RECEIVED
IRRC

3032

2013 DEC 10 PM 4: 43

POST & SCHELL PC
ATTORNEYS AT LAW

17 North Second Street
12th Floor
Harrisburg, PA 17101-1601
717-731-1970 Main
717-731-1985 Main Fax
www.postschell.com

Jessica R. Rogers

jrogers@postschell.com
717-612-6018 Direct
717-731-1985 Direct Fax
File #: 153362

December 3, 2013

VIA ELECTRONIC FILING

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor North
P.O. Box 3265
Harrisburg, PA 17105-3265

Re: Review of Long-Term Infrastructure Improvement Plan
Docket No. L-2012-2317274

Dear Secretary Chiavetta:

Enclosed, for filing, are the Comments of PPL Electric Utilities Corporation in the above-referenced proceeding.

Respectfully submitted,

Jessica R. Rogers

JRR/jl
Enclosure

RECEIVED
IRRC

3032

2013 DEC 10 PM 4: 43

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Review of Long-Term Infrastructure Improvement Plan	:	Docket No. L-2012-2317274

COMMENTS OF
PPL ELECTRIC UTILITIES CORPORATION

I. INTRODUCTION

On February 14, 2012, Governor Corbett signed into law Act 11 of 2012 ("Act 11"), which amends Chapters 3, 13 and 33 of the Public Utility Code. As relevant to this proceeding, Act 11 authorizes electric distribution companies ("EDCs"), natural gas distribution companies ("NGDCs"), water utilities, wastewater utilities and city natural gas distribution operations to establish a distribution system improvement charge ("DSIC"). Prior to the adoption of Act 11, water utilities charged a DSIC pursuant to Section 1307(g) of the Public Utility Code, which was repealed by Act 11.

Act 11 provides utilities with the ability to implement a DSIC to recover reasonable and prudent costs incurred to repair, improve or replace certain eligible property that is part of the utility's distribution system. Eligible property for EDCs is defined in Section 1351 of the statute. *See* 66 Pa.C.S. § 1351. As a precondition to the initial implementation of a DSIC, each utility must file and obtain approval of a Long-Term Infrastructure Improvement Plan ("LTIIP") that is consistent with the provisions of Section 1352 of the statute. *See* 66 Pa.C.S. § 1352(a).

On April 5, 2012, the Commission held a working group meeting for discussion and feedback from stakeholders regarding implementation of Act 11. The purpose of the meeting was to address certain key implementation issues prior to the issuance of a Tentative Implementation Order. On May 11, 2012, the Commission issued its Tentative Implementation

Order at Docket No. M-2012-2293611 addressing and incorporating input from the stakeholder meeting. Comments were filed by many interested parties, including PPL Electric Utilities Corporation ("PPL Electric" or "the Company") on May 31, 2012.

On August 2, 2012, the Commission issued its Final Implementation Order establishing procedures and guidelines necessary to implement Act 11. The Final Implementation Order adopted the requirements established in Act 11, provided additional standards that each utility must meet in developing an LTIIP and DSIC, and gave guidance to utilities for meeting the Commission's standards. The Final Implementation Order also included a model form of DSIC tariff (the "model tariff").

On March 14, 2013, the Commission entered an Order at Docket No. L-2012-2317274 in *Review of Long-Term Infrastructure Improvement Plan.* In its Order, the Commission provided proposed regulations regarding the LTIIP, including information on modification of a utility's LTIIP, and the annual review process. The Commission invited comments to be filed within 45 days of the date the Order was published in the Pennsylvania Bulletin. The Order was published on October 19, 2013.

PPL Electric offers the following Comments to the Commission's March 14, 2013 Order.

II. BACKGROUND

PPL Electric is a public utility and an EDC as defined in Sections 102 and 2803 of the Pennsylvania Public Utility Code, 66 Pa. C.S. §§ 102, 2803. PPL Electric furnishes electric distribution, transmission, and default service electric supply services to approximately 1.4 million customers throughout its certificated service territory, which includes all or portions of twenty-nine counties and encompasses approximately 10,000 square miles in eastern and central Pennsylvania.

On April 5, 2012, the Commission held a working group meeting for discussion and feedback from stakeholders regarding its implementation of Act 11. The purpose of the meeting was to address certain key implementation issues in advance of the issuance of the Order. PPL Electric was one of the participants in the working group. PPL Electric also filed comments to the Commission's Tentative Implementation Order for Act 11 on May 31, 2012. Subsequent to the Commission issuing its Final Implementation Order on Act 11, PPL Electric filed is LTIIP on September 18, 2012. In preparing its LTIIP, PPL Electric followed the guidelines established in the Commission's August 2, 2012 Final Implementation Order. The Company's LTIIP was approved on January 10, 2013.

PPL Electric has been a long-time supporter of implementing a DSIC for EDCs, and has actively participated in the Commission's process to develop procedures for such implementation. PPL Electric acknowledges the Commission's efforts to establish the rules necessary to implement the DSIC, and appreciates the opportunity to provide input to the Commission's deliberations in this matter.

III. COMMENTS

PPL Electric's comments are addressed primarily to the Commission's annual review process for the LTIIP. Section 1356 of Act 11, 66 Pa. C.S. § 1356, requires a utility with an approved DSIC to file an Annual Asset Optimization Plan ("AAO Plan"). The AAO Plan's elements include a description of all eligible property repaired, improved, and replaced in the preceding 12 months, and a detailed description of all facilities to be improved in the upcoming 12 months. Under Section 121.6(a) of the proposed regulations, the AAO Plan must be filed on March 1 of each year. If a utility proposes minor modifications to its LTIIP, those can be addressed during the Commission's review of the AAO Plan. However, if a utility's LTIIP will undergo major modifications, which are defined in Section 121.1 of the proposed regulations, then in addition to the AAO Plan review, the utility must file a separate petition for approval with another level of review. Finally, the Commission will have an opportunity to review any LTIIP at any time on its own motion, as well as a full review once every five years as provided by Section 121.7(a) of the proposed regulations.

PPL Electric supports the contents required in the AAO Plan. PPL Electric, however, is concerned with the laborious process associated with the review of an AAO Plan. Under the proposed regulations, the AAO Plan could subject the LTIIP to detailed review and scrutiny on an annual basis. This would be in addition to the full scrutiny associated with the approval of an LTIIP, as well as the thorough review associated with the separate petition required for major modifications. Depending on the Commission's final definition of a major modification, a utility may need to file for major modifications on a regular basis. This could mean that the LTIIP would be subject to intense review on an annual or more than annual basis. This process would be administratively burdensome, potentially redundant and a burden on limited Commission resources.

As stated in its March 14, 2013 Order, the purpose of the AAO Plan is to provide the Commission and the public with an overall status report regarding a utility's progress in making infrastructure improvements pursuant to its Commission-approved LTIIP. PPL Electric therefore recommends that the AAO Plan be treated in a manner similar to a utility's annual maintenance filings pursuant to 52 Pa. Code 57.198. The filings would be treated as informational, rather than subjecting the utility to a mandatory review process. This would not limit the Commission's ability to review the AAO Plan on a discretionary basis if the need arises, and utilities will still be required to file a new LTIIP when the previous LTIIP terminates.

Further, because a utility is required to file a petition in the event it proposes a major modification, the Commission has ensured that the appropriate level of scrutiny is maintained throughout the duration of any approved LTIIP. Therefore, the Company proposes that the AAO Plan be treated as informational in the first instance, with no automatic opportunity for parties to comment and without the requirement of Commission approval within 60 days.

PPL Electric believes that this modification strikes the appropriate balance between providing the Commission with a regular opportunity to review the Company's plans and progress, and keeping administrative costs as low as possible for both the utility and the Commission. This modification will not deprive the Commission of its opportunity to review the LTIIP at any time, but will reduce potential redundancy in the filing and review process for the Commission without compromising the purpose of the AAO Plan.

In addition to the issues discussed above, PPL Electric has concerns with two implementation details proposed by the Commission in this proceeding. First, under Section 121.6(a) of the proposed regulations, all AAO Plans must be filed on March 1 of each year. That date is appropriate if a utility has used calendar year data in its LTIIP. However, that date does not work well if a utility has used a different 12-month period as the basis for its LTIIP, which PPL Electric understands is the case for several other utilities. Accordingly, PPL Electric recommends that the filing date for the AAO be set three months after the end of the 12-month period used by the utility in its LTIIP.

Second, under Section 121.7 of the proposed regulations, the Commission will review a utility's LTIIP at least once every five years. This review cycle is consistent with Section 1352(b)(1) of Act 11 and appears to be appropriate if a utility has submitted a LTIIP for a period in excess of five years. However, PPL Electric's LTIIP is for only a five year period and will come to an end coincident with the five year review. Accordingly, PPL Electric recommends that the proposed regulations be modified to provide that the five year review requirement may be satisfied by the review of a proposed LTIIP which replaces an expiring five year LTIIP.

IV. CONCLUSION

For the reasons set forth above, PPL Electric Utilities Corporation respectfully requests that the Commission consider these Comments when preparing its Final Implementation Order.

Respectfully submitted,

David B. MacGregor (ID # 28804)
Post & Schell, P.C.
Four Penn Center
1600 John F. Kennedy Boulevard
Philadelphia, PA 19103-2808
Phone: 215-587-1197
Fax: 215-320-4879
E-mail: dmacgregor@postschell.com

Jessica R. Rogers (ID # 309842)
Post & Schell, P.C.
17 North Second Street, 12th Floor
Harrisburg, PA 17101-1601
Phone: 717-612-6018
Fax: 717-731-1985
E-mail: jrogers@postschell.com

Paul E. Russell (ID #21643)
Associate General Counsel
PPL Services Corporation
Office of General Counsel
Two North Ninth Street
Allentown, PA 18106
Phone: 610-774-4254
Fax: 610-774-6726
E-mail: perussell@pplweb.com

Of Counsel:

Post & Schell, P.C.

Date: December 3, 2013

Attorneys for PPL Electric Utilities Corporation