



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

IN REPLY, PLEASE
REFER TO OUR FILE

April 14, 2025

Docket No. M-2025-3053708
Utility Code: 110500

KIMBERLY KLOCK
ASSISTANT GENERAL COUNSEL
PPL ELCTRIC UTILITIES CORPORATION
645 HAMILTON STREET, SUITE 700
ALLENTOWN, PA 18101
kklock@pplweb.com

Re: Annual Asset Optimization Plan (AAOP) for PPL Electric Utilities Corporation at Docket No. M-2025-3053708

Dear Ms. Klock:

On March 3, 2025, 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 (LTIIP) 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 LTIIP 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 LTIIP, 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 (TUS).

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 LTIP. If the utility concludes that it needs to revise its LTIP to comply with the Commission's determinations, it shall file a petition for modification under § 121.5.

The Commission has reviewed PPL's AAOP and found that PPL has generally complied with its LTIP spending goals and projects. PPL has also provided reasonable explanations for

any issues and shortfalls. PPL's AAOP includes all 12 asset groups originally included in its LTIIIP. PPL provides projected and actual eligible property replacement numbers for 2024 and original and issued projections for 2025. PPL states that it underspent on the original amount it projected to spend on DISC-eligible projects in 2024, primarily due to above-average storm activity. PPL states that it spent approximately \$150.10 million in 2024, as compared to the LTIIIP forecast spending of \$188.91 million. Overall PPL project completion was below LTIIIP expectations.

While underspending on its projected LTIIIP expenditures, PPL reports the underspend was due to the increased level of storm activity, which caused projects to be delayed, and resource constraints as a primary focus of efforts was on the areas of failed cable sections. In addition, PPL states that it experienced supply chain issues from material delays, product defect issues and availability of manpower.

PPL states that it expects to meet or exceed its DSIC-eligible property replacement and improvement targets for 2025 and that it expects to spend approximately \$154.44 million on LTIIIP projects in 2025, as compared to the LTIIIP projection of \$143.50 million (approximately 7% more). Included in the 2025 forecast spending are the anticipated carryover and completion of the delayed 2024 projects that were postponed due to the level of storm activity in 2024.

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 LTIIIP.

Accordingly, PPL's AAOP appears to substantially conform to the schedule set forth in the company's LTIIIP.

Conclusion

Upon review of PPL's AAOP filed on March 3, 2025, 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. Please direct any questions regarding this filing to Ghana Redman, TUS, at gredman@pa.gov.

Sincerely,

A handwritten signature in black ink, reading "Rosemary Chiavetta". The signature is written in a cursive style with a large initial "R" and a long, sweeping underline.

Rosemary Chiavetta
Secretary

cc: Kriss Brown, LAW
Allison Kaster, BIE
Dan Searfoorce, TUS
John Van Zant, TUS