

COMMONWEALTH OF PENNSYLVANIA



PATRICK M. CICERO
Consumer Advocate

OFFICE OF CONSUMER ADVOCATE
555 Walnut Street, 5th Floor, Forum Place
Harrisburg, Pennsylvania 17101-1923
(717) 783-5048
(800) 684-6560

 @pa_oca
 /pennoca
FAX (717) 783-7152
consumer@paoca.org
www.oca.pa.gov

February 16, 2024

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

Re: Petition of PPL Electric Utilities
Corporation for Approval of Major
Modifications to its Existing Long-Term
Infrastructure Improvement Plan
Docket No. P-2022-3034972

Dear Secretary Chiavetta:

Attached for electronic filing please find the Office of Consumer Advocate's Comments in the above-referenced proceeding.

Copies have been served as indicated on the enclosed Certificate of Service.

Respectfully submitted,

/s/ Aron J. Beatty
Aron J. Beatty
Senior Assistant Consumer Advocate
PA Attorney I.D. # 86625
ABeatty@paoca.org

Enclosures:

cc: Office of Administrative Law Judge (email only: crainey@pa.gov)
Paul Diskin, TUS (email only: pdiskin@pa.gov)
Office of Special Assistants (email only: ra-OSA@pa.gov)
Certificate of Service

*4870-3313-0149

CERTIFICATE OF SERVICE

Petition of PPL Electric Utilities :
Corporation for Approval of Major : Docket No. P-2022-3034972
Modifications to its Existing Long-Term :
Infrastructure Improvement Plan :

I hereby certify that I have this day served a true copy of the following document, the Office of Consumer Advocate's Comments, upon parties of record in this proceeding in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant), in the manner and upon the persons listed below:

Dated this 16th day of February 2024.

SERVICE BY E-MAIL ONLY

Steven C. Gray, Esquire
Sharon Webb, Esquire
Office of Small Business Advocate
555 Walnut Street, 1st Floor.
Harrisburg, PA, 17101
sgray@pa.gov
swebb@pa.gov
Counsel for OSBA

Devin T. Ryan, Esquire
Post & Schell, P.C.
17 North Second Street 12th Floor
Harrisburg, PA 17101-1601
dryan@postschell.com
Counsel for PPL Electric

Joseph Otis Minott, Esquire
Logan Welde, Esquire
Benjamin Z. Hartung, Esquire
Clean Air Council
135 S. 19th Street, Suite 300
Philadelphia, PA 19103
joe_minott@cleanair.org
lwelde@cleanair.org
Counsel for Clean Air Council

Allison Kaster, Esquire
Bureau of Investigation & Enforcement
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor
Harrisburg, PA 17120
akaster@pa.gov
Counsel for I&E

Kimberly A. Klock, Esquire
PPL Services Corporation
Office of General Counsel
Two North Ninth Street
Allentown, PA 18101
kklock@pplweb.com
Counsel for PPL Electric

Joseph L. Vullo, Esquire
Burke Vullo Reilly Roberts
1460 Wyoming Avenue
Forty Fort, PA 18704
*Counsel for Commission on Economic
Opportunity*

SERVICE BY E-MAIL ONLY(Continued)

Adeolu A. Bakare, Esquire
McNees Wallace & Nurick LLC
100 Pine Street, 2nd Floor
Harrisburg, PA 17120
Counsel for PP&L Industrial Customer Alliance

Elizabeth R. Marx, Esquire
Pennsylvania Utility Law Project
118 Locust Street
Harrisburg, PA 17101
Counsel for CAUSE-PA

Joseph Otis Minott, Esquire
135 S. 19th Street, Suite 300
Philadelphia, PA 19103
Counsel for The Alliance for Solar Choice

Heather M. Langeland
200 First Avenue, Suite 200
Pittsburgh, PA 15222
Counsel for Environmental Defense Fund

Michael Panfil
1875 Connecticut Avenue, N.W.
Ste. 600
Washington, DC 20009
Counsel for Environmental Defense Fund

Mark C. Szybist, Esquire
1152 15th Street NW, Suite 300
Washington, DC 20005
Counsel for Natural Resources Defense Council

Kenneth L. Mickens, Esquire
316 Yorkshire Drive
Harrisburg, PA 17111-6933
Counsel for Sustainable Energy Fund

