are analyzed annually based on need.

Scope

Installations in Units	2018	2019
Second LTIP	300-350	325-375
Current YR Actual/ Future YR Forecast	216	514

Locations (Approximate total over 5 year plan)

Region	Units
Lehigh	23
Northeast	35
Central	31
Susquehanna	27
Harrisburg	40
Lancaster	60

Planned Expenditures (in millions)

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Planned Expenditures	2018	2019
Second LTIP	\$2.72	\$2.97
Current YR Actual/ Future YR Forecast	\$2.05	\$2.82

Comments:

Capacitor bank installations that were not completed in 2018 were moved into next year which contributed to the increase in the 2019 forecasted installations.

New Hydraulic Reclosers

Program Description and Purpose

Proactive installation of new hydraulic reclosers to improve reliability performance by increasing circuit sectionalizing ability. Reclosers minimize the number of customers affected by a sustained outage.

Identification/Justification Process

Locations are requested by regional reliability engineers and prioritized annually based on anticipated SAIDI savings. A gradual scope reduction is assumed in the outer years as a result of saturation of reclosers and other distribution automation equipment.

Scope

Installations in Units	2018	2019
Second LTIP	3-5	15-20
Current YR Actual/ Future YR Forecast	8	8-10

Locations (Approximate total over 5 year plan)

Region	Units
Lehigh	0
Northeast	1
Central	3
Susquehanna	3
Harrisburg	0
Lancaster	1

Planned Expenditures (in millions)

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Planned Expenditures	2018	2019
Second LTIP	\$0.02	\$0.23
Current YR Actual/ Future YR Forecast	\$0.22	\$0

Comments:

The installation of new single phase reclosers is now being run out of a combined single phase protection program, which has its own budget. This is why the planned expenditure for the program in 2019 is \$0. A similar number of installations as in previous years are expected.

Distribution Animal Guarding

Program Description and Purpose

Proactive installation of animal guards on existing distribution overhead transformers and air break switches to improve circuit reliability. Animal guards help prevent animal-related contacts which cause service interruptions.

Identification/Justification Process

Air break switches have animal guarding installed as part of their inspection process. Transformers are identified both by opportunistic installation of guarding during other non-related work, and by on-the-spot or follow-up orders after responding to animal-caused outages.

Scope

Areas To Address	2018	2019
Second LTIP	300-400	300-400
Current YR Actual/ Future YR Forecast	597	590-620

Locations (Approximate total over 5 year plan)

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Region	Units
Lehigh	156
Northeast	162
Central	54
Susquehanna	75
Harrisburg	106
Lancaster	44

Planned Expenditures (in millions)

Planned Expenditures	2018	2019
Second LTIIP	\$0.70	\$0.77
Current YR Actual/ Future YR Forecast	\$1.58	\$0.77

Comments:

PPL Electric is making a concerted effort to animal guard every animal outage as they occur, with those that cannot be animal guarded at the time getting a follow-up work order. As part of this program is reactionary, the precise number of animal guards installed year to year will not be completely forecastable. 2019 should follow close to what was installed in 2018. The budget necessary for installation of these guards should be similar to 2018's total expenditure, and the budget for this program will need to be increased.

Distribution Failed Equipment

Program Description and Purpose

Replacement or repair of failed or deteriorated capital units of distribution equipment, excluding underground cable, in order to maintain adequate service reliability.

Identification/Justification Process

Candidates are identified via inspections, both planned and ad-hoc, as well as actual outages and power service problems. Budget allocations are based on historical trends of hours charged to corrective work, in addition to projected trends of future equipment failures. Examples include, but are not limited to, failed reclosers, poles, capacitor banks, and air breaks.

Scope & Locations

Scope and locations are determined as equipment fails.

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Planned Expenditures (in millions)

Planned Expenditures	2018	2019
Second LTIP	\$16.90	\$16.90
Current YR Actual/ Future YR Forecast	\$17.94	\$20.66

Comments:

This program is in line with historical spend averages.

Replace Failed Underground Cable

Program Description and Purpose

Replacement of failed underground residential primary cables in order to maintain adequate service reliability.

Identification/Justification Process

Candidates are identified via actual failures. Budget recommendations are based on historical trends of hours charged to corrective work, in addition to projected trends of future equipment failures.

Scope & Locations

Scope and locations are determined as cable fails.

