



COMMONWEALTH OF PENNSYLVANIA

April 15, 2025

**E-FILED**

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 its Second Distributed Energy Resources Management Plan / Docket No. P-2024-3049223**

Dear Secretary Chiavetta:

Enclosed please find the Reply Brief, on behalf of the Office of Small Business Advocate (“OSBA”), in the above-referenced proceeding.

Copies will be served on all known parties in this proceeding, as indicated on the attached Certificate of Service.

If you have any questions, please do not hesitate to contact me.

Sincerely,

*/s/ Steven C. Gray*

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Senior Attorney  
Assistant Small Business Advocate  
Attorney I.D. No. 77538

*Enclosures*

cc: Justin B. Farr  
Kevin Higgins  
Parties of Record

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**Petition of PPL Electric Utilities** : **Docket No. P-2024-3049223**  
**Corporation for Approval of its Second** :  
**Distributed Energy Resources Management** :  
**Plan** :

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**REPLY BRIEF  
ON BEHALF OF THE  
OFFICE OF SMALL BUSINESS ADVOCATE**

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**Assistant Small Business Advocate**  
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**For:**  
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**Date: April 15, 2025**

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## **I. INTRODUCTION**

On May 24, 2024, PPL Electric Utilities Corporation (“PPL” or the “Company”) filed a Petition of PPL Electric Utilities Corporation for Approval of its Second Distributed Energy Resources (“DER”) Management Plan.

On June 7, 2024, the Office of Small Business Advocate (“OSBA”) filed a Notice of Intervention in this proceeding.

On August 6, 2024, a Prehearing Conference was held before Administrative Law Judge (“ALJ”) John M. Coogan.

On August 7, 2024, ALJ Coogan issued his Scheduling Order.

On September 17, 2024, the OSBA served the Direct Testimony of Justin B. Farr.

On October 21, 2024, ALJ Coogan issued his Order Modifying Scheduling Order.

On October 22, 2024, ALJ Coogan issued his Corrected Order Modifying Scheduling Order.

On January 22, 2025, the OSBA served the Surrebuttal Testimony of Justin B. Farr.

On February 11 and 12, 2025, an Evidentiary Hearing was held before ALJ Coogan.

On February 13, 2025, ALJ Coogan issued his Briefing Order.

On March 25, 2025, the OSBA submitted its Main Brief.

The OSBA submits this Reply Brief in accordance with the procedural schedule set forth in the ALJ Coogan’s Briefing Order.

## II. SUMMARY OF ARGUMENT

PPL's forward-looking cost-benefit analysis, which first appeared in the Company's rebuttal testimony, is carefully crafted so that benefits will always outweigh the costs, which is misleading.

PPL's cost-benefit analysis includes a significant number of highly favorably assumptions and errors that exaggerate the benefits.

PPL should be required to conduct a cost-benefit analysis as outlined by OSBA witness Justin B. Farr.

## III. ARGUMENT

### A. PPL's Claimed \$65.5 Million in Benefits is a Carefully Crafted Fiction

In its Main Brief, PPL states that it hired an outside consultant to create a limited cost-benefit analysis:

[Outside consultant] Concentric included three categories of costs in its analysis: (1) the cost of the DER Management devices; (2) the ongoing maintenance of those devices; and (3) other costs that may be associated with the program. Concentric's analysis considered three categories of benefits solely related to the active management of DERs.

PPL Main Brief, at 29 (citation omitted).

As the OSBA explained in its Main Brief, PPL's forward-looking cost-benefit analysis ("CBA") is both inadequate and defective. PPL's CBA was quickly assembled and first introduced in the Company's rebuttal testimony. This CBA, which PPL relies on to justify the economics of its Second DER Plan, should have been completed earlier and included in PPL's initial application. Furthermore, PPL's CBA contains certain assumptions that grossly over-stated the result. OSBA witness Justin B. Farr identified five major defects that demonstrate how disingenuous and misleading PPL's CBA is.

First, PPL did not apply for Commission approval to use DER monitoring devices for conservation voltage reduction services as required by a recent Commission Order. The benefits of this service are not properly included in the forward-looking CBA and must be removed. PPL responded to this accurate statement by claiming that the Company was trying to “quantify the net benefits that could reasonably be expected.”<sup>1</sup> In other words, PPL ignored a Commission Order and made a prediction about the future in support of its CBA.