Eric Joseph Epstein
4100 Hillsdale Road
Harrisburg, PA 17112

Daniel Clearfield, Esquire
Deanne M. O'Dell, Esquire
Sarah Stoner, Esquire
Eckert Seamans Cherin & Mellott, LLC
213 Market Street, 8th Floor
Harrisburg, PA 17101
Counsel for KEEA Energy Efficiency Alliance

/s/ Aron J. Beatty
Aron J. Beatty
Senior Assistant Consumer Advocate
PA Attorney I.D. # 86625
ABeatty@paoca.org

Counsel for:
Office of Consumer Advocate
555 Walnut Street
5th Floor, Forum Place
Harrisburg, PA 17101-1923
Phone: (717) 783-5048
Dated: February 16, 2024
*4885-2898-1155

Darryl A. Lawrence
Senior Assistant Consumer Advocate
PA Attorney I.D. # 93682
DLawrence@paoca.org

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Petition of PPL Electric Utilities Corporation :
for Approval of Major Modifications to its : Docket No. P-2022-3034972
Existing Long-Term Infrastructure :
Improvement Plan

COMMENTS OF THE
OFFICE OF CONSUMER ADVOCATE

Aron J. Beatty
Senior Assistant Consumer Advocate
PA Attorney I.D. # 86625
ABeatty@paoca.org

Counsel for:
Patrick M. Cicero
Consumer Advocate

Office of Consumer Advocate
555 Walnut Street
5th Floor, Forum Place
Harrisburg, PA 17101-1923
Phone: (717) 783-5048
Dated: February 16, 2024

I. INTRODUCTION

On February 14, 2012, Governor Corbett signed Act 11 of 2012 (Act 11 or Act) into law. Act 11 amends, *inter alia*, Chapter 13 of the Public Utility Code to permit water and wastewater utilities, electric distribution companies, natural gas distribution companies and city natural gas distribution operations to petition for implementation of a Distribution System Improvement Charge (DSIC). 66 Pa. C.S. §§ 1350-1360 (Act 11). To qualify for DSIC recovery, a utility must submit a Long-Term Infrastructure Improvement Plan (LTIIIP) for Public Utility Commission (Commission) approval. 66 Pa. C.S. § 1352; *see also In re: Implementation of Act 11 of 2012*, Docket No. M-2012-2293611, Final Implementation Order at 21 (Aug. 2, 2012) (*Final Implementation Order*).

The following seven elements must be included in a utility's LTIIIP: (1) types and age of eligible property; (2) schedule for its planned repair and replacement; (3) location of the eligible property; (4) reasonable estimate of the quantity of property to be improved; (5) projected annual expenditures and measures to ensure the plan is cost effective; (6) manner in which replacement of aging infrastructure will be accelerated and how repair, improvement or replacement will maintain safe and reliable service; and (7) a workforce management training plan designed to ensure that the utility will have access to a qualified workforce to perform work in a cost-effective, safe and reliable manner. 66 Pa. C.S. § 1352(a); *see also Final Implementation Order* at 17-19. It is the utility's burden to demonstrate that its proposed LTIIIP and associated expenditures are reasonable, cost-effective and designed to maintain safe, adequate and reliable service to customers. *Id.* at 20. The OCA submits that when a utility seeks recovery of costs expended pursuant to its LTIIIP in a future proceeding, the utility must demonstrate, *inter alia*, that the costs were reasonably and prudently incurred. Further, the utility will have to demonstrate that there is

no overlap of costs already reflected in base rates with costs expended pursuant to an LTIP. 66 Pa. C.S. § 1357(a)(1)(i).

In its Petition, PPL seeks a “major modification” to its approved LTIP, which has been assigned to the Commission’s Bureau of Technical Utility Services (TUS) for analysis. TUS is to make a recommendation to the Commission, and other parties may file comments to a proposed modifications withing 30 days of the date it was filed. 52 Pa. Code § 121.5(a). If any party’s comments raise issues of material fact, the proposed LTIP will be referred to the Office of Administrative Law Judge (OALJ) for hearing and decision, which litigation must be completed within 120 days. *Id.*

II. COMMENTS

A. Introduction

On December 22, 2022, the Company’s third LTIP was approved by the Commission at Docket No. P-2022-3034972. The Company’s third LTIP is set to expire on December 31, 2027. On January 17, 2024, PPL filed a Petition for Modification of its third approved LTIP for the period January 1, 2023 through December 31, 2027. The Company’s proposed modified LTIP is attached as Attachments A and B to its Petition.