Planned Expenditures(in millions)

Planned Expenditures	2018	2019
Second LTIP	\$14.19	\$14.19
Current YR Actual/ Future YR Forecast	\$13.88	\$14.67

Comments:

2018 actual spend was slightly lower than target despite the marginal increase in failures seen compared to 2017; this is predominantly due to the smaller size of jobs completed compared to historical averages with higher unit rates. Projected spend in 2019 is slightly higher than the original LTIP filing, as boring costs are coming higher than in previous years.

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Replace Failed 12 kV Underground Getaway Cables

Program Description and Purpose

Replacement of failed 12 kV underground getaway cables in order to maintain adequate service reliability. Getaway failures can result in long duration outages. Getaway cables connect substations to outgoing feeders beyond the substation perimeter.

Identification/Justification Process

Candidates are identified via actual failures and cables with severely poor testing results. Budget recommendations are based on historical trends of hours charged to corrective work, in addition to projected trends of future equipment failures.

Scope & Locations

Scope and locations are determined as cable fails or fails testing.

Planned Expenditures(in millions)

Planned Expenditures	2018	2019
Second LTIP	\$1.32	\$1.52
Current YR Actual/ Future YR Forecast	\$0.85	\$1.54

Comments:

In 2018, program costs came in lower than the forecasted spend due to PPL Electric crew workloads and scheduling shifts.

Replace Deteriorated/Failed Low Tension Network Equipment and Structures

Program Description and Purpose

Replacement or repair of deteriorated and failed equipment related to low-tension networks, including submersible transformers, network protectors, manholes, and vault tops in order to maintain adequate service reliability. Low-tension networks are low voltage underground distribution facilities found in urban areas.

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Identification/Justification Process

Candidates are identified via actual failures, inspections, testing, or work on the system. Budget recommendations are based on historical trends of hours charged to corrective work, in addition to projected trends of future equipment failures.

Scope & Locations

Scope and locations are determined as cable fails.

Planned Expenditures(in millions)

Planned Expenditures	2018	2019
Second LTIP	\$0.86	\$0.86
Current YR Actual/ Future YR Forecast	\$2.48	\$0.88

Comments:

The 2018 actuals came in much higher than the original budget due to an increase in deteriorating assets and an increase of construction costs.

Underground Cable Replacement and Life Extension

Program Description and Purpose

Programmatic replacement and/or treatment of deteriorated underground cable to maintain reliable electric service. Specifically for underground residential developments ("URD"), PPL Electric's course of action is to treat the entire URD, where possible.

Identification/Justification Process

Candidates are selected based on history of cable failures. Once the initial failure is treated, remaining cable sections of the same vintage in the area are tested. Test results drive the decision to either replace the cable or treat it with a compound to restore cable insulation, known as cable curing. The profile of URD cable varies across URDs, thus making it difficult to predict whether cable curing or replacement will be the prevalent course of action in a given URD. On a system-wide basis, however, historical experience indicates that of the total number of cables in troubled URD locations, typically 35% can be cured, 25% require replacement, and 40% do not require immediate remediation.

Regional allocation of cable remediation is based on historical regional percent contribution to system-wide cable failures.

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Scope

Scope In Cable Sections	Treatment	2018	2019
Second LTIP	Replacement After Test	220-280	220-280
Current YR Actual/ Future YR Forecast	Replacement After Test	15	0-5
Second LTIP	Cure	600-680	800-900
Current YR Actual/ Future YR Forecast	Cure	884	600-650
Second LTIP	Proactive Replacement	150-175	150-175
Current YR Actual/ Future YR Forecast	Proactive Replacement	85	78-85

Planned Expenditures (in millions)

Planned Expenditures	2018	2019
Second LTIP	\$7.89	\$7.98
Current YR Actual/ Future YR Forecast	\$7.50	\$6.39

Comments:

In 2018, replacement by testing was not carried out which reduced the number of segments that are replaced after test. In 2018, the portfolio was reprioritization to accommodate higher reliability projects, resulting in reduced scope throughout PPL Electric's proactive replacement programs and an increase in cable curing efforts. The Company expects similar trends for 2019.

Low Tension Network Primary Cable, Equipment and Structures

Program Description and Purpose

Programmatic replacement of deteriorated equipment related to low-tension networks, including: paper insulated lead cable (PILC), submersible transformers, network protectors, manholes, and vault tops. The purpose of this program is to ensure public safety and service reliability through the replacement of underground facilities that have reached the end of their expected life or show signs of premature age from prolonged exposure to corrosive environments.

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Identification/Justification Process

Vintage PILC cable has a documented history of problems and was deemed prudent to replace entirely. Replacement and repair of manhole and vault tops is determined by regular inspection. Transformer and network protector replacements are determined through inspection and age, where assets exceeding 40 years in service are considered highest priority.

