Dennis A. Urban Jr.
Vice President of Finance and Regulatory Affairs
PPL Electric Utilities
Pennsylvania House Consumer Affairs Committee
Thursday, March 27, 2014

Good morning,

I'm Dennis Urban, vice president of finance and regulatory affairs for PPL Electric Utilities.

Thank you, Chairman Godshall and Chairman Daley, and all the members of the committee, for the opportunity to share information with you about our response to the February ice storm and our ongoing work to improve reliability for our customers throughout our 29-county service territory.

Generally speaking, we and our customers fared well this winter.

Our most challenging event was the early February ice storm.

The storm began hitting our service area late on Tuesday, February 4.

While we restored service to about 92,000 customers across our service territory, the most significant impact of the ice storm hit the Lancaster County area and affected more than 74,000 of our customers.

On a comparative basis, more of our Lancaster customers were impacted by this storm than Hurricane Sandy.

About 60 percent of those customers had their power back in the first full day, and 99 percent by 11 p.m. on Friday, February 7.

About 1,600 field personnel, including our crews, contractor resources and utility crews from as far away as Georgia and Alabama were sent into the Lancaster region to restore service. The crews repaired more than 800 separate trouble locations, each affecting a relatively small number of customers. As an example, one location had seven poles down and affected just 15 customers.

The outages from the ice storm were confined to distribution lines, the majority of the damage caused by falling limbs and trees.

There were no outages on our transmission lines in the Lancaster area.

We had one transmission outage in our Bucks-Montgomery county region, but the fact that our transmission system was mostly unaffected by this ice storm was due in large measure to our expanded tree trimming and clearing program.

The work we've been doing in recent years is paying dividends due to more aggressive tree trimming and removal from around our lines. Without this robust vegetation management work, the impact in Lancaster would have been much worse.

Across our system, the number of tree-related power outages declined by 43 percent in 2013, as compared to the average of the previous three years. Trees are the most common cause of power outages during storms. These encouraging statistics demonstrate the value to customers of our stepped-up tree trimming and removal practice across our service area.

In addition, our smart grid installations are also helping to limit power interruptions. Smart devices alert system operators in real time when an outage occurs and allow them to remotely reroute power flow to quickly restore as many customers as possible.

In the Harrisburg area, where we piloted the smart grid technology, more than 60,000 of our customers are seeing reliability improvements. We're planning to install this technology elsewhere on our system so that power outages can be detected faster and power can be rerouted and restored automatically.

The distribution system improvement charge (DSIC), enabled by Act 11 of 2012, is another way that we're addressing system reliability issues and providing strong customer service by investing more in our delivery system. With the DSIC, we can more efficiently plan our work and make system improvements to strengthen reliability and better serve our customers.

The DSIC allowed us to complete more than 400 reliability projects last year. Through the DSIC mechanism, we also installed 225 smart grid devices, replaced 1,300 poles, installed animal guarding on 12 substations and replaced 57 circuit breakers.

Outreach

Whenever there's a damaging storm, we develop solid, timely and accurate customer communications to keep our customers informed.

Customer contact during the February storm:

- Agents handled 16,860 phone calls
- IVR handled 50,707 outage calls via self-service

- Mobile website handled 65,391 outage reports and outage status contacts
- Website handled 47,408 outage reports and outage status contacts

During the February storm, we communicated that free water and ice were available at local grocery stores and provided the locations of warming stations and shelters in the Lancaster area.

We used geotargeted Facebook messages to reach customers in affected areas and used other electronic communications to reach key stakeholders and emergency organizations.

Social media continues to be a valuable tool to reach customers.

- Our Facebook posts were shared 194 times, and received 761 likes and 158 comments.
- Our Twitter posts were retweeted 240 times and @PPLElectric was mentioned 241 times.

We also sent targeted email in advance of the storm, to help customers prepare for outages and provide information on how to contact us. Our website also presented the same information before the storm, during the storm and throughout the restoration effort.

Traditional media was also used to reach customers. More than 100 media interviews were done by our Regional Affairs and Corporate Communications staffs.

Continuing to build on the best practices that were deployed during Hurricane Sandy, we held conference calls with municipal officials and emergency management agencies to provide updates on our restoration progress and answer questions.

According to a survey conducted by our market research organization, 78 percent of our customers were very satisfied with our performance in restoring power after the February storm, significantly better than Sandy (60 percent) and the damaging May 2011 storm (61 percent).