The OCA filed an Answer to the Company’s Petition on February 6, 2024. In its Answer, the OCA requested that the matter be sent to the OALJ in order that formal, evidentiary proceedings can be scheduled. The modification plan, in OCA’s view, is less a “modification” and more a “replacement” LTIP. PPL’s modified LTIP proposes to increase projected capital expenditures by \$287.86 Million, or 56.3%. Related to its proposal, PPL identifies in its Petition that it recently announced that its Grid of the Future infrastructure project application was selected by the U.S. Department of Energy to potentially receive up to \$49.5 million in federal funding

through the Infrastructure Improvement and Jobs Act (IIJA). Petition at ¶ 40. As noted in the OCA’s Answer to the Company’s Petition, however, while the OCA appreciates the potential reliability improvements touted by PPL, this is a massive proposed increase over current spending levels. Assuming the Company receives the “up to \$49.5 million” in federal funding identified in its Petition, that amount is only a fraction of PPL’s proposed \$287.86 million increase in spending.

PPL states that the addition of “Predictive Failure Technology” would be a new program under the modified LTIP. Petition at ¶ 14. The Company indicates that the implementation of Predictive Failure Technology under the modified LTIP would cost \$84.44 Million, or roughly 29% of the proposed increase. Petition at ¶ 33. The remaining 71%, or \$203.42 Million increase (an increase of approximately 40% on the existing LTIP projected budget), is attributable to updates to other projected capital expenditures. Petition at ¶ 27-31.

The OCA submits these Comments on PPL’s proposed LTIP modifications for the Commission’s consideration. In the OCA’s view, additional information is necessary for the Commission to determine that the proposed modifications are prudent and cost-effective, represent an acceleration of improvements, and will maintain safe, reliable and reasonable service as required by 66 Pa. C.S. §§ 1352(a)(5), (a)(6) and 1353.

B. OCA Recommendations

1. Projected LTIP Expenditures

In the modified LTIP, PPL provides updates on the level of proposed expenditures in its current LTIP. The current LTIP projected expenditures are as follows:

	Millions of dollars invested					Total
	2023	2024	2025	2026	2027	
Poles	\$ 17.33	\$ 18.96	\$ 17.33	\$ 17.33	\$ 17.33	\$ 88.28
New Electronic Reclosers	\$ 5.07	\$ 4.69	\$ 4.13	\$ 3.63	\$ -	\$ 17.52
Distribution Animal Guarding	\$ 0.50	\$ 0.50	\$ 0.50	\$ 0.50	\$ 0.50	\$ 2.50
Failed Equipment	\$ 34.77	\$ 34.03	\$ 35.18	\$ 36.64	\$ 36.03	\$ 176.64
Underground Cable Replacement	\$ 0.42	\$ 1.11	\$ 1.67	\$ 1.59	\$ 1.59	\$ 6.37
Low Tension Network Primary Cable, Equipment and Structures	\$ 0.60	\$ 1.54	\$ 0.38	\$ 2.40	\$ 2.40	\$ 7.32
Substation	\$ 3.04	\$ 7.71	\$ 14.05	\$ 13.31	\$ 13.08	\$ 51.19
LTN Upgrades	\$ 3.12	\$ 12.60	\$ 7.63	\$ 8.19	\$ -	\$ 31.54
Reliability	\$ 4.08	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 12.08
System Reliability Improvement Projects	\$ 12.77	\$ 8.11	\$ 13.79	\$ 17.80	\$ 13.29	\$ 65.76
Unreimbursed Highway Relocations	\$ 6.16	\$ 4.90	\$ 3.92	\$ 2.83	\$ 2.83	\$ 20.64
Protection and Control	\$ 4.70	\$ 6.06	\$ 7.35	\$ 6.83	\$ 6.83	\$ 31.77
Total	\$ 92.56	\$ 102.21	\$ 107.92	\$ 113.05	\$ 95.88	\$ 511.62

Petition at ¶ 32.