Scope

Replacements in Units		2018	2019
Second LTIP	Lead Cable	0-5	1-5
Current YR Actual/ Future YR Forecast	Lead Cable	0	0-2
Second LTIP	LTN Equipment	15-30	15-30
Current YR Actual/ Future YR Forecast	LTN Equipment	11	10-15

Planned Expenditures (in millions)

Planned Expenditures	2018	2019
Second LTIP	\$2.77	\$5.69
Current YR Actual/ Future YR Forecast	\$4.66	\$3.67

Comments:

The 2018 actuals came in much higher than the original budget, despite less work being completed. This is due to several factors such as higher construction costs and reprioritizing higher reliability work throughout the year. There are several large cable replacements scheduled for 2019 that will consume much of the budget, allowing for minimal equipment replacements. The 2019 budget was reduced by roughly \$2 million after a distribution program reprioritization, to allocate the funds to higher priority work.

LTN Automation

Program Description and Purpose

The purpose of the program is to install remote monitoring and control equipment in all Low Tension Network (LTN) vaults. This will allow for safer operation of LTNs, a reduction in maintenance costs, a reduction in failed equipment requiring replacement, and better data for asset planning and investment.

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Identification/Justification Process

Rollout of this program began in the Leigh and Harrisburg regions. By the completion of this program, all LTN vaults will receive automation.

Scope

Replacements in Units	2018	2019
Second LTIP	0-1	1-2
Current YR Actual/ Future YR Forecast	0	0-1

Locations (Approximate total over 5 year plan)

Region	Units
Lehigh	0
Northeast	0
Central	0
Susquehanna	0
Harrisburg	0
Lancaster	0

Planned Expenditures (in millions)

Planned Expenditures	2018	2019
Second LTIP	\$0.00	\$3.43
Current YR Actual/ Future YR Forecast	\$0	\$0

Comments:

The LTN Automation program has been strategically reprioritized to begin in 2020 with a renewed focus on remote operability and smarter technology. Subsequently, budgets were shifted out of 2019 into outer years.

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Underground Getaway Cable Replacements and Life Extension

Program Description and Purpose

Programmatic replacement of aging 12 kV underground getaway cables, with an emphasis on conversion to overhead design, to prevent service outages and reduce outage durations for improved reliability.

Identification/Justification Process

Getaways are selected on a basis of failure history, cable test results, and age. Cables that are older than 40 years and serve a large number of customers, are given highest priority. The average age for UG cables identified for replacement is 38 years. PPL Electric also plans to incorporate treatment methods for getaways that are currently implemented for URD cables on the distribution system.

Scope

Replacements in Units	2018	2019
Second LTIP	30-35	30-35
Current YR Actual/ Future YR Forecast	27	25-30

Locations (Approximate total over 5 year plan)

Region	Units
Lehigh	5
Northeast	1
Central	9
Susquehanna	2
Harrisburg	7
Lancaster	3

Planned Expenditures (in millions)

Planned Expenditures	2018	2019
Second LTIP	\$5.05	\$5.30
Current YR Actual/ Future YR Forecast	\$3.87	\$5.37

Comments:

In 2018, the number of units replaced was less than forecasted due to an increase in cost of materials and overall getaway installation.

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Copper Weld Copper

Program Description and Purpose

Programmatic replacement of overhead #6 Copper, and #6, #6A and #7A Copper Weld overhead conductor to improve reliability of service by reducing potential for long-duration conductor failures. Such vintages of conductor are known to anneal and are often found in heavily wooded areas of the service territory where relocation, along with reconductoring, help to ensure future outages can be restored more quickly. PPL Electric currently is evaluating expanding this program to include other types of vintage cables/conductors.

Identification/Justification Process

Circuits are prioritized by an algorithm that weighs the amount of copper on the line and historic customer service interruptions.

Scope

Planned Projects	2018	2019
Second LTIP	2-4	3-5
Current YR Actual/ Future YR Forecast	7	0-2

Locations (Approximate total over 5 year plan)

Region	Projects
Lehigh	4
Northeast	1
Central	1
Susquehanna	1
Harrisburg	0
Lancaster	0

Planned Expenditures (in millions)

Planned Expenditures	2018	2019
Second LTIP		
	\$0.76	\$1.82
Current YR Actual/ Future YR Forecast	\$0.68	\$0

Comments:

The Copper Weld Copper replacement program is on hold in an effort to reprioritize higher reliability work.