Areas where we did well:

Assigned dedicated crews to some damaged circuits — from the substation to the very end of the line — providing them with the autonomy to do all work necessary to make repairs. This improved the speed and efficiency of power restoration.

Decentralized regional command centers in areas that were not heavily impacted to help manage outages in the harder hit region.

Provided centralized material storm trailers where crews called in to support our restoration work collected needed supplies at central locations, saving time and improving response to customers.

Formalizing other areas of improvement

Develop an incident action plan to document all resources and redeploy them more efficiently.

Gain a better understanding ahead of time of the estimated arrival time of outside crews, and their capabilities to better plan the appropriate type of work packets and staging areas for their arrival.

Identify and anticipate equipment needs at staging areas ahead of time, to save time for crews and accelerate repair work.

Estimated Restoration Time (ERTs)

We understand that customers want to know when their power will be restored.

We're committed to refining how we manage Estimated Restoration Times.

In the earliest stage of storm restoration, we suppress ERTs to allow time to assess the damage and the resources needed to make repairs. Then we provide ERTs each day as we develop our work plan.

During the February storm, we called customers if they were not going to be restored as planned in the course of that day's restoration work.

In closing

We understand the critical importance of better customer and public communications during prolonged storm recovery efforts. We are fully committed to be diligent in these areas.

PPL Electric's substantial capital investments are geared to a stronger delivery system and sustained reliability improvement.

The number of power outages and the length of outages declined significantly last year.

During 2013, the number of power outages was down by 9 percent compared to the average of the previous three years.

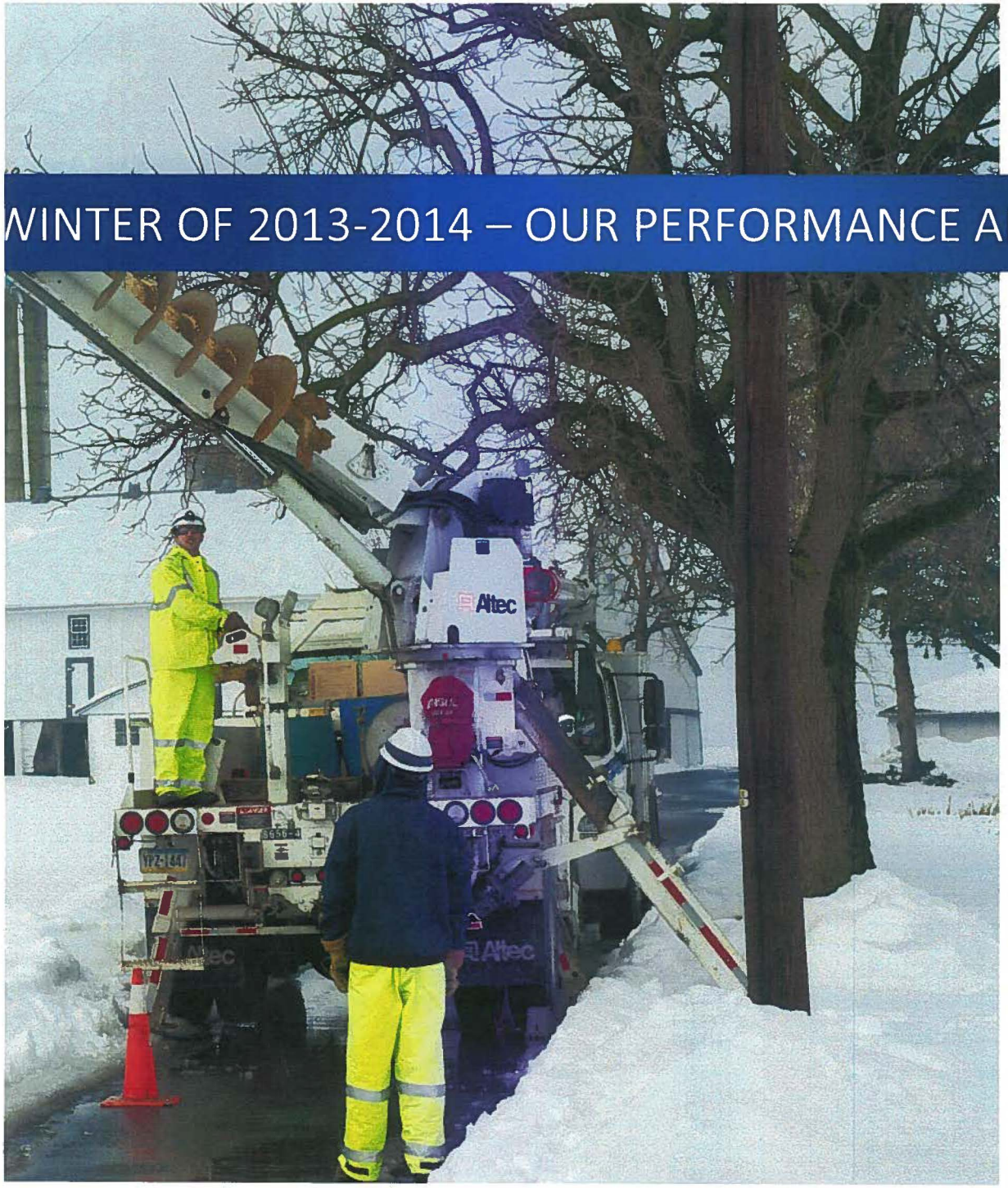
The average duration of power outages was down by 11 percent by the same comparison. These numbers are weather-adjusted and do not include outages from Hurricane Sandy.

Our customers count on us to deliver the power they need from morning till night. That's why there's always work to do, always opportunities to perform better, always room to improve.

We believe we have programs, projects and storm response improvements in place to meet those expectations.

Thank you again for your time and interest today.

WINTER OF 2013-2014 – OUR PERFORMANCE AND THE ROAD AHEAD



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- Generally speaking, our customers fared well this winter.
- Most challenging event was the early February ice storm.
- Storm arrived in our service area late on Tuesday, February 4.

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OUR RESPONSE

- Restored service to about 92,000 customers; most significant icing hit the Lancaster County area and affected more than 74,000 of our customers.

- More of our Lancaster area customers were impacted by this storm than Hurricane Sandy.

- About 60 percent of those customers had their power back in the first full day, 99 percent by 11 p.m. on Friday, February 7.

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OUR RESPONSE

- About 1,600 field personnel, including PPL Electric Utilities crews, contractors and crews from Georgia and Alabama
- 800+ repair jobs, each affecting a relatively small number of customers.
- Outages confined to distribution lines, which were damaged by falling limbs and trees.
- No outages on transmission lines in Lancaster.
- One transmission outage in Bucks-Montgomery county region
- Transmission system was mostly unaffected by this ice storm was due in large measure to our expanded tree trimming and clearing program.

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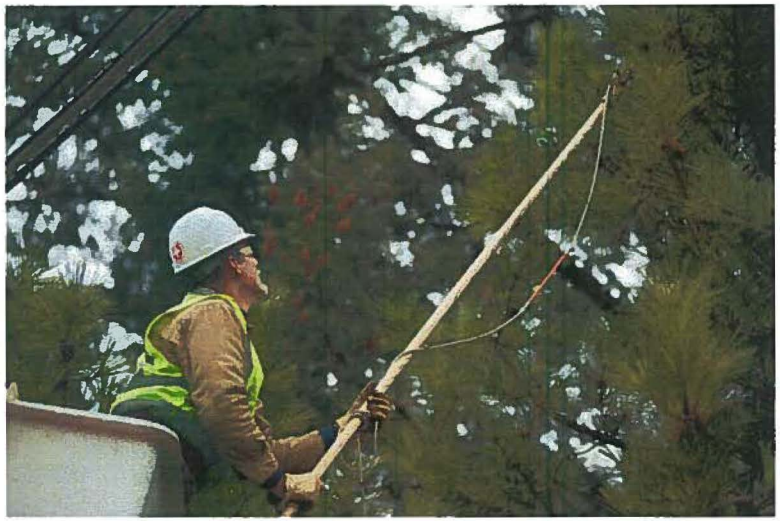
Vegetation management



- The work we've been doing in recent years is paying dividends
- More aggressive tree trimming and removal from around our lines.
- Without this robust vegetation management work, the impact in Lancaster would have been much worse.

