

**PENNSYLVANIA PUBLIC UTILITY COMMISSION
HARRISBURG, PENNSYLVANIA 17120**

**Petition of PPL Electric Utilities
Corporation for a Waiver of the
Distribution System Improvement
Cap of Five Percent**

**Public Meeting held February 20, 2025
3048732-OSA
Docket No. A-2024-3048732**

STATEMENT OF CHAIRMAN STEPHEN M. DeFRANK

Before the Commission is the Recommended Decision and Exceptions thereto regarding PPL Electric Utilities Corporation's (PPL or the Company) Petition for a Waiver of the Distribution System Improve Charge Cap of 5% Percent of Billed Revenues (Petition). PPL seeks approval to increase its DSIC cap from 5%, as established in the Public Utility Code (Code), to 9% utilizing the waiver provision permitted in the Code.¹

Consistent with the Public Utility Code, the Commission may approve a waiver of the 5% DSIC cap in order to ensure and maintain adequate, efficient, safe, reliable, and reasonable service. The Commission has previously deliberated a small set of similar proceedings in the past. Outcomes of these proceedings vary, but as PPL notes, numerous waivers have been approved when the Commission determined that such an increase would help the utility meaningfully respond to safety and reliability challenges.²

PPL proposes to utilize the increased funds to address recent negative trends in reliability performance.³ In the Commission's 2022 Reliability Report we recognized this, stating that "...PPL's reliability is beginning to decline."⁴ Additionally, in our 2023 Reliability Report we concluded that "...since 2015 CMI and the number of customer interruption events are both significantly increasing year-over-year and this...needs to be addressed by reducing CAIDI."⁵ In its Petition, PPL asserts if the cap waiver were approved it can increase and accelerate investments that consistently improve SAIFI, SAIDI, CAIDI, and CEMI performance.⁶ These investments include targeted vegetation management, non-wires alternatives such as dynamic line ratings, vehicle mounted camera systems, drones, ground rovers, and predictive failure technologies.

The Bureau of Investigation and Enforcement (I&E), in its Main Brief, proposes the Commission consider a DSIC cap of 7.5% as an alternative.⁷ Such an increase would provide PPL with approximately \$28 million in additional revenues and increase the average residential customer monthly bill by \$1.50. The I&E alternative would be temporary, with waiver expiration achieved at the end of the Company's existing Long Term Infrastructure Improvement Plan (December 31, 2027), or, upon effect of new distribution rates stemming from a base rate case, whichever is sooner.

¹ Section 1358(a) of the Code, 66 Pa.C.S. § 1358(a).

² See PPL MB, p. 28.

³ See Petition Section B.

⁴ 2022 Pennsylvania Electric Reliability Report

⁵ 2023 Pennsylvania Electric Reliability Report. CMI stands for 'Customer Minutes Interrupted.' CAID stands for 'Customer Average Interruption Duration Index.'

⁶ SAIFI stands for 'System Average Interruption Frequency Index.' SAIDI stands for 'System Average Interruption Duration Index.' CEMI stands for 'Customers Experiencing Multiple Interruptions.'

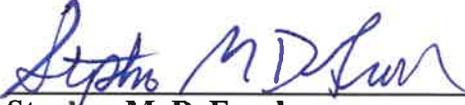
⁷ I&E MB at 20.

The Company's most recent rate case was filed on March 31, 2015, with new rates becoming effective January 1, 2016. Exhibiting PPL has not had a rate case filed recently. PPL reached the 5% DSIC cap in April of 2021, exhibiting that the Company has invested in eligible infrastructure while leveraging the DSIC for associated recovery.

When considering how long ago PPL last filed a rate case, the fact that the Company is presently at the 5% DSIC cap, its negative reliability trends, the use of the additional funds to address these trends, the modest size of the increase, and the temporary nature of the increase, I find approval of the proposal from I&E to be reasonable and necessary.

I place emphasis on the fact that PPL's DSIC has been in the 5% realm since 2021. Without any more capacity under its DSIC, the Company may be disincentivized to advance investments. This temporary relief detailed herein will provide PPL the opportunity to improve its reliability now via additional DSIC capacity, while also ensuring our ability to fully review PPL's reliability and finances when any future rate case is filed. It is my hope that this action, and the associated rate relief provided, will result in PPL deferring the filing of a future base rate case to a date beyond its projected 2026 timeframe.

February 20, 2025
Date



Stephen M. DeFrank
Chairman