The Company's revised projections, as proposed in its Petition, are as follows:

	Millions of dollars invested					Total
	2023	2024	2025	2026	2027	
Poles	\$ 11.40	\$ 19.70	\$ 17.11	\$ 19.32	\$ 17.74	\$ 85.27
New Electronic Reclosers	\$ 1.03	\$ 10.10	\$ 7.55	\$ 7.28	\$ 7.00	\$ 32.96
Distribution Animal Guarding	\$ 0.20	\$ 0.34	\$ 0.32	\$ 0.31	\$ 0.32	\$ 1.49
Failed Equipment	\$ 42.85	\$ 42.44	\$ 34.12	\$ 34.68	\$ 35.69	\$ 189.78
Underground Cable Replacement	\$ 0.52	\$ 4.36	\$ 1.98	\$ 1.50	\$ 2.03	\$ 10.39
Low Tension Network Primary Cable, Equipment and Structures	\$ 0.54	\$ 3.76	\$ 4.56	\$ 4.25	\$ 4.45	\$ 17.56
Substation	\$ 11.25	\$ 26.94	\$ 28.12	\$ 30.24	\$ 27.80	\$ 124.35
LTN Upgrades	\$ 6.87	\$ 10.55	\$ 11.56	\$ 13.94	\$ -	\$ 42.93
Reliability	\$ 9.19	\$ 32.97	\$ 7.13	\$ 5.84	\$ 6.91	\$ 62.04
System Reliability Improvement Projects	\$ 19.23	\$ 11.52	\$ 12.66	\$ 4.13	\$ 3.67	\$ 51.21
Unreimbursed Highway Relocations	\$ 8.87	\$ 4.50	\$ 4.92	\$ 4.07	\$ 3.71	\$ 26.08
Protection and Control	\$ 3.34	\$ 21.73	\$ 13.47	\$ 14.82	\$ 17.63	\$ 70.99
Predictive Failure Technology	\$ -	\$ 46.13	\$ 38.32	\$ -	\$ -	\$ 84.44
Total	\$ 115.29	\$ 235.04	\$ 181.82	\$ 140.39	\$ 126.94	\$ 799.48

Petition at ¶ 33.

The following OCA-developed chart details the differences between the existing and proposed expenditures, as follows:

	2023	2024	2025	2026	2027	Total
Poles	-\$ 5.93	\$ 0.74	-\$ 0.22	\$ 1.99	\$ 0.41	-\$ 3.01
New Electronic Reclosers	-\$ 4.04	\$ 5.41	\$ 3.42	\$ 3.65	\$ 7.00	\$ 15.44
Distribution Animal Guarding	-\$ 0.30	-\$ 0.16	-\$ 0.18	-\$ 0.19	-\$ 0.18	-\$ 1.01
Failed Equipment	\$ 8.08	\$ 8.41	-\$ 1.06	-\$ 1.96	-\$ 0.34	\$ 13.14
Underground Cable Replacement	\$ 0.10	\$ 3.25	\$ 0.31	-\$ 0.09	\$ 0.44	\$ 4.02
Low Tension Network Primary Cable, Equipment and Structures	-\$ 0.06	\$ 2.22	\$ 4.18	\$ 1.85	\$ 2.05	\$ 10.24
Substation	\$ 8.21	\$ 19.23	\$ 14.07	\$ 16.93	\$ 14.72	\$ 73.16
LTN Upgrades	\$ 3.75	-\$ 2.05	\$ 3.93	\$ 5.75	\$ 0.00	\$ 11.39
Reliability	\$ 5.11	\$ 30.97	\$ 5.13	\$ 3.84	\$ 4.91	\$ 49.96
System Reliability Improvement Projects	\$ 6.46	\$ 3.41	-\$ 1.13	-\$ 13.67	-\$ 9.62	-\$ 14.55
Unreimbursed Highway Relocations	\$ 2.71	-\$ 0.40	\$ 1.00	\$ 1.24	\$ 0.88	\$ 5.44
Protection and Control	-\$ 1.36	\$ 15.67	\$ 6.12	\$ 7.99	\$ 10.80	\$ 39.22
Predictive Failure Technology		\$ 46.13	\$ 38.32			\$ 84.44
Total	\$ 22.73	\$ 132.83	\$ 73.90	\$ 27.34	\$ 31.06	\$ 287.86

As this chart demonstrates, the three primary drivers for the increased projections are Predictive Failure Technology, Substation, and Reliability. The OCA submits that the implementation of Predictive Failure Technology is only a portion of the proposed increases, and that the Company has not adequately addressed the remaining increases. Prior to Commission approval of this modification, the Company should provide additional specifics as to the location of these changed investments, and the expected benefit for each selected location.