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Vegetation management

- Trees too close to wires are a major cause of outages
- We have stepped up removal and trimming
- Clearing more trees around power lines
- Clearing to the full width of our rights of way

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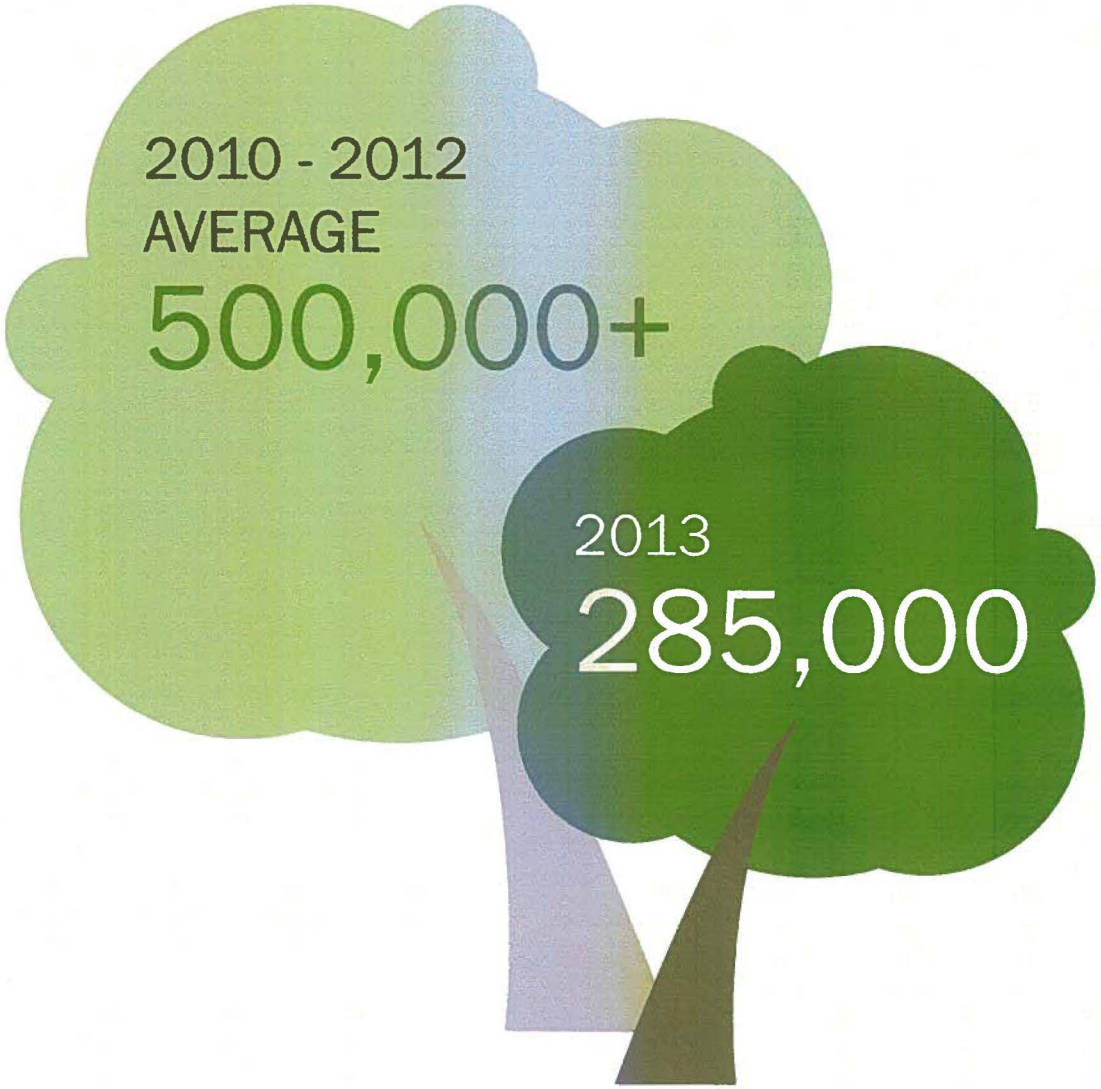
Has more tree cutting helped?



Tree-related outages down 43 percent compared to average of previous three years.

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Using technology to improve reliability

- Smart grid installations are helping limit power interruptions
- 1,400 new remote-controlled switches
- System operators alerted in real time when an outage occurs, allowing them to remotely reroute power flow to quickly.
- In the Harrisburg area, where we piloted smart grid technology, more than 60,000 of our customers are seeing reliability improvements.
- We're planning to install this technology elsewhere on our system so that power outages can be detected faster and power can be rerouted and restored automatically.

