



COMMONWEALTH OF PENNSYLVANIA

July 22, 2025

E-FILED

Matthew L. Homsher, 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 Homsher:

Enclosed please find the Reply Exceptions, 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

Steven C. Gray
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 :

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

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Date: July 22, 2025

I. INTRODUCTION

On June 30, 2025, Administrative Law Judge (“ALJ”) John M. Coogan issued his Recommended Decision (“RD”) in this proceeding.

On July 15, 2025, PPL Electric Utilities Corporation (“PPL” or the “Company”) filed Exceptions to the RD.

The OSBA submits the following Reply Exception in response to an Exception filed by PPL.

II. REPLY EXCEPTION

Reply to PPL Exception No. 3: The ALJ correctly concluded that PPL’s cost-benefit analysis did not support the Company’s proposed Second DER Plan (PPL Exceptions, at 29-36)

In its Exceptions, PPL notes that it hired an outside consultant to create a limited cost-benefit analysis.¹ PPL explained the purpose of the hire, as follows:

[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).

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 overstated the result. OSBA witness Justin B. Farr identified major defects that demonstrate how misleading PPL’s CBA is.

¹ PPL Exceptions, at 30.

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.”² Thus, PPL ignored a Commission Order and engaged in speculation about the future in order to garner support for its CBA.

PPL continues to prevaricate regarding “incremental hosting capacity” – which accounts for 86% of present value benefits in PPL’s CBA.³ 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 assumption by the Company that is used in both streams of benefits is based on PPL’s guess that each DER device (that is installed in the future) will provide an additional 3.3 kW of hosting capacity.⁴ 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 1.03⁵. 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. Consequently, nearly all the assumed benefits from the Second DER Plan depend upon this number.

To further boost the claimed benefits, PPL’s forward-looking CBA does not include various capital expenses. PPL claims that \$5.11 million in estimated start-up costs are “sunk costs” and shouldn’t be included in the CBA. However, PPL admits that it does not know “how

² PPL Main Brief, at 38.

³ PPL Exceptions, at 32-33.

⁴ OSBA Main Brief, at 5-6.

⁵ PPL Main Brief, at 38.

much distribution infrastructure investment” will be necessary for its proposed DER plan.⁶ Thus, PPL’s cost-benefit analysis employs a clever methodology: PPL can accurately predict future events that *benefit* the Company’s analysis, but PPL cannot predict any future events that *harm* that analysis.

PPL continues its prediction of only favorable future events when, in the Company’s CBA, PPL only includes scenarios in its sensitivity analysis where it is impossible for the costs of active management to be higher than benefits. The OSBA respectfully submits that is clear example of PPL “cherry picking” the results. To illustrate alternative scenarios, Mr. Farr created four sensitivity scenarios of plausible outcomes if the PPL DER Plan is approved.⁷

A fundamental problem with PPL’s CBA is that it is solely focused on demonstrating the benefits derived from active management. Such a narrowly focused analysis does not provide a basis to compare PPL’s proposed Second DER Plan to other reasonable technical solutions.⁸ 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.⁹ 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:

⁶ OSBA Main Brief, at 6.

⁷ OSBA Main Brief, at 6. The scenarios are attached as Appendix A to this Reply Exception.

⁸ OSBA Main Brief, at 6.

⁹ PPL Exceptions, at 30-31.

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."¹⁰

In conclusion, the OSBA respectfully submits that PPL's forward-looking cost-benefit analysis is an example of PPL selecting every possible future metric in favor of the Company's analysis, excluding any possible future metric that undercuts the Company's analysis, and concluding that PPL's Second DER Plan is a solution to a variety of technical and economic problems.

¹⁰ PPL Main Brief, at 38. *See also*, PPL Exceptions, at 34-35.

III. CONCLUSION

For the reasons set forth herein, the OSBA respectfully requests that the Commission deny PPL Exception No. 3.

Respectfully Submitted,

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Dated: July 22, 2025

APPENDIX A

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Using the CBA model provided as JSP-VII_10 Attachment 1, I created four additional scenarios by adjusting inputs as follows:

- Scenario 1: Removed the conservation voltage reduction benefit identified above and set the hosting capacity assumption to 1.67 kW per DER management device (50% of the Base Case value).
- Scenario 2: Same assumptions as Scenario 1 and also adjusted the ratio of ConnectDER Bridge Devices installed from 95% to 85% and the Cellular Gateway from 5% to 15%. Based on data from the 2024 DER Management Report, maintenance for ConnectDER Bridge devices equates to an average cost of \$11.27 per year per device and \$0 per year per Cellular Gateway device. To be conservative, Mr. Wishart included \$11.27 per device per year regardless of whether it was a ConnectDER Bridge device or a Cellular Gateway device. For each scenario where I adjust the ratio of ConnectDER Bridge devices and Cellular Gateway devices being installed, I calculate a weighted average maintenance cost based on \$11.27 per year per ConnectDER Bridge device and \$0 per year per Cellular Gateway device. For Scenario 2, the resulting weighted average maintenance cost is \$10.72 per device.
- Scenario 3: Removed the conservation voltage reduction benefit; adjusted the installed ratio of ConnectDer Bridge devices and Cellular Gateway devices to 50%/50%. Maintenance equals \$5.64 per device per year; set

the hosting capacity assumption to 2.34 kW per DER management device (70% of the Base Case value).

- Scenario 4: Lowered DER forecast to 6,000 installations per year between 2025-2030; removed the conservation voltage reduction benefit; adjusted the installed ratio of ConnectDer Bridge devices and Cellular Gateway devices to 70%/30%. Maintenance equals \$7.89 per device per year. Set the hosting capacity assumption to 2.34 kW per DER management device (70% of the Base Case value).

The net present value of net benefits, the change from the Base Case, and the ratio of benefits to costs for each of these four scenarios are shown in the table below.

**Table JBF-1SR
Results of Sensitivity Analysis**

Sensitivity	NPV Net Benefits	Change From Base Case	Ratio of Benefits to Costs
Base Case Results	\$65,528,750		1.81
Scenario 1	(\$5,325,704)	(\$70,854,454)	0.93
Scenario 2	(\$7,568,887)	(\$73,097,638)	0.91
Scenario 3	\$3,053,445	(\$62,475,306)	1.03
Scenario 4	(\$120,353)	(\$65,649,103)	1.00

I believe these scenarios are based on reasonable adjustments to key assumptions in the CBA. For example, in Scenario 2, I adjusted the ratio of ConnectDER Bridge devices from 95% of total projected installations to 85% and the Cellular Network devices from 5% to 15%. In response to OSBA I-2, the company stated, “PPL has not conducted a specific forecast of DER Management devices. That being said, whether the Company must install a ConnectDER Bridge Device or a Cellular Gateway Device at a customer location will be determined based on the type of inverter selected by the

customer.” It appears this input in the model is largely outside of PPL’s control and depends on customer preferences and where the industry drives it. In Scenario 3, I adjusted the ratio to 50%/50%. This may be a bit extreme considering the ratio observed in the DER Management Pilot Program, but PPL has not provided any information that would lead me to believe that it is not possible.

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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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