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October 15, 2024

VIA ELECTRONIC FILING

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor
Harrisburg, PA 17120

RE: Petition of PPL Electric Utilities Corporation for a Waiver of the Distribution System Improvement Charge Cap of 5% of Billed Revenues; Docket No. P-2024-3048732

Dear Secretary Chiavetta:

Attached for filing with the Pennsylvania Public Utility Commission is the Reply Brief of the PP&L Industrial Customer Alliance ("PPLICA"), in the above-referenced proceeding.

As evidenced by the attached Certificate of Service, all parties to this proceeding are being duly served with a copy of this document. Thank you.

Very truly yours,

Adeolu A. Bakare
MCNEES WALLACE & NURICK LLC

Counsel to the PP&L Industrial Customer Alliance

Attachment

c: Administrative Law Judge Arlene Ashton (via e-mail)
Certificate of Service

CERTIFICATE OF SERVICE

I hereby certify that I am this day serving a true copy of the foregoing document upon the participants listed below in accordance with the requirements of 52 Pa. Code Section 1.54 (relating to service by a participant).

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Dated this 15th day of October, 2024, at Harrisburg, Pennsylvania

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Petition of PPL Electric Utilities	:	
Corporation for Waiver of the	:	
Distribution System Improvement	:	Docket No. P-2024-3048732
Charge Cap of 5% of Billed Revenues	:	

REPLY BRIEF OF THE PP&L INDUSTRIAL CUSTOMER ALLIANCE

Air Products and Chemicals, Inc.
Benton Foundry
Hercules Cement Company
Hydro Extrusions, Inc.
Messer LLC
TIMET North America
Wegmans Food Markets, Inc.

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Dated: October 15, 2024

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I. INTRODUCTION

On April 26, 2024, PPL Electric Utilities Corporation, Inc. ("PPL" or "Company"), filed a Petition requesting that the Pennsylvania Public Utility Commission ("Commission") waive the Company's Distribution System Improvement Charge ("DSIC") cap of 5% of billed revenues and increase the maximum allowable DSIC to 9% for bills rendered on or after January 1, 2025.[1] On July 10, 2024, the PP&L Industrial Customer Alliance ("PPLICA")[2] filed a Petition to Intervene. On July 25, 2024, Administrative Law Judge ("ALJ") Arlene Ashton issued an Order granting PPLICA's Petition to Intervene.

PPLICA received the Company's Direct Testimony filed with the Petition on April 26, 2024. Pursuant to the procedural schedule, on July 18, 2024, PPLICA received Direct Testimony from the following parties: the Office of Consumer Advocate ("OCA"); the Office of Small Business Advocate ("OSBA"); and the Bureau of Investigation and Enforcement ("I&E").

On August 13, 2024, PPLICA received Rebuttal Testimony from PPL. On August 27, 2024, PPLICA received Surrebuttal Testimony from OCA, OSBA, & I&E. On August 30, 2024, PPLICA received Rejoinder Testimony from PPL.

ALJ Ashton presided over an evidentiary hearing on September 3, 2024, where parties submitted testimony and exhibits into the record by way of stipulation and verification. On October 1, 2024, PPLICA received Main Briefs from PPL, OCA, OSBA, and I&E.

Pursuant to the procedural schedule established in this proceeding, PPLICA hereby submits this limited Reply Brief to address I&E's alternative proposal for approval of a temporary waiver

[1] *Petition of PPL Electric Utilities Corporation for Waiver of the Distribution System Improvement Charge Cap of 5% of Billed Revenues*, Docket No. P-2024-3048732 (Apr. 26, 2024) (hereinafter, "Petition").

[2] PPLICA's compilation is listed on the cover page of this Main Brief.

of the 5% DSIC cap. As evidenced by the evidentiary record in this proceeding, PPL has not met its burden of proof to show any waiver of the 5% DSIC cap is necessary to ensure and maintain safe and adequate public utility service. Accordingly, I&E's alternative proposal for approval of a temporary waiver should be denied.

II. ARGUMENT

A. I&E's Alternative Recommendation Would Not Cure the Unjust and Unreasonable Rate Impact from the Proposed DSIC Waiver.

Similar to the other intervenors in this proceeding, I&E generally opposes PPL's Petition on grounds that PPL's request for waiver of the 5% DSIC cap unreasonably substitutes the DSIC mechanism for a base rate case, as PPL has not filed a rate case in approximately 10 years. I&E thus recommends that the Commission deny the Petition. However, I&E alternatively recommends that any approval of the waiver should be temporary. For the reasons set forth below, the Commission should reject I&E's alternative recommendation and deny the Petition in its entirety.

PPLICA concurs with the arguments raised by I&E, OCA, and OSBA in opposition to the Petition. As argued in the Main Briefs filed by these parties, the 5% DSIC cap serves as a critical customer protection and should not be cast aside where the Company has not taken advantage of the preferred mechanism of filing a base rate case.[3] Each of these parties observes that PPL failed to carry its burden of proof in supporting the waiver and appropriately requests that the Commission deny the Petition. However, I&E alternatively proposed that if the Commission approves the Petition, the waiver should be approved on a temporary basis "of either the duration of the Company's Third LTIIP (applicable through December 31, 2027) or the effective date of

[3] *See* I&E Main Brief at 11, 20; *see also* OCA Main Brief at 18; OSBA Main Brief at 10.

new distribution rates resulting from a distribution base rate case, whichever were to occur first."[4] PPLICA is concerned that approval of this alternative proposal would still allow PPL to unreasonably increase rates for customers outside of the base rate case process. Accordingly, this alternative recommendation should be denied and the Commission should instead adopt I&E's primary recommendation to deny the Petition in its entirety.

PPLICA contends that parties' well-reasoned arguments against PPL's proposal for a permanent DSIC waiver apply with equal force to the alternative proposal for a temporary DSIC waiver. Granting a waiver of the DSIC cap on a temporary basis would still require customers to pay higher rates without any opportunity to comprehensively examine PPL's financial condition through a base rate case. While PPL claims that customers would experience minimal rate impacts compared to the generation portion of their monthly bills, the Commission must consider the impact on jurisdictional distribution rates.[5] Regarding the distribution rate impact, I&E's witness, observes that increasing the DSIC cap to 9% would add an additional $1,359.92 of annual costs for the *average* LP-4 customer.[6] This quantified average impact would be magnified for the larger LP-4 customers, as I&E's witness also correctly observes that, "[d]epending on a customer's usage, increasing the maximum DSIC rate from 5% to 9% would result in a large increase for larger use customers in any rate class."[7]

While PPLICA appreciates that the Public Utility Code does not require PPL to submit an updated class cost of service study when proposing a DSIC Waiver, the staleness of the Company's

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[4] *See* I&E Main Brief at 21.

[5] *S*ee *Lloyd v. Pa. PUC*, 904 A.2d 1010, 1020 (rejecting evaluation of PPL's cost of service on total bill basis as contrary to the Electricity Generation Customer Choice and Competition Act, 66 Pa. Cons. Stat. § 1308(d)).

[6] I&E Statement No. 2 at 16.

[7] *Id*.

most recent class cost of study can and should be considered in assessing the reasonableness of the proposed waiver. Under the present circumstances, where PPL has not filed a base rate case in an extraordinary number of years, the Commission should refrain from imposing substantial rate increases on customers through a DSIC cap waiver, temporary or otherwise, without an evaluation of PPL's current cost-of-service.

III. **CONCLUSION**

WHEREFORE, the PP&L Industrial Customer Alliance respectfully requests that the Pennsylvania Public Utility Commission:

(1) Adopt the recommendation in PPLICA's Reply Brief; and

(2) Deny even temporary approval of the Petition of PPL Electric Utilities Corporation for Waiver of the Distribution System Improvement Charge Cap of 5% of Billed Revenues.

Respectfully submitted,

McNees WALLACE & NURICK LLC

By

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