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Customers Experiencing Multiple Interruptions

Program Description and Purpose

Improve reliability for customers experiencing multiple interruptions (“CEMI”) and customers experiencing multiple momentary interruptions (“CEMMI”) via upgrades to their circuits. The purpose of the program is to prevent future outages from occurring and to increase communication with customers who experience five or more service outages within a one year period, or two or more momentary interruptions per month on average for a year.

Identification/Justification Process

Projects are identified by regional distribution planners and regional reliability supervisors once a circuit has customers who exceed a threshold of five or more service interruptions within a calendar year, or are downstream of devices that momentarily interrupt customers more than set thresholds for various time frames. Projects are vetted at cross-functional task force meetings (both for CEMI and CEMMI) for approval and ranked systematically based on historical CEMI performance, year-to-date CEMI performance, cost per customer benefit, and expected reliability improvements. CEMMI projects are ranked based on cost and number of customers affected, along with severity of issue. Examples include, but are not limited to, reconductoring lines, replacing and/or relocating protective equipment with new equipment, and building new tie lines to improve switching capabilities. It should be noted that sizes of projects vary significantly which can result in material swings in the number of planned projects.

Scope

Replacements in Units		2018	2019
Second LTIP	CEMI	10-30	20-40
Current YR Actual/ Future YR Forecast	CEMI	50	25-38
Second LTIP	CEMMI	125-140	125-140
Current YR Actual/ Future YR Forecast	CEMMI	70	70

Locations

Locations are identified based upon emergent reliability needs.

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Planned Expenditures (in millions)

Planned Expenditures	2018	2019
Second LTIP	\$2.78	\$3.29
Current YR Actual/ Future YR Forecast	\$1.52	\$3.21

Comments:

In 2018, the CEMI program identified a higher number of projects than projected, as unit rates were lower than previously estimated. 2019 CEMI projects are on track with the original LTIP projections. CEMMI projects were lower than initially estimated, as individual projects were larger in scale than originally estimated. The same overall expenditure was maintained for CEMMI.

Distribution Reliability Preservation

Program Description and Purpose

Upgrades to the distribution system as justified by regional reliability supervisors to improve reliability. Improvements are targeted towards WPCs, circuits with a history of customer complaints, or recommendations as a result of EORs. EORs are detailed reliability and operational analysis performed on 25% of a region's distribution circuits per year.

These projects are outside the scope of the Worst Performing Circuit program because they are smaller in nature and can be more quickly engineered and constructed.

Identification/Justification Process

Regional reliability supervisors identify and submit requests for small-scale circuit improvement projects. Projects under \$50,000 are directly identified by the regions, approximately 60% of the budget is allotted towards these small improvements. Projects over \$50,000 are ranked utilizing PPL Electric's investment prioritization tool to ensure funds are directed towards the most cost-effective projects. The number of projects and locations may vary depending on areas with reliability concerns. Examples include, but are not limited to, installation of fuses, fault indicators, reconductoring of vintage conductor, upgrading conductor to reduce impact of vegetation related service outages, and relocating sections of lines that may be inaccessible or prone to vegetation related service outages.

It should be noted projects vary significantly in size, which can result in material swings in the number of planned projects.

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Scope

Planned Projects	2018	2019
Second LTIP	15-35	20-40
Current YR Actual/ Future YR Forecast	582	550-580

Locations

Locations are identified based upon emergent reliability needs.

Planned Expenditures (in millions)

Planned Expenditures	2018	2019
Second LTIP	\$6.58	\$8.09
Current YR Actual/ Future YR Forecast	\$10.03	\$9.26

Comments:

Reliability Preservation was originally forecasted with larger, more complex projects as the major contributor to the work order count. However, in order to facilitate PPL Electric second shift crew's need for smaller, more readily accomplished work, PPL Electric changed the procedure for creating fusing work orders. This created one work order per location. These "job jar" work orders constitute the bulk of the work orders above, and are individually small jobs.

Reliability Preservation Emergent

Program Description and Purpose

Remediation of issues primarily associated with secondary voltage and emergent small-scale customer reliability needs in order to improve reliability.

Identification/Justification Process

Work is identified by line crews, as well as through customer calls, and is completed to avoid potential service outages, power quality concerns and safety issues. Examples include, but are not limited to, modifying capacitance to address voltage concerns, installing fusing to aid in sectionalizing, installing animal guards after multiple animal caused outages, and replacing transformers to resolve transformer overload. Budget recommendations are based on historical trends of hours charged.

Scope & Locations

Scope and locations are determined as emergent needs arise.

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Planned Expenditures (in millions)

Planned Expenditures	2018	2019
Second LTIP	\$1.80	\$1.77
Current YR Actual/ Future YR Forecast	\$1.87	\$1.37

Comments:

Future budget is in line with historic actuals.

Distribution Automation Development

Program Description and Purpose

Upgrade existing air breaks, vacuum circuit reclosers (“VCRs”), and SCADA (“Supervisory Control and Data Acquisition”) at distribution substations, and identify new locations to install automated air breaks and VCRs to improve circuit reliability. This will allow for automatic sectionalizing and restoration of customers during service outage conditions. This plan meets the recommendation the Commission issued on August 7, 2012 regarding outage mitigation techniques during storm events.

Recloser Replacements:

Prior to 2014, PPL Electric inspected and refurbished all reclosers (single and three-phase) on an eight-year cycle, pursuant to PUC Inspection and Maintenance Standard 52. Pa. Code § 57.198 (n)(7). In 2015, to improve reliability and move the company toward condition-based maintenance, PPL Electric Utilities began replacing all three-phase reclosers with electronic vacuum devices on a ten-year cycle. This plan was approved by the PUC in January 2014, and was filed as part of PPL Electric’s 2016-2017 Inspection and Maintenance Plan filing.

Identification/Justification Process

Areas selected for deployment:

- Have concentrations of distribution feeders that have been identified as WPCs.
- Have the operational flexibility to allow transfers and restoration of customers when service outages occur.
- Have significantly contributed to system SAIDI and SAIFI.

Customer Benefits:

- 500,000 customers (36%) will be covered under the distribution automation deployment.
- Significant reductions in system SAIDI and SAIFI.
- Reduction of the number of customers experiencing long duration service interruptions. Distribution automation will sectionalize the service interruption to the smallest possible area in under five minutes.
- Major Event improvements:

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- Fewer resources needed for switching (trouble crews can focus on cutting loops and performing repairs).
- Reduction in call volume due to automatic restoration of customers.

Approximately 16-28 distribution substations will be upgraded per year and approximately 223-532 distribution devices will be upgraded per year.

Scope

Device Upgrades	2018	2019
Second LTIP	300-350	300-350
Current YR Actual/ Future YR Forecast	322	116

Distribution devices include reclosers, air breaks, and communication infrastructure.

Locations (Approximate total over 5 year plan)

Region	Distribution Devices
Lehigh	46
Northeast	59
Central	56
Susquehanna	43
Harrisburg	80
Lancaster	38

Planned Expenditures (in millions)

Planned Expenditures	2018	2019
Second LTIP	\$12.07	\$17.65
Current YR Actual/ Future YR Forecast	\$13.47	\$6.24

Comments:

The scope of the smart grid program and recloser replacement program was reduced to redirect the budget towards other higher priority reliability initiatives.

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Improve System Reliability Projects

Program Description and Purpose

Large-scale improvements to distribution circuits with a history of poor reliability. This program addresses long-term projects, primarily aimed at WPCs. However, other proactive long-term projects with proven reliability benefit are included.

Identification/Justification Process

Each quarter, distribution planners and regional reliability supervisors meet to propose projects to improve WPCs. Projects are approved by distribution planning supervisors and vetted against other projects for scheduling based on historical reliability, potential benefit, and cost. Projects may span multiple years and are listed in the years they are planned to go in service. Scope is expected to increase in outer years as circuits and projects are identified. Examples include, but are not limited to, circuit reconfigurations with new tie lines, new lines and terminals, or the installation of substations for increased reliability.

Additionally, PPL Electric monitors large customer impact outages on a daily basis. A circuit that begins to show reliability deterioration and notable impact on reliability metrics requires a root cause analysis. Such analysis can result in the identification of a long-term project.

Note that the projects vary significantly in size, which can result in material swings in the number of planned projects.

Scope

Planned Projects	2018	2019
Second LTIP	2-4	5-10
Current YR Actual/ Future YR Forecast	6	18-21

Locations (Approximate total over 5 year plan)

Region	Projects
Lehigh	1
Northeast	0
Central	0
Susquehanna	2
Harrisburg	2
Lancaster	0

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Planned Expenditures (in millions)

Planned Expenditures	2018	2019
Second LTIP	\$2.14	\$28.36
Current YR Actual/ Future YR Forecast	\$11.36	\$23.23

Comments:

Two additional projects were prioritized into 2018 scope plan to support larger reliability efforts. In 2019, several smaller jobs are being prioritized at a lower unit rate than originally estimated.

