



COMMONWEALTH OF PENNSYLVANIA  
PENNSYLVANIA PUBLIC UTILITY COMMISSION  
400 NORTH STREET, HARRISBURG, PA 17120

IN REPLY, PLEASE  
REFER TO OUR FILE

April 19, 2023

Docket No. M-2023-3038639  
Utility Code: 110500

KIMBERLY A. KLOCK  
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**Re: Annual Asset Optimization Plan for PPL Electric Utilities Corporation  
at Docket No. M-2023-3038639**

Dear Ms. Klock:

On March 1, 2023, PPL Electric Utilities Corporation (PPL) filed its Annual Asset Optimization Plan (AAOP), pursuant to 52 Pa. Code § 121.6.

The Commission's regulations require utilities with an approved Distribution System Improvement Charge (DSIC) to file annually an AAOP with the Commission. The AAOP shall be filed 60 days after the prior 12 months of the company's Long-Term Infrastructure Improvement Plan (LTIIIP) has expired, and pursuant to this timeframe for each successive AAOP. 52 Pa. Code § 121.6(a).

The AAOP must include:

- 1) A description that specifies all of the eligible property repaired, improved, and replaced in the prior 12-month period under its LTIIIP and prior year's AAOP.
- 2) A description of the eligible property to be repaired, improved, and replaced in the upcoming 12-month period.

The Commission is charged with reviewing each AAOP only to determine whether the utility is in substantial compliance with the repairs, improvements, or replacements of the specific eligible property in its approved LTIIIP, for the corresponding 12-month timeframes. 52 Pa. Code § 121.6(d). The Commission has delegated the review of AAOPs to the Bureau of Technical Utility Services.

## **Timely Filing**

*52 Pa. Code § 121.6(a)*

*A utility with an approved DSIC shall file with the Commission, for informational purposes, an AAO plan. The AAO plan shall be filed annually with the Commission 60 days after the 12 months of its LTIP has expired and under this time frame for each successive year of the term of the LTIP.*

PPL's AAOP complies with this requirement.

## **Content**

*52 Pa. Code § 121.6(b)*

*An AAO plan must include:*

- (1) A description that specifies all the eligible property repaired, improved and replaced in the prior 12-month period under its LTIP and prior year's AAO plan.*
- (2) A description of the eligible property to be repaired, improved, and replaced in the upcoming 12-month period.*

PPL's AAOP substantially complies with this requirement.

## **Substantial Adherence to LTIP**

*52 Pa. Code § 121.6(d)*

*An AAO plan will be reviewed by the Commission only to determine whether the utility is in substantial compliance with the repairs, improvements, or replacements of the specific eligible property in its approved LTIP for the corresponding 12-month time frames.*

*52 Pa. Code § 121.6(e)*

*Absent any major modifications to the LTIP or Commission action to reject an AAO plan within 60 days of its submission to the Commission, the AAO plan will be deemed approved. The Commission may extend its consideration period if necessary.*

*52 Pa. Code § 121.6(f)*

*If an AAO plan is rejected by the Commission, the utility will be notified of the plan's deficiencies and actions needed to repair, improve, or replace eligible property to bring*

*the utility into compliance with the work schedule in its approved LTIIIP. If the utility concludes that it needs to revise its LTIIIP to comply with the Commission's determinations, it shall file a petition for modification under § 121.5.*

PPL's AAOP states that it has included all the 30 asset groups originally included in its Second LTIIIP in the AAOP. PPL provided projected and actual eligible property replacement numbers for 2022, and original and issued projections for 2023. PPL states that in 2022 it underspent on the original amount it projected to spend on DSIC-eligible projects, due to some adjusted project costs, completion of projects, fundamental shifting of automation strategy to increase reliability returns, efficiency gains and refocused efforts. In 2022, PPL spent approximately \$140.15 million as compared to the forecasted spending of \$175.80 million in the Company's 2021 AAOP. PPL's expenditures in 2022 were \$40.55 million, or 22.4%, below the \$180.70 million projected in its Second LTIIIP. Overall, PPL spent \$731.34 million during the term of their Second LTIIIP, which represents an underspend of 19.02% (\$171.77 million) when compared to their Second LTIIIP planned spending of \$903.11 million. Overall PPL project completion was in line with Second LTIIIP expectations.

PPL filed a Third LTIIIP on September 2, 2022, which was approved by Commission Order entered December 22, 2022, at Docket No. P-2022-3034972. PPL's Third LTIIIP begins on January 1, 2023. The Third LTIIIP has 12 asset groups which represents a change from the Second LTIIIP. PPL anticipates spending \$103.95 million in 2023, which is a projected overspend of approximately 12.3% (\$11.39 million) as compared to the Third LTIIIP spending projections of \$92.56 million.

Compliance with the LTIIIP is evaluated on a multiyear basis over the life of the LTIIIP. Construction and budget variations in individual years can be expected and it is reasonable to expect that over a multi-year timeframe, much of this variation will be mitigated.

The AAOP does not propose a Major Modification to the company's Third LTIIIP.

Accordingly, PPL's AAOP appears to substantially conform to the schedule set forth in the company's Second LTIIIP (ended December 31, 2022), and its projections are in keeping with the Third LTIIIP.

## **Conclusion**

Upon review of PPL's AAOP filed on March 1, 2023, it appears that the filing substantially complies with the requirements of 52 Pa. Code § 121.6 and it is approved. This approval is contingent upon the possibility that subsequent audits, reviews and inquiries, in any Commission proceeding, may be conducted pursuant to 52 Pa. Code § 121.

If you are dissatisfied with the resolution of this matter, you may, as set forth in 52 Pa. Code § 5.44, file a petition with the Commission within twenty (20) days after the date of this letter. If you have any questions on this matter, please contact Harry Bidelspach, Bureau of Technical Utility Services, at [hbidelspac@pa.gov](mailto:hbidelspac@pa.gov), or (717) 425-7401.

Sincerely,

A handwritten signature in black ink, appearing to read "Rosemary Chiavetta". The signature is written in a cursive, flowing style.

Rosemary Chiavetta  
Secretary

cc: Kriss Brown, LAW  
Richard Kanaskie, BIE  
Dan Searfoorce, TUS  
John Van Zant, TUS