

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission	:	R-2025-3057164
Coalition For Affordable Utility Services and	:	
Energy Efficiency in Pennsylvania	:	C-2025-3057844
Office of Small Business Advocate	:	C-2025-3057889
Office of Consumer Advocate	:	C-2025-3058130
Brad and Jennifer Wooley	:	C-2025-3057946
PP&L Industrial Customer Alliance	:	C-2025-3058271
Convergent Energy and Power LP	:	C-2025-3058300
Solar Energy Industries Association and	:	C-2025-3058251
The Coalition for Community Solar Access	:	
Rik Bhattacharyya	:	C-2025-3058846
Safiyah Junaid	:	C-2025-3058982
Stacey Kimmel-Smith	:	C-2025-3059151
John Gadomski	:	C-2025-3059330
Thatcher Graham	:	C-2026-3060429
Wendy Johnson	:	C-2026-3061012
Kenneth Johnson	:	C-2026-3061118
Mary Bainbridge	:	C-2026-3061424
Diane Cheer	:	C-2026-3061706
v.	:	
	:	
	:	
PPL Electric Utilities Corporation	:	

RECOMMENDED DECISION

Before
Christopher P. Pell
Deputy Chief Administrative Law Judge

Barbara Shadie Nause
Administrative Law Judge

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I. INTRODUCTION

This Decision recommends that the Pennsylvania Public Utility Commission (Commission) approve the Joint Petition for Approval of Non-Unanimous Settlement of All Issues filed in the above-captioned proceeding in its entirety without modification because it is in the public interest, consistent with the Public Utility Code, and supported by substantial evidence. In general, in lieu of the originally requested amount of \$356.27 million per year in additional operating expenses, the Joint Petition provides PPL Electric Utilities Corporation (PPL Electric, PPL, or Company) with an increase of \$275 million per year.

The Joint Petitioners filed Amended Appendix C which set specifies customer bills under current rates, customer bills under rates proposed in the filing, and customer bills under rates under the Joint Petition for Approval of Non-Unanimous Settlement of All Issues. Per Amended Appendix C, the total current monthly bill for the average residential customer using approximately 918 kWh per month from PPL, including Rate RTS customer volumes, is approximately \$175.84; the total current monthly bill for a small commercial customer using 1,045 kWh per month from PPL is approximately \$177.09, and the total current monthly bill for an industrial customer using 17,241 kWh per month from PPL is approximately \$2,406.15.

Under the increase proposed by PPL in its filing, the total monthly bill for the average residential customer using 918 kWh per month from PPL, inclusive of Rate RTS volumes because PPL proposed eliminating that rate, is approximately \$190.66, or an increase of 7.7% because PPL proposed eliminating that Rate; the total monthly bill for a small commercial customer using 1,045 kWh per month from PPL is approximately \$192.76, or an increase of 8.8%; and the total monthly bill for an industrial customer using 17,241 kWh per month from PPL is approximately \$2,487, or an increase of 3.4%.

Under the Settlement rates, the total monthly bill for the average residential customer using 911 kWh per month from PPL, with Rate RTS customer volumes removed, would be approximately \$184.49, or an increase of 4.9%; the total monthly bill for a small commercial customer using 1,045 kWh per month from PPL would be approximately \$186.76, or an increase of 5.5%; and the total monthly bill for an industrial customer using 17,241 kWh per month from PPL would be approximately \$2,467.40, or an increase of 2.5%.

If the Non-Unanimous Settlement is approved, the Joint Petitioners proposed settlement of the Maximum Registered Peak Load will be adopted, rather than the litigation position of the Intervenors, Customer-Generator Coalition and the Professional Dairy Managers of Pennsylvania.

The end of the suspension period for PPL's proposed tariff filing is July 1, 2026, and the last reasonable public meeting before this suspension date is June 18, 2026.

II. HISTORY OF THE PROCEEDING

On September 30, 2025, PPL Electric Utilities Corporation (PPL Electric), filed proposed Original Tariff Electric – Pa. P.U.C. No. 202 and Original Tariff Electric – Pa. P.U.C. No. 2S, containing proposed changes in rates, rules, and regulations calculated to produce \$356.3 million (33.4%) in additional annual revenues, an increase in residential customer's bills using 918 kWh per month from \$177.01 to \$189.40 (7%), to become effective December 1, 2025.

Formal Complaints have been filed against PPL's tariff filing by the Office of Consumer Advocate (OCA), the Office of Small Business Advocate (OSBA), the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (CAUSE-PA), PP&L Industrial Customer Alliance (PPLICA), Convergent Energy and

Power LP (Convergent), as well as several PPL customers. Additionally, Petitions to Intervene have been received by the Commission on Economic Opportunity (CEO), the Customer-Generator Coalition (CGC), the Joint Solar Advocates (JSA), the Energy Justice Advocates (EJA), Dimension PA 1, LLC (Dimension), the Environmental Intervenors (EI), the Retail Energy Supply Association (RESA), the Professional Dairy Managers of PA (PDMP), Walmart, the Sustainable Energy Fund (SEF), the United States Department of Defense and all other Federal Executive Agencies (DOD/FEA), IGS Solar and Eric Joseph Epstein.

By Order entered on October 23, 2025, the Commission instituted an investigation into the lawfulness, justness, and reasonableness of the proposed rate increase. Pursuant to Section 1308(d) of the Public Utility Code, 66 Pa.C.S.A. § 1308(d), proposed Original Tariff Electric – Pa. P.U.C. No. 202 and Original Tariff Electric – Pa. P.U.C. No. 2S were suspended by operation of law until July 1, 2026, unless permitted by Commission Order to become effective at an earlier date. In addition, the Commission ordered that the investigation include consideration of the lawfulness, justness, and reasonableness of PPL Electric’s existing rates, rules, and regulations. The matter was assigned to the Office of Administrative Law Judge for the prompt scheduling of hearings culminating in the issuance of a Recommended Decision.

Also on October 23, 2025, Vice Chair Kimberly Barrow issued a Statement urging the parties to this proceeding to take a critical look at, *inter alia*, the following issues: PPL Electric’s extended stay out; PPL Electric’s capital structure; tracking capital from parent company; customer service issues and impact on ROE; cost allocation; and universal service. Active parties to this proceeding are directed to the Vice Chair’s Statement for additional information.

In accordance with the Commission's October 23, 2025 Order, the matter was assigned to Deputy Chief Administrative Law Judge Christopher P. Pell and Administrative Law Judge Barbara Shadie Nause.

Further, on October 23, 2025, a Hearing Notice was issued which established a telephonic prehearing conference for this matter on November 5, 2025. In addition, a Prehearing Conference Order, which set forth rules that would govern the prehearing conference, was also issued.

Prehearing memoranda were filed by the following parties: PPL, I&E, OCA, OSBA, CAUSE-PA, CEO, EJA, Joint Solar Advocates, CGC, Environmental Intervenors, Dimension, RESA, PDMP, Walmart, PPLICA, Convergent, and Mr. Epstein.

The prehearing conference convened as scheduled on November 5, 2025. The following parties were present and represented by Counsel: PPL; I&E; OSBA; OCA; CEO; CAUSE-PA; CGC; Joint Solar Advocates; EJA; Dimension PA 1; Environmental Intervenors; RESA; PDMP; Walmart; PPLICA; SEF; Convergent; DOD/FEA; IGS Solar; and Eric Joseph Epstein, *pro se*.

On November 14, 2025, we issued Prehearing Order #1 for this proceeding.

On November 17, 2025, the Commission issued a public input hearing notice for a series of six public input hearings to be held as follows:

- December 8, 2025 – one in-person public input hearing in Scranton, PA;
- December 9, 2025 – one in-person public input hearing in Catasauqua, PA;
- December 10, 2025 – one in-person public input hearing in Harrisburg, PA;
- December 11, 2025 – one in-person public input hearing in Lancaster, PA; and
- December 15, 2025 – two telephonic public input hearings.

On December 4, 2025, the Commission issued a second public input hearing notice reflecting the addition of an evening public input hearing on December 18, 2025 in Wilkes Barre, PA.

On December 16, 2025, we issued Prehearing Order #2 directing that Supplemental Direct testimony in this proceeding to address public input hearing testimony provided during the December 18, 2025 public input hearing was due on or before December 30, 2025.

On December 18, 2025, the Commission issued an In-Person Evidentiary Hearing Notice for evidentiary hearings on February 17, 18, 19, and 20, 2026.

The public input hearings were held as scheduled. A total of 97 people testified during the public input hearings.

On January 12, 2026, we issued Prehearing Order #3, granting the CGC's October 29, 2025 Motion to Amend Petition to Intervene and December 2, 2025, Motion to Amend Petition to Intervene.

On February 3, 2026, we issued our Interim Order Granting Protective Order in this proceeding.

On Saturday, February 14, 2026, PPL filed a Motion to Sever the Maximum Registered Peak LOAD (MRPL) from the Rate Case. Due to the evidentiary hearings commencing on February 17, 2026, PPL requested an expedited answer deadline of February 15, 2026.

By email issued on February 14, 2026, we advised the active parties that answers to PPL's Motion to Sever were due by 3:00 p.m. on Sunday, February 15, 2026.

Responses were submitted by CAUSE-PA, OCA, OSBA, Walmart, JSA, PDMP, and CGC.

By email issued to the parties on Monday, February 16, 2026, we advised the parties that we would hear brief oral argument from the interested parties on the Motion to Sever the MRPL from the Rate Case at the outset of the hearing on Tuesday, February 17, 2026, and that we would address the Motion following oral argument.

On February 17, 2026, the first day of the evidentiary hearing commenced. The following parties were present: PPL, I&E, OSBA, OCA, CEO, CAUSE-PA, CGC, JSA, EJA; Dimension PA 1, Environmental Intervenors, RESA, PDMP, Walmart, PPLICA, SEF, Convergent and IGS Solar.

On February 17, 2026, following a discussion on how to address the MRPL issue going forward, the parties agreed to a modified supplemental litigation schedule that would allow the parties to address the issue and keep the Reply Brief deadline intact. Also, the parties proposed a modification to the discovery rules that would require answers to interrogatories and requests for production of documents to be due within two days of service. As all parties agreed with these proposed modifications, and since the proposal preserved our Reply Brief deadline, we adopted the proposed modified litigation schedule and discovery rule modification.

During the hearing, PPL made witness Lookup available for cross-examination. OCA made witness Hoyt available for cross-examination. All other party witnesses were excused from appearing at the hearing since no parties requested to cross-examine them, and also because we did not have any questions for them. PPL, I&E, OCA, OSBA, CEO, CAUSE-PA CGC, EJA, EI, RESA, PPLICA, SEF, Convergent, IGS Solar, and Walmart each moved to have their witnesses' testimonies and exhibits into the

record. As there were no objections, all parties' testimony and exhibits were admitted into the record during the hearing.

On February 19, 2026, our Second Interim Order Establishing Litigation Schedule on MRPL Issue was issued. Additionally, on February 19, 2026, a Briefing Order regarding all other issues was issued. Specifically, Main Briefs of the parties addressing all issues except the MRPL issue were due on or before March 10, 2026 and Main Briefs addressing only the MRPL issue were due on or before March 16, 2026. Reply Briefs on all issues including the MRPL issue were due on or before March 20, 2026.

On March 9, 2026, by agreement and request of the parties, and with approval of the Commission, a second day of the evidentiary hearing was held telephonically.

On March 9, 2026, the second day of the evidentiary hearing commenced. The following parties were present: PPL, OSBA, OCA, CEO, CAUSE-PA, CGC, JSA, Dimension PA 1, PDMP, and Walmart. At the time of the March 9, 2026 hearing, as no objections were filed, CGC's Third Motion to Amend Petition to Intervene was granted on the record.

During the hearing, PPL made witness Castanaro available for cross-examination. CGC made witness Sharfman available for cross-examination and PDMP made witness Harbach available for cross-examination. All other party witnesses were excused from appearing at the hearing since no parties requested to cross-examine them, and also because we did not have any questions for them. PPL, OCA, OSBA, JSA, CGC, PDMP, and Walmart each moved to have their witnesses' testimonies and exhibits regarding the MRPL issue admitted into the record. As there were no objections, these parties' remaining testimony and exhibits were admitted into the record.

Due to the large number of documents admitted during the evidentiary hearings held on February 17, 2026 and March 9, 2026, see the eighteen-page Appendix attached to this Decision for a complete list of all admitted testimony and exhibits.

On March 5, 2026, a Joint Stipulation and Settlement of PPL Electric Utilities Corporation and the Joint Solar Advocates was filed regarding the MRPL issue.

On March 13, 2026, the Joint Petition for Approval of Non-Unanimous Settlement of All Issues (Joint Petition, Non-Unanimous Settlement, or Settlement) was filed on behalf of PPL, I&E, OCA, OSBA, CEO, CAUSE-PA, Convergent, Dimension, DOD, Eric Joseph Epstein, EI, EJA, JSA, PPLICA, RESA, SEF, and Walmart (Joint Petitioners or Settling Parties). The only active parties who opposed any aspect of the Settlement were CGC and PDMP, who opposed the limited provisions of the Settlement concerning the MRPL. IGS Solar has taken a position of non-opposition regarding the entirety of the Settlement.

By letter dated March 13, 2026, we informed all parties of the Settlement and requested that they indicate, by no later than March 20, 2026, if they wished to join, oppose, or take no position on the proposed Settlement. To date, none of the consumer Complainants submitted a response.

On March 20, 2026, PPL, I&E, OCA, OSBA, CEO, CAUSE-PA, Convergent, Dimension, DOD, Eric Joseph Epstein, EI, EJA, JSA, PPLICA, RESA, SEF, and Walmart filed their respective Statements in Support of the Joint Petition for Approval of Non-Unanimous Settlement of All Issues. Additionally, on March 20, 2026, CGC and PDMP filed their respective Objections to Joint Petition for Approval of Non-Unanimous Settlement of All Issues, solely addressing the MRPL issue.

On April 1, 2026, the parties filed Amended Appendix C regarding Bill Impacts to the Joint Petition.

III. FINDINGS OF FACT

1. PPL Electric Utilities Corporation is a “public utility” and “electric distribution company” as those terms are defined in Sections 102 and 2803 of the Public Utility Code, 66 Pa.C.S. §§ 102, 2803, subject to the regulatory jurisdiction of the Pennsylvania Public Utility Commission.

2. On September 30, 2025, PPL Electric filed Original Tariff Electric – Pa. P.U.C. No. 202 (“Tariff No. 202”) and Original Tariff Electric – Pa. P.U.C. No. 2S (“Tariff No. 2S”) with the Commission to be effective for service rendered on or after December 1, 2025. In Tariff No. 202, PPL Electric proposed a general increase in annual base electric distribution revenue of \$356,271,443.

3. I&E is the prosecutory bureau within the Commission established for purposes of representing the public interest in ratemaking and service matters before the Office of Administrative Law Judge and for enforcing compliance with the state and federal motor carrier safety and gas safety laws and regulations. *Implementation of Act 129 of 2008 Organization of Bureau and Offices*, Docket No. M-2008-20071852 (Order entered Aug. 11, 2011).

4. The OCA is authorized to represent the interests of consumers before the Commission. Act 161 of 1976, 71 P.S. § 309-2.

5. The OSBA is authorized to represent the interests of small business consumers of utility service in Pennsylvania under the provisions of the Small Business Advocate Act. Act 181 of 1988, 73 P.S. §§ 399.41 - 399.50.

6. CAUSE-PA is an unincorporated association of low-income representatives that advocates on behalf of its members to enable consumers of limited economic means to connect to and maintain affordable water, electric, heating and telecommunications services.

7. CEO is a not-for-profit corporation organized and existing under the laws of the Commonwealth of Pennsylvania which serves as an advocate for the low-income population of Luzerne County.

8. Convergent specializes in energy storage development, construction, and operation, focusing on customer-side, non-exporting behind-the-meter battery energy storage systems (“Non-exporting Battery Storage”) in PPL Electric service territory and throughout the Commonwealth.

9. Dimension is the parent of many special purpose entity limited liability companies (“SPEs”) that are engaged in the development, ownership, and operation of solar photovoltaic power generation throughout the Commonwealth, including within PPL Electric’s service territory.

10. DOD/FEA consists of certain agencies of the United States Government which have offices, facilities, or installations in the service area of PPL Electric.

11. Environmental Intervenors consist of the Environmental Defense Fund (“EDF”), Natural Resources Defense Council (“NRDC”), and Citizens for

Pennsylvania's Future ("PennFuture"). EDF is a nonprofit corporation whose mission is to preserve the natural systems on which all life depends. NRDC is an international nonprofit, membership-based environmental organization founded in 1970 that is dedicated to protecting the world's natural resources, public health, and the environment. PennFuture is a Pennsylvania non-profit organization whose mission includes protecting air, water, and land and empowering citizens to build sustainable communities for future generations.

12. EJA's members are the Clean Air Council, Vote Solar, and the Union of Concerned Scientists. Clean Air Council, founded in 1976, is a Pennsylvania not-for-profit public interest advocacy organization that is dedicated to protecting everyone's right to a healthy environment, including everyone's right to breathe clean air. Vote Solar is a not-for-profit public interest advocacy organization that works to achieve a 100% clean energy future. Union of Concerned Scientists is a national nonprofit organization, whose mission is to put rigorous, independent science into action, developing solutions and advocating for a healthy, safe, and just future.

13. The Joint Solar Advocates consist of the Solar Energy Industries Association ("SEIA") and the Coalition for Community Solar Access ("CCSA").

14. PPLICA is an *ad hoc* association of energy-intensive industrial customers receiving electric service in PPL Electric's service territory. PPLICA's members receive electric service from PPL Electric primarily under Rate Schedules LP-4 and LP-5 as well as available riders.

15. RESA is a trade association of retail energy suppliers who are licensed to sell electric energy in the markets of Pennsylvania's major electric distribution companies ("EDCs"), including in PPL Electric's service territory.

16. Walmart is an electric service customer of PPL Electric that provides retail services in the Commonwealth of Pennsylvania through 116 Supercenters, 19 Discount Stores, 24 Sam's Clubs, and 11 Supply Chain Facilities.

17. IGS Solar is licensed by the Commission to sell electric energy to homes and businesses in several of the markets of Pennsylvania's major EDCs, including in the Company's service territory. IGS Solar provides solar photovoltaic ("PV") sited behind a residential or commercial customer's meter.

18. CGC is an *ad hoc* group of various customer-generators engaged in the development, ownership, and operation of solar PV power generation throughout the Commonwealth, including within the Company's service territory.

19. PDMP is a non-profit membership organization seeking to promote and preserve the efficient and sustainable operation of Pennsylvania's dairy farms.

20. The parties conducted a detailed examination of the Company's rate case filing and proposals and engaged in extensive discovery, with PPL Electric answering over 100 sets of discovery requests that totaled over 1,500 individual discovery requests not counting subparts.

21. The Joint Petitioners are in full agreement that the Settlement is reasonable and in the public interest. (Settlement ¶ 47.)

22. The Settlement set forth in the Joint Petition for Non-Unanimous Settlement resolves all issues in this proceeding amongst all active parties, with the exception of the CGC and PDMP, who oppose only the MRPL portion of the Joint Petition.

23. Under the Settlement, PPL Electric will be permitted to file a Supplement to PPL Electric's Tariff – Electric Pa. P.U.C. No. 202 designed to produce an annual distribution rate revenue increase of \$275.00 million, to become effective for service rendered on and after July 1, 2026. (Settlement ¶ 49.)

24. PPL Electric proposed to assign default supply customers on the Generation Supply Charge (“GSC”) to Rate GSC-1 and Rate GSC-2 based on their Maximum Registered Peak Load (“MRPL”), as defined by the Company's proposed retail tariff submitted in this proceeding. (PPL Electric St. No. 15, p. 2.)

25. In its proposed retail tariff filed in this proceeding (PPL Electric Exhibit GEO-1), “maximum registered peak load” is defined as “a customer's net demand contribution impact to the Company's default service procurement activity, as determined upon the net power flow from or into the Company's distribution system.” (PPL Electric St. No. 15-R, p. 5.)

26. The MRPL used to assign customers to their applicable rate schedule will be the customer's highest maximum registered peak load (kW) in the most recent 12-month period ending September 30. (PPL Electric St. No. 15-R, p. 5.)

27. For new customers without a 12-month billing history, the MRPL shall be based on the Company's estimate using factors such as, but not limited to, similarly equipped buildings, and similarly utilized buildings and square footage. (PPL Electric St. No. 15-R, p. 5.)

28. As related to customer-generators, this estimate shall also be inclusive of the nameplate capacity of the generation system. (PPL Electric St. No. 15-R, p. 5.)

29. The Company made this proposal because it is projecting a substantial increase in the number of customer-generators participating in net metering who do not have independent load to offset their electric usage. (PPL Electric St. No. 15-R, pp. 5-6.)

30. As a result, those customer-generators by design produce excess generation that is banked until the end of the PJM Planning Year on May 31, at which point their banked generation is cashed out at the Price-to-Compare. (PPL Electric St. No. 15-R, p. 6.)

31. As of March 31, 2025, the Company noted that the annual net metering cash-outs for the Small C&I customer class totaled approximately \$11 million. (PPL Electric St. No. 15-R, p. 7.)

32. Under the Company's corrected analyses, PPL Electric averred that the total net metering expense for no-load customer-generators under Rate GSC-1 would increase to \$795,012,047 in 2029 under the 36% cancellation rate, \$523,406,225 in 2029 under the 50% cancellation rate, and \$192,256,897 in 2029 under the 75% cancellation rate. (PPL Electric St. No. 15-RJ, p. 5; PPL Electric Exhibits AC-1RJ through AC-3RJ.)

33. The Company also presented updated analyses in which the Company utilized a lower capacity factor of 17.3% and incorporated an offset to default service supply procurements due to the excess generation placing downward pressure on the net metering compensation and the PTC compared to the corrected analyses. (PPL Electric St. No. 15-RJ, p. 6.)

34. PPL Electric's proposal has received support from the OCA, OSBA, and CAUSE-PA. (See OCA St. 6, p. 3; OSBA St. No. 1, pp. 4, 13-15; CAUSE-PA St. 1, pp. 113-15.)

35. CGC, JSA, PDMP, and Walmart expressed opposition to the Company's proposal in their direct testimony. (CGC St. No. 1, pp. 5-30; JSA St. No. 1, pp. 4-49; JSA St. No. 2, pp. 4-46; PDMP St. No. 1, pp. 1-10; PDMP St. No. 2, pp. 3-8; Walmart St. No. 1, pp. 19-21.)

36. JSA also opposed the Company's positions in its surrebuttal testimony. (JSA St. No. 1-SR; JSA St. No. 2-SR.)

37. Under the Settlement, PPL Electric's MRPL proposal shall be approved as modified by the terms and conditions set forth in the Settlement, which are consistent with the Joint Stipulation and Settlement filed by PPL Electric and the Joint Solar Advocates on March 5, 2026. (Settlement ¶ 97.)

38. The Settlement provides a process by which certain customer-generators shall be grandfathered into their existing default service rate for a period of 10 years (i.e., until December 31, 2036), at which time they will become subject to classification pursuant to the terms of PPL Electric's default service rate classifications that are in place on or after January 1, 2037. (Settlement ¶ 98.)

39. No additional customer-generators shall be grandfathered under Paragraph 98 of the Settlement once the total amount of nameplate AC capacity for Rate GSC-1 customer-generator systems that receive PTO reaches 140 MW-AC ("Cap"). (Settlement ¶ 98.)