Second, PPL continues to beat around the bush regarding “incremental hosting capacity” which accounts for a whopping 86% of present value benefits in PPL’s CBA. PPL’s model calculates two separate streams of benefits linked to incremental hosting capacity: (1) avoided distribution infrastructure investment and (2) avoided energy. Multiple assumptions are used to calculate each of these two benefit streams. The common assumption that is used in both streams of benefits is based on PPL’s guess that each DER device (that is installed going forward) will provide an additional 3.3 kW of hosting capacity.<sup>2</sup> PPL asserts that it included a scenario in their sensitivity analysis that reduced the incremental hosting capacity by 50% which reduced the cost-benefit ratio from 1.80 to 1.03<sup>3</sup>. However, in the Company’s original scenarios, PPL reduced the cost of avoided distribution infrastructure or the cost of avoided energy, and left the assumption of hosting capacity at 3.3 kW per DER. As can be seen, much of the assumed benefits from the Second DER Plan depend upon this number.

Third, PPL’s forward-looking CBA curiously (and conveniently) does not include various capital expenses. On one hand, PPL claims that \$5.11 million in estimated start-up costs are “sunk costs” and shouldn’t be included in the CBA. On the other hand, PPL admits that it does

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<sup>1</sup> PPL Main Brief, at 38.

<sup>2</sup> OSBA Main Brief, at 5-6.

<sup>3</sup> PPL Main Brief, at 38.

not know “how much distribution infrastructure investment” will be necessary for its proposed DER plan.<sup>4</sup> The Commission will note, of course, that while PPL can predict future events that benefit the Company’s argument, the Company simply can’t predict anything that has the opposite effect. Odd, isn’t it?

Fourth, and keeping with PPL’s creation of future predictions that are carefully tailored to support the Company’s arguments, the Company’s CBA only includes scenarios in its sensitivity analysis where it is impossible for the costs of active management to be higher than benefits. The OSBA submits that is the textbook definition of “cherry picking.” In response, Mr. Farr created four sensitivity scenarios so that the Commission could view plausible outcomes if the PPL DER Plan is approved.<sup>5</sup>

Fifth, PPL’s CBA is solely focused on attempting to demonstrate the benefits from active management. The problem with such a narrowly focused analysis is that it provides no basis to compare PPL’s proposed DER Plan to other, reasonable technical solutions.<sup>6</sup> Thus, the Commission is left without any meaningful comparison upon which to base its decision.

Mr. Farr also identified a major defect in PPL’s analysis. Specifically, the cost-benefit methodology and certain assumptions used in the Company’s application to analyze the Pilot program and justify the Second DER Plan, versus the cost-benefit methodology and assumptions used in PPL’s rebuttal testimony for the forward-looking CBA (also intended to justify the Second DER Plan) were substantially different. Although this passage from Mr. Farr’s testimony was included in the OSBA’s Main Brief, it bears repeating as it is a further example of PPL’s carefully crafted future analysis:

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<sup>4</sup> OSBA Main Brief, at 6.

<sup>5</sup> OSBA Main Brief, at 6.

<sup>6</sup> OSBA Main Brief, at 6.

Furthermore, assumptions used to model certain benefits are dramatically different. For example, the main benefit identified in the DER Management Pilot Plan was the avoided cost of truck rolls to fix voltage violations valued at \$13.6 million based on the assumptions that 23,272 truck rolls were avoided between 2002 and 2024 at an average cost of \$587 per truck roll.

This amount is equal to 89% of the \$15.33 million in savings referenced by Mr. Salet in his direct testimony.

However, adopting the more conservative assumptions used by Mr. Wishart of 0.017 truck rolls per customer and the number of DER management devices installed during the Pilot Plan, the value of avoided truck rolls would be closer to \$75,000.

These methods and assumptions lead to dramatically different results attempting to model the same benefit.

OSBA Statement No. 1-SR, at 13-14 (citations omitted) (formatting added).

PPL's only response to the "truck roll" issue is that the Company "used moderated assumptions related to the number of truck rolls."<sup>7</sup>

In conclusion, the OSBA submits that PPL's forward-looking cost-benefit analysis is an example of cherry-picking every possible metric in favor of the Company's argument, excluding every possible metric that undercuts the Company's argument, and justifying any type of favorable analysis which makes PPL's Second DER Plan look like the answer to a variety of technical and economic problems.

The OSBA views PPL's forward-looking CBA as nothing more than fan fiction. PPL is trying to sell its DER Plan by painting a rosy future and is attempting to lead the Commission down a primrose path.

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<sup>7</sup> PPL Main Brief, at 38.

#### IV. CONCLUSION

As set forth in its Main Brief, as well as the arguments set forth in this Reply Brief, the Office of Small Business Advocate respectfully requests that the ALJ and the Commission:

1. Deny PPL's Second DER Plan without prejudice;
2. Extend PPL's Pilot Program for an additional two years beyond March 21, 2025;
3. Order PPL to perform a full cost-benefit analysis as outlined by Mr. Farr so that all interested parties can fully review any future DER Program proposed by PPL.

*/s/ Steven C. Gray*

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Dated: April 15, 2025

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**CERTIFICATE OF SERVICE**

I hereby certify that true and correct copies of the foregoing have been served via email (*unless otherwise noted below*) upon the following persons, in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant).

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