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Making it easier for customers to reach us

- Better outreach to customers
- More ways to report power outages (including Facebook)
- Ramped-up social media communications
- Better estimated restoration times
- Improved website

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Areas where we did well during February storm:

- Assigned dedicated crews to some damaged circuits to do all work necessary to make repairs and restore the entire circuit.
- Decentralized regional command centers in areas that were not heavily impacted to help manage outages in the harder hit region.
- Provided material storm trailers at central locations, saving time and improving response to customers.

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Customer reaction …

- 78 percent of our customers were very satisfied with our performance in restoring power after the February storm

- Significantly better than Sandy (60 percent) and the damaging May 2011 storm (61 percent).

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Formalizing other areas of improvement

- Develop incident action plan to document all resources and redeploy them more efficiently.
- Gain a better understanding of the capabilities of foreign crews and better plan appropriate work packets and staging areas for their arrival.
- Identify and anticipate equipment needs at staging areas ahead of time, to save time for crews and accelerate repair work.

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Estimated Restoration Times

- We're committed to refining how we manage Estimated Restoration Times.
- Early in the restoration process, ERTs are suppressed to allow time to assess the damage and the resources needed to make repairs. Then we provide ERTs each day as we develop our work plan.
- During the February storm, we called customers if they were not going to be restored, as planned, in the course of that day's restoration work.

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Reliability update

Significant progress in 2013

- Last year, PPL Electric Utilities customers enjoyed the most reliable electric service in more than 15 years.
- Compared to the average of the previous 3 years:

  Number of power outages down by 9%
  Duration of power outages down by 11%

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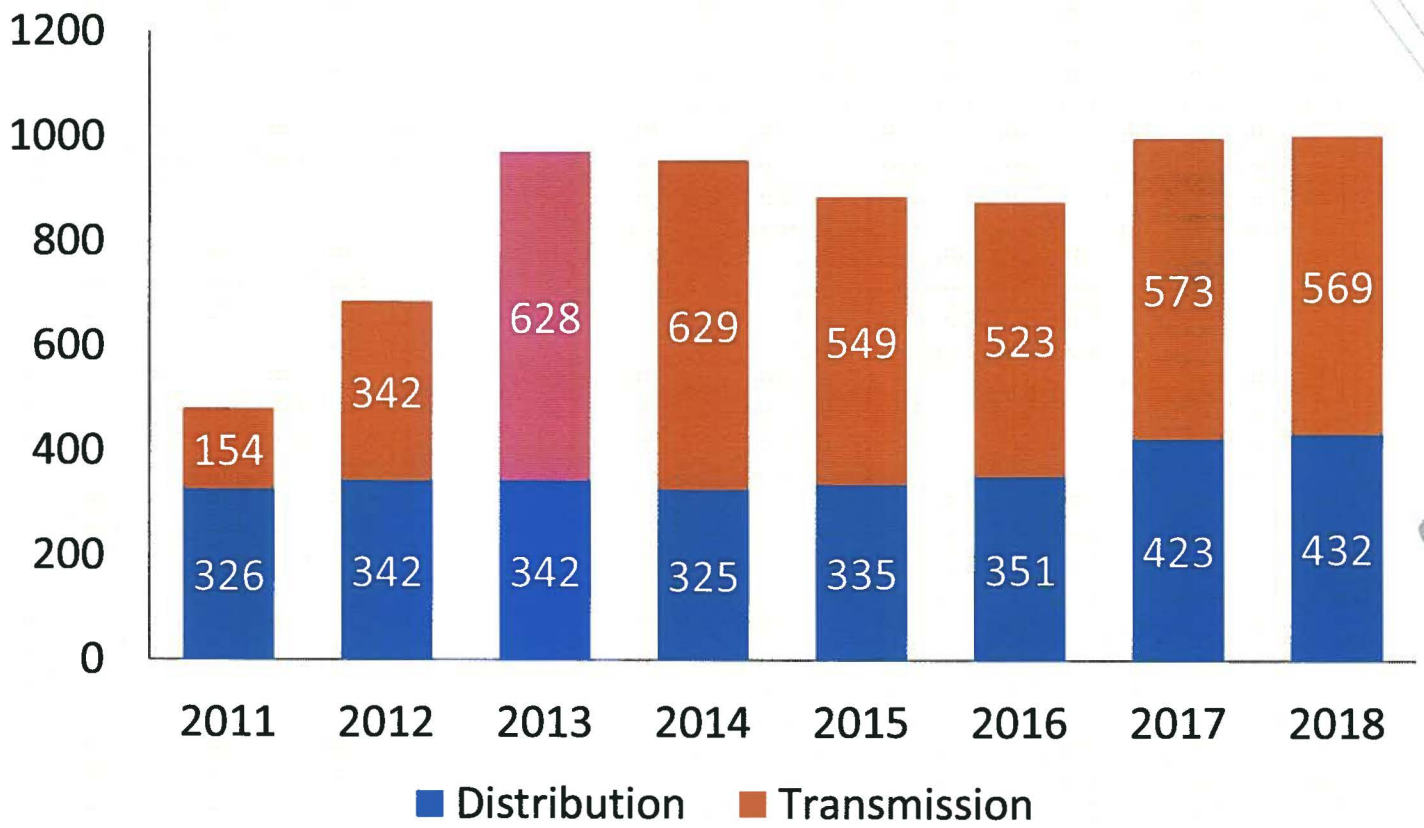
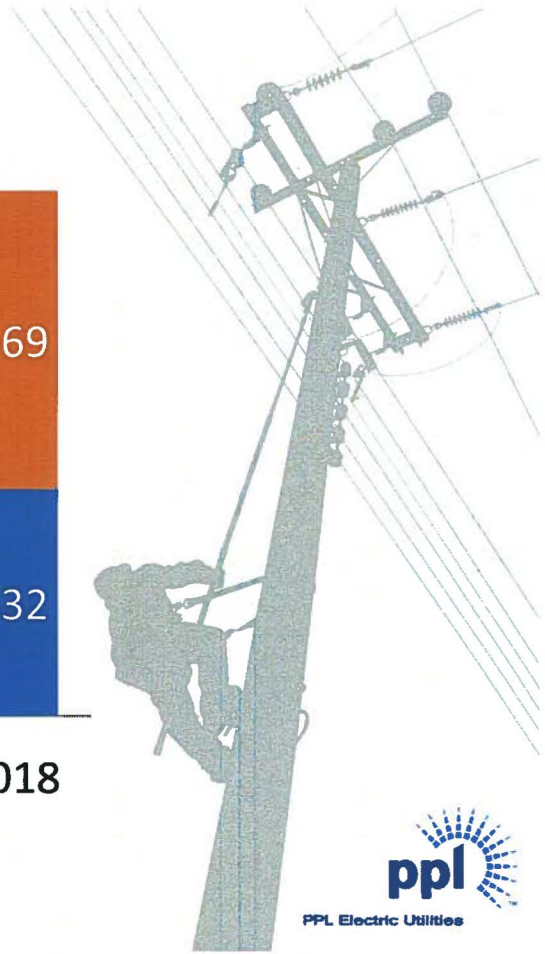
So we've made good progress, but there's more to be done.