40. The 140 MW would cover the capacity of existing Rate GSC-1 customer-generators as of the date of the Company's rate case filing (i.e., approximately 15.5 MW) along with the amount of capacity of Rate GSC-1 customer-generators' projects that have been placed into service after the rate case filing or are in the

interconnection queue and slated to be placed in service by September 30, 2026 (i.e., approximately 124.5 MW). (PPL Electric St. No. 15-SSRJ, p. 3.)

41. The Settlement further provides that for the remainder of the grandfathering period ending December 31, 2036, PPL Electric will not propose, as part of any Commission proceeding, to modify the grandfathered rights for customer-generators set forth in Paragraph 98 of the Settlement. (Settlement ¶ 103.)

42. Through the period ending December 31, 2041, PPL Electric will not propose, as part of any Commission proceeding, to make any changes to the structural components of Rate GSC-2 as described in Paragraph 104 of the Settlement that would result in different components being used for calculating the Rate GSC-2 rate paid by non-customer-generators and the Rate GSC-2 rate used to determine the net metering compensation for customer-generators. (Settlement ¶ 103.)

43. PPL Electric shall compensate each customer-generator taking service under Rate GSC-2 for excess generation produced by that customer-generator based on all the components set forth in Paragraph 104 of the Settlement. (Settlement ¶ 104.)

44. The MRPL proposal, as modified by the Joint Stipulation, would provide current Rate GSC-2 cash out rates for Rate GS-3 and Rate LP-4 customer-generators of \$0.09601 per kWh and \$0.12646 per kWh, respectively. (PPL Electric St. No. 15-SSRJ, pp. 3-4.)

45. The inclusion of the capacity component, line loss, and a gross-up for GRT adds \$0.02062 per kWh and \$.01897 per kWh to the GSC-2 cash out rates for GS-3 and LP-4 customer-generators, respectively. (PPL Electric St. No. 15-SSRJ, p. 4.)

46. Comparatively, the Company's current rate for cash-out, the Small C&I PTC is \$0.12681 per kWh. (PPL Electric St. No. 15-SSRJ, p. 4.)

47. That is a difference of \$0.0308 per kWh for Rate GS-3 customer-generators and a mere \$0.00035 per kWh for Rate LP-4 customer-generators. (PPL Electric St. No. 15-SSRJ, p. 4.)

IV. PUBLIC INPUT HEARINGS

Due to significant public interest in this proceeding, as well as requests from several Pennsylvania state legislators, a series of in-person public input hearings within PPL Electric's service territory as well as telephonic public input hearings were scheduled to provide opportunities for customers to express to the Parties and the Commission their views on PPL Electric's base rate filing. To that end, five in-person public input hearings were held as follows: Scranton, PA on December 8, 2025 at 6:00 p.m.; Catasauqua, PA on December 9, 2025 at 6:00 p.m.; Harrisburg, PA on December 10, 2025 at 6:00 p.m.; Lancaster, PA on December 11, 2025 at 6:00 p.m. and Wilkes-Barre, PA on December 18, 2025 at 6:00 p.m. Additionally, two telephonic public input hearings were held on December 15, 2025 at 1:00 p.m. and 6:00 p.m.

A total of 97 customers provided public input testimony as follows: 11 in Scranton, 17 in Catasauqua, 12 in Harrisburg, 19 in Lancaster, 10 in Wilkes-Barre, and 28 by telephone.

In Scranton during the 6:00 p.m. public input hearing on December 8, 2025, 11 people testified.

State Representative Eddie Day Pashinski testified about fairness, balance and affordability and the unreasonableness of a 25% rate increase and that even a 12½ %

rate increase is not feasible. Representative Pashinski acknowledged that things increase in cost; however, anything more than a 5% rate increase is not reasonable. He recognized that PPL Electric and all utilities need to maintain a quality business structure and provide necessary services; however, he maintained that those services must be affordable and fair. Tr. 93-96.

State Representative Jim Haddock requested that the PUC reject PPL Electric's rate increase. Representative Haddock testified regarding a category of LP-5 customers, which include data centers. More specifically, Representative Haddock stated that there are about 166 LP-5 customers that PPL Electric currently serves and that those customers are in essence receiving a rate cut. Representative Haddock contends that PPL Electric should ensure that the data centers will pay their fair costs and bear their respective responsibilities of the increased costs. In addition, Representative Haddock testified that the rate increase is unjustified because the largest increase falls with the residential and small business rate payers whereas the data centers are actually receiving a rate reduction. Tr. 98-102.

State Representative Kyle Donahue testified that PPL's proposed rate increase is outrageous and should be rejected. Specifically, Representative Donahue testified that since PPL Electric proposed no increase for LP-5 rate payers, which includes data centers and seniors, small businesses and working families would "foot the bill" while massive energy consuming corporate users are shielded. In addition, Representative Donahue testified that PPL Electric has failed to properly forecast expected load growth, which is a core responsibility of a regulated monopoly, causing a rate increase which targets seniors, small businesses and working families. Tr.104-107.

Paige Cognetti, Mayor of Scranton, who testified on behalf of her constituents, stated families, small businesses, and seniors on fixed incomes cannot absorb any more utility rate increases. Mayor Cognetti acknowledged that utilities must

maintain infrastructure, improve reliability and invest in the future; however, those improvements cannot come from the pockets of the most financially vulnerable people in the community. Tr. 109-113.

Laura Doyle, Geralyn Esposito, Jordan Moran, George Jendry, Joseph Muchisky, Lawrence Zale and Jeff Smith testified in opposition to the rate increase. Specifically, the witnesses expressed their concerns about affordability, and that residential customers should not be paying higher utility rates than large load customers, such as data centers. Tr. 114-121, 125-133, 135-137, 140-148.

In Catasauqua during the 6:00 p.m. public input hearing on December 9, 2025, 17 people testified.

State Representative Jeanne McNeill testified that there is an affordability crisis. Specifically, with rising food, shelter, health insurance and clothing costs rising, a rate increase will cause people to struggle and suffer more. In addition, Representative McNeill testified that the rate increase is due to the energy demands of wealthy corporations, and that it is unfair to place the burden of the rate increase on average customers. Tr. 172-174.

Lamont McClure, Kris Burek,¹ Barry McMickle, Michael Snyder, Mike O'Hare, Connie Yaqub, Melissa Moyer, Bud Hackett, Brandon Matlock, Matthew Haskell, Kyle Gardner, Scott Ettinger, Keith Fryslin, Benjamin Robilotto, Tylisa Enchautegui and Allison Jones opposed the rate increase on the basis of fairness, affordability and the detrimental effect on the environment due to the data centers. In

¹ Mr. Burek submitted one exhibit, labeled Burek 1, which was a street map of the Victory Park area, and indicated the location of four broken street lights, owned by PPL, that have not been repaired for over ten months. The exhibit was admitted into the record without objection.

addition, the witnesses testified that the data centers should be paying the higher costs for electricity, not regular customers or small businesses. Tr. 175-179, 181-189, 191-198, 200-204, 206-208, 210-216, 218-226, 228-244, 246-253.

In Harrisburg during the 6:00 p.m. public input hearing on December 10, 2025, 12 people testified.

State Representative David Madsen testified that his district is one of the most impoverished districts in Pennsylvania. Representative Madsen testified that his constituents, including small businesses, are very sensitive to cost-of-living adjustments, especially utility costs, which need to be lowered, not raised. Tr. 279-283.

Sarah DeSantis, who appeared on behalf of State Representative Justin Fleming, read a prepared statement into the record. Representative Fleming understands that there are costs associated with maintaining a power grid and to not increase the distribution base rate would risk the power grid becoming unreliable and potentially unsafe. However, consumers have unduly carried the burden of inflation while wages have not increased. Further, data centers should be responsible for the price increase they cause as they are functionally different from other industrial businesses and that PPL's rate increase, as proposed, would be most devastating to low and middle income residential customers. Tr. 284-288.

Michael Brubaker, a fourth-generation dairy farmer and Brett Reinford, a second-generation dairy farmer, both testified in opposition to the rate increase because PPL proposed to change the way it classifies customers for purposes of default service which would cause the price to compare to go from a rate of 11 cents per kilowatt to a variable wholesale rate around 4 cents per kilowatt hour. Mr. Brubaker testified that this reduction would cause immediate and devastating financial harm to farms. Mr. Reinford testified that many farms rely on anaerobic digesters which allows food waste to be

converted into renewable energy, and without the renewable energy many family farms will not survive. Tr. 289-300, 307-313.

Cherice Burrus, Theresa Diffendal, David Hunsberger, Jennifer McDuffie, Reverend Kevin Long, Ron Bataoaro, Nyla Jackson and Terece Cyrus testified in opposition to the rate increase because the increase is not reasonable or affordable for residential consumers. The witnesses testified that the proposed rate increase only benefits data centers because the data centers require increased electricity needs, which will be paid for by the residential consumers. Tr. 302-306, 314-341.

In Lancaster during the 6:00 p.m. public input hearing on December 11, 2025, 19 people testified.

Representative Nikki Rivera testified that residential consumers pay more per kilowatt hour than business owners. Representative Rivera was further concerned that residential consumers would pay even more due to data centers. Tr. 364-368.

Senator James Andrew Maloney understands that rising costs have impacted infrastructure and maintenance upgrades for electric providers. However, Senator Maloney testified that PPL is asking families and small businesses to subsidize the infrastructure needed for data centers, and that the proposed rate increase should be rejected until there are basic consumer protections in place. Tr. 369-373.

Bernadette Margel, Gail Hoffer, Lynn Goldfarb, Jennifer Engle, Tamara Shepard, Michael Courogen, Stephanie Schultheisz, Christopher Budsky and Kristina Van Leuven-Leid testified in opposition to the rate increase on the basis of affordability. Further, the witnesses testified that residential users and small businesses should not have to pay for the increased demand on the system to support data centers. Tr. 374-399, 401-414, 420-423.

Adrian Sanchez testified and questioned whether vegetation management was considered in the rate increase. Tr. 399-400.

Rashi Akki testified on behalf of the Professional Dairy Managers of Pennsylvania. Ms. Akki's company, Ag-Grid Energy, takes manure from dairy farmers and converts it into biogas. Ms. Akki testified that she is opposed to the rate increase because of PPL's proposal regarding net metering. Tr. 415-419.

Joseph Favoroso, Jay Parrish, Zachary Berry, Ksenia Stumpf, Jere Swarr and Jason Crawford oppose the rate increase. They testified that they do not want to subsidize data centers. They asserted that data centers do not improve the quality, safety or affordability of electric service, and that data centers should pay for the full cost of their expansion, not residential consumers. Tr. 424-438, 441-443.

During the 1:00 p.m. telephonic public input hearing on December 15, 2025, 21 people testified.

Senator Judy Schwank, testified in opposition to the rate increase, which she avers is not reasonable in today's economic climate. Tr. 467-470.

Senator Katie Muth testified that the rate increase is not about reliability, safety or vital infrastructure upgrades for regular ratepayers, but is about protecting shareholder returns and executive compensation. In addition, Senator Muth testified that PPL is a regulated monopoly and when a monopoly raises its rates, its ratepayers are controlled by the increase. Lastly, Senator Muth testified that data centers should not receive preferential rates while residential consumers, many on fixed incomes, bear the cost of the rate increase. Tr. 471-478.

Mary Lee Dentz, Kenneth Kodama, Madison Mullen, Brian Kline, Vanessa Lynch, Barbara Bandom, Tamela Trussell, Theresa McCollum, Tim Kauffman Jami Murdoch, Pedro Rodriguez, Raymond Torres, Stephen Hmel and Rebecca Rohs opposed the rate increase and testified to express concerns about affordability and data centers. Specifically, the witnesses testified that data centers should pay for all costs related to transmission and distribution upgrades necessary for their interconnection and that data centers should not be given a lower distribution rate than residential customers. Tr. 480-499, 501-505, 518-526, 534-537, 545-552, 556-560.

Dr. Colby Wesner, a pediatrician, testified on behalf of ThinkBIG Pediatric Cancer Fund (Fund), which assists families who are battling pediatric cancer. He testified that the Fund helps families with financial expenses including PPL electric bills and asked the Commission to reject the proposed rate change. Tr. 506-509.

David Young, CEO of Schuylkill Community Action (SCA), testified that the mission of SCA is to focus on available resources for residents of Schuylkill County, which includes families, seniors, and individuals with disabilities. He opposes the rate increase due to the lack of fairness and reasonableness and testified that residential customers should not be forced to subsidize infrastructure and system costs created by data centers. Tr. 510-515.

James Roberts and Francis Lawrence oppose the rate increase due to affordability issues and because the rates are being raised unfairly. Tr. 527-533, 538-544.

Maggie Waggoner testified that she is not a PPL customer. However, she testified that she is concerned that if PPL is allowed the rate increase, all other electric companies will do the same. Tr. 516-518.

During the 6:00 p.m. telephonic public input hearing on December 15, 2025, 7 people testified.

John Theisen testified in opposition to the rate increase because PPL's business and profits have increased, and PPL should review their own administrative costs and improve their efficiency of their work crews. Tr. 584-586.

Paula Foley testified in opposition to the rate increase arguing that if the rate increase is approved, it will have a major impact on solar projects offering clean energy moving forward. Tr. 587-590.

Stacey Kimmel-Smith and Janelle Stetter testified in opposition to the rate increase because it is not affordable and because of the massive electric demand of data centers, which bring no direct benefit to local residents, who are being asked to finance the data center infrastructure. Tr.593-595, Tr. 616-618.

Laura Heroux and John Huggan testified that they are opposed to the rate increase because the increase will cause an unnecessary and unfair burden on households that are already struggling with the rising costs of living. Tr. 597-601, Tr. 610-613.

Jonathan Harding testified on behalf of the American Biogas Council, which includes dairy farmers, biogas producers, digester operators and wastewater treatment centers. Mr. Harding testified that he is opposed to the proposed rate increase because it will result in significant financial losses per year for biogas to electricity projects which are financed based on predictable net metering treatment and customer classification. Tr. 603-607.

In Wilkes-Barre during the 6:00 p.m. public input hearing on December 18, 2025, 10 people testified.

George Brown, Mayor of Wilkes-Barre, testified in opposition to the proposed rate increase. Mayor Brown expressed his concern for residents on fixed incomes, and for low-income households who will have to choose between paying their electric bill or paying for their food or medicine. Tr. 639-640.

Representative Jim Haddock testified and expressed his concern for senior citizens on fixed incomes who cannot afford to pay more for electricity. In addition, he stated that the costs of data centers should not be paid for by consumers. Tr. 643-647.

Representative Jamie Walsh testified on behalf of his constituents in opposition to the proposed rate increase. Specifically, Representative Walsh testified that within his district, one data center is under construction and there are plans for three other potential data centers, all which will encompass multiple buildings. Representative Walsh testified that his constituents should not have to pay for data center infrastructure. Tr. 683-689.

Kim Krupsha, Christian Krupsha, Nathan Eachus,² Ann Vinatieri, Bob Kadluboski, and Anthony Cook testified in opposition to the rate increase due to unaffordability. Specifically, the witnesses expressed concern that residential and small business customers will pay more for electricity while data centers would pay lower rates. In addition, data centers should pay for all costs related to transmission and distribution upgrades necessary for their interconnection. Tr. 649-679.

Jimmy Sabatino, a small business owner and member of the Luzerne County Council, testified on behalf of his constituents, in opposition to the rate increase

² At the time of the public input hearing, Mr. Eachus moved to admit his written statement into the record and labeled as Eachus-1. Since Mr. Eachus read his prepared written statement into the record, the written statement is duplicative and cumulative and therefore will not be admitted into the evidentiary hearing record.

as filed. Specifically, Mr. Sabatino argued that the rate increase places a disproportionate amount of allocation on residential customers and small businesses and is not reasonable because commercial and industrial customers, including data centers, will have the smallest rate increase. Tr. 691-694.

V. LEGAL STANDARD/BURDEN OF PROOF

Section 1301 of the Public Utility Code, 66 Pa.C.S. § 1301, provides that “every rate made, demanded, or received by any public utility, or by any two or more public utilities jointly, shall be just and reasonable, and in conformity with regulations or orders of the commission.”

The burden of proof to establish the justness and reasonableness of every element of the utility’s rate increase rests solely upon the public utility. 66 Pa.C.S. § 315(a). “It is well-established that the evidence adduced by a utility to meet this burden must be substantial.” *Lower Frederick Twsp. v. Pa. PUC*, 409 A.2d 505, 507 (Pa. Cmwlth. 1980).

Although the burden of proof remains with the public utility throughout the rate proceeding, when a party proposes an adjustment to a ratemaking claim of a utility, the proposing party bears the burden of presenting some evidence or analysis tending to demonstrate the reasonableness of the adjustment. *Pa. PUC v. Aqua Pennsylvania, Inc.*, Docket No. R-00072711 (Order entered July 17, 2008). Section 315(a) of the Code, 66 Pa.C.S. § 315(a), applies since this is a proceeding on Commission Motion. “However, after the utility establishes a prima facie case, the burden of going forward or the burden of persuasion shifts to the other parties to rebut the prima facie case.” *Pa. PUC v. Phila. Gas Works*, Docket No. R-00061931 at 12 (Order entered September 28, 2007).

Furthermore, Section 523 of the Public Utility Code, 66 Pa.C.S. § 523, requires the Commission to “consider . . . the efficiency, effectiveness and adequacy of service of each utility when determining just and reasonable rates.” In exchange for customers paying rates for service, which include the cost of utility plant in service and a rate of return, a public utility is obligated to provide safe, adequate, and reasonable service. “[I]n exchange for the utility’s provision of safe, adequate and reasonable service, the ratepayers are obligated to pay rates which cover the cost of service which includes reasonable operation and maintenance expenses, depreciation, taxes and a fair rate of return for the utility’s investors . . . In return for providing safe and adequate service, the utility is entitled to recover, through rates, these enumerated costs.” *Pa. PUC v. Pa. Gas & Water Co.*, 61 Pa. P.U.C. 409 at 415-16 (1986). *See also* 66 Pa.C.S. § 1501. As a result, the legislature has given the Commission discretionary authority to deny a proposed rate increase, in whole or in part, if the Commission finds “that the service rendered by the public utility is inadequate.” 66 Pa.C.S. § 526(a).

Commission policy promotes settlements. *See* 52 Pa. Code § 5.231. Settlements lessen the time and expense that the parties must expend litigating a case, and at the same time, conserve precious administrative resources. The Commission has indicated that settlement results are often preferable to those achieved at the conclusion of a fully litigated proceeding. *See* 52 Pa. Code § 69.401. The Commission has explained that parties to settled cases are afforded flexibility in reaching amicable resolutions, so long as the settlement is in the public interest. *Pa. PUC v. MXenergy Electric Inc.*, Docket No. M-2012-2201861, 2013 Pa. PUC LEXIS 789 (Opinion and Order entered Dec. 5, 2013). In order to accept a settlement, the Commission must first determine that the proposed terms and conditions are in the public interest. *Pa. PUC v. Windstream Pa., LLC*, Docket No. M-2012-2227108, 2012 Pa. PUC LEXIS 1535 (Opinion and Order entered Sept. 27, 2012); *Pa. PUC v. C.S. Water and Sewer Assoc.*, Docket No. R-881147, 74 Pa. P.U.C. 767 (Opinion entered Jul. 22, 1991).

The Commission’s policy permits parties to enter “partial” or “non-unanimous” settlements. *See* 52 Pa. Code § 69.401. *See also* 52 Pa. Code § 5.232, § 69.406. As with full settlements, partial settlements, whether involving a partial settlement of issues or a partial settlement of the parties involved (non-unanimous), must be reasonable and in the public interest. *See Pa. PUC v. City of Bethlehem – Water Department*, Docket No. R-2020-3020256, 2021 Pa. PUC LEXIS 116 (Apr. 15, 2021) (*City of Bethlehem Water*). The Commission has approved non-unanimous settlements as being just and reasonable and in the public interest and has not rejected or disfavored settlements because they are non-unanimous. *See, e.g. City of Bethlehem Water; Pa. PUC v. Pike County Light and Power Co. – Electric*, Docket No. R-2020-3022135 (Order entered June 23, 2021) (*Pike County*); *Pa. PUC v. Pennsylvania-American Water Company*, Docket No. R-2020-3019369 (Order entered Feb. 25, 2021) (*Pennsylvania-American Water Co.*).

The Commission has also stated:

Despite the policy favoring settlements, the Commission does not simply rubber stamp settlements without further inquiry. In order to accept a settlement such as those proposed here, the Commission must determine that the proposed terms and conditions are in the public interest. The focus of the inquiry for determining whether a proposed settlement should be approved by the Commission is whether the proposed terms and conditions foster, promote and serve the public interest. Because the Joint Petitioners request the Commission enter an order in this proceeding approving the Partial Settlement without modification, they share the burden of proof to show that the terms and conditions of the Partial Settlement are in the public interest.

Pa. PUC v. PECO Energy Co., Docket No. R-2018-3000164, *slip op.* at 15 (Order entered Dec. 20, 2018).

It is unusual for a proposed settlement in a general base rate case to be rejected. *Pa. PUC v. Community Utilities of Pa., Inc. – Wastewater Division*, Docket Nos. R-2021-3025206, *slip op.* at 10 (Opinion and Order entered Jan. 13, 2022) (reversing the presiding officer’s order recommending rejection of a joint petition for settlement of a rate case concluding that on balance, the settlement is in the public interest and should be approved).

The standards for approving the terms of non-unanimous settlements are the same as those for deciding a fully contested case, *i.e.*, the parties to the non-unanimous settlement must demonstrate that the proposed settlement is supported by substantial evidence and that the rates agreed to are just and reasonable, in the public interest, and in conformity with the Commission’s orders and regulations. *See* 66 Pa.C.S. § 1301; *Pike County*; *City of Bethlehem Water*; *Pennsylvania-American Water Co.*

VI. DESCRIPTION OF THE NON-UNANIMOUS SETTLEMENT

PPL filed the Joint Petition for Non-Unanimous Settlement of All Issues, including attachments on March 13, 2026. The Joint Petition is 46 pages in length and includes the terms of the Non-Unanimous Settlement and 8 appendices attached as Appendix A through H. Appendix A is PPL’s Proof of Revenues. Appendix B includes the Revenue Allocation. Amended Appendix C³ includes the Bill Impacts. Appendix D includes Proposed Findings of Fact. Appendix E includes Proposed Conclusions of Law. Appendix F includes Proposed Ordering Paragraphs. Appendix G includes a List of Certain Compliance Retail Tariff Modifications Referenced in the Settlement. Appendix H includes Grandfathered MW Cap Allocation Process.

³ The Joint Petitioners filed Amended Appendix C on April 1, 2026.

VII. TERMS AND CONDITIONS OF THE NON-UNANIMOUS SETTLEMENT

The Joint Petitioners have agreed to a Non-Unanimous Settlement covering all issues raised in this proceeding. The terms and conditions of the Non-Unanimous Settlement are set forth fully below verbatim, beginning at numbered paragraph 48 through and including paragraph 124 of the Joint Petition for Non-Unanimous Settlement of All Issues, including attachments filed on March 13, 2026, as well as Amended Appendix C, which was filed on April 1, 2026. The Non-Unanimous Settlement also includes the usual terms and conditions that are typically included in settlements. These terms, which among other things, protect the parties' rights to withdraw from the Non-Unanimous Settlement and proceed with litigation if any part of the Settlement is modified, condition the agreement upon approval by the Commission and provide that no party is bound in future rate cases by any particular position taken in this case. These additional terms and conditions, set out at paragraphs 125 through and including paragraph 132, will not be repeated here verbatim. For those standard terms, the reader is directed to the Joint Petition itself.