Unreimbursed Highway Relocations

Program Description and Purpose

Unreimbursed customer requested relocations of PPL Electric distribution facilities in support of highway and bridge projects throughout service territory.

Identification/Justification Process

The customers (project sponsors) include PennDOT, the PA Turnpike Commission, and various counties and municipalities. PPL Electric and the project sponsor execute a reimbursement agreement, and PPL Electric is reimbursed for its work based on the "pole count method", as defined in PennDOT's DM-5 manual. Historically, reimbursement for distribution projects is approximately 35%.

To accommodate highway relocations and other municipal projects, approximately 70-120 projects per year are placed in service. PPL Electric typically is notified of distribution relocation work 12 months or less before the start of requested utility relocation activities.

Scope & Locations

Scope and locations are determined as requests are received.

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Planned Expenditures (in millions)

PPL Electric's expenditures to complete highway relocation projects are the net of total expenditures minus the project sponsor's reimbursements.

Planned Expenditures	2018	2019
Second LTIIP	\$5.21	\$4.60
Current YR Actual/ Future YR Forecast	\$3.97	\$4.43

Comments:

Changes to PennDOT construction schedules throughout the year, and ongoing highway design development after project receipt within the year, complicates utility relocation forecasting more than six months into the future. Initial highway plans tend to underestimate utility impacts which increase scope as design progresses to construction start. A tendency of PennDOT and municipalities to allow utilities less than one year from notification to construction completion adds a significant number of projects after yearly budget development. This tendency is no longer limited to the Rapid Bridge Replacement Program Public Private Partnership (RBRP P3) but is less now that RBRP P3 nears completion. Internal engineering design close delays expected partial reimbursements from PennDOT into the following year. PPL Electric expects highway relocation project costs to start leveling but currently costs are higher than previously estimated.

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Substation Assets

The following pages detail 5-year projections for Long-Term Infrastructure Improvements initiatives that apply to distribution substation assets. These assets includes, but are not limited to, the following:

- Structures
 - Enclosures
 - Fences
- Overhead Conductors and Hardware
- Underground Cables and Hardware
- Switching Devices
 - Air Break Switches
 - Disconnect Switches
- Protective Devices
 - Circuit Breakers
 - Fuses
 - Reclosers
 - Lightning Arresters
- Transformers
 - Power
 - Station Service
 - Instrument

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Distribution Substation Circuit Breakers

Program Description and Purpose

Programmatic replacement of substation circuit breakers (“CBs”) based on age and other factors to ensure reliable service. This program includes the replacement of 12 kV circuit breakers, as well as 69 kV circuit breakers that are classified as distribution facilities and equipment.

Identification/Justification Process

Candidates for replacement are identified based on age, operating issues, availability of spare/repair parts, and the availability of vendor technical support. Once identified, replacement of these facilities are coordinated and aligned with the replacement of other assets at the same substation within the five-year planning window.

The average age of the 12 kV circuit breakers that have been identified for replacement through 2017 is 48 years; the life expectancy is 50 years.

The specific type of 12 kV circuit breakers that have been targeted in this replacement program are the GE type FKD and FK oil CBs, Allis Chalmers type OZ and FZO oil CBs, Federal Pacific type AF and JCE oil CBs, McGraw Edison type VAC vacuum CBs, IT type VBK vacuum CBs, and GE type VIB vacuum CBs.

The average age of the 69 kV circuit breakers that have been identified for replacement through 2017 is 47 years; the life expectancy is 50 years.

The specific type of 69 kV circuit breakers that have been targeted for replacement in this program are the Allis Chalmers type FZO oil CBs and the GE type FK oil CBs.

Scope

Projects	Voltage	2018	2019
Second LTIP	12 kV	30-35	26-31
Current YR Actual/ Future YR Forecast	12 kV	36	20-25
Second LTIP	69 kV	0-2	0-2
Current YR Actual/ Future YR Forecast	69 kV	0	0-2

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Locations (Approximate total over 5 year plan)

Region	Projects
Lehigh	0
Northeast	13
Central	5
Susquehanna	0
Harrisburg	14
Lancaster	3

Planned Expenditures (in millions)

Planned Expenditures	2018	2019
Second LTIP	\$6.90	\$6.04
Current YR Actual/ Future YR Forecast	\$4.20	\$3.39

Comments:

In 2018, no 69kV circuit breakers were proactively replaced due to low historical failure rates. Future forecasted units are lower than previously listed due to an increase in overall cost.

Substation 69/12 kV Transformer Replacement

Program Description and Purpose

Programmatic replacement of distribution substation transformers to maintain reliable service.

Identification/Justification Process

Candidates for replacement are identified based on age and/or maintenance condition, both indicators of potential failure. Once identified, replacement of these facilities is coordinated and aligned with the replacement of other assets at the same substation within the five-year planning window. Replace approximately 5 per year, averaged over a five-year period.

The average age of assets identified for replacement is 52 years; 13 of these are beyond their expected life. These assets are of vintages between 1947 and 1973, manufactured by Westinghouse, U S Transformer, RTE-Asea, Moloney, Hevi-Duty, General Electric and Allis Chalmers.

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Scope

Projects	2018	2019
Second LTIP	3-5	3-5
Current YR Actual/ Future YR Forecast	4	0-2

Locations (Approximate total over 5 year plan)

Region	Projects
Lehigh	3
Northeast	0
Central	0
Susquehanna	1
Harrisburg	0
Lancaster	0

Planned Expenditures (in millions)

Planned expenditures fluctuate due to timing of long lead material purchases.

Planned Expenditures	2018	2019
Second LTIP	\$5.87	\$5.04
Current YR Actual/ Future YR Forecast	\$2.27	\$2.94

Comments:

There are no 69/12kV transformers scoped for proactive replacement in 2019 due to a realignment of work scope to increase crew workload efficiency. Realignment of work will increase proactive 69/12kV transformer replacements in future years. Spend in 2019 is allocated for engineering of future transformer replacements.

Protection and Control

Program Description and Purpose

Programmatic replacement of protection and control equipment to maintain reliable distribution service to customers. Replacement of relays with modern microprocessor relays will enhance the ability for self-diagnostics, as well as continuous monitoring of the health of the device. Replacement of obsolete SCADA protocols and equipment will enable relays to perform properly.

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Identification/Justification Process

Candidates for replacement are identified based on obsolescence, availability of vendor support, and age. Once identified, replacement of these facilities is coordinated and aligned with the replacement of other assets at the same substation within the five-year planning window. The specific type of relays that have been targeted for early replacement in this program are the Agastat 2400 Series, Westinghouse COI, General Electric IAC, General Electric CFF, General Electric NLR, ABB DPU 245/445, and Westinghouse COM.

Scope

Planned Projects	2018	2019
Second LTIP	72-80	94-100
Current YR Actual/ Future YR Forecast	36	25-30

Locations (Approximate total over 5 year plan)

Region	Projects
Lehigh	6
Northeast	4
Central	18
Susquehanna	1
Harrisburg	2
Lancaster	5

Planned Expenditures (in millions)

Planned Expenditures	2018	2019
Second LTIP	\$1.90	\$2.16
Current YR Actual/ Future YR Forecast	\$3.68	\$3.02

Comments:

In 2018, program costs came in higher than our forecasted spend, due to upgrades to the supervisory control and data acquisition ("SCADA") system that were performed under this program. These SCADA upgrades will be done under a separate program starting in 2019. With an increase in unit cost for this program, fewer units will be installed than forecasted.

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Cross-Yard 12 kV Underground Ties

Program Description and Purpose

Programmatic replacement of underground substation cables to maintain reliable service.

Identification/Justification Process

Candidates for replacement are identified based on age and/or maintenance condition, both indicators of potential failure. Assets with an age significantly greater than 29 years are deemed good candidates for replacements. In addition, assets with unfavorable test results, which indicate the likelihood of failure, are prioritized for replacement. Currently, there is an average of 23 replaced per year over a five-year period. The average age of assets identified for replacement is 40 years. These assets were installed between 1960 and 1989; 124 of these assets are over 40 years old.

Scope

Planned Projects	2018	2019
Second LTIP	20-25	20-25
Current YR Actual/ Future YR Forecast	23	20-25

Locations (Approximate total over 5 year plan)

Region	Projects
Lehigh	3
Northeast	3
Central	6
Susquehanna	5
Harrisburg	3
Lancaster	3

Planned Expenditures (in millions)

Planned Expenditures	2018	2019
Second LTIP	\$1.72	\$1.65
Current YR Actual/ Future YR Forecast	\$3.06	\$1.29

Comments:

In 2018, program costs came in over the forecasted spend due to increased amount of carryover work from 2017.

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Replace Deteriorated/Failed Area Supply Substation Equipment

Program Description and Purpose

Replacement of failed or deteriorated equipment at area supply substations with in-kind equipment to maintain safe and reliable service.

Identification/Justification Process

Candidates are identified via actual failures, inspections, testing or work on the system. Budget recommendations are based on historical trends of hours charged to corrective work, in addition to projected trends of future equipment failures.

Scope & Locations

Scope and locations are determined as equipment fails.

Planned Expenditures (in millions)

Planned Expenditures	2018	2019
Second LTIP	\$2.53	\$2.52
Current YR Actual/ Future YR Forecast	\$2.54	\$2.58

Comments:

PPL Electric has condition based proactive replacement programs to proactively identify ailing equipment and replace prior to failure. Deteriorated assets may also be replaced proactively based on certain test data that is collected in the field. Projected failures for 2019 are consistent with past failure rates.

Distribution Substation DC Equipment

Program Description and Purpose

Programmatic replacement of distribution substation DC equipment to maintain reliable service. This program includes the replacement of 24V, and 48V batteries, as well as battery chargers.

Identification/Justification Process

Candidates for replacement are identified based on age, operating issues, and availability of spare parts. Once identified, replacement of these facilities are coordinated and aligned with the replacement of other assets at the same substation within the five-year planning window. Currently, there is an average of 25 pieces of DC equipment scheduled to be replaced per year over the next five-year period. The average age

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of the DC equipment scheduled to be replaced through 2017 is 31 years; life expectancy of this type of equipment is 20 years. Of the devices being replaced, 80 devices will be beyond their expected life by the time of replacement.

Scope

Planned Projects	2018	2019
Second LTIP	15-22	15-22
Current YR Actual/ Future YR Forecast	20	20-25

Locations (Approximate total over 5 year plan)

Region	Projects
Lehigh	3
Northeast	6
Central	1
Susquehanna	2
Harrisburg	5
Lancaster	3

Planned Expenditures (in millions)

Planned Expenditures	2018	2019
Second LTIP	\$0.19	\$0.26
Current YR Actual/ Future YR Forecast	\$0.45	\$0.27

Comments:

In 2018, program costs came in over the forecast due to increased costs in overall installation.

Miscellaneous Substation Equipment

Program Description and Purpose

Programmatic replacement of older substation equipment, including air breaks, potential transformers ("PTs"), capacitance-coupled voltage transformers ("CCVTs"), circuit switchers, lightning arresters, voltage regulators, and DC panels in order to prevent future maintenance concerns and to maintain reliable service.

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Identification/Justification Process

Candidates for replacement are identified based on age and/or maintenance condition, both indicators of potential failure. Once identified, replacement of these facilities is coordinated and aligned with the replacement of other assets at the same substation within the five-year planning window. Currently, there is an average of 44 pieces of equipment scheduled to be replaced per year over the next five-year period. The average age of assets identified for replacement is 47 years. These assets are of vintages between 1947 and 2000. Approximately 194 of these assets are projected to have exceeded their expected life by the time they are replaced.

Scope

Planned Projects	2018	2019
Second LTIP	22-26	46-50
Future YR Adjusted / Current YR Actual	16	8-10

Locations (Approximate total over 5 year plan)

Region	Projects
Lehigh	10
Northeast	1
Central	1
Susquehanna	0
Harrisburg	1
Lancaster	3

Planned Expenditures (in millions)

Planned Expenditures	2018	2019
Second LTIP	\$1.36	\$1.97
Future YR Adjusted / Current YR Actual	\$0.39	\$0.84

Comments:

This program has installed fewer units than forecasted due to an increase in cost of material and an increase in the type of proactive replacements being completed.

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Substation Animal Guarding

Program Description and Purpose

Improvements to existing distribution substation equipment via the proactive installation of animal guards. Guarded equipment includes transformer bushings, circuit breakers, fuse/disconnect switches, bus supporting insulators, surge arresters, station service transformers, PTs, and cable terminators.

Identification/Justification Process

Distribution substations are regionally prioritized based on historical animal-related service outages, number of customers served, substation load, and substation type. High priority substations are animal guarded first with the lower priority substations guarded in outer years.

Scope

Planned Installations	2018	2019
Second LTIP	1-3	0-2
Future YR Adjusted / Current YR Actual	4	0-2

Locations (Approximate total over 5 year plan)

Region	Units
Lehigh	0
Northeast	2
Central	1
Susquehanna	0
Harrisburg	1
Lancaster	0

Planned Expenditures (in millions)

Planned Expenditures	2018	2019
Second LTIP	\$0.51	\$0.51
Future YR Adjusted / Current YR Actual	\$0.38	\$0.12

Comments:

There is minimal scoped work for this program in 2019. PPL Electric is developing a new strategy, focused on upgrading existing guarding equipment and implementing higher work efficiency.