- Reliability investments will continue
- Nearly $1 billion per year for next five years





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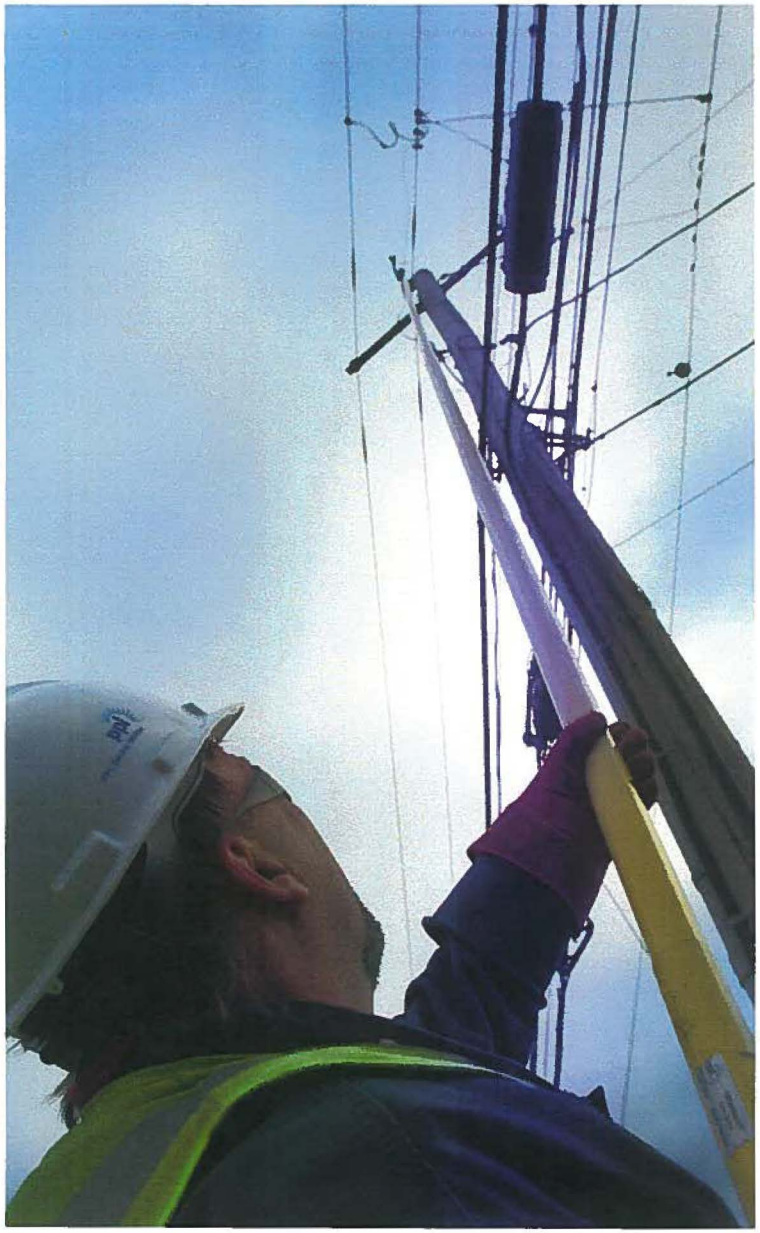

New infrastructure to improve reliability

- Replacing older transformers, circuit breakers, wires, substation equipment
- Installing animal guards throughout the system

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Distribution System Improvement Charge (DSIC)

- Helps enable these investments in reliability
- Allows more timely recovery of these costs in customer bills
- Benefits for customers
- PPL Electric Utilities can more efficiently plan, borrow and buy materials to do the work

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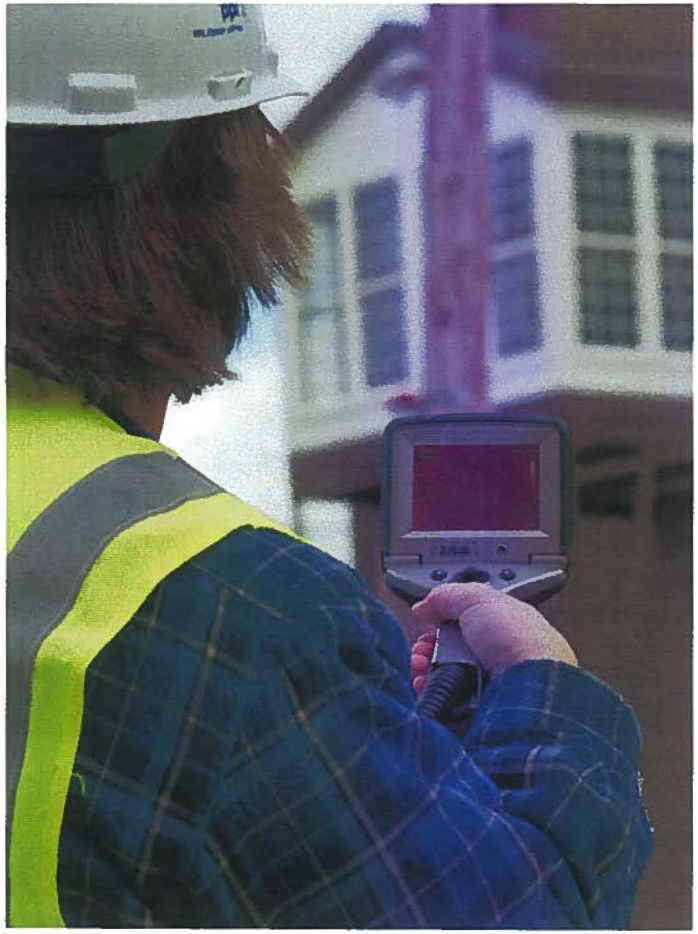
Regular maintenance also improves reliability



- Helicopter line patrols
- Pole inspections
- Substation inspections
- Infrared inspections to find hot spots

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Our goal

Top-quartile performance in:

- Safety
- Reliability
- Customer satisfaction
- Community involvement

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Questions?

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