The Joint Petitioners to the Non-Unanimous Settlement include PPL, I&E, OCA, OSBA, CEO, CAUSE-PA, Convergent, Dimension, DOD, EI, EJA, the Joint Solar Advocates, PPLICA, RESA, SEF, Walmart, and Eric Joseph Epstein. The CGC and PDMP objected to the MRPL terms of the Non-Unanimous Settlement. Their objections are addressed below.

The Settlement terms among the Joint Petitioners consist of the following terms and conditions:

48. The Joint Petitioners agree as follows:

A. REVENUE REQUIREMENT

49. PPL Electric will be permitted to submit a Supplement to PPL Electric's Tariff – Electric Pa. P.U.C. No. 202 designed to produce an annual distribution rate revenue increase of \$275.00 million, to become effective for service rendered on and after July 1, 2026. The increase in annual operating revenue is in lieu of the as filed net increase of approximately \$356.27 million. The settlement as to revenue requirement shall not be itemized, except for the following items and as further identified later in this Settlement: (1) the \$32,000,000 for reportable storm damage expenses as described below; (2) the approximately \$3,779,000 for annual amortization of the regulatory asset for the eligible storms costs in excess of the 3% cap on the Storm Damage Expense Rider (“SDER”), as set forth in Schedule D-9 of Exhibit Fully Projected Future 1; (3) \$17,291,887 annual amortization of negative net salvage based on a 10-year amortization period instead of a 5-year amortization period; (4) the approximately \$211,000 for annual amortization of the Infrastructure Investment and Jobs Act (“IIJA”) regulatory asset, as set forth in PPL Electric St. No. 22 and Schedule D-10 of Exhibit Fully Projected Future 1; (5) the roll-in of the Distribution System Improvement Charge (“DSIC”) capital investment and associated depreciation and tax effects in base rates per the Company's proposal, the Tax Cuts and Jobs Act (“TCJA”) rider, and the Smart Meter Rider – Phase 2 (“SMR-2”); and (6) the return on equity (“ROE”) for purposes of the DSIC will be set by and equivalent to the ROE set forth in the Commission's Quarterly Report on the Earnings of Jurisdictional Utilities.
50. Additional changes to PPL Electric's distribution base rates may not go into effect until two years after the effective date of rates in this proceeding.

51. On or before October 1, 2026, PPL Electric will provide all active parties an update to PPL Electric Exhibits JJS-2 and JJS-3, which will include actual capital expenditures, plant additions, and retirements by month for the 12 months ending June 30, 2026. On or before October 1, 2027, PPL Electric will update PPL Electric Exhibits JJS-2 and JJS-3 filed in this proceeding for the 12 months ending June 30, 2027. In PPL Electric's next base rate proceeding, the Company will prepare a comparison of its actual expenses and rate base additions for the 12 months ended June 30, 2027, to its projections in this case. However, it is recognized that this Settlement is a compromise of the parties' positions on various issues.

B. REVENUE ALLOCATION

52. The Allocated Cost of Service Study ("ACOSS") as included in **Appendix B** shall be used for allocating revenues to the rate classes.
53. The revenue allocation will be proportionally scaled back to reflect the adopted distribution rate revenue increase set forth in Paragraph 49, *supra*.

C. RATE DESIGN

54. The parties agree that, based on the revenue number identified in Paragraph 49, *supra*, the proposed fixed residential customer charge shall increase to \$15.00 per month.
55. The proposed Rate LP-4 customer charge shall not be subject to scaleback.
56. The proposed Rate GS-3 customer charge shall not be subject to scaleback.
57. PPL Electric will not eliminate Rate RTS in this base rate case and will maintain the current fixed customer charge for Rate RTS.

58. The remaining rates shall be designed consistent with the revenue allocation and rate design parameters outlined in Paragraphs 54 through 57, *supra*.

D. DISTRIBUTION SERVICE IMPROVEMENT CHARGE (“DSIC”)

59. The DSIC capital investment and associated depreciation and tax effects will be rolled into base rates per PPL Electric’s proposal, and the DSIC will be reset to 0% upon implementation of new base rates.
60. DSIC Eligible Plant. As of the effective date of rates in this proceeding, PPL Electric will be eligible to include plant additions in the DSIC at the later of (1) the end of the FPFTY at June 30, 2027, or (2) once the net electric plant in service as identified in Schedule C-1, line 3 of PPL Electric Rebuttal Exhibit No. 1 exceeds the \$6,945,908,000 projected by PPL Electric at June 30, 2027. The foregoing provision is included solely for purposes of calculating the DSIC and is not determinative for future ratemaking purposes of the projected additions to be included in rate base in a FPFTY filing.
61. DSIC Equity Return. For purposes of calculating its DSIC, PPL Electric shall use the equity return rate for electric utilities contained in the Commission’s most recent Quarterly Report on the Earnings of Jurisdictional Utilities and shall update the equity return rate each quarter consistent with any changes to the equity return rate for electric utilities contained in the most recent Quarterly Earnings Report, consistent with 66 Pa. C.S. § 1357(b)(3), until such time as the DSIC is reset pursuant to the provisions of 66 Pa. C.S. § 1358(b)(1).

E. STORM DAMAGE EXPENSE RIDER (“SDER”)

62. Under the SDER, the R Factor for July 1, 2026, and thereafter, unless modified by the Commission in a subsequent base rate case, shall equal \$32,000,000,

which for purposes of this SDER constitutes the amount of expense from reportable storms currently recovered through base rates.

63. To the extent that actual eligible storm damage expenses associated with reportable storms are more or less than the \$32,000,000 that PPL Electric is recovering through base rates, this over/under collection will be refunded/recouped during the applicable SDER recovery period.
64. The SDER rate effective July 1, 2026, shall continue to reflect and be designed to recover the amortizations of extraordinary storm events, including the two extraordinary storm events from 2024.
65. As part of its compliance Retail Tariff filing, PPL Electric will revise the SDER tariff language to clarify what costs can be amortized and the methodology through which those amortization amounts will be recovered, as specified in **Appendix G**.

F. CUSTOMER SERVICE, LOW INCOME AND UNIVERSAL SERVICE ISSUES

66. By July 1, 2027, PPL Electric will revise its written training materials for new field technicians to include personal contact requirements and to be consistent with its 2016 remote involuntary termination settlement at Docket No. P-2016-2524581, Order (Jan. 19, 2017), regarding when the metering system may be used to remotely terminate service. The Company will revise its training and training materials to be consistent with the terms of the settlement.
67. By July 1, 2027, PPL Electric will update its call scripting and training materials for the customer service representatives and revise these documents so that PPL Electric's representatives are correctly informing customers that they may continue to renew their medical certificates past two renewals if they are able to pay their current charges and will direct customers seeking medical protections to where they can find

additional informational materials (as developed pursuant to this paragraph) on the Company's website. PPL Electric will also develop Plain Language⁴ informational materials for households protected by a medical certificate, which will be posted on the Company's website. These informational materials will include a summary of the rights and obligations while protected by a medical certificate, and a sample bill that shows where the customer can locate the amount of their bill that constitutes their current charges that need to be paid in order to continue to renew their medical certificate. Within 180 days of the effective date of rates, PPL Electric will provide a draft of its revised call scripting, training materials, and informational materials to the parties to this proceeding, and will evaluate recommendations received from the parties on a good faith basis.

68. By January 1, 2028, PPL Electric will conduct a review of and update its third party call center vendor provided training materials to ensure that they reflect the most current Pennsylvania policies and other reforms reflected in the Settlement.
69. Beginning January 1, 2027, the Company will, in good faith, endeavor to operate its call center to reduce the level of abandoned calls to no more than 9% annually and to answer no less than 80% of its calls within 30 seconds. To the extent that PPL Electric is unable to achieve this level of performance, PPL Electric agrees to promptly meet with the parties to discuss those areas of challenge and its plan to improve service levels.
70. Consistent with the reporting of the other major electric utilities in Pennsylvania, the Company's performance in these areas relative to the prior provision shall include the call data for interactive voice response ("IVR") calls.

⁴ As utilized in this Settlement, the term "Plain Language" is intended to refer to the Commission's policy statement on plain language guidelines. *See* 52 Pa. Code § 69.251.

71. Prior to the Company's next base rate case, but not sooner than 12 months following the entry of the Commission's Final Order in this proceeding, the Company shall conduct a single root cause analysis of its internally resolved customer disputes and complaints filed with the Commission that were initiated on or after January 1, 2026, to identify trends, potential underlying causes, and potential reforms such as modifications to training materials and other potential actions to respond to complaint trends and underlying causes. This root cause analysis shall be included in the filing of the next base rate case. In the Company's next base rate case, the Company will make available to I&E, OCA, OSBA, and CAUSE-PA the findings of the root cause analysis, including any data summaries, identified trends, root causes, and recommended reforms or corrective actions, including implementation timelines and responsible departments for such actions.
72. PPL Electric will define a "confirmed low income customer" to also include any customer who has received a Low Income Home Energy Assistance Program ("LIHEAP") grant within the current or immediately preceding two LIHEAP program years, as well as any customer who has participated in its Customer Assistance Program ("CAP") within the last 12 months.
73. Beginning January 1, 2027, before PPL Electric enters into a deferred payment arrangement ("DPA") with a customer which the Company either: (1) knows to be a Confirmed Low-Income customer; or (2) has generated information through the DPA process documenting that the customer is in the Tier 1 income range (at or below 150% of the FPL), PPL Electric will provide the customer with Plain Language information on CAP and an explanation of the advantages of CAP's arrearage forgiveness benefits. PPL Electric will develop this Plain Language notice in collaboration with its Universal Service Advisory Committee ("USAC").
74. Beginning January 1, 2027, PPL Electric will increase its maximum CAP credits as follows:

FPL Tier	Account Classification	12-Month Maximum Credit Limit
0% to 50%	Electric Heat	\$5,040
51% to 100%	Electric Heat	\$4,000
101% to 150%	Electric Heat	\$3,440
0% to 50%	Non-Electric Heat	\$3,120
51% to 100%	Non-Electric Heat	\$2,400
101% to 150%	Non-Electric Heat	\$2,000

- 75. In the earlier of its next filed rate case or its next default service petition, PPL Electric will propose an adjustment to the maximum CAP credit thresholds to account for proposed adjustments in generation and distribution rates in the interim or will explain why it does not believe any such adjustment is necessary.

- 76. Beginning January 1, 2027, PPL Electric will increase its Low Income Usage Reduction Program (“LIURP”) annual budget by \$1.5 million for a total of \$13.5 million. PPL Electric also agrees to roll over any unspent budgeted amounts in any year to the next year’s LIURP budget.

- 77. By July 1, 2027, PPL Electric will develop and implement a process to screen:
 - a. New and moving customers for income level at the time their service is established to determine whether the customer should be:
 - i. Classified as a confirmed low income customer; and
 - ii. Referred to the CAP application process and any other universal service programs; and

- b. Existing customers for income level on any non-emergency calls, if that customer has not been screened within the past six (6) months and has not previously opted out of providing such information, to determine whether the customer should be:
 - i. Classified as a confirmed low income customer; and
 - ii. Referred to the CAP application process and any other universal service programs.

- 78. PPL Electric’s proposal to eliminate the \$100 Universal Service Rider (“USR”) CAP cost recovery offset is withdrawn without prejudice. Further, the CAP participation threshold used for determining when to start applying the \$100 credit shall be increased from 44,000 to 75,000.

- 79. PPL Electric will streamline enrollment in CAP in the following ways:
 - a. As of the effective date of rates, PPL Electric will continue to place a temporary hold once per year on termination of accounts that are referred to CAP to allow time for the household to enroll in CAP. PPL Electric will inform customers that they have placed this hold on their accounts. PPL Electric will continue this temporary hold for 21 days. If the customer submits a CAP application within this 21-day period, PPL Electric will extend the hold until the CAP application is fully processed. If the CAP application is approved, PPL Electric will cancel the termination.
 - b. By July 1, 2027, customers who have had their service terminated but have not yet reverted to the status of an applicant (i.e., they are within the 30 day window before their final bill becomes past due), may reconnect service without upfront payment of arrears or a reconnection fee upon the successful enrollment into PPL Electric’s CAP. PPL Electric will revise its policies, procedures, and call scripting to ensure that customers seeking to reconnect service will be screened for CAP eligibility and

- informed of the option to reconnect by successfully enrolling in CAP.
- c. By July 1, 2027, PPL Electric will begin utilizing LIHEAP data for the purpose of processing CAP applications and recertifications without requiring additional affirmative customer consent and will begin allowing applicants to enroll in CAP by phone if their income and household composition information is available through the LIHEAP data.
80. Within 120 days of the effective dates of rates, PPL Electric will modify its monthly CAP bill review process to review rates for all CAP customers, including those receiving the average bill and percentage of income payment (“PIP”) CAP rate, to ensure they are always receiving the lesser of their applicable PIP rate or their average bill whichever is most advantageous available rate.
81. Within 120 days of the effective date of rates, PPL Electric will revise its policies and procedures for issuing payment arrangements through IVR systems to ensure that low income customers are provided with the opportunity to be transferred to a live customer service representative. Customers who provide income information indicating low-income status will be informed of the benefits of CAP and hardship funds and provided with the opportunity to apply during the call.
82. PPL Electric’s proposal to recover USECP employees’ salaries and wages through the USR is withdrawn without prejudice.
83. The USR rate filing will change from occurring once per year in January to three times per year in January, May, and September. This change will be incorporated in PPL Electric’s compliance Retail Tariff filing.
84. Beginning July 1, 2027, PPL Electric agrees to waive reconnection fees for all customers who have household income at or below 150% of the federal poverty level.

85. By July 1, 2027, PPL Electric will revise its security deposit policies to reflect that if a customer has previously paid a security deposit and subsequently demonstrates that they are income-eligible for PPL Electric's CAP, PPL Electric will return the security deposit to the customer and will not apply the security deposit to the customer's bill unless the customer specifically agrees that it may be applied to the customer's bill. Upon implementation of this revised policy, PPL Electric will review all customer accounts for which it currently holds a security deposit to determine whether the low income security deposit exemption applies and will make the necessary refunds. PPL Electric will also update all applicable policies, procedures, and training materials to ensure that security deposits are automatically released when a customer enrolls in CAP, receives a LIHEAP grant, or provides other information indicating that they are low income.
86. PPL Electric will amend its tariff and modify its implementing practices and procedures, to better align with the Commission regulation regarding low-income exemptions from deposits (see, 52 Pa. Code § 56.32(e)). Specifically, PPL Electric will clarify that it will not require a cash deposit from applicant who, based upon household income, is confirmed to be eligible for a customer assistance program. Pursuant to Section 56.32(e) of the Commission's regulations, an applicant is confirmed to be eligible for a customer assistance program by the Company if the applicant provides income documents or other information attesting to his or her eligibility for state benefits based on household income eligibility requirements that are consistent with those of the public utility's customer assistance programs. Customers and applicants who are currently participating in PPL Electric's CAP or have received a LIHEAP grant within the current or prior LIHEAP program year will not be assessed a security deposit and, in turn, will not be required to provide further information or documentation of low income status to qualify for the security deposit exemption. PPL Electric will amend its call center scripts and training materials

to ensure that applicants and customers are informed of the low income security deposit exemption and the required qualifications, and afforded an opportunity to provide the necessary income information at the time a deposit is assessed.

G. VEGETATION MANAGEMENT

87. PPL Electric withdraws without prejudice its request for capitalized treatment of the costs associated with first removal of hazard and danger trees after the acquisition of additional rights-of-way to address off-right-of-way trees.

H. RELIABILITY

88. PPL Electric is required to file an annual reliability accountability report in this docket that tracks the Company's approved reliability programs in relation to the Commission's existing reliability metric targets, and includes program-level reporting addressing spending, work completed, locations targeted, justification, and reliability outcomes. This reporting will continue until the next base rate proceeding.
89. PPL Electric will continue planning and executing Inspection, Maintenance, Repair, and Replacement ("I&M") Plan work based on system risk and need, rather than the cycle length alone.
90. PPL Electric will file an annual report describing the vegetation management program and detailing measures such as the extent of expanded rights-of-way ("ROWS") obtained, the scope of associated tree removal, and estimated changes in relevant reliability metrics attributable to the expanded ROWs.

I. LARGE LOAD INTERCONNECTIONS

91. As part of its compliance Retail Tariff filing, PPL Electric will adopt the LP-6 tariff schedule governing the rates, terms and conditions of service to large load (data center) customers, consistent with the Company's

rebuttal testimony of PPL Electric Witness Joseph Lookup:

a. Including:

- i. Electric Service Agreements (“ESAs”) shall include, at a minimum, the following terms:
 1. Initial term of not less than ten (10) years;
 2. Customer shall provide an initial load ramp schedule for up to the first five (5) years of the initial term (for the avoidance of doubt, this requirement is not intended to prohibit and does not prohibit the use of an initial load ramp schedule for a period that does not exceed the initial term of the ESA);
 3. Customer shall provide a revenue guarantee in the amount of the line extension costs that customer was not directly charged, the customer’s Rate Base Security Obligation, defined *infra*;
 4. Until the customer’s Rate Base Security Obligation, defined *infra*, is satisfied, the customer shall pay applicable rates based on the greater of actual peak demand values, or 80% of the load provided in the load ramp schedule;
 5. After the customer’s Rate Base Security Obligation, defined *infra*, is satisfied, the customer shall pay applicable rate based on the greater of actual peak demand values, or 80% of the load provided in the load ramp schedule for the first (5) years of the initial term and 50% for the second five (5) years of the initial term.
 6. Customer’s revenue guarantee shall be satisfied when the Company has received transmission revenue from the customer equaling the Rate Base Security Obligation, defined *infra*;
 7. Customer shall provide security in the form of a letter of credit, parent guarantee, or other security instrument acceptable to

- the Company for the amount of the outstanding revenue guarantee;
8. In the event of default, the Company shall draw on the security instrument in the amount of the outstanding revenue guarantee and apply the funds to the remaining cost of the line extension that was not directly charged to the customer; and
 9. The ESA shall contain an exit fee, the amount of which is defined *infra*.
- ii. The Customer may elect a voluntary interruptible option, which if chosen would reduce the minimum load guarantee to 60% for the first five years, and 30% for the second five years.
- b. Subject to the following modifications:
- i. The LP-6 Rate Schedule will be applicable to a customer if the customer's service commenced on or after October 1, 2025;
 - ii. The LP-6 Rate Schedule will be applicable to a customer if the customer has a peak electric demand of 50 MW or greater at a single facility or at least equal to 75 MW in the aggregate among facilities taking service from PPL Electric at or above 69 kV within a 10-mile radius; provided, however, that if (1) the customer has a peak electric demand equal to or greater than 50 MW at a single facility but less than or equal to 75 MW at a single facility that takes service from PPL Electric at or above 69 kV, and (2) the customer's interconnection and service requirements do not cause PPL Electric to incur transmission network upgrade costs, then PPL Electric may file a petition with the Commission requesting, subject to Commission review and approval, that the customer's facility be classified under Rate LP-5 and that the customer's peak demand for that single facility not be counted toward the peak demand in the aggregate among the customer's facilities taking service from PPL

Electric at or above 69 kV within a 10-mile radius. Any petition filed under this section requesting a customer to be classified as a Rate LP-5 customer shall be served on all the parties to this base rate proceeding;

- iii. As a condition of receiving distribution utility service under the LP-6 Rate Schedule, each LP-6 customer must execute an ESA governing the customer's interconnection to the transmission system at voltages equal to or greater than 69 kV, including the constructing, maintaining, and operating of transmission facilities;

92. The ESA must be entered into pursuant to and consistent with the terms and conditions of the LP-6 rate schedule as specified herein;

- i. The ESA will require the LP-6 customer to provide security in an amount equal to the cost of upgrades needed to serve the customer, including, but not limited to, the costs that the Company would not have incurred but for the interconnection of the customer, that are placed into rate base and recovered through transmission rates (such amount is referred to as the "Rate Base Security Obligation");
 - ii. The ESA will contain an exit fee that is equal to the remaining minimum load guarantee obligation during the ESA term at the time the customer terminates the ESA, or the remaining amount of the Rate Base Security Obligation, whichever is greater;
 - iii. The ESA will require a contribution in aid of construction ("CIAC") as up-front milestone payments ahead of work performed for the cost of directly assignable transmission and distribution upgrades; and
- b. To the extent that there is critical load, the ESA shall require the LP-6 customer to engineer the substation and other distribution- side and customer-side infrastructure to enable the large load customer, during load shedding, to segment and separate

critical load from non-critical load, as such terms are defined in PPL Electric's load control and emergency conservation procedures developed pursuant to 52 Pa. Code § 57.52(b), and that the substation, other distribution-side infrastructure, and customer-side infrastructure be operated such that non-critical load at the point of interconnection can be shed without affecting the operations of the critical load.

93. The exit fee will first be applied to the Rate Base Security Obligation as a reduction to the Company's transmission rate base, and the remainder of the exit fee will be as a credit to the Company's Federal Energy Regulatory Commission ("FERC") Transmission Formula Rate revenue requirement.
94. PPL Electric will submit compliant ESAs and a breakdown of the allocation of system upgrade costs to the Commission for transparency and information and will serve the same on the statutory advocates. PPL Electric will provide notice to the Commission and statutory advocates in the event that a Rate LP-6 customer voluntarily terminates the service contract before the contract has elapsed, including reporting if and when the customer's exit fee was provided as a credit to PPL Electric's transmission rate base balance.
95. PPL Electric will submit annual load forecasts to the Commission, along with a breakdown of forecasted load based on requests of customers with ESAs, Letters of Authorization ("LOAs"), and inquiries and shall include such breakdown along with forecasts submitted to PJM Interconnection, LLC ("PJM"). PPL Electric's requirements under this paragraph will be consistent with its obligations under Act 45 of 2025 regarding Electric Load Forecast Accountability, Sections 1801-B through 1806-B, and any information not covered by this paragraph but required by the Act must still be submitted by PPL Electric to the Commission.
96. Beginning January 1, 2027, PPL Electric will allocate \$11 million of USR costs annually to the new LP-6 rate

class. Such costs will be allocated amongst the LP-6 rate class and recovered from the LP-6 customers through a non-bypassable customer charge assessed to those customers under Rate Schedule LP-6. PPL Electric will propose an increased allocation of costs to the LP-6 class in its next filed rate case or will explain why it has not proposed to increase this allocation.

97. The Parties agree that the LP-6 tariff schedule in the Company's rebuttal position does not fully address the issues and concerns raised by various parties through the course of the proceeding, as fully substantiated by the testimony of OCA Witness Matthew Hoyt, CAUSE-PA Witness Benjamin Havumaki, EJA Witness Karl Rábago, EI Witness Ron Nelson, and PPLICA Witness Billie LaConte. The Parties also agree that certain of the issues and concerns identified by the parties are currently pending a determination by the Commission in the large load model tariff statewide proceeding at Docket No. M-2025-3054271 and that the Parties reserve all rights with respect to the proceeding at Docket No. M-2025-3054271. The Parties agree that, following any final order of the Commission in the Docket No. M-2025-3054271 proceeding, any Party to this Settlement may make a filing before the Commission proposing to modify the LP-6 rate schedule to be consistent with the Commission's determination in the statewide proceeding at Docket No. M-2025-3054271 and that such a filing would not be construed as breaking this Settlement. All Parties reserve all rights with respect to such a filing made pursuant to this provision.

