

MAR 18 2019

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PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

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March 18, 2019

VIA FEDEX OVERNIGHT

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

**Re: Petition of Pennsylvania Electric Company for Approval of
Modification of its Long-Term Infrastructure Improvement Plan;
Docket No. P-2015-2508936**

Dear Secretary Chiavetta:

Pennsylvania Electric Company ("Penelec" or "Company") submits this letter in response to Comments submitted by the Office of Consumer Advocate ("OCA") in the above-referenced proceeding.

On January 18, 2019, Penelec filed and served a Petition for Modification of its Long-Term Infrastructure Improvement Plan ("LTIIIP"). The Company's original LTIIIP was approved by Commission Order entered February 11, 2016, and a subsequent modification was approved by Commission Order entered June 14, 2017, at the above docket. Pursuant to 52 Pa. Code § 121.4(c), LTIIIP filings are subject to a 30-day comment period. On February 15, 2019, OCA submitted Comments in response to the Company's Petition for Modification. Additionally, OCA submitted Comments in response to each of the other three Petitions for Modification submitted by the FirstEnergy Corp. affiliates that provide electric distribution service in Pennsylvania.¹ OCA's Comments were substantially identical for each of the four FirstEnergy Corp. affiliates.

Company responds herein to the issues raised in OCA's Comments.

1. OCA recommends that the Company submit a report, within 120 days after the LTIIIP period ends, that evaluates the cost effectiveness of the LTIIIP initiatives for the Company.

¹ The four FirstEnergy Corp. affiliates are Penelec, Metropolitan Edison Company, Pennsylvania Power Company, and West Penn Power Company.

In its Order entered February 11, 2016, approving the FirstEnergy affiliates' LTIPs for the period spanning the years 2016 through 2020, the Commission directed each of the four FirstEnergy Corp. affiliates to file a report with the Commission, within 120 days after the LTIP period ends, evaluating the cost effectiveness of the LTIP initiatives.² The recommendation of OCA repeats the same directive of the February 11, 2016 Order and, consequently, Penelec will accept the OCA recommendation to provide a report within 120 days after the end of the proposed 2019 LTIP if approved.

2. OCA states that it does not object to the Company's proposal to shorten the current LTIP period to four years as long as the new LTIP period covers at least 5 years.

In its Final Implementation Order regarding LTIPs entered August 2, 2012,³ the Commission suggested that "a five-to ten-year term for the LTIP is appropriate as this time is forward-looking enough for utilities to make accurate predictions and provides sufficient time for long-term planning of planned repairs and replacement of eligible property." In its Petition for Modification filed January 18, 2019, the Company stated that it currently plans to formulate and submit for Commission approval, no later than 120 days prior to the expiration of its modified LTIP, a new LTIP spanning the five-year period of 2020 through 2024. Consequently, OCA's recommendation is consistent with the Company's current plans.

3. OCA suggests that the Company submit a calculation of the Company's DSIC rate at the end of the LTIP period (i.e. end of 2019) for the end of the revised LTIP period (i.e. end of 2019) based on the Company's revised, increased spending projections.

The OCA's suggestion is acceptable to the Company. Upon approval of the Company's proposed LTIP modification, the Company will provide a projected calculation of its DSIC rate as of the end of 2019.

4. OCA suggests that the Company provide an explanation of how its wood pole replacement program will serve to meet the Commission's stated objectives about its wood pole replacement program. OCA suggests that the Company's program "does not indicate whether and how replacement poles will differ from those being replaced."

Penelec does not have a wood pole replacement program for 2019.

² Commission Order entered February 11, 2016, Ordering Paragraph No. 5.

³ Implementation of Act 11 of 2012, Docket No. M-2012-2293611, entered August 2, 2012.

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Penelec provides the foregoing response to the Comments submitted by OCA to provide further clarity to the Company's LTIP Modification submitted January 18, 2019. Copies of this letter are being served as shown on the Certificate of Service.

Respectfully submitted,


John L. Munsch

JLM:dml

Enclosure

cc: Per Certificate of Service
Paul T. Diskin, Director, Office of Technical Utility Services (w/encl.)

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SECRETARY'S BUREAU

RE: Petition of Pennsylvania Electric Company for Approval of Modification of its Long-Term Infrastructure Improvement Plan; Docket No. P-2015-2508936

CERTIFICATE OF SERVICE

I hereby certify and affirm that I have this day served copies of Pennsylvania Electric Company's Petition for Approval of Modification of its Long-Term Infrastructure Improvement Plan on the following persons in the manner specified below, in accordance with the requirements of 52 Pa. Code § 1.54:

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SECRETARY'S BUREAU

Date: March 18, 2019


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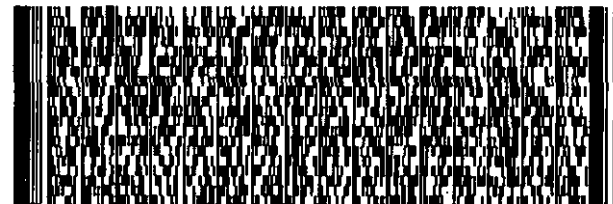
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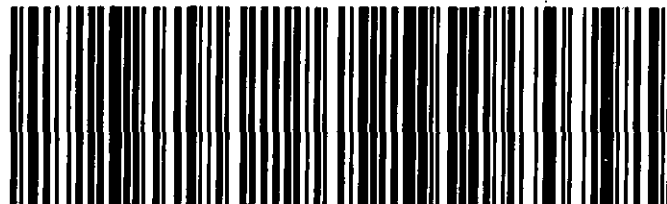
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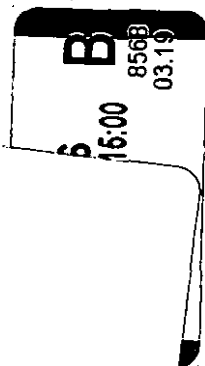
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