2. Vegetation Management

The Petition emphasizes that the increased spending is meant to address aging infrastructure/failing equipment and the installation of monitoring devices to aid in the detection of same. Petition at ¶¶ 17, 37. The OCA questions whether PPL's proposed investments are being targeted to the correct areas. For example, from the *2021 Pennsylvania Electric Reliability Report*¹ as to PPL:

¹ Page 36, available at: https://www.puc.pa.gov/media/2053/2021-electric-reliability-report_final.pdf

Trees were the top cause of outages and customer-minutes interrupted. Over 74% of customer minutes interrupted are caused by trees, and 13% are caused by equipment failure.

Based on the Petition, the OCA is currently unable to accurately determine how much of this proposed new level of spending, if any, is specifically being earmarked for enhanced, more frequent or targeted vegetation management.

3. Cost-Benefit Analysis

The OCA submits that the Company has not supported increases in its LTIP expenditures with a cost-benefit analysis. Specifically, the OCA notes that PPL estimates a \$9 million savings in operations and maintenance expense due to the implementation of Predictive Failure Technology; however, the revised LTIP provides that this technology will cost \$84.44 million. Appendix A at 40. Overall, the Company has identified increased expenditures of \$287 million (\$238 million when the DOE grant is subtracted) for a \$9 million reduction in O&M expense. Petition at ¶ 21. On its face, this is an upside-down cost-to-benefit ratio and without further detail there is no way to determine the overall reasonableness of these program modifications.

4. Substation Spending

PPL's modified LTIP would increase its budget on Substations from \$51.19 million to \$124.35 million. Attachment A at 24. The Petition does not provide any explanation for this increase, beyond a statement that new PPL personnel determined that the approved LTIP's level of spending "was insufficient to maintain reliability when considering changes in operating conditions." Petition at ¶ 36. The OCA's review of Appendices A and B did not uncover additional discussion of the reason for the proposed increases. The OCA submits that it may be reasonable to evaluate why PPL's personnel erred in establishing the approved LTIP's substation budget, and how the new projections would rectify the Company's concerns.

5. DSIC Recovery

In prior Orders addressing petitions for approval of LTIPs, the Commission has held that cost recovery is a distinct and separate issue from whether plant investment is claimed to be “DSIC-eligible” in a utility’s LTIP. The Commission held:

the inclusion of arguably non-DSIC-eligible property does not void the LTIP application, nor is the inclusion of such property in the LTIP dispositive of whether the cost of that project will be afforded DSIC recovery. The issues of eligibility and cost recovery, for all property claimed as DSIC-eligible, are to be addressed and resolved in the subsequent DSIC petition and calculation.

Petition of Duquesne Light Co. for Approval of a DSIC, Docket No. P-2016-2540046, Order at 23 (Sept. 15, 2016). As such, the issue of cost recovery should not be included in any ruling on PPL’s requested LTIP modifications.

C. Summary of OCA Recommendations

In summary, the OCA submits that supplemental information is needed for the Commission and its staff to review PPL’s LTIP modifications for compliance with the requirements of Act 11 and the Commission’s *Final Implementation Order*. While the OCA requested in its Answer that this matter be sent to the OALJ for hearings, upon review, the OCA submits that PPL should provide the additional information identified in these, and any other, Comments filed to inform the review by TUS and enable the Commission to determine if PPL’s proposed modifications would accelerate infrastructure repair and replacement in a prudent and cost-effective manner as required by Act 11. The OCA further recommends that the Commission reaffirm that the inclusion of property in the LTIP is not dispositive of whether the cost of that project will be afforded DSIC recovery.

III. CONCLUSION

The OCA submits that, while it has requested a hearing in this proceeding in its Answer filed on February 6, 2024, hearings may not be necessary if the Company provides sufficient information – addressing the matters raised in Comments – for Technical Utility Services to conduct its investigation and for the Commission to make a finding that PPL’s proposed modifications would accelerate infrastructure repair and replacement in a prudent and cost-effective manner as required by Act 11. The OCA also requests that the Commission reaffirm in its Order that inclusion of property in the LTIP is not dispositive of whether the costs of that project will be afforded DSIC recovery.

Respectfully submitted,

/s/ Aron J. Beatty
Aron J. Beatty
Senior Assistant Consumer Advocate
PA Attorney I.D. # 86625
ABeatty@paoca.org

Counsel for:
Patrick M. Cicero
Consumer Advocate

Office of Consumer Advocate
555 Walnut Street
5th Floor, Forum Place
Harrisburg, PA 17101-1923
Telephone: 717-783-5048
Dated: February 16, 2024

4867-9634-8325.