J. MAXIMUM REGISTERED PEAK LOAD

98. The MRPL proposal shall be approved as modified by the following terms and conditions, consistent with the Joint Stipulation and Settlement filed on March 5, 2026:
99. The following customer-generators shall be grandfathered into their existing default service rate for a period of 10 years (i.e., until December 31, 2036), at which time they will become subject to classification

pursuant to the terms of PPL Electric’s default service rate classifications that are in place on or after January 1, 2037, in the following order:

- a. Customer-generators who submitted to PPL Electric an interconnection application on or before September 30, 2025,⁵ which is the date on which PPL Electric filed the instant rate case, and whose generating facilities either (i) receive a Permission to Operate⁶ (“PTO”), or (ii) provide to PPL Electric a completed copy of their Certificate of Completion⁷ on or before December 31, 2026, which is 15 months from the instant rate case application date; then
- b. Customer-generators who submitted to PPL Electric an interconnection application on or before September 30, 2025, up to the “Cap” defined below, based sequentially on the date of their signed *original* Notification of Customer Intent (“NOCI”).⁸ PPL Electric will utilize the process set forth in **Appendix H** to this Settlement to (1) notify customer-generators who submitted to PPL Electric an interconnection application on or before September 30, 2025 of their eligibility for a capacity allocation under the Cap, and (2) track remaining Cap capacity information and regularly publish such information on its website.

⁵ Under this Settlement, the date of the applicant’s submission of an interconnection application to PPL Electric will be determined by when it has received approval for its submitted one-line diagram, it has paid the interconnection application fee, and the Company has concluded that the interconnection application is complete.

⁶ “Permission to Operate” or “PTO” is the letter or other communication from PPL Electric to a customer-generator granting authorization to operate a generating facility. If partial PTO is granted, then the full nameplate of the customer generator application is applied to the 140 MW Cap.

⁷ A Certificate of Completion, as defined in 52 Pa. Code § 75.22, is a certificate in a form approved by the Commission containing information about the interconnection equipment to be used, its installation and local inspections.

⁸ A “Notification of Customer Intent” or “NOCI” is a formal document indicating the customer-generator’s agreement to the scope of work required to interconnect the project, as provided by PPL Electric, and advance the engineering and design work required to bring the project online.

100. No additional customer-generators shall be grandfathered under Paragraph 99, *supra*, once the total amount of nameplate AC capacity for Rate GSC-1 customer-generator systems that receive PTO reaches 140 MW-AC (“Cap”).
101. PPL Electric shall provide the parties to this Settlement with written notification on when the remaining Cap capacity information is updated on the Company’s website and when the Cap has been met.
102. For purposes of determining compensation for net excess generation for customer-generators taking service under Rate GSC-2, such compensation shall include (i) the capacity portion of Rate GSC-2 as defined hereafter, (ii) line losses; and (iii) a gross-up of the generation component for the Gross Receipts Tax (“GRT”). The capacity portion shall equal the PJM Reliability Pricing Model price expressed in dollars per kW-Day, as reported by PJM for the PL Zone, multiplied by the total obligation peak load for the Large Commercial & Industrial (“Large C&I”) class⁹ for the applicable GSC-2 period, divided by the total forecasted Large C&I kWh load for the applicable GSC-2 period.
103. Other than the specific terms and conditions contained herein, the Joint Petitioners propose no other modifications to PPL Electric’s proposed changes to GSC-1 and GSC-2 and its proposal to introduce the MRPL into PPL Electric’s determination of eligibility for participation in Rate Schedules GSC-1 and GSC-2.
104. For the remainder of the grandfathering period ending December 31, 2036, PPL Electric will not propose, as part of any Commission proceeding, to modify the grandfathered rights for customer-generators set forth in Paragraph 99, *supra*. Through the period ending December 31, 2041, PPL Electric will not propose, as

⁹ The Large C&I customer class consists of distribution Rate Schedules GS-3 (>100 kW), LP-4 (≥100 kW), and LP-5.

part of any Commission proceeding, to make any changes to the structural components of Rate GSC-2 as described in Paragraph 105, *infra*, that would result in different components being used for calculating the Rate GSC-2 rate paid by non-customer-generators and the Rate GSC-2 rate used to determine the net metering compensation for customer-generators.

105. PPL Electric shall compensate each customer-generator taking service under Rate GSC-2 for excess generation produced by that customer-generator based on all of the following components:
 - a. Energy, based on an average of actual daily, real-time Locational Marginal Prices at the PPL Residual Aggregate Node as reported by PJM over the most recent previous 6-month period.
 - b. HP Adder, which is the supplier's winning bid in PPL Electric's most recent solicitation for supply of default service to customers in the Large C&I Customer Class. The supplier's charges may include, but are not limited to, the costs of transmission service (other than non-market-based transmission service charges), ancillary services, congestion management costs, and such other services or products that are required to supply hourly default service to customers in the Large C&I Customer Class, including Alternative Energy Credits.
 - c. Capacity, as determined by Paragraph 102, *supra*.
 - d. E-Factor, which adjusts the Rate GSC-2 for the net over or undercollection of the Rate GSC-2 rate components as of the end of the 12-month period ending March 31 immediately preceding the computation period, including applicable interest as set forth in Rate GSC-2 of the Retail Tariff.
 - e. Administrative Charges, based on PPL Electric's portion of administrative charges expressed in cents per kWh times the customer's actual energy use, adjusted for losses, during each hour of the billing month.
 - f. Transmission, as defined as follows:

- i. For purposes of compensation for net excess generation, Rate GSC-2 customer generators on distribution Rate LP-4, the transmission compensation is converted from a kW rate to a kWh rate by taking the Large C&I – Primary Billing Demand Rate (\$/kW) (w/GRT) from the PPL Transmission Service Charge (“TSC”) filing, multiplying by the Large C&I - Primary Bill Demand kW reported in the TSC filing, and then dividing by the Large C&I – Primary Projected Total Retail KWH Sales to Customers reported in the TSC filing. The estimated kW and kWh in the TSC filing are derived from PPL Electric’s load forecast. The rate for the current six-month period is calculated from the rate in effect during the prior six-month period.
- ii. For GSC-2 customer generators on distribution Rate GS-3, transmission compensation is the Small C&I TSC rate in effect during the prior six-month period.

K. ELECTRIC VEHICLE (“EV”) TIME-OF-USE (“TOU”) CHARGING REBATE PROGRAM AND DIRECT CURRENT FAST CHARGER (“DCFC”) RATE

- 106. PPL Electric’s EV TOU Charging Rebate Program proposal is approved subject to the following modifications in this section.
- 107. The EV TOU Charging Rebate Program shall run from July 1, 2026, until June 30, 2030. This term shall not prohibit PPL Electric from proposing a continuation or expansion of the EV TOU Charging Rebate Program, subject to Commission review and approval, in a future Commission proceeding.
- 108. Each “Program Year” under the EV TOU Charging Rebate Program shall run from June 1 of one year to May 30 of the following year (e.g., Program Year 1 would be July 1, 2026, to May 30, 2027).

109. The EV TOU Charging Rebate Program's applicable On-Peak and Off-Peak time frames shall be modified to align with PPL Electric's residential TOU program On-Peak and Off-Peak time frames. No rebates will be paid to program participants in the six shoulder months.
110. PPL Electric will modify the proposed tariff language for the EV TOU Charging Rebate Program to explicitly indicate the program is temporary and will be reevaluated prior to its continuation beyond 2030.
111. PPL Electric will share with interested stakeholders the proposed application form, customer communications with the requirements and program rules, and marketing materials as well as the proposed areas where the marketing will be conducted. PPL Electric will provide a collaborative for discussion of the proposed materials and offer the opportunity for interested stakeholders to provide feedback to the Company on the materials and proposed marketing targets.
112. PPL Electric will develop an evaluation plan with detailed objectives that will be utilized in the evaluation of the EV TOU Charging Rebate Program during the duration of the program and at the end of its initial term. The evaluation plan will clearly identify all relevant evaluation metrics and key performance indicators ("KPIs") along with their respective targets and the data used to measure each metric of KPI. This full evaluation plan will include milestones tied to the distinct start and end dates. PPL Electric shall be authorized to use internal personnel to conduct the evaluation of the EV TOU Charging Rebate Program and shall not be required to contract with a third party to perform such evaluation.
113. The evaluation plan will also describe how the Company will compare the data derived from the Proposed EV TOU Charging Rebate Program with the data obtained from the Phase V Act 129 Energy Efficiency and Conservation ("EE&C") Plan's EV Program customers and customers not participating in

either program, as well as how the Company intends to collect the data from customers not participating in either program.

114. Within 60 calendar days following the end of each Program Year, PPL Electric shall file and serve a report at this docket providing the following information: (a) number of customers who participated; (b) total rebates awarded to participating customers; (c) customers' charging behavior metrics; and (d) customer satisfaction. Any individualized customer information provided in the report will be anonymized.
115. In advance of the EV TOU Charging Rebate Program's launch on July 1, 2026, PPL Electric will finalize the customer communications, program descriptions, and enrollment materials and share them with the active parties in this proceeding.
116. Any decisions to continue the program will be subject to Commission review as part of a standalone regulatory proceeding, base rate case, or in conjunction with the Commission's evaluation of a future Act 129 EE&C Plan. Stakeholders shall be afforded an opportunity to participate in the applicable proceeding.
117. Within 180 days of the Commission's entry of a final order in this proceeding, PPL Electric will initiate work with interested stakeholders to develop new EV distribution rates for each of the following: (1) third-party owned public-facing EV DCFCs; and (2) residential customers. PPL Electric will make a proposal in its next base rate case to establish EV distribution rates for third-party public-facing EV DCFCs and residential customers.

L. IT UPGRADES

118. PPL Electric is permitted to capitalize the costs associated with its planned Information Technology ("IT") upgrades, as set forth in PPL Electric St. No. 19. Parties retain the right to challenge the reasonableness and prudence of any such capitalized expenditures in

future base rate cases. PPL Electric agrees to engage in communications with the EGSs regarding planned changes to its IT systems which have the potential to impact the Supplier Portal before such changes are implemented. The Company agrees to review in good faith any feedback provided by EGSs regarding such planned IT system changes. However, PPL Electric retains ultimate discretion regarding the design and implementation of its IT systems and shall be under no obligation to incorporate the EGSs' suggestions.

119. To the extent that PPL Electric must develop a DER Orchestration Plan under the Commission's Order at Docket No. P-2024-3049223, PPL Electric agrees to hold one stakeholder working group with the Parties to this proceeding before filing its DER Orchestration Plan with the Commission. During the stakeholder working group meeting, the Company shall provide substantive updates regarding the process and anticipated content of such Plan, address stakeholder questions, and solicit stakeholder feedback. PPL Electric commits to considering any such stakeholder feedback in good faith as part of the Company's finalization of the DER Orchestration Plan before filing with the Commission.

M. RETAIL TARIFF

120. PPL Electric's proposal to eliminate third party payment fees and roll these costs into rates is adopted. The amount rolled into rates is included in the overall revenue requirement increase agreed to by the parties in Paragraph 49.
121. PPL Electric's Opportunity Pennsylvania Program costs will not be recovered through base rates in this proceeding.
122. As part of its compliance Retail Tariff Filing, PPL Electric shall make the following modifications, many of which are identified in PPL Electric St. Nos. 8-R and 14-R, as set forth fully in **Appendix G**: (a) clarify that the Rule 6 capacity reservation charge is limited to distribution demand charges: (b) incorporate corrected

back-up power reservation charges in Rule 6 that are equal to 30% of the applicable standard distribution demand charge under Rate Schedule GS-3, LP-4, or LP-5; (c) remove the Alternative Energy Credit (“AEC”) ownership language in the Net Metering for Renewable Customer Generators section; (d) revise the definition of “tenant” as specified on pages 2-3 of PPL Electric St. No. 14-R and as further modified on page 48, lines 16-26 of CAUSE-PA St. No. 1-SR; (e) revise Rule 5(E)(1) as set forth on pages 4-5 of PPL Electric St. No. 14-R; (f) add a Rule 5(E)(4) as set forth on pages 5-6 of PPL Electric St. No. 14-R; (g) add a Rule 9(I) that provides PPL Electric with the discretion to enter into a flexible payment arrangement of up to 6 months with Rate GS-1 and GS-3 customers under terms acceptable to the Company; and (h) modify proposed paragraph headed “CUSTOMER TRANSFORMATION EQUIPMENT” in Rate Schedule LP-5 to apply to customers with a peak demand of less than 50 MW and facilities for which the Commission has approved an exemption under Paragraph 91(b)(ii). The Company will include provisions in its agreement with the customer that ensure that no costs associated with owning, operating, and maintaining the customer transformation equipment will be recovered from other customers.

N. SUPPLIER TARIFF

123. As part of its compliance Supplier Tariff filing, PPL Electric shall make the following modifications: (a) remove Rule 3.1(f) and renumber subsequent provisions accordingly; (b) clarify the Load Data Supply Charge section as stated on page 73 of PPL Electric St. No. 18-R; (c) include the definition of “Bill Ready” as set forth on page 75 of PPL Electric St. No. 18-R; (d) revise the Competitive Billing Specifications Rider to address a Rate Ready billing scenario as specified on page 76 of PPL Electric St. No. 18-R; (e) delete the credit requirements detailed in Rule 4.14; (f) revise Rule 4.18 to remove the recovery of “EDI Transaction Fees” from the Coordination Service Charges; (g) revise Rule 4.18 to institute a January 1, 2027 effective date for the inclusion of “DUNS Testing Fees” in the Coordination

Service Charges; and (h) update the rate classes in Rule 12.9 for the Purchase of Receivables (“POR”) Program to reflect the relevant rate classes approved in this proceeding. PPL Electric further agrees that all EGSs currently registered and operating in its service territory will be allowed to continue service on an uninterrupted basis regardless of the changes to Rule 3.1 (and subsections thereof) of the Supplier Tariff until January 1, 2028. The EGSs currently registered and operating in the Company’s service territory will need to provide the information and materials required under Rule 3.1 (and subsections thereof) no later than January 1, 2028, to continue operating in PPL Electric’s service territory. PPL Electric agrees that EGSs can satisfy applicable requirements under Rule 3.1 (and subsections thereof) through affiliates. The Company will communicate the requirements under Rule 3.1 to all EGSs currently registered in the Company’s service territory within 60 days of the entry date of the Commission’s Final Order in this proceeding.

**O. BEHIND-THE-METER NON EXPORTING
BATTERY ENERGY STORAGE SYSTEMS**

124. PPL Electric agrees to review within 120 days of the entry date of the Commission’s Final Order any behind-the-meter non-exporting battery energy storage projects currently being reviewed for interconnection behind a customer’s meter to determine if the requirements being imposed are in line with industry best practices and available studies.

VIII. DISCUSSION OF THE NON-UNANIMOUS SETTLEMENT

A. REVENUE REQUIREMENT

PPL maintains that the Settlement reflects a reasonable compromise of the parties’ positions. As noted previously, the Company filed for a base rate revenue increase of approximately \$356.27 million, but PPL Electric’s rebuttal testimony

supported a base rate revenue increase of approximately \$384.5 million after accounting for various corrections and adjustments accepted by the Company. Conversely, I&E's and OCA's recommended increases, with the corrections identified in PPL Electric's rejoinder testimony, were \$301.98 million and \$182.68 million, respectively. Also, EJA specified a revenue requirement position for the first time in its surrebuttal testimony, advancing an increase of approximately \$150.9 million. PPL Statement in Support of Non-Unanimous Settlement at 11.

The Settlement provides for a total increase of \$275.0 million in additional annual base rate operating revenue, with new rates to become effective July 1, 2026.¹⁰ The agreed-upon amount will allow the Company to continue providing safe and reliable service to its customers and will provide PPL Electric with an opportunity to earn a reasonable return on and of its investments. Moreover, the Settlement provides that additional changes to the Company's distribution base rates may not go into effect until two years after the effective date of rates in this proceeding.¹¹ The reduced revenue increase and two-year rate case stay-out, when coupled with other customer service and rate provisions detailed elsewhere in the Settlement, such as the increase in the maximum Customer Assistance Program ("CAP") credit limits and the \$15.00 fixed residential customer charge, are designed to address parties' concerns about the affordability impact of the revenue increase. Therefore, when properly viewed as a whole, PPL Electric believes that the Settlement: (1) provides the Company with the additional revenues necessary to continue furnishing adequate, efficient, safe, and reliable service to its customers; and (2) appropriately balances the need for the Company to have an opportunity to earn a reasonable rate of return with its customers' need for reasonable rates. PPL Statement in Support of Non-Unanimous Settlement at 11.

¹⁰ Settlement ¶ 49.

¹¹ Settlement ¶ 50.

In addition, the Settlement’s provisions on revenue requirement identify certain items that make up the agreed-upon revenue increase of \$275.0 million. They are: (1) the \$32,000,000 for reportable storm damage expenses; (2) the approximately \$3,779,000 for annual amortization of the regulatory asset for the eligible storms costs in excess of the 3% cap on the Storm Damage Expense Rider (“SDER”), as set forth in Schedule D-9 of Exhibit Fully Projected Future 1; (3) \$17,291,887 annual amortization of negative net salvage based on a 10-year amortization period instead of a 5-year amortization period; (4) the approximately \$211,000 for annual amortization of the IJJA regulatory asset, as set forth in PPL Electric St. No. 22 and Schedule D-10 of Exhibit Fully Projected Future 1; (5) the roll-in of the Distribution System Improvement Charge (“DSIC”) capital investment and associated depreciation and tax effects in base rates per the Company’s proposal, the Tax Cuts and Jobs Act (“TCJA”) rider, and the Smart Meter Rider – Phase 2 (“SMR-2”); and (6) the return on equity (“ROE”) for purposes of the DSIC will be set by and equivalent to the ROE set forth in the Commission’s Quarterly Report on the Earnings of Jurisdictional Utilities.¹² PPL Statement in Support of Non-Unanimous Settlement at 12.

The Company provided detailed support for its claims of \$32 million in reportable storm damage expenses, the annual amortization of the regulatory asset for eligible storm costs in excess of the SDER’s 3% cap, and the annual amortization amount of approximately \$211,000 for its IJJA regulatory asset in its testimony.¹³ As for the amortization of the negative net salvage, the Settlement amortizes the negative net salvage over 10 years instead of the typical 5-year period utilized by PPL Electric and other utilities in Pennsylvania.¹⁴ However, to help reach a compromise on the overall revenue requirement, the Joint Petitioners agreed to a 10-year amortization, thereby

¹² Settlement ¶ 49.

¹³ See, e.g., PPL Electric St. No. 13, pp. 11-12; PPL Electric St. No. 22-R, pp. 3-13.

¹⁴ Settlement ¶ 49; PPL Electric St. No. 11-R, pp. 2-3.

reducing the annual amortization amount included as part of the Company’s depreciation expense by 50%.¹⁵ Importantly, the Commission has approved the use of a 10-year amortization for negative net salvage for settlement purposes in prior base rate cases.¹⁶ PPL Statement in Support of Non-Unanimous Settlement at 12-13.

As for the roll-in of the riders into base rates, no parties disputed the Company’s proposals on that topic.¹⁷ Accordingly, the Settlement memorializes the Company’s proposed roll-in of those riders into the overall revenue requirement.¹⁸ Also, for purposes of calculating its DSIC, the Settlement requires PPL Electric to use the equity return rate for electric utilities contained in the Commission’s most recent Quarterly Report on the Earnings of Jurisdictional Utilities.¹⁹ PPL Statement in Support of Non-Unanimous Settlement at 13.

PPL further notes that the Settlement requires the Company provide updates to the active parties in this proceeding on its actual capital expenditures, plant additions, and retirements for the Future Test Year (“FTY”) and FPFTY.²⁰ In the next base rate case, PPL Electric also must prepare and present a comparison of those actual figures to the Company’s projections from this case.²¹ These provisions are designed to enhance transparency in the ratemaking process, by enabling the parties to track PPL

¹⁵ Settlement ¶ 49; PPL Electric St. No. 11-R, p. 4.

¹⁶ See, e.g., *Pa. PUC v. Pennsylvania-American Water Co. Ne. Operations*, 2010 Pa. PUC LEXIS 1990, at *8, 17-20 (Order entered Dec. 16, 2010) (approving settlement under which “the Joint Petitioners agree[d] that PAWC shall amortize its actual negative net salvage incurred through December 31, 2010 over ten years, rather than five years as set forth in its initial filing”).

¹⁷ See PPL Electric St. No. 13, p. 7.

¹⁸ Settlement ¶ 49.

¹⁹ *Id.*

²⁰ Settlement ¶ 51.

²¹ *Id.*

Electric's actual expenditures and evaluate the reliability of the Company's capital cost and expense projections. PPL Statement in Support of Non-Unanimous Settlement at 13.

PPL avers that, as a whole, the Settlement's provisions on revenue requirement resolve the parties' positions on the overall annual base distribution revenue increase, eliminate ambiguity as to certain components of the agreed-upon revenue requirement, clarify the application and calculation of various rider mechanisms, and provide for tracking of the Company's actual expenditures. As such, these provisions are reasonable and in the public interest and should be approved without modification. PPL Statement in Support of Non-Unanimous Settlement at 13-14.

I&E maintains that all parties who presented testimony on revenue requirement support the \$275 million rate increase. The \$275 million rate increase represents a compromise among the Joint Petitioners' proposals and is therefore in the public interest. Additionally, I&E avers that although it did not propose the stay-out term, it supports the Settlement in its entirety as being in the public interest. I&E Statement in Support of Non-Unanimous Settlement at 7.

Additionally, the Settlement provides that on or before October 1, 2026, PPL Electric will provide all active parties an update to PPL Electric Exhibits JJS-2 and JJS-3, which will include actual capital expenditures, plant additions, and retirements by month for the 12 months ending June 30, 2026. On or before October 1, 2027, PPL Electric will update PPL Electric Exhibits JJS-2 and JJS-3 filed in this proceeding for the 12 months ending June 30, 2027. In PPL Electric's next base rate proceeding, the Company will prepare a comparison of its actual expenses and rate base additions for the 12 months ending June 30, 2027 to its projections in this case. I&E avers that this data will allow the parties and the Commission to better gauge the accuracy of PPL Electric's projected investments in future proceedings, and therefore I&E supports this provision as

being in the public interest. I&E Statement in Support of Non-Unanimous Settlement at 7.

The OCA avers that the revenue requirement settlement terms are in the public interest because the Settlement revenue increase provides sufficient funds to maintain PPL's distribution system in an adequate, efficient, safe, and reasonable manner at a level significantly lower than PPL's \$356.3 million original request and within a reasonable range of the OCA's \$186.79 million recommendation. In this proceeding, PPL inadvertently left out a \$34.6 million depreciation expense for the negative net salvage adjustment.²² OCA witness Morgan, along with many other parties, found it to be a reasonable expense adopting it into his surrebuttal position.²³ With the inclusion of this inadvertent error, PPL's actual Revenue Requirement request should have been filed as \$390.9 million, not \$356.3 million. Based on the OCA's analysis of PPL's filing, discovery responses received, testimony filed, and various cost of capital proposals, the revenue increase under the Settlement is approximately \$81.3 million below the value PPL originally filed for or \$115.9 million below PPL's revenue requirement adopting the net salvage error and represents a result that would be within the range of likely outcomes in the event of full litigation of the case. Given that PPL has not filed for a rate increase for approximately a decade, a fully litigated proceeding may have resulted in a revenue requirement outcome closer to PPL's revenue requirement increase request. Moreover, the revenue requirement increase should also be considered in the context of the many important provisions obtained in the Settlement that were the product of extensive negotiation, which includes many terms that likely would not have been achieved through litigation. OCA Statement in Support of Non-Unanimous Settlement at 7-9.

²² OCA St. 1SR at 2.

²³ *Id.*

The OCA further avers that the two-year stay-out term is also in the public interest because it will protect consumers from further increased rates for a longer period of time. This stay-out provision is an important protection for consumers because it provides consistency in the new rates for a longer period of time before the possibility of another base rate increase. Lastly, Settlement Paragraph 51 requires that PPL provide the active parties its actual expenditures, plant additions, and retirements so that parties can compare the projections PPL made in this proceeding to the actual data, which helps protect ratepayers from inaccurate projections in PPL's next base rate case. The OCA maintains that the Settlement terms regarding the revenue requirement are in the public interest and should be approved by the Commission. OCA Statement in Support of Non-Uniform Settlement at 9.

The OSBA notes that at the full revenue requirement requested by PPL, the GS-1 small business customer class would have received a \$33.9 million (43%) rate increase. At the revenue requirement of \$275 million set forth in the Settlement, the GS-1 customer class would receive a rate increase of \$24.2 million (31%). This reduced revenue increase lessens the rate impact upon PPL's small business customers, and the OSBA submits that it is a just and reasonable result for this issue. OSBA Statement in Support of Non-Uniform Settlement at 2.

CAUSE-PA continues to be concerned about the unaffordability of PPL's existing rates, as well as the impacts that increasing these rates will have on PPL's customers, particularly its low income customers. Notwithstanding these ongoing concerns, CAUSE-PA recognizes that the proposed revenue increase is \$81 million less than the \$356 million increase sought by PPL, and more than \$115 million less than PPL's adjusted revenue requirement of \$389 million. It is also less than the revenue increase recommended by I&E in this proceeding. Given the myriad of considerations and positions in this proceeding, CAUSE-PA submits that the proposed revenue increase

is reasonable when viewed in the context of the overall settlement proposal and should be approved. CAUSE-PA Statement in Support of Non-Unanimous Settlement at 5.

While CAUSE-PA would have preferred a revenue requirement significantly lower than what was agreed to, the outcome is likely more favorable than what would have been achieved in litigation based on past Commission decisions which have awarded ROEs that are higher than what CAUSE-PA has calculated the imputed ROE to be in this case. While not achieving as low of a revenue requirement as proposed by the OCA and supported by CAUSE-PA, the proposed Settlement makes material reductions in the impact of PPL's proposed rate increase on economically vulnerable households that are either in line with or better than what could have been anticipated based on recent Commission decisions. Additionally, the two-year minimum stay out provides a measure of protection and predictability for customers in the midst of rising energy commodity and transmission prices.²⁴ When viewed as a whole, CAUSE-PA asserts that the revenue requirement and stay-out provisions of the proposed Settlement are reasonable and should be approved. CAUSE-PA Statement in Support of Non-Unanimous Settlement at 6-7.

The EJA maintains that approval of a Settlement reflecting this reduced revenue requirement increase, when considered together with and in the context of the complete package of settlement terms in the Joint Petition, is consistent with the public interest. EJA Statement in Support of Non-Unanimous Settlement at 2.

²⁴ Paragraph 51 provides certain reporting that PPL will provide to the parties that will allow the various parties to the proceeding to seek to hold PPL accountable for the spending, plant additions, and retirements as well as its actual expenses which will allow the parties to have a better and more accurate projection of necessary adjustments in the next case.

Walmart maintains that the reduced revenue requirement reflects a significant compromise among the various parties' litigation positions, which Walmart believes will provide the Company with adequate going-forward revenues while also substantially mitigating the upcoming changes to all customers' rates. Walmart also notes that the two-year stay-out provides an additional benefit of temporary rate stability to the Company's customers.²⁵ Walmart Statement in Support of Non-Unanimous Settlement at 3-4.

While PPLICA did not take a position on the revenue requirement increase, PPLICA believes this negotiated amount is reasonable and in the public interest because it represents a compromise between Joint Petitioners and a balance between their competing interests. PPLICA Statement in Support of Non-Unanimous Settlement at 6-7.

B. REVENUE ALLOCATION

PPL notes that its allocated cost of service study ("ACOSS") was prepared using the same cost-of-service model employed in its last (2015) base rate case²⁶ and adheres to the cost-of-service principles and methods approved in the Company's fully-litigated 2012 base rate case,²⁷ including using a minimum system study to identify the customer-related portion of distribution system costs.²⁸ The Company's ACOSS is

²⁵ Settlement ¶ 50.

²⁶ PPL Electric St. No. 7, p. 5. Mr. Rimal sponsored the Company's ACOSS, which is identified as PPL Electric Exhibits BR-1 and BR-2. As part of its rebuttal case, PPL Electric submitted a revised ACOSS as PPL Exhibits BR-1R and BR-2R to reflect changes in various components of its revenue requirement that were identified after the Company's rate case was filed and to correct an inadvertent error in the allocation factor for services. See PPL Electric St. No. 7-R, pp. 2-3, 25. A summary of the results of the revised ACOSS is set forth in Tables 1 and 2, on pages 25-26 of PPL Electric St. No. 7-R.

²⁷ See PPL Electric St. No. 7-R, p. 9 ("The ACOSS methodology used in this case is consistent with PPL Electric's 2012 and 2015 [base rate] filings.").

²⁸ See *Pa. PUC v. PPL Elec. Utils. Corp.*, Docket Nos. R-2012-2290597, et al., pp. 111-35 (Order entered Dec. 28, 2012).

consistent with and fully supported by the principles, methods, and procedures described in the National Association of Regulatory Utility Commissioners' ("NARUC") *Electric Utility Cost Allocation Manual* (1992 ed.) ("*NARUC Manual*"), which is the leading treatise on cost allocation for electric utilities.²⁹ PPL Statement in Support of Non-Uniform Settlement at 14.

The Company's ACROSS employs the well-established NARUC-approved three-part analytic approach of functionalizing, classifying, and allocating costs to rate classes in accordance with the fundamental cost-of-service principle of cost-causation. Specifically, the cost-of-service analysis allocates costs based on how and why those costs are incurred to serve each customer class.³⁰ PPL Statement in Support of Non-Uniform Settlement at 14.

Costs are functionalized based on the functions they principally perform, namely, generation, transmission, and distribution.³¹ Within the distribution function, certain costs were sub-functionalized between primary voltage distribution, secondary voltage distribution, and customer accounts and service.³² Costs are classified based on the primary forces driving cost-causation, which consist of: (1) the number of customers; (2) the need to serve peak demands, and (3) the amount of electricity consumed. However, since generation was deregulated in Pennsylvania, there are no material costs classified as energy-related.³³ Once costs are functionalized and classified, they are assigned³⁴ to individual customers or, as is generally the case for most electric utilities, to customer classes that have relatively similar service characteristics. Most costs cannot be directly assigned because the facilities used, and costs incurred to provide distribution

²⁹ See PPL Electric St. No. 7-R, pp. 7-9.

³⁰ See PPL Electric St. No. 7, pp. 5-11.

³¹ See PPL Electric St. No. 7, pp. 5-11.

³² *Id.*, p. 6.

³³ *Id.*, pp. 6-8.

³⁴ *Id.*, p. 10.

service, are used jointly or commonly by all the customers within a class.³⁵ The principal allocation methods are based on the number of customers and peak demand.³⁶ PPL Statement in Support of Non-Unanimous Settlement at 14-15.

Certain distribution assets, such as poles, conductors, and line transformers, are properly allocated between a customer component and a demand component. Consistent with principles set forth in the NARUC *Manual*, the customer component of those costs is identified and quantified using a minimum system study.³⁷ PPL Statement in Support of Non-Unanimous Settlement at 15.

A minimum system study recognizes that electric distribution is a network industry and, therefore, the distribution system must connect customers to each other to efficiently move power from generation and transmission facilities to individual customers who are geographically distributed throughout a company's service territory.³⁸ A minimum system study employs the minimum-sized components currently installed by a company to identify the customer component of distribution system costs.³⁹ All major electric distribution companies in Pennsylvania classify some portion of their distribution system plant and expenses as customer-related.⁴⁰ This principle was affirmed in the most recent fully-litigated electric distribution rate case⁴¹ and in PPL Electric's fully-litigated 2012 base rate case.⁴² PPL Statement in Support of Non-Unanimous Settlement at 15-16.

³⁵ *Id.*

³⁶ *Id.*, pp. 10-14.

³⁷ *See* PPL Electric St. No. 7-R, pp. 5-9.

³⁸ *Id.*, pp. 5-6.

³⁹ *Id.*, pp. 12-13.

⁴⁰ *Id.*, p. 8.

⁴¹ *Pa. PUC v. UGI Utils., Inc. – Elec. Div.*, Docket Nos. R-2017-2640058, et al., pp. 159-60 (Order entered Oct. 25, 2018).

⁴² *Pa. PUC v. PPL Elec. Utils. Corp.*, Docket Nos. R-2012-2290597, et al., pp. 112-13 (Order entered Dec. 28, 2012).

PPL Electric proposed using its ACOSS as the basis for allocating the revenue increase in this case.⁴³ While the goal, in theory, is to bring all classes of customers to their cost of service – that is, to a rate level where the rate of return for each class is equal to the system average rate of return – the Company recognized that doing so in one case would result in substantial percentage increases for some classes and rate reductions for other classes.⁴⁴ Accordingly, the Company proposed mitigation measures to moderate the impact on individual rate classes.⁴⁵ Specifically, the Company proposed to: (1) cap the increase to any class to 1.5 times the overall system increase; and (2) provide no rate class with a rate reduction.⁴⁶ Applying that approach would move all classes closer to their cost of service while assuring that the increase to any one class is moderated.⁴⁷ PPL Statement in Support of Non-Unanimous Settlement at 16.

The Joint Petitioners reached a resolution on the issues relating to the ACOSS and revenue allocation by adopting an innovative approach. Specifically, the Joint Petitioners agreed to establish a cost-of-service benchmark based on an 80%/20% weighting of the Company's and the OCA's ACOSS results, respectively. This agreement is supported by the Company's and OCA's evidence. The Company proposed an ACOSS that employed a minimum system study to identify a customer component of distribution system costs, while the OCA opposed using a minimum system study but agreed that some recognition of a customer-component of distribution costs would be reasonable and acceptable. PPL Statement in Support of Non-Unanimous Settlement at 18-19.

⁴³ PPL Electric St. No. 7, p. 20.

⁴⁴ *Id.*, p. 21.

⁴⁵ *Id.*

⁴⁶ *Id.*

⁴⁷ *Id.*

In addition, the Joint Petitioners agreed to further mitigation consisting of two elements: (1) Rate RTS would be retained; and (2) the increases to both Rate RTS and Rate LP-4 would be capped at 1.3 times the system average increase, with the amounts not recovered from those classes that is attributable to the additional mitigation being spread across the other customer classes.⁴⁸ The agreement reached on revenue allocation is embodied in Paragraphs 52 and 53 of the Settlement. PPL Statement in Support of Non-Unanimous Settlement at 19.

The Commission has long recognized that cost of service studies, while important, are most useful as a “guide” and, as such, must be employed, along with other factors, in reaching a judgment about a reasonable allocation of revenues among customer classes.⁴⁹ Thus, PPL maintains that the Joint Petitioners have reached a reasonable compromise on an issue that necessarily involves the exercise of judgment applied to a range of factors. The agreed-upon revenue allocation moves all customer classes closer to their cost of service (i.e., class rates of return all move closer to 1.0) while, at the same time, adopting sensible mitigation measures to avoid imposing inappropriately large increases on any class. Therefore, the revenue allocation provisions of the Settlement are reasonable and in the public interest and should be approved. PPL Statement in Support of Non-Unanimous Settlement at 19-20.

I&E notes that the proposed allocation was thoroughly reviewed during this case, and I&E witness Ethan Cline did not recommend any adjustments to the proposal, as the proposed allocation generally moves each customer class closer to the desired relative rate of return of 1.0 (wherein the revenue received from a particular class is equal to the corresponding costs of providing service to that class).⁵⁰ Mr. Cline also

⁴⁸ Settlement ¶¶ 52-53.

⁴⁹ *See Pa. PUC v. Columbia Gas of Pa., Inc.*, Docket Nos. R-2022-3031211, et al., 2022 Pa. PUC LEXIS 402, at *47 n.11 (Order entered Dec. 8, 2022).

⁵⁰ I&E Statement No. 4, pp. 6-9, I&E Statement No. 4-SR pp. 8-9.

recommended that any proposed rates be scaled back proportionally if the final revenue granted to PPL Electric was less than the requested \$356 million,⁵¹ which will be done per Paragraph 53 of the Settlement. The agreed upon revenue allocation and proportional scaleback represents a compromise among the Joint Petitioners' proposals and is supported by I&E as being in the public interest. I&E Statement in Support of Non-Unanimous Settlement at 8-9.

Based on the results of the Settlement revenue allocation and as reflected in Appendix B to the Settlement, the OCA notes that PPL's customer classes are generally moving towards the cost of service indicated by the ACOSs presented by the OCA.⁵² The Settlement also balances non-cost considerations by considering gradualism and not allocating the full revenue required for classes to have complete parity with respect to the indicated cost of service, as the revenue allocation proposals which formed the basis of the agreed-upon revenue allocation also expressly considered gradualism.⁵³ In sum, the revenue allocation provisions contained in the Settlement are in the public interest. Revenue was allocated in accordance with an agreed-upon cost of service methodology and the allocation was reasonable. The Settlement represents a reasonable compromise, balancing the interests of the Company, the OCA, and other parties and consumers with respect to both revenue allocation and rate design. OCA Statement in Support of Non-Unanimous Settlement at 15.

The OSBA notes that in this proceeding PPL and the OCA each submitted an ACOSs. The OSBA reviewed the methodology of both ACOSs' and determined that while the methodologies differed, both ACOSs' were executed correctly and provided reasonable results. Based upon this review, the OSBA submitted its own proposed

⁵¹ I&E Statement No. 4, p. 10.

⁵² *See Lloyd v. Pa. PUC*, 904 A.2d 1010, 1019-21 (Pa. Cmwlth. 2006).

⁵³ *See Pa. PUC v. Columbia Gas of Pa., Inc.*, Docket No. R-2020-3018835 (Order Feb. 19, 2021) (*Columbia 2020*) at 46-47.

revenue allocation that yielded fair and reasonable treatment of all rate classes. The Joint Petition proposes to blend the PPL and OCA ACOSs, giving PPL's ACOS an 80% weight and the OCA ACOS a 20% weight. The OSBA submits that this approach is consistent with its own analysis and yields a just and reasonable result for this highly contentious issue.⁵⁴ OSBA Statement in Support of Non-Unanimous Settlement at 3.

CAUSE-PA notes that it did not take a position in this proceeding related to the revenue allocation issues set forth in Paragraphs 52-53 of the proposed Settlement, but supports the allocation negotiated by the other parties as it represents a fair and reasonable compromise of the parties' respective positions and is designed to ensure that classes are paying cost-based rates based on the overall allocated class cost of service study. CAUSE-PA Statement in Support of Non-Unanimous Settlement at 7-8.

Walmart has consistently advocated that rates be aligned with the utility's cost of service so that rates reflect cost causation, provide appropriate price signals, and minimize price distortions among customer classes. Walmart submits that the Settlement reasonably moves rate classes closer to their respective cost-of-service levels while mitigating rate impacts across classes.⁵⁵ By balancing the cost-causation principles with the need to moderate customer rate impacts, the Settlement reflects a fair resolution of the parties' positions. Walmart Statement in Support of Non-Unanimous Settlement at 4.

In testimony, PPLICA argued that in this case, the nearly 60% proposed increases to the RTS and LP-4 rate classes were substantial, would result in rate shock, and were not consistent with the principle of gradualism.⁵⁶ As such, PPLICA advocated that the rate increase cap on the system increase should be limited to 1.3 times the system average increase, instead of PPL's proposed cap of 1.5 times the system average

⁵⁴ Settlement at ¶ 52.

⁵⁵ *Id.*

⁵⁶ PPLICA Statement No. 1 at 7.

increase.⁵⁷ PPLICA also recommended that if the Commission approves a lower revenue increase than PPL proposed, rate revenues should be scaled down proportionately.⁵⁸ PPLICA Statement in Support of Non-Unanimous Settlement at 7.

The Settlement includes PPLICA's recommended proportionate scaleback and revenue allocation limit of 1.3 times the system average increase. PPLICA asserts that these Settlement provisions are reasonable and in the public interest as they prevent rate shock and are consistent with the principle of gradualism. PPLICA Statement in Support of Non-Unanimous Settlement at 8.

C. RATE DESIGN

Revenue allocation is the process of identifying the “target” revenues that each class of customers should pay to move each class closer to its cost of service, while, at the same time, giving due consideration to the principle of gradualism by adopting appropriate mitigation measures to assure no class receives a disruptively large increase. Rate design involves the design of the rates to recover the revenues from each customer class without undue discrimination to customers at different usage levels. PPL Statement in Support of Non-Unanimous Settlement at 20.

Consistent with the principle of cost-causation, a sound, non-discriminatory rate design strives to recover costs from customers within each class based on the factors that drive how those costs are incurred. As such, costs that do not vary based on either demand or energy usage should properly be recovered in a fixed customer charge. Costs that vary based on demand or energy are properly recovered through variable distribution charges that reflect customers’ demand or energy use. In short, the customer charge is

⁵⁷ PPLICA Statement No. 1, pp. 2-3 and 7-9; PPLICA Statement No. 1S, p. 3-4.

⁵⁸ PPLICA Statement No. 1, p. 9.

designed to recover costs that are “fixed” on a per customer basis, while variable distribution charges are designed to recover costs that vary based on each customer’s demand or energy. PPL notes that the principal area of disagreement in this case focused on the Company’s proposed customer charge for Rate RS. PPL Statement in Support of Non-Unanimous Settlement at 20-21.

PPL Electric proposed a Rate RS customer charge of \$17.00 per month.⁵⁹ The Company’s current base customer charge for Rate RS is \$14.09, which was established in its 2015 base rate case. However, various distribution riders apply to the customer charge as well as the variable distribution charges. Accordingly, after applying those riders, the effective customer charge Rate RS customers actually pay is currently \$15.58.⁶⁰ The Company submitted a detailed analysis of the fixed customer costs for the Rate RS class. If all fixed costs (i.e., all costs that vary based solely on the number of customers unrelated to levels of demand or energy usage) are included in the customer cost analysis, the total for Rate RS is \$42.96.⁶¹ PPL Electric Witness Rimal also prepared a cost analysis that excluded all of the fixed customer-related costs identified by Mr. Rimal’s minimum system study. This analysis showed total fixed customer-related costs of \$22.27.⁶² Thus, even if the customer component of distribution system costs identified by the minimum system study are excluded, PPL Electric’s fixed customer costs for the Rate RS class exceed \$17.00 per month.⁶³ PPL Statement in Support of Non-Unanimous Settlement at 21.

For its other major rate classes, PPL Electric proposed the following customers charges: (1) \$30.00 per month for Rate GS-1; (2) \$78.00 per month for Rate

⁵⁹ PPL Electric St. No. 8, p. 10.

⁶⁰ PPL Electric St. No. 18-R, p. 14.

⁶¹ PPL Electric St. No. 7, p. 24. The cost analysis was revised in rebuttal to \$44.13. (See PPL Electric St. No. 7-R, p. 19.)

⁶² PPL Electric St. No. 7-R, p. 19.

⁶³ *Id.*

GS-3; (3) \$235.00 per month for Rate LP-4; and (4) \$973.44 per month for Rate LP-5.⁶⁴ PPL Statement in Support of Non-Unanimous Settlement at 21.

Neither I&E nor OSBA proposed changes to the customer charges proposed by the Company.⁶⁵ SEF proposed that the Company's Rate RS customer charge should be raised to the full amount identified in Mr. Rimal's customer cost analysis (\$42.96 subsequently revised to \$44.13).⁶⁶ OCA opposed PPL Electric's proposed increase in the Rate RS customer charge.⁶⁷ However, OCA stated that if the Commission were inclined to increase the Rate RS customer charge, it should not be set above the current base customer charge plus applicable rider charges of \$15.58.⁶⁸ CAUSE-PA, CEO, and EJA opposed increasing the Rate RS customer charge on grounds similar to those stated by OCA, namely, that the customer charge sends inappropriate price signals that could inhibit conservation by customers.⁶⁹ CAUSE-PA and CEO argued that PPL Electric's current customer charge of \$14.09 should be maintained, while EJA proposed using a "basic customer cost" analysis to determine the customer charge and proposed reducing the Company's customer charge to \$10.20.⁷⁰ PPL Statement in Support of Non-Unanimous Settlement at 21-22.

The "basic customer cost" method advocated by witnesses for OCA and EJA would eliminate from the costs properly recognized in the customer charge all indirect and overhead costs.⁷¹ However, the Commission has previously rejected the use of the basis customer cost method because it fails to include costs that should properly be

⁶⁴ PPL Electric St. No. 8, pp. 14-18.

⁶⁵ See I&E St. No. 4, p. 6; OSBA St. No. 1, p. 13.

⁶⁶ SEF St. No. 1, pp. 11-12.

⁶⁷ OCA St. 4, pp. 31-39.

⁶⁸ *Id.*, p. 4.

⁶⁹ CAUSE-PA St. 1, pp. 26-31; CAUSE-PA St. 1-SR, pp. 14-17; CEO St. No. 1, pp. 4-6; EJA St. No. 1, pp. 44-45, 80.

⁷⁰ *Id.*

⁷¹ PPL Electric St. No. 7-RJ, p. 5.

recognized for inclusion in the customer charge.⁷² In fact, the Commission followed this same approach of recognizing indirect overhead costs in the Company's 2012 base rate case.⁷³ PPL Statement in Support of Non-Unanimous Settlement at 22.

The only other rate design issue was the Company's proposal to eliminate Rate RTS for thermal storage and migrate all customers currently on that rate to Rate RS.⁷⁴ Rate RTS has been closed to new customers since 1995 and has approximately 11,509 residential customers currently served on that rate.⁷⁵ As explained previously, the Company proposed to eliminate Rate RTS in recognition of the fact that residential thermal storage did not provide load management benefits that justified the significant subsidy the RTS class already receives.⁷⁶ PPL Statement in Support of Non-Unanimous Settlement at 22-23.

Various parties opposed the elimination of Rate RTS principally on the grounds that the customers currently served under that rate schedule would experience a significant increase if the migration to Rate RS were approved.⁷⁷ PPL Statement in Support of Non-Unanimous Settlement at 23.

PPL believes that the Settlement reflects a reasonable compromise of the parties' positions. The Rate RS base customer charge would be set at \$15.00, which is higher than the Company's existing base Rate RS customer charge but still less than the

⁷² See *Pa. PUC v. Aqua Pa., Inc.*, Docket Nos. R-00038805, et al., 2004 Pa. PUC LEXIS 39, at *98 (Order entered Aug. 5, 2004) (“[W]e find that it is reasonable and proper to include allocated portions of indirect costs, such as employee benefits, local taxes and other general and administrative costs, in a [customer] cost study.”).

⁷³ *Pa. PUC v. PPL Elec. Utils. Corp.*, Docket Nos. R-2012-2290597, et al., p. 131 (Order entered Dec. 28, 2012).

⁷⁴ PPL Electric St. No. 8, p. 12.

⁷⁵ See CAUSE-PA St. 1, pp. 7-8.

⁷⁶ PPL Electric St. No. 8, p. 12; PPL Electric St. No. 8-R, pp. 19-20.

⁷⁷ See CAUSE-PA St. 1, pp. 31-32; OCA St. 4, p. 40.

effective customer charge Rate RS customers are now paying including distribution rider charges.⁷⁸ The customer charges for Rates GS-3 and LP-4 are being set as proposed by PPL Electric without scaling back those charges.⁷⁹ The Settlement also provides that Rate RTS will not be eliminated and that customers on that rate will not be migrated to Rate RS.⁸⁰ To address the increase that the Rate RTS class would receive, the Joint Petitioners agreed to a further mitigation measure that caps the increase to Rate RTS at 1.3 times the total-company average increase. The further mitigation provided to Rate RTS customers and to Rate LP-4 customers will be recovered through modest additional increases to other rate classes. PPL Statement in Support of Non-Unanimous Settlement at 23.

For these reasons, PPL submits that the Settlement achieves an appropriate balance among the factors that, collectively, determine a reasonable and non-discriminatory rate design for each of the Company's rate classes. Thus, the rate design provisions of the Settlement are reasonable and in the public interests and should be approved without modification. PPL Statement in Support of Non-Unanimous Settlement at 23-24.

I&E witness Cline did not recommend a specific dollar amount change to the proposed customer cost increase, but recommended that customer charges be included in any scaleback of rates.⁸¹ I&E thus considers the lowering of the requested revenue increase and the corresponding lowering of the residential customer charge to be appropriate in this case. I&E supports the rate design overall as defined within the Settlement as being in the public interest. I&E Statement in Support of Non-Unanimous Settlement at 9.

⁷⁸ Settlement ¶ 54; PPL Electric St. No. 8-R, p. 14.

⁷⁹ Settlement ¶¶ 55-56.

⁸⁰ Settlement ¶ 57.

⁸¹ I&E Statement No. 4, p. 10.

The OCA submits that the agreed-upon residential customer charge increase from \$14.09 to \$15.00 is in the public interest. The Settlement increase is within the range of reasonable results that the parties could have expected from litigation. Further, it balances the Company's interest in maximizing the amount of revenue from residential customers which is collected through fixed charges with the interests of the OCA and CAUSE-PA in minimizing any increase to residential fixed customer charges. The Settlement provides a reasonable compromise regarding the customer charges and should be approved as in the public interest. Rates were designed in a manner which addressed the OCA's concerns regarding affordable customer charges and mitigating rate shock with the Company's desire to consolidate several rate zones. The Settlement represents a reasonable compromise, balancing the interests of the Company and consumers with respect to both revenue allocation and rate design. OCA Statement in Support of Non-Unanimous Settlement at 19.

The OSBA maintains that the Joint Petition's proposed rate design for the GS-1 small business customer class customer charge, going from \$22.00 to \$27.22 per month, is reasonable and based upon the proposed revenue allocation. OSBA Statement in Support of Non-Unanimous Settlement at 3.

CEO opposed any increase to the residential fixed monthly charge asserting that the more a ratepayers' bill is comprised of fixed charges, the less opportunity, and motive, there is to reduce consumption and utility costs through conservation. CEO supports the settlement amount of the increase because it lessens the negative impact that would have resulted from the requested increase in the residential fixed monthly charge. CEO Statement in Support of Non-Unanimous Settlement at 2.

CAUSE-PA believes that the fixed residential customer charge of \$15.00 per month, rather than the proposed fixed \$17.00 fixed charge, will help ensure

residential and low-income customers are better able to control costs through usage reduction compared to PPL's initial proposal. For these reasons, CAUSE-PA asserts that these provisions represent a reasonable compromise of the varied interests of the Settling parties, and should be approved. CAUSE-PA Statement in Support of Non-Unanimous Settlement at 9.

CAUSE-PA opposed PPL's initial proposal to eliminate Rate RTS and move those customers to Rate RS.⁸² In particular, Mr. Cicero explained that eliminating this rate would further increase unaffordability for customers who currently subscribe to this legacy rate.⁸³ According to Mr. Cicero's analysis, eliminating Rate RTS would have resulted in a 73.4% increase in distribution base rates for 11,509 customers, including 1,300 confirmed low-income customers.⁸⁴ CAUSE-PA Statement in Support of Non-Unanimous Settlement at 9.

CAUSE-PA supports retaining Rate RTS. Rate RTS is a legacy rate which has been closed to new customers since 1995 and is naturally diminishing.⁸⁵ Forcing Rate RTS customers out of this Rate would have caused more than 11,000 of PPL's customers – 1,300 of whom are confirmed to be low-income and more than 240 of whom are enrolled in CAP – to see steep and devastating bill impacts.⁸⁶ By requiring that PPL maintain Rate RTS in this proceeding, and maintaining the current fixed customer charge for this Rate, Paragraph 57 of the Settlement helps to shield a significant number of residential customers, including many low-income customers, from unreasonable and unnecessary further increases in their monthly bills. CAUSE-PA asserts that, taken together, the provisions contained in Paragraphs 57 of the proposed Settlement are

⁸² CAUSE-PA St. 1, pp. 31-32.

⁸³ *Id.*

⁸⁴ *Id.*, pp. 7-8; 26.

⁸⁵ CAUSE-PA St. 1, pp. 7-8.

⁸⁶ CAUSE-PA St. 1-SR, p. 17: 3-13.

reasonable, in the public interest, and should be approved. CAUSE-PA Statement in Support of Non-Unanimous Settlement at 10.

The EJA submits that approval of a settlement reflecting this reduced residential customer charge increase, when considered together with and in the context of the complete package of settlement terms in the Joint Petition, is consistent with the public interest. EJA Statement in Support of Non-Unanimous Settlement at 3.

Walmart avers that the Settlement establishes rate design provisions consistent with the adopted revenue requirement and the agreed upon revenue allocation. The Settlement, which provides that the rates for the fixed residential customer charges for Rates GS-3 and LP-4 shall not be subject to scaleback,⁸⁷ will move the rates for both Rate GS-3 and LP-4 towards cost causation within each rate class. Walmart believes that these provisions provide a reasonable and balanced rate design that provide movement towards cost on a revenue-neutral basis that does not impact any other class. Walmart Statement in Support of Non-Unanimous Settlement at 4.

PPLICA notes that the Settlement affirms that the proposed Rate LP-4 customer charge shall not be subject to scaleback.⁸⁸ PPLICA presented testimony regarding rate shock and advocating for gradualism.⁸⁹ While PPLICA did not present a litigation position specifically advocating that the LP-4 customer charge shall not be subject to scaleback, this provision was presented and supported in settlement discussions as a rate design solution supporting gradualism and further preventing rate shock. PPLICA Statement in Support of Non-Unanimous Settlement at 8.

⁸⁷ Settlement at ¶¶ 55-56.

⁸⁸ Settlement ¶ 55.

⁸⁹ PPLICA Statement No. 1 at 7.

D. DISTRIBUTION SYSTEM IMPROVEMENT CHARGE (DSIC)

The Company proposed rolling various riders into base rates, including the DSIC capital investment and associated depreciation and tax effects.⁹⁰ The DSIC also would be reset to 0% upon implementation of new base rates.⁹¹ The Settlement memorializes these undisputed parts of the Company's rate case filing and is consistent with Section 1358(b) of the Public Utility Code.⁹² PPL Statement in Support of Non-Unanimous Settlement at 24.

In addition, the Settlement provides that as of the effective date of rates in this proceeding, PPL Electric will be eligible to include plant additions in the DSIC at the later of (1) the end of the FPFTY at June 30, 2027, or (2) once the net electric plant in service as identified in Schedule C-1, line 3 of PPL Electric Rebuttal Exhibit No. 1 exceeds the \$6,945,908,000 projected by PPL Electric at June 30, 2027.⁹³ The Settlement clarifies that the foregoing provision is included solely for purposes of calculating the DSIC and is not determinative for future ratemaking purposes of the projected additions to be included in rate base in a FPFTY filing.⁹⁴ Moreover, the Settlement specifies that for purposes of calculating its DSIC, PPL Electric shall use the equity return rate for electric utilities contained in the Commission's most recent Quarterly Report on the Earnings of Jurisdictional Utilities and shall update the equity return rate each quarter consistent with any changes to the equity return rate for electric utilities contained in the most recent Quarterly Earnings Report, consistent with 66 Pa. C.S. § 1357(b)(3), until

⁹⁰ PPL Electric St. No. 13, p. 7.

⁹¹ *Id.*

⁹² *See* 66 Pa.C.S. § 1358(b); Settlement ¶ 59.

⁹³ Settlement ¶ 60.

⁹⁴ *Id.*

such time as the DSIC is reset pursuant to the provisions of 66 Pa. C.S. § 1358(b)(1).⁹⁵
PPL Statement in Support of Non-Unanimous Settlement at 24-25.

All these DSIC-related provisions help resolve any ambiguity as to the base rate case's impact on and the calculation of the DSIC. Accordingly, PPL maintains that these provisions of the Settlement are reasonable and in the public interest and should be approved without modification. PPL Statement in Support of Non-Unanimous Settlement at 25.

The OCA notes that under paragraph 51 of the Settlement, the Company has agreed to provide to the parties a report showing its capital expenditures, plant additions and retirements for the future test year ending June 30, 2026 and for the FPFTY ending June 30, 2027.⁹⁶ Further, the Company will also provide in its next base rate proceeding a comparison of actual expenses and rate base additions for the twelve months ending June 20, 2027, to its projections in this case.⁹⁷ The OCA submits that this provision is in the public interest because it is consistent with Section 315, 66 Pa. C.S. § 315(e), which states that whenever a public utility uses a FPFTY as the basis for its rate increase, the utility shall provide appropriate data evidencing the accuracy of the estimates of its FPFTY. This reporting requirement will permit parties to compare the accuracy of the Company's projections in this matter to its actual expenditures. OCA Statement in Support of Non-Unanimous Settlement at 20-21.

In paragraph 60, the Settlement provides that the Company will not be entitled to include plant additions in its DSIC until the later of, (1) the end of the FPFTY, or (2) once the total FPFTY account balances exceed the total eligible account balances

⁹⁵ Settlement ¶ 61.

⁹⁶ Settlement ¶ 51.

⁹⁷ *Id.*

projected by the Company as of June 30, 2027.⁹⁸ Stated differently, the Settlement clearly establishes the base level of plant investment that must be realized before any incremental expenditures can be recovered through the DSIC as well as the fact that even if this plant level is met *before* the end of the FPFTY period, no DISC can go into effect until June 30, 2027 at the earliest. The OCA maintains that this provision provides clarity with regard to the timing and implementation of a DSIC and affords protection for ratepayers that the DSIC will not begin until after the FPFTY and the plant investment noted in the settlement are reached. OCA Statement in Support of Non-Unanimous Settlement at 21.

Moreover, in paragraph 61, the Settlement provides, for purposes of 66 Pa. C.S. Section 1358(b)(1) relating to the DSIC earnings cap, that it shall use the equity return rate contained in the Commission’s most recent Quarterly Report on the Earnings of Jurisdictional Utilities.⁹⁹ The OCA submits that such a provision is common element of settlements.¹⁰⁰ OCA Statement in Support of Non-Unanimous Settlement at 21.

CAUSE-PA did not take a position in this proceeding related to the Company’s DSIC proposals. However, CAUSE-PA avers that, taken together, paragraphs 59-61 of the proposed Settlement are reasonable and should be approved. By providing that PPL will only be eligible to restart collection of the DSIC *at the later of* (1) the end of the FPFTY at June 30, 2027, or (2) once the net electric plant in service reaches the amount projected by the Company to be in place as of the end of the FPFTY, this provision protects customers from an early start of the DSIC before the capital projections that are anticipated to be funded by the rates set in this case care actually incurred. This mitigation measure is meant to ensure that PPL does not “double dip”

⁹⁸ Settlement ¶ 60.

⁹⁹ Settlement ¶ 61.

¹⁰⁰ See *Implementation of Act 11 of 2012*, Docket No. M-2012-2293611, Tentative Implementation Order at 14-15 (May 11, 2012).

through increased rates and an early start to the DSIC. CAUSE-PA Statement in Support of Non-Unanimous Settlement at 10-11.

E. STORM DAMAGE EXPENSE RIDER (SDER)

The Company's Storm Damage Expense Rider ("SDER") was approved as a part of its 2015 Rate Case and is a Section 1307(a) automatic adjustment rider that recovers actual storm damage operating and maintenance expenses resulting from Commission-reportable storms.¹⁰¹ The Company recovers storm damage expenses from non-reportable storms through base rates.¹⁰² The current SDER recognizes that base rates provide for the recovery of \$14.7 million annually in storm damage expenses for reportable storms, so the SDER recovers from or refunds to customers only applicable expenses from reportable storms that are greater than or less than, respectively, the \$14.7 million recovered annually through base rates.¹⁰³ There is another \$5.3 million in the current base rates associated with the amortization of extraordinary storms as well, as approved in the Company's 2015 Rate Case.¹⁰⁴ A storm event with storm damage expenses exceeding 5% of the Company's annual distribution net income is considered "extraordinary" for SDER recovery purposes.¹⁰⁵ Additionally, costs from "major" storm events, are recovered in the SDER, plus interest, over three years and are reflected in SDER Rates commencing in the application year after the storm occurred.¹⁰⁶ PPL Statement in Support of Non-Unanimous Settlement at 25.

¹⁰¹ PPL Electric St. No. 13, p. 9.

¹⁰² *Id.*

¹⁰³ *Id.*, pp. 9-10.

¹⁰⁴ *Id.*, p. 10.

¹⁰⁵ PPL Electric St. No. 13-R, p. 5.

¹⁰⁶ *Id.*, pp. 4-5.

PPL Electric proposed to continue amortizing major and extraordinary storm expenses over three years for recovery through its SDER.¹⁰⁷ The Company also proposed to increase the baseline for Commission-reportable storm damage expenses from \$14.7 million to \$32 million, and to modify the SDER to include the recovery of an additional \$10.5 million for expenses related to non-reportable storms.¹⁰⁸ PPL Statement in Support of Non-Unanimous Settlement at 25-26.

I&E opposed the Company's proposal to include the \$10.5 million for expenses related to non-reportable storms in the SDER.¹⁰⁹ I&E also recommended that the Company clarify language in its tariff regarding the three-year amortization period for major storms.¹¹⁰ Additionally, while I&E initially disputed the Company's proposed \$32 million baseline for Commission-reportable storm damage expenses, I&E later withdrew its recommended adjustment related to this amount.¹¹¹ Thus, no party in the case ultimately disputed the \$32 million claim for expenses associated with reportable storms. PPL Statement in Support of Non-Unanimous Settlement at 26.

In the Settlement, the Joint Petitioners agreed that under the SDER, the R Factor for July 1, 2026 and thereafter, unless modified by the Commission in a subsequent base rate case, shall equal \$32,000,000, which for purposes of this SDER constitutes the amount of expense from reportable storms currently recovered through base rates.¹¹² To the extent that actual eligible storm damage expenses associated with reportable storms are more or less than the \$32,000,000 that PPL Electric is recovering through base rates, this over/under collection will be refunded/recouped during the

¹⁰⁷ *Id.*, p. 5.

¹⁰⁸ PPL Electric St. No. 13, pp. 11-12.

¹⁰⁹ I&E St. No. 1, p. 12.

¹¹⁰ I&E St. No. 1, pp. 12-13.

¹¹¹ I&E St. No. 1-SR, p. 13.

¹¹² Settlement ¶ 62.

applicable SDER recovery period.¹¹³ The SDER rate effective July 1, 2026 shall continue to reflect and be designed to recover the amortizations of extraordinary storm events, including the two extraordinary storm events from 2024.¹¹⁴ Finally, as part of its compliance Retail Tariff filing, PPL Electric will revise the SDER tariff language to clarify what costs can be amortized and the methodology for how those amortization amounts will be recovered.¹¹⁵ PPL Statement in Support of Non-Unanimous Settlement at 26.

PPL submits that the Settlement reflects a reasonable compromise of the parties' positions. Under the Settlement, PPL Electric will not include the expenses from non-reportable storms in the SDER, as the Company originally proposed in this matter. As for Commission-reportable storm damage expenses, no parties ultimately opposed the Company's proposed \$32 million baseline for those expenses. Therefore, the Settlement, in allowing the R Factor for July 1, 2026 to equal \$32 million, accurately represents the positions of the parties on that expense claim and will allow the Company to appropriately recover expenses related to reportable storms, while establishing an accurate baseline of such expenses for the SDER. Additionally, the Company's revision of the SDER tariff language will provide clarity to help resolve I&E's concerns with the existing language in the tariff. For these reasons, the SDER-related provisions of the Settlement are reasonable and in the public interest and should be approved without modification. PPL Statement in Support of Non-Unanimous Settlement at 27.

I&E notes that I&E Walker presented testimony critical of the Company's SDER proposals.¹¹⁶ However, I&E finds that the SDER terms as defined within the

¹¹³ Settlement ¶ 63.

¹¹⁴ Settlement ¶ 64.

¹¹⁵ Settlement ¶ 65; Settlement Appx. G.

¹¹⁶ I&E Statement No. 1, pp. 11-18; I&E Statement No. 1-SR, pp. 8-14.

Settlement represent a reasonable compromise and are therefore in the public interest. I&E Statement in Support of Non-Unanimous Settlement at 10.

F. CUSTOMER SERVICE, LOW INCOME, AND UNIVERSAL SERVICE ISSUES

1. Termination of Service Procedures

PPL Electric did not propose any changes to termination of service procedures in its initial filing. However, OCA raised issues concerning the Company's training of field technicians to provide personal contact prior to termination, alleging, among other things, that there were deficiencies in the Company's written training materials for those personnel.¹¹⁷ OCA pointed to the Company's obligations under its 2016 remote involuntary termination settlement at Docket No. P-2016-2524581, detailing various termination procedures in which field representatives must receive training, asserting that the Company's current written training materials do not reflect all of these requirements.¹¹⁸ PPL Statement in Support of Non-Unanimous Settlement at 27.

PPL Electric responded to those allegations in its rebuttal testimony, denied that its existing training on personal contact was deficient, and argued that it was complying with its obligations to provide personal contact prior to termination.¹¹⁹ Further, the Company noted that personal contact training for field technicians is delivered verbally as part of their onboarding process.¹²⁰ The Company stated, however, that it would be willing to revise its written training materials to include personal contact requirements.¹²¹ PPL Statement in Support of Non-Unanimous Settlement at 27-28.

¹¹⁷ OCA St. 7, pp. 25-26.

¹¹⁸ OCA St. 7, pp. 26-27.

¹¹⁹ PPL Electric St. No. 18-R, pp. 17-18.

¹²⁰ *Id.*, pp. 16-17.

¹²¹ *Id.*, p. 17.

Under the Settlement, PPL Electric will revise its written training materials for new field technicians by July 1, 2027, to include personal contact requirements and to be consistent with its 2016 remote involuntary termination settlement at Docket No. P-2016-2524581, Order (Jan. 19, 2017), regarding when the metering system may be used to remotely terminate service.¹²² The Company will revise its training and training materials to be consistent with the terms of the settlement.¹²³ Although PPL Electric disputed OCA's allegations, these Settlement provisions are designed to strengthen the Company's existing training materials, bolster the training received by PPL Electric's personnel, and help ensure that the Company complies with its obligations related to termination of service procedures. As such, PPL submits that these provisions are reasonable and in the public interest and should be approved. PPL Statement in Support of Non-Unanimous Settlement at 28.

The OCA asserts that PPL's filing did not include any presentation of its customer service performance, its most recent Management Audit, or performance metrics reported by the Commission.¹²⁴ The OCA avers that PPL has not complied with the 2016 involuntary remote disconnection settlement, which required specific training materials and obligations of PPL's field technicians prior to the use of its metering system to remotely terminate service.¹²⁵

Under the Settlement, PPL agrees to comply with its obligations under the settlement in Docket No. P-2016-2524581 to revise its written training materials.¹²⁶ PPL's agreement to comply with the prior settlement addresses the concerns raised in this proceeding by OCA witness Alexander regarding personal contact at the time of

¹²² Settlement ¶ 66.

¹²³ *Id.*

¹²⁴ OCA St. 7, p. 9.

¹²⁵ *Id.*, p. 8.

¹²⁶ *Id.*

involuntary termination and will provide enhanced communications to vulnerable customers that will potentially result in fewer terminations. The OCA avers that this settlement term ensures that PPL's Pennsylvania ratepayers are fully informed of their options regarding the avoidance of termination in accordance with the Commission's regulations. As such, the OCA submits that this Settlement provision is in the public interest and should be adopted by the Commission. OCA Statement in Support of Non-Unanimous Settlement at 24-25.

CAUSE-PA is a signatory party to the Commission-approved Settlement in the underlying remote disconnect proceeding and has a strong interest in ensuring that PPL's training for its field representatives is robust and accurately reflects required protections for consumers prior to service termination. CAUSE-PA is supportive of the provisions in proposed Paragraph 66 which require PPL, by July 1, 2027, to revise its written training materials for new field technicians to include personal contact requirements and to be consistent with its 2016 remote involuntary termination settlement at Docket No. P-2016-2524581, Order (Jan. 19, 2017), regarding when the metering system may be used to remotely terminate service, and to revise its training and training materials to be consistent with the terms of the settlement. These provisions will better ensure that PPL is complying with important provisions in the underlying Settlement related to field representatives in a way verifiable by the Commission and interested parties. As such, these provisions are reasonable, and should be approved. CAUSE-PA Statement in Support of Non-Unanimous Settlement at 13.

2. Medical Certificates

In its direct testimony, CAUSE-PA raised some concerns regarding PPL Electric's process for accepting medical certificates, alleging that PPL Electric's call scripts do not clearly explain payment obligations during active medical certificates, that the process for submitting medical certificate forms is too restrictive, and that bills do not

adequately inform customers with active medical certificates of their payment responsibilities.¹²⁷ CAUSE-PA also claimed that PPL Electric does not offer sufficiently flexible payment arrangements for customers with an active medical certificate.¹²⁸ PPL Statement in Support of Non-Unanimous Settlement at 28.

In rebuttal, PPL Electric disagreed with CAUSE-PA's claims regarding the Company's methods regarding medical certificates. Specifically, PPL Electric disputed that the Company's call scripting fails to accurately and adequately inform customers about payment requirements for active medical certificates, that the Company's process for customers to submit medical certificate forms is overly restrictive, and that the Company should modify its monthly billing for customers with active medical certificates.¹²⁹ The Company bolstered its position by explaining that: (1) PPL Electric's customer service representatives are trained on the Commission's requirements governing medical certificates and are required to relay that information to customers during contacts about billing and termination issues; (2) PPL Electric provides information and the medical certificate form to customers through a variety of methods, including on its website and by email; and (3) PPL Electric's bills provide all the information required under the Commission's regulations, including 52 Pa. Code § 56.15, which do not require the information proposed by CAUSE-PA.¹³⁰ PPL Statement in Support of Non-Unanimous Settlement at 29.

In the interest of settlement, PPL Electric has agreed to make changes to its medical certificate processes and procedures. By July 1, 2027, PPL Electric will update its call scripting and training materials for the customer service representatives and revise these documents so that PPL Electric's representatives are correctly informing customers

¹²⁷ CAUSE-PA St. 1, p. 105.

¹²⁸ *Id.*

¹²⁹ PPL Electric St. No. 18-R, pp. 22-24.

¹³⁰ *Id.*

that they may continue to renew their medical certificates past two renewals if they are able to pay their current charges and will direct customers seeking medical protections to where they can find additional informational materials (as developed pursuant to this paragraph) on the Company’s website.¹³¹ PPL Electric will also develop Plain Language¹³² informational materials for households protected by a medical certificate, which will be posted on the Company’s website.¹³³ These informational materials will include a summary of the rights and obligations while protected by a medical certificate, and a sample bill showing where the customer can find the amount of their bill that constitutes their current charges, which need to be paid to continue renewing their medical certificate.¹³⁴ Within 180 days of the effective date of rates, PPL Electric will provide a draft of its revised call scripting, training materials, and informational materials to the parties to this proceeding and will evaluate recommendations received from the parties on a good-faith basis.¹³⁵ PPL maintains that the Settlement strikes a reasonable balance between the interests of CAUSE-PA and the Company, while helping ensure that PPL Electric’s medical certification processes and procedures are updated, compliant, and easier for customers to understand. Thus, PPL submits that these Settlement provisions are reasonable and in the public interest and should be approved. PPL Statement in Support of Non-Unanimous Settlement at 29-30.

CAUSE-PA raised concerns in this proceeding that PPL’s policies, procedures, and customer communications related to medical certificates were improperly restrictive and failed to accurately inform customers related to important information about medical certificates, including payment obligations while protected by

¹³¹ Settlement ¶ 67.

¹³² As utilized in the Settlement, the term “Plain Language” is intended to refer to the Commission’s policy statement on plain language guidelines. *See* 52 Pa. Code § 69.251.

¹³³ Settlement ¶ 67.

¹³⁴ *Id.*

¹³⁵ *Id.*

a medical certificate.¹³⁶ The proposed Settlement at Paragraph 67 provides important reforms to PPL’s policies and customer communications related to medical certificates, and should be approved. CAUSE-PA Statement in Support of Non-Unanimous Settlement at 14.

Under its current practice, PPL accepts a written medical certificate signed by a licensed physician, nurse practitioner, or physician assistant to stop service termination for up to 30 days.¹³⁷ However, PPL’s call scripting informs customers that “State regulations limit the number of medical certification renewals. To keep your service on and eliminate the risk of a declined medical certification in the future, let’s review payment options to help you pay your balance.”¹³⁸ CAUSE-PA raised concerns that PPL’s existing practices do not provide medically vulnerable consumers with accurate information. Specifically, PPL’s existing procedures fail to explain the customers’ right to renew medical certificates past two renewals if they are able to keep up with their current charges.¹³⁹ PPL’s directions to customers also contravene clear Commission guidance that a customer may continue to renew their medical certificates if they pay on their current, undisputed bills – an obligation that does not include payment on underlying arrears.¹⁴⁰ CAUSE-PA Statement in Support of Non-Unanimous Settlement at 14.

¹³⁶ CAUSE-PA St. 1, pp. 104-107.

¹³⁷ *Id.*, p. 104. PPL assess medical certificate protections through live agents, as well as through its IVR system.

¹³⁸ CAUSE-PA St. 1 at 106.

¹³⁹ *Id.*, pp. 105-106.

¹⁴⁰ *Id.*, pp. 107-108. Chapter 14 Implementation, Final Order, Docket No. M-2014-2448824, at 15 (Order entered July 9, 2015), citing Rulemaking to Amend the Provisions of 52 Pa. Code, Chapter 56 to Comply with the Provisions of 66 Pa.C.S. Chapter 14, Revised Final Order, Docket No. L-00060182, at 149 Attachment One (Order entered June 13, 2011).

CAUSE-PA also raised concerns that PPL's process for submitting medical certificates is overly restrictive. PPL's current procedures direct customers that their medical provider must contact PPL to obtain a medical certificate form, or may send a written correspondence on letterhead with required elements of medical certificates to PPL.¹⁴¹ Requiring medical providers to contact PPL for these forms is an unnecessary step and acts as a barrier to successfully obtaining medical certificates, particularly given the short 3-day hold period that PPL places on accounts when customers are seeking medical certificates.¹⁴² CAUSE-PA Statement in Support of Non-Unanimous Settlement at 15.

CAUSE-PA additionally raised concerns that PPL's bills for customers protected by medical certificates fail to adequately inform customers about the amount they would need to pay to renew their medical certificate if they have exhausted two renewals, but instead lists the full amount due, inclusive of past balances.¹⁴³ CAUSE-PA Statement in Support of Non-Unanimous Settlement at 15.

Paragraph 67 of the proposed Settlement provides important reforms so that PPL's customers are provided better information about medical certificate processes and protections, including (1) requiring PPL to ensure that its customer service representatives (CSRs) are providing accurate information to customers about their ability to renew medical certificates; and (2) developing Plain Language materials to provide information to households with medical certificates. These reforms are essential to ensure that PPL provides accurate information about medical certificates to its customers which aligns with PPL's statutory and regulatory requirements related to accepting such certificates. Requiring that draft materials related to this important change be provided to the parties for feedback will also help to ensure that PPL's

¹⁴¹ CAUSE-PA St. 1, p. 106.

¹⁴² *Id.*

¹⁴³ *Id.*, p. 107.

messaging around these issues is accurate, clear, and aligned with the Commission’s requirements related to medical certificates. While CAUSE-PA’s recommendations on these issues were not fully adopted, these provisions represent a balanced compromise of the parties’ positions, while meaningfully improving PPL’s medical certificate policies and procedures. For these reasons, CAUSE-PA submits that reforms to PPL’s medical certification process in the proposed Settlement are reasonable, in the public interest, and should be approved. CAUSE-PA Statement in Support of Non-Unanimous Settlement at 17.

3. Call Center Performance

OCA raised concerns with the Company’s third-party call center performance standards, claiming that they do not ensure compliance with Chapter 56 and that PPL Electric has not adequately audited, documented, or acted on vendor violations.¹⁴⁴ OCA recommended that the Company: (1) update vendor-provided training materials to reflect current Pennsylvania policies and PPL Electric commitments; (2) conduct regular Chapter 56 compliance audits of call centers; (3) expand audits beyond complaint-based or call-monitoring reviews to proactively identify problematic actions or transactions; (4) include contract provisions allowing penalties tied to audit findings and Bureau of Consumer Services (“BCS”) infractions; and (5) maintain audit documentation for discovery in future base rate cases or complaint investigations.¹⁴⁵ OCA also asserted that PPL Electric’s call center performance is below average and recommended that the Company be required to conform to the average performance of other Pennsylvania EDCs by answering 80% of calls within 30 seconds and achieving an abandonment rate of less than 9%.¹⁴⁶ PPL Statement in Support of Non-Unanimous Settlement at 30-31.

¹⁴⁴ OCA St. 7, pp. 14-15.

¹⁴⁵ *Id.*, pp. 5-6.

¹⁴⁶ *Id.*, pp. 6-7.

In its rebuttal, PPL Electric disagreed with most of these recommendations and provided key context for OCA’s concerns. PPL Electric stated that it takes its responsibility to provide quality customer service to its customers seriously.¹⁴⁷ It explained that it continually evaluates changes to its customer service processes and procedures, including updates to training materials or adjustments to its customer service representative staffing, and upgrades to its IT that can improve customer experience, all with a goal to provide quality customer service that exceeds its peer electric utilities in Pennsylvania.¹⁴⁸ Further, regarding concerns that the Company has not adequately acted on vendor violations, PPL Electric noted that it can impose penalties under its contracts with third party call centers if there are sustained performance issues.¹⁴⁹ The Company also indicated that the Commission’s 2024 Customer Service Performance Report as well as the results of the Company’s customer service survey showed that PPL Electric’s efforts in these areas are producing favorable results.¹⁵⁰ PPL Statement in Support of Non-Unanimous Settlement at 31.

Regarding OCA’s recommendations on training materials and third-party call centers, PPL Electric disagreed with Items 1 through 4 and in part with Item 5.¹⁵¹ PPL Electric argued that its training materials for the third-party call centers do not need to be updated, that the Company provides proper oversight of its call centers and takes corrective action when needed, and that the Company cannot update its contract with the third-party call center vendor until the contract renews.¹⁵² Thus, as a practical matter, some of the requested changes are not possible.¹⁵³ The Company also noted that it maintains comprehensive compliance mechanisms that ensure adherence to all applicable

¹⁴⁷ PPL Electric St. No. 18-R, p. 3.

¹⁴⁸ *Id.*, p. 3.

¹⁴⁹ *Id.*, p. 15.

¹⁵⁰ *Id.*, pp. 3-5.

¹⁵¹ *Id.*, pp. 11-12.

¹⁵² *Id.*, p. 11.

¹⁵³ *Id.*

Commission regulations, including Chapter 56.¹⁵⁴ Further, although the Company would retain copies of any audits and investigations of the call center’s performance, no determination as to the discoverability of such materials needs to be made in this case.¹⁵⁵ PPL Statement in Support of Non-Unanimous Settlement at 31-32.

On the Company’s call center performance, PPL Electric is taking several steps to improve its performance in the Commission’s metrics for call abandonment rate and calls answered within 30 seconds, such as adding internal and external resources and enhancing self-service functionality.¹⁵⁶ Regarding calls answered within 30 seconds specifically, PPL Electric noted that it was the only major electric utility in the Commission’s report that does not include Interactive Voice Response (“IVR”) calls in the calculations for this metric for 2024, per Commission guidance.¹⁵⁷ This key distinction was recognized by the Commission in its report, with the Commission indicating that comparisons of utilities across the industry are not valid.¹⁵⁸ The Company stated that the inclusion of IVR would improve the Company’s metric and would result in 74% of calls being answered within 30 seconds for 2024.¹⁵⁹ PPL Statement in Support of Non-Unanimous Settlement at 32.

PPL believes that the Settlement reflects a reasonable compromise of the parties’ positions. Under the Settlement, by January 1, 2028, PPL Electric will conduct a review of and update its third party call center vendor provided training materials to ensure that they reflect the most current Pennsylvania policies and other reforms reflected

¹⁵⁴ *Id.*, p. 10.

¹⁵⁵ *Id.*, pp. 11-12.

¹⁵⁶ *Id.*, pp. 5-6.

¹⁵⁷ *Id.*, pp. 5-6.

¹⁵⁸ *Id.*, p. 6. Citing PaPUC 2024 Customer Service Performance Report, p. 29 (Dec. 2025), available at <https://www.puc.pa.gov/media/3762/2024-customer-service-performance-report-final.pdf>).

¹⁵⁹ PPL Electric St. No. 18-R, p. 6.

in the Settlement.¹⁶⁰ Beginning January 1, 2027, the Company will, in good faith, endeavor to operate its call center to reduce the level of abandoned calls to no more than 9% annually and to answer no less than 80% of its calls within 30 seconds.¹⁶¹ To the extent that PPL Electric is unable to achieve this level of performance, PPL Electric will promptly meet with the parties to discuss those areas of challenge and its plan to improve service levels.¹⁶² Consistent with the reporting of the other major electric utilities in Pennsylvania, the Company's performance in these areas relative to the prior provision shall include the call data for IVR calls.¹⁶³ As a result, the Settlement addresses a variety of customer service issues and recommendations related to the Company's call center performance in this proceeding. The provisions properly balance the parties' competing positions, reflect the time needed for PPL Electric to implement these provisions of the Settlement, and clarify how the Company's performance under these provisions will be evaluated. For these reasons, PPL maintains that the Settlement provisions are reasonable and in the public interest and should be approved without modification. PPL Statement in Support of Non-Unanimous Settlement at 32-33.

OCA witness Alexander testified that supervision of the Company's call centers outside of the U.S. complicates the obligation to ensure compliance with the Commission's regulations.¹⁶⁴ PPL's third party call center employees are located in the Philippines, Trinidad, Colombia, and the United States.¹⁶⁵ OCA Statement in Support of Non-Unanimous Settlement at 25.

To address concerns about third-party call center performance standards, OCA witness Alexander recommended that PPL review and update its vendor provided

¹⁶⁰ Settlement ¶ 68.

¹⁶¹ Settlement ¶ 69.

¹⁶² *Id.*

¹⁶³ Settlement ¶ 70.

¹⁶⁴ OCA St. 7, p. 12.

¹⁶⁵ *Id.* p. 12.

training materials to ensure that they reflect the most current Pennsylvania policies and PPL's own commitments in recent proceedings.¹⁶⁶ Moreover, Ms. Alexander recommended that PPL be required to conduct a regular audit and evaluation of compliance with Chapter 56 for its call centers wherever they are located.¹⁶⁷ OCA Statement in Support of Non-Unanimous Settlement at 27.

The OCA avers that PPL answers significantly less than 80% of its customer calls within 30 seconds, deteriorating from 67% in 2023 to 35% in 2024.¹⁶⁸ Furthermore, the abandonment rate has increased from 9% in 2023 to 17% in 2024 and even higher at 19% for 2025 to date.¹⁶⁹ This deteriorating performance has occurred even though the volume of residential customer calls decreased 17% from 2023 to 2024.¹⁷⁰ The Commission's Management Audit documented this poor performance in 2024 without any significant overall improvement until the last few months.¹⁷¹ OCA Statement in Support of Non-Unanimous Settlement at 28.

OCA witness Alexander made recommendations in this proceeding regarding third-party call centers to ensure that third party call centers are in compliance with the most current regulatory policies in Pennsylvania. As the Settlement requires a review and update to its third-party call center vendors regarding training materials, OCA avers that the Settlement represents a reasonable compromise of this issue, is in the public interest, and should be adopted by the Commission. OCA Statement in Support of Non-Unanimous Settlement at 28.

¹⁶⁶ OCA St. 7SR, p. 16.

¹⁶⁷ *Id.*, p. 16.

¹⁶⁸ OCA St. 7, p. 16.

¹⁶⁹ *Id.*

¹⁷⁰ *Id.*

¹⁷¹ *Id.* (internal citations omitted).

The OCA further submits that these Settlement provisions represent a reasonable compromise to improve PPL's call center performance. If this proceeding were fully litigated, the Commission may not require a targeted call center performance level with the opportunity for follow-up discussion regarding call center performance. As such, the OCA submits that these Settlement provisions represent a reasonable compromise that the Settling Parties may not have obtained through litigation. OCA Statement in Support of Non-Unanimous Settlement at 29.

4. Root Cause Analysis

The Company did not make any proposals in its initial filing related to root cause analyses. However, in its direct testimony, OCA contended that PPL Electric does not perform regular root cause analyses of customer complaints and findings from BCS.¹⁷² OCA recommended that the Company begin performing these regular root cause analyses by investigating customer complaints and BCS findings, formally tracking recommendations received, documenting steps taken in response to complaints and BCS findings, and evaluate, on an ongoing basis, whether its response to the root cause evaluations have achieved their intended purpose.¹⁷³ PPL Statement in Support of Non-Unanimous Settlement at 33.

While the Company stated that it is not opposed to performing root cause analysis and that it already does so for major issues, PPL Electric also argued that root cause analyses are not appropriate for every situation and that individual remedial training may be more appropriate for routine incidents and corrections.¹⁷⁴ PPL Statement in Support of Non-Unanimous Settlement at 33.

¹⁷² *Id.*, p. 7.

¹⁷³ *Id.*

¹⁷⁴ PPL Electric St. No. 18-R, p. 15.

Per the Settlement, prior to the Company's next base rate case, but not sooner than 12 months following the entry of the Commission's Final Order in this proceeding, the Company shall conduct a single root cause analysis of its internally resolved customer disputes and complaints filed with the Commission that were initiated on or after January 1, 2026 to identify trends, potential underlying causes, and potential reforms such as modifications to training materials and other potential actions to respond to complaint trends and underlying causes.¹⁷⁵ In the Company's next base rate case, the Company will make available to I&E, OCA, OSBA, and CAUSE-PA the findings of the root cause analysis, including any data summaries, identified trends, root causes, and recommended reforms or corrective actions, including implementation timelines and responsible departments for such actions.¹⁷⁶ PPL Statement in Support of Non-Uniform Settlement at 34.

PPL avers that these Settlement provisions are a reasonable compromise of the parties' positions. The Company has agreed to perform the root cause analysis and will make the results of the same available to I&E, OCA, OSBA, and CAUSE-PA. At the same time, PPL Electric will not be performing the analyses to an extent that is unreasonable or performing the analyses in place of better remedial alternatives, such as individual remedial training. As such, PPL submits that these provisions are reasonable and in the public interest and should be approved. PPL Statement in Support of Non-Uniform Settlement at 34.

In her Direct Testimony, OCA witness Alexander cited to the BCS UCARE Report regarding PPL's performance. Ms. Alexander noted that PPL's 2024 payment arrangement referrals were substantially higher than other EDCs.¹⁷⁷ As such, Ms. Alexander recommended that PPL evaluate the results of this analysis and take

¹⁷⁵ Settlement ¶ 71.

¹⁷⁶ *Id.*

¹⁷⁷ OCA St. 7 at 21.

appropriate actions in response to the ongoing indicia of failure of various payment arrangement types.¹⁷⁸ OCA Statement in Support of Non-Unanimous Settlement at 30.

Given PPL’s customer service issues, OCA witness Alexander recommended that PPL investigate customer complaints and BCS findings of infractions.¹⁷⁹ Second, Ms. Alexander recommended that PPL formally track the recommendations, document system-wide steps taken in response to those recommendations and evaluate on an ongoing basis whether or how the steps and implementation taken in response to the root cause evaluation have achieved their intended purpose.¹⁸⁰ Ms. Alexander specified that any ongoing root cause analysis should include this organic feedback mechanism to determine if the root cause has been properly identified and the steps or implementation taken to respond to those findings have accomplished the intended results.¹⁸¹ Third, regarding PPL’s data showing the results of its payment arrangements, Ms. Alexander recommended that PPL evaluate the results of this analysis and take appropriate actions in response to the ongoing indicia of failure of various payment arrangement types.¹⁸² OCA Statement in Support of Non-Unanimous Settlement at 31-32.

Requiring PPL to conduct a root cause analysis of its internally resolved customer disputes represents a reasonable compromise of a contentious issue that may not have been resolved through litigation. As stated by OCA witness Alexander, “[a] proper root cause analysis analyzes complaint data to find common themes, trends, and to document underlying causes.”¹⁸³ This root cause analysis will help inform the parties of complaint trends and underlying causes that can be used to ensure that PPL actively

¹⁷⁸ OCA St. 7SR at 9.

¹⁷⁹ *Id.*

¹⁸⁰ *Id.*

¹⁸¹ *Id.*

¹⁸² *Id.*

¹⁸³ *Id.*

addresses service issues facing its customers. As such, the OCA maintains that this Settlement provision is reasonable, in the public interest, and should be adopted by the Commission. OCA Statement in Support of Non-Unanimous Settlement at 32-33.

CAUSE-PA did not take a position in this proceeding related to the root cause analysis issues set forth in Paragraph 71 of the proposed Settlement. CAUSE-PA is nevertheless supportive of these provisions, which will provide important data related to customer disputes and complaints after January 1, 2026 so that parties can better identify trends and potential underlying causes, and help PPL, the Commission, and parties to identify recommended reforms or corrective actions as a result of these findings. CAUSE-PA Statement in Support of Non-Unanimous Settlement at 17-18.

5. Confirmed Low-Income Customers

In its direct testimony, OCA recommended expanding PPL Electric’s definition of confirmed low-income (“CLI”) customers. Specifically, OCA recommended (1) accepting the same documentation used for deposit exemption eligibility; (2) treating anyone who received a Low Income Home Energy Assistance Program (“LIHEAP”) grant in the current or prior two years as CLI; (3) allowing customers removed from CAP for failure to recertify to retain CLI status for 12 months; (4) postponing disconnection for CLI customers who wish to apply for CAP until the application is completed; and (5) requiring PPL Electric to give CLI customers a plain language notice—before entering a payment arrangement—explaining CAP, arrearage forgiveness benefits, and ensuring customers knowingly choose between CAP and a deferred payment arrangement (“DPA”).¹⁸⁴ CAUSE-PA also made several recommendations related to CLI customers, including, in relevant part, that PPL Electric revise its policies and procedures to ensure low-income customers are identified at the

¹⁸⁴ OCA St. 8, pp. 4-5.

time a payment arrangement is assessed through PPL Electric’s IVR systems and transferred to a customer service representative to apply for CAP and/or the hardship fund or otherwise be assessed for an income-based payment arrangement.¹⁸⁵ PPL Statement in Support of Non-Unanimous Settlement at 34-35.

In rebuttal, PPL Electric disagreed with OCA and CAUSE-PA’s recommendations, arguing that: (1) the Company’s confirmed low-income identification process is consistent with Commission regulations and the CAP Policy Statement, as the Company accepts multiple forms of verification, including verbal income verification, LIHEAP confirmation, and OnTrack enrollment; and (2) the Company already informs every customer of its assistance programs, including CAP, when a customer requests a payment arrangement.¹⁸⁶ Further, PPL Electric stated that some of OCA’s recommendations, including expanding the definition of CLI to include Supplemental Nutrition Assistance Program (“SNAP”) or multi-year LIHEAP lookbacks, are better suited for a Universal Service and Energy Conservation Plan (“USECP”) proceeding and not a base rate case proceeding.¹⁸⁷ PPL Electric Witness Norden also noted the Company’s ongoing efforts to utilize self-service recertification tools and proactive outreach to reduce CAP attrition, as well as data-sharing agreements with the Pennsylvania Department of Human Services (“DHS”) to broaden identification of CLI customers.¹⁸⁸ PPL Statement in Support of Non-Unanimous Settlement at 35.

Under the Settlement, the Joint Petitioners have achieved a reasonable resolution of these issues. PPL Electric has agreed to define a “confirmed low income customer” to also include any customer who has received a LIHEAP grant within the current or immediately preceding two LIHEAP program years, as well as any customer

¹⁸⁵ CAUSE-PA St. 1, p. 104.

¹⁸⁶ PPL Electric St. No. 18-R, pp. 30-32.

¹⁸⁷ *Id.*

¹⁸⁸ *Id.*, pp. 30-31.

who has participated in its CAP within the last 12 months.¹⁸⁹ Additionally, beginning January 1, 2027, before PPL Electric enters into a DPA with a customer which the Company either: (1) knows to be a CLI customer; or (2) has generated information through the DPA process documenting that the customer is in the Tier 1 income range (at or below 150% of the FPL), PPL Electric will provide the customer with Plain Language information on CAP and an explanation of the advantages of CAP’s arrearage forgiveness benefits.¹⁹⁰ PPL Electric will develop this Plain Language notice in collaboration with its Universal Service Advisory Committee (“USAC”).¹⁹¹ Thus, PPL submits that the Settlement’s modifications to the Company’s CLI definition and payment arrangement process strike a reasonable balance between the interests of the Company, OCA, and CAUSE-PA, are reasonable and in the public interest, and should be approved without modification. PPL Statement in Support of Non-Unanimous Settlement at 36.

The OCA notes that in its filing, PPL did not include any additional steps beyond its current practice and procedures that will aid the Company in the identification of its low-income customers. However, in this proceeding, OCA witness Colton recommended that, to identify low-income customers eligible for CAP, a CLI customer should include any customer who, within the current or immediately preceding two LIHEAP program years, has received a LIHEAP grant.¹⁹² The Settlement adopts Mr. Colton’s recommendation. This provision of the Settlement is in the public interest because it will enable more low-income customers to receive the low-income benefits they are already eligible for by reducing barriers to enrollment in CAP. OCA Statement in Support of Non-Unanimous Settlement at 33-34.

¹⁸⁹ Settlement ¶ 72.

¹⁹⁰ Settlement ¶ 73.

¹⁹¹ *Id.*

¹⁹² OCA St. 8, p. 44.

The OCA further notes that PPL did not include in its filing any provisions that would assist its customers in understanding which customer assistance programs they are eligible for and how to enroll in those programs. However, in this proceeding, Mr. Colton recommended that customers who are CLI should be provided a stand-alone written plain language notice informing them of their right to enroll in PPL’s CAP at the time they are negotiating a deferred payment agreement (DPA).¹⁹³ Mr. Colton testified that doing so would be consistent with the statutory requirement that “any public utility having more than one rate applicable to service rendered to a patron, shall, after notice of service conditions, compute bills under the rate most advantageous to the patron.”¹⁹⁴ Mr. Colton testified that PPL should be directed to develop a procedure in collaboration with its universal service advisory group under which it will offer CLI customers the opportunity to apply for PPL’s CAP and arrearage forgiveness program.¹⁹⁵ Customers who are CLI should be provided a stand-alone written plain language notice informing them of their right to enroll in PPL’s CAP at the time they are negotiating a DPA.¹⁹⁶ OCA Statement in Support of Non-Unanimous Settlement at 34-35.

The OCA avers that the remedy for unpaid bills by low-income customers is not to place those customers on a DPA, but rather to enroll those customers in CAP with its arrearage forgiveness provisions to not only address the unpaid bill but also address the underlying cause of the unpaid bill. The Settlement adopts Mr. Colton’s recommendation. The Settlement provides that PPL modify its CAP bill review process to review rates for all CAP customers including those receiving the average bill and PIP CAP rate ensure that customers are being billed the rate that is most advantageous to them.¹⁹⁷ This provision is in the public interest and should be adopted because it will

¹⁹³ *Id.*, p. 49-50.

¹⁹⁴ *Id.*, pp. 49-50, citing, 66 Pa.C.S. § 1303.

¹⁹⁵ OCA St. 8, pp. 48-49.

¹⁹⁶ *Id.*, pp. 49-50.

¹⁹⁷ Settlement at ¶ 80.

allow low-income customers to better understand how to receive service at a rate that is most favorable to them, thereby increasing the chance that such service is affordable to them. OCA Statement in Support of Non-Unanimous Settlement at 35-36.

CAUSE-PA's Mr. Cicero explained in his testimony that PPL's count of its confirmed low-income customers was unreasonably narrow and relied on a count of those households who had already applied for PPL's programs or otherwise provided income information to the Company.¹⁹⁸ Mr. Cicero also explained that PPL was improperly placing many low-income customers in unsuccessful payment arrangements, rather than providing these customers with access to CAP.¹⁹⁹ While CAUSE-PA's recommendations related to implementing robust reforms to identify confirmed low-income customers and connect these customers with CAP prior to entering payment arrangements were not adopted, the provisions contained in Paragraph 72-73 of the proposed Settlement will provide important information to help connect low-income customers with assistance. CAUSE-PA Statement in Support of Non-Unanimous Settlement at 18.

CAUSE-PA is supportive of these proposed Settlement provisions, as they will help to better identify low-income customers so that these customers can access important protections and be more appropriately referred to universal service programs. This is particularly important because PPL's CAP is severely undersubscribed, limiting the ability of this Program to mitigate rate unaffordability for low-income customers.²⁰⁰ CAUSE-PA asserts that a more accurate count of low-income customers is also essential to determining whether PPL's low-income customers can reasonably access services at just and reasonable rates. As such, these proposed provisions are reasonable and should be approved. CAUSE-PA Statement in Support of Non-Unanimous Settlement at 18-19.

¹⁹⁸ CAUSE-PA St. 1 at 37.

¹⁹⁹ *Id.*, pp. 99-100.

²⁰⁰ *Id.*, p. 42.

Similar to OCA, CAUSE-PA also raised concerns in this proceeding that many confirmed low-income customers are reported to be enrolled in payment arrangements rather than in CAP – 26,638 as of January 2025.²⁰¹ Customers who are put on payment arrangements rather than enrolled in CAP do not receive the benefits of discounted bills, but must instead pay at full tariff rates in addition to their payment arrangement amounts. Unaffordable bill payments exacerbate unaffordability and corresponding arrearage levels for low-income customers. As of January 2025, low-income non-CAP customers in payment arrangements accounted for approximately 69% of total debt of all residential customers enrolled in payment arrangements – despite confirmed low-income customers only accounting for 19% of all residential customers.²⁰² To address these concerns, CAUSE-PA recommended several improvements to PPL’s policies related to payment arrangements for residential customers, including that PPL’s IVR systems direct low-income customers to live CSRs to discuss universal service programs prior to being placed in payment arrangements.²⁰³ CAUSE-PA Statement in Support of Non-Unanimous Settlement at 19.

CAUSE-PA believes that the proposed Settlement provisions at Paragraph 73 will help low-income customers to receive more information about CAP, with the aim that they will enroll in the Program instead of being placed on payment arrangements which are additive to their already unaffordable monthly bills. Enrollment in CAP prior to these customers being placed in payment arrangements will also allow these customers to address their accrued arrearages through CAP rather than these unsuccessful payment arrangements. CAUSE-PA therefore asserts that these provisions are reasonable and should be approved. CAUSE-PA Statement in Support of Non-Unanimous Settlement at 20.

²⁰¹ *Id.*, p. 99.

²⁰² *Id.*, p. 100.

²⁰³ *Id.*, p. 104.

6. Maximum CAP Credits

OnTrack is the Company's CAP, a special payment program for payment troubled low-income households at or below 150 percent of the Federal Poverty Income Guidelines ("FPIG").²⁰⁴ Under PPL Electric's CAP, participating customers pay a reduced bill that is based on the selected CAP rate (Percent of Income Payment ("PIP"), average bill, or minimum bill).²⁰⁵ The difference in cost between the customer's CAP rate and their full tariff residential rate is known as the CAP revenue shortfall or CAP credit.²⁰⁶ The amount of assistance provided to a customer under CAP is limited to the maximum CAP credit amount; those credit limits are tiered based on the customer's heating source and income, i.e., customers with lower incomes have a higher maximum CAP credit as do customers with electric heating.²⁰⁷ When customers reach their CAP credit limit, they are transferred to OnTrack Budget Billing ("OTBB").²⁰⁸ PPL Statement in Support of Non-Unanimous Settlement at 36-37.

Though the Company did not propose changes to the maximum CAP credit as part of its initial filing, CAUSE-PA recommended that PPL Electric be required to eliminate its maximum CAP credit policy or, alternatively, increase the credit limits by at least 60%, asserting that the current limits are insufficient.²⁰⁹ PPL Electric disagreed with CAUSE-PA's recommendation, arguing that the Company's current maximum CAP credit covered approximately 90% of all OnTrack participants and has resulted in an 89% success rate and that there is a process in place to allow for exceptions to maximum cap credit for eligible customers.²¹⁰ I&E also opposed CAUSE-PA's recommendation,

²⁰⁴ PPL Electric St. No. 18-R, p. 27.

²⁰⁵ CAUSE-PA St. 1, p. 52.

²⁰⁶ *Id.*

²⁰⁷ *Id.*, pp. 52-53.

²⁰⁸ *Id.*, p. 51.

²⁰⁹ *Id.*, pp. 54-55, 60-62.

²¹⁰ PPL Electric St. No. 18-R, pp. 52-53.

reasoning that CAUSE-PA’s proposal would impact all non-CAP residential customers by increasing the amount of CAP costs.²¹¹ PPL Statement in Support of Non-Unanimous Settlement at 37.

Under the Settlement, the Joint Petitioners have reached an agreement that resolves CAUSE-PA’s recommendation. Beginning January 1, 2027, PPL Electric will increase its maximum CAP credits as follows:²¹²

FPL Tier	Account Classification	12-Month Maximum Credit Limit
0% to 50%	Electric Heat	\$5,040
51% to 100%	Electric Heat	\$4,000
101% to 150%	Electric Heat	\$3,440
0% to 50%	Non-Electric Heat	\$3,120
51% to 100%	Non-Electric Heat	\$2,400
101% to 150%	Non-Electric Heat	\$2,000

In the earlier of its next filed rate case or its next default service petition, PPL Electric will propose an adjustment to the maximum CAP credit thresholds to account for proposed adjustments in generation and distribution rates in the interim or will explain why it does not believe any such adjustment is necessary.²¹³ Consequently, the Settlement incorporates CAUSE-PA’s alternative recommendation to increase the maximum CAP credit limits by 60%, which, when viewed as a part of the overall

²¹¹ I&E St. No. 2-R, pp. 5-8.

²¹² Settlement ¶ 74.

²¹³ *Id.*

Settlement, is a reasonable compromise of the parties' competing litigation positions. Furthermore, these increased maximum CAP credit limits will help CAP customers pay down more of their balances in arrears, while being mindful of the downstream costs that elimination of the limits entirely would have had on Universal Service Rider ("USR") costs. PPL submits that this provision is reasonable and in the public interest and should be approved without modification. PPL Statement in Support of Non-Unanimous Settlement at 37-38.

I&E adds that beginning January 1, 2027, PPL Electric will increase its Low Income Usage Reduction Program ("LIURP") annual budget by \$1.5 million for a total of \$13.5 million. PPL Electric also agrees to roll over any unspent budgeted amounts in any year to the next year's LIURP budget. I&E witness Keller recommended that any increase in maximum CAP credits and LIURP funding be balanced against costs for other customers, especially other low-income customers.²¹⁴ I&E finds that the increases in PPL Electric's maximum CAP credits and LIURP budget as defined within the Settlement are fair and reasonable and therefore in the public interest. I&E Statement in Support of Non-Unanimous Settlement at 11.

CEO avers that the proposed settlement allows low-income ratepayers additional support to meet the increase in rates that will result from this proceeding. The settlement provides for increased funding for LIURP and CAP as well as providing easier access for low-income ratepayers to access universal service programs. CEO Statement in Support of Non-Unanimous Settlement at 3.

CAUSE-PA maintains that the ability to receive a discounted bill based on a household's percentage of income is essential for low-income households with average income less than \$17,000 per year to be able to continue to remain connected to electric

²¹⁴ I&E Statement No. 2-R, pp. 5-11.

utility service. Without these discounts, bills are unaffordable. The difference in a monthly bill between the customer's CAP rate and their full tariff residential rate is defined as their CAP credits, or CAP shortfall.²¹⁵ PPL limits the aggregate amount that a household can receive in CAP credits each year by what is called annual maximum CAP credit.²¹⁶ CAUSE-PA Statement in Support of Non-Unanimous Settlement at 20.

Through the course of this proceeding, CAUSE-PA explained that PPL's maximum CAP credit limits were too low and limited the ability of low-income customers to access affordable, just, and reasonable rates – leading to substantially higher rates of termination.²¹⁷ Specifically, the evidence shows that these limits are punitive rather than preventative because most low-income households cannot control the factors that impact their total bill.²¹⁸ They cannot control how hot or cold the weather is that dictates their usage.²¹⁹ They typically cannot control the level of insulation or weatherization in their home. They typically cannot control their appliance efficiency.²²⁰ Certainly, they cannot control distribution, transmission, or generation costs, all of which are rising at an unyielding rate.²²¹ CAP itself is meant to be preventative.²²² CAUSE-PA Statement in Support of Non-Unanimous Settlement at 21.

By providing customers with bills targeted at an affordable level and an opportunity to reduce arrears with each in full payment, the Program ensures that customers remain connected to service and that debt is managed. CAUSE-PA's position

²¹⁵ CAUSE-PA St. 1, p. 52.

²¹⁶ *Id.*, pp. 52-53.

²¹⁷ *Id.*, pp. 52-59.

²¹⁸ *Id.*, p. 56.

²¹⁹ CAUSE-PA St. 1-SR, pp. 30-31.

²²⁰ CAUSE-PA St. 1, p. 56.

²²¹ CAUSE-PA St. 1-SR, pp. 30-31.

²²² *Id.*, p. 31.

is that all of this is negated if customers lose their discount. CAUSE-PA Statement in Support of Non-Unanimous Settlement at 21.

CAUSE-PA notes that customers who exceed their CAP credit limit have materially higher termination rates (22%) than CAP customers (16%).²²³ CAUSE-PA, through Mr. Cicero's recommendations, urged the Commission to require PPL to eliminate its maximum CAP credits, so that CAP customers can continue to receive more affordable CAP bills.²²⁴ While CAUSE-PA's recommendation that PPL eliminate these limits in their entirety was not adopted, the proposed Settlement provides for several meaningful reforms to PPL's cap credit limits, including increases to these limits consistent with Mr. Cicero's testimony. CAUSE-PA Statement in Support of Non-Unanimous Settlement at 22.

Specifically, Mr. Cicero recommended that PPL be directed to appropriately increase its maximum CAP credit limits by a minimum of 60%.²²⁵ This was not an arbitrary increase, but rather it was tied to reasonable projections based on the increases to distribution and generation/transmission rates that have occurred over the last few years.²²⁶ In addition, CAUSE-PA also recommended that PPL update its CAP credit limits on a continued basis commensurate with any future increases in default service and base rates.²²⁷ CAUSE-PA Statement in Support of Non-Unanimous Settlement at 22.

CAUSE-PA asserts that the provisions of the Settlement are a reasonable balancing of the parties' positions in this proceeding and should be approved. While CAUSE-PA's recommendation that PPL eliminate its maximum CAP credit limits in

²²³ *Id.*, p. 57.

²²⁴ *Id.*, p. 60.

²²⁵ *Id.*, p. 61.

²²⁶ *Id.*, pp. 61-62.

²²⁷ *Id.*

their entirety were not adopted, the proposed Settlement provisions in Paragraphs 74-75 will help to provide important increases to PPL's CAP credit limits so that more CAP customers can retain discounted bills which are necessary for these customers to access more affordable services. Requiring that PPL propose adjustment of these limits to account for changes in generation and distribution rates in the interim, or explain why it is not doing so, will help the Commission, PPL, and interested parties to better evaluate necessary future adjustments to these limits. These solutions are imperfect and will not fully resolve the inherent issues related to PPL's CAP credit limits. However, CAUSE-PA asserts that these provisions are nonetheless reasonable in light of the totality of terms contained in the proposed Settlement and varied interests of the settling parties. CAUSE-PA therefore asserts that these provisions are reasonable and should be approved. CAUSE-PA Statement in Support of Non-Unanimous Settlement at 23.

7. Low-Income Usage Reduction Program (LIURP)

The Winter Relief Assistance Program ("WRAP") is the Company's LIURP, a statutorily-mandated universal service program which helps customers reduce their electric bills and improve comfort through weatherization measures.²²⁸ PPL Statement in Support of Non-Unanimous Settlement at 38.

Several parties recommended an increase in the Company's annual LIURP budget. CAUSE-PA recommended an increase in the Company's annual LIURP budget by \$2.4 million.²²⁹ CEO recommended an increase in the annual budget of \$900,000.²³⁰ SEF recommended an increase of at least \$2 million in year one, with an additional increase in the budget by 5% each following year until the program has assisted at least 50% of low-income households within the Company's service territory, or until the

²²⁸ PPL Electric St. No. 18-R, p. 27.

²²⁹ CAUSE-PA St. 1, pp. 74-79.

²³⁰ CEO St. No. 1, pp. 7-8.

Company's next base rate case.²³¹ Finally, I&E stated that, while an increase "may be necessary," it is important to consider that increases in the LIURP budget should be balanced against USR costs for other customers.²³² PPL Statement in Support of Non-Uniform Settlement at 38.

The Company initially disagreed with the parties' proposed increases to the annual LIURP budget, contending, in part, that its LIURP budget had increased by \$2 million in its most recent USECP proceeding.²³³ However, the Company stated in its surrebuttal testimony that it would be willing to consider an adjustment to the annual LIURP budget.²³⁴ PPL Statement in Support of Non-Uniform Settlement at 39.

Under the Settlement, beginning January 1, 2027, PPL Electric will increase its LIURP annual budget by \$1.5 million for a total of \$13.5 million.²³⁵ PPL Electric also will roll over any unspent budgeted amounts in any year to the next year's LIURP budget.²³⁶ PPL avers that this amount in the LIURP budget represents a reasonable middle ground of the parties' proposals, providing for an increase in the budget that will improve the program's reach, while considering the resulting USR costs for other customers and the Company's most recent LIURP budget increase from its USECP proceeding. Therefore, this provision of the Settlement is reasonable and in the public interest and should be approved. PPL Statement in Support of Non-Uniform Settlement at 39.

²³¹ SEF St. No. 1-R, pp. 1-2.

²³² I&E St. No. 2-R, pp. 8-9.

²³³ PPL Electric St. No. 18-R, pp. 57-58, 61; PPL Electric St. No. 18-SR, pp. 3-4.

²³⁴ PPL Electric St. No. 18-SR, p. 4.

²³⁵ Settlement ¶ 76.

²³⁶ *Id.*

I&E witness Keller recommended that any increase in LIURP funding be balanced against costs for other customers, especially other low-income customers.²³⁷ I&E finds that the increases in PPL Electric's LIURP budget as defined within the Settlement are fair and reasonable and therefore in the public interest. I&E Statement in Support of Non-Unanimous Settlement at 11.

CEO maintains that the proposed settlement allows low-income ratepayers additional support to meet the increase in rates that will result from this proceeding. The settlement provides for increased funding for LIURP and CAP as well as providing easier access for low-income ratepayers to access universal service programs. CEO Statement in Support of Non-Unanimous Settlement at 3.

CAUSE-PA maintains that Paragraph 76 of the proposed Settlement provides for a meaningful increase to PPL's LIURP budget that will help to bolster PPL's LIURP budget and support the increased need for usage reduction if the revenue increase set forth in the Settlement is approved. PPL's LIURP is a critical universal service program designed to work in tandem with CAP to help reduce high usage attributable to home energy inefficiencies that low-income households cannot afford to address on their own.²³⁸ LIURP has effectively helped reduce consumption for customers who have been able to access the program, with kWh savings averaging approximately 10% and bill savings averaging \$315 per year.²³⁹ However, CAUSE-PA asserts that there is a significant unmet need for LIURP services among PPL's low-income customers, which will only grow more pronounced if rates are increased in this proceeding,²⁴⁰ with 108,875 customers identified by PPL's Needs Assessment as meeting the LIURP eligibility

²³⁷ I&E Statement No. 2-R, pp. 5-11.

²³⁸ 52 Pa. Code § 58.1; CAUSE-PA St. 1 at 74; CEO St. 1 at 8.

²³⁹ CAUSE-PA St. 1, p. 76.

²⁴⁰ CAUSE-PA St. 1, p. 76; CEO St. 1, pp. 7-8; SEF St. 1-R, pp. 2-3.

criteria, but PPL's LIURP serving fewer than 4,000 households per year.²⁴¹ In its most recent two years, PPL has fully exhausted its LIURP budget despite serving so few of its eligible customers.²⁴² CAUSE-PA recommended that the Commission require PPL to increase its LIURP budget by 20%, or \$2.4 million per year²⁴³ -- an amount that would not address LIURP's full unmet need but which would help meaningfully improve the reach of this program.²⁴⁴ CAUSE-PA Statement in Support of Non-Unanimous Settlement at 23-24.

While CAUSE-PA recognizes that the amount of the increase to PPL's LIURP budget provided for in these proposed provisions is substantially less than it recommended, these proposed increases will nonetheless meaningfully improve the ability of PPL's LIURP to serve unmet need for usage reduction of its low-income customers. This increased budget is particularly important with the agreed-upon increase to PPL's revenue requirements provided for under the proposed Settlement, so that low-income customers can better access usage reduction services to control their already-high monthly bills. CAUSE-PA submits that these provisions are reasonable and in the public interest, particularly with the other proposed reforms to PPL's universal service programs provided for under this Settlement and should be approved. CAUSE-PA Statement in Support of Non-Unanimous Settlement at 24-25.

SEF argues that, as originally proposed, PPL's LIURP funding would not have provided sufficient resources to meaningfully expand WRAP participation or increase the number of income eligible households served through the program.²⁴⁵ SEF therefore recommended that LIURP funding be increased by \$2 million in order to

²⁴¹ CAUSE-PA St. 1, pp. 76-77.

²⁴² CEO St. 1, p. 7; I&E St. 1-R, p. 8.

²⁴³ CAUSE-PA St. 1, p. 77.

²⁴⁴ *Id.*, pp. 77-78.

²⁴⁵ SEF St. No. 1, p. 8; SEF St. No. 1-R, pp. 2-3.

expand WRAP participation and increase the number of households receiving energy efficiency measures through the program.²⁴⁶ While the Settlement provides for an increase of \$1.5 million rather than the full increase recommended by SEF, the additional funding represents a meaningful step toward expanding WRAP services and improving affordability for low-income customers.²⁴⁷ Accordingly, SEF supports the Settlement provision increasing LIURP. SEF Statement in Support of Non-Unanimous Settlement at 3-4.

8. Customer Screening

In his direct testimony, CAUSE-PA Witness Cicero made recommendations regarding the Company's CAP enrollment efforts, specifically how to better screen customers for CAP eligibility.²⁴⁸ To increase the Company's screening efforts, Mr. Cicero proposed, among other things, to: (1) use DHS Data Sharing Program information to auto-enroll eligible households and file a USECP amendment within 120 days; (2) conduct routine income and CAP-eligibility screening for applicants and callers; (3) offer income-screening for all new and moving customers and expand screening through phone and web; and (4) implement these screening and referral processes within 120 days.²⁴⁹ PPL Statement in Support of Non-Unanimous Settlement at 39.

In rebuttal, PPL Electric Witness Norden explained that the Company already participates in the DHS Data Sharing Program and uses LIHEAP information to expedite and streamline CAP enrollment for income-qualified customers.²⁵⁰ Further, the Company also already has measures in place to screen customers for CAP enrollment,

²⁴⁶ SEF St. No. 1-R, pp. 2-3.

²⁴⁷ Settlement ¶ 76.

²⁴⁸ CAUSE-PA St. 1, p. 63-74.

²⁴⁹ *Id.*, pp. 69-72.

²⁵⁰ PPL Electric St. No. 18-R, p. 54.

including multi-channel communication, targeted campaigns, in-person engagement, language accessibility, seasonal and recurring communications, enhanced digital tools, and community and stakeholder engagement.²⁵¹ The Company recognized that these efforts should be routinely evaluated and enhanced as necessary; however, the Company argued that the blanket screening that Mr. Cicero recommended is not practical or consistent with current customer service standards.²⁵² PPL Statement in Support of Non-Unanimous Settlement at 39-40.

Under the Settlement, PPL Electric has agreed to update its customer screening process, which will be developed and implemented by July 1, 2027.²⁵³ PPL Electric will develop and implement a process to screen new and moving customers for income level at the time their service is established to determine whether the customer should be: (1) classified as a confirmed low-income customer; and (2) referred to the CAP application process and any other universal service programs.²⁵⁴ Additionally, existing customers will be screened for income level on any non-emergency calls, if that customer has not been screened within the past six months and has not previously opted out of providing such information, to determine whether the customer should be: (1) classified as a confirmed low-income customer; and (2) referred to the CAP application process and any other universal service programs.²⁵⁵ As part of an overall resolution of the issues in this case, these Settlement provisions resolve the parties' positions on the Company's screening process, while also providing the time that PPL Electric needs to implement these changes. PPL submits that these provisions are reasonable and in the public interest and should be approved. PPL Statement in Support of Non-Unanimous Settlement at 40.

²⁵¹ *Id.*, p. 55.

²⁵² *Id.*, pp. 55-56.

²⁵³ Settlement ¶ 77.

²⁵⁴ *Id.*

²⁵⁵ *Id.*

CAUSE-PA acknowledges that it raised concerns in this proceeding that PPL's CAP reaches only a fraction of customers who PPL knows to be eligible for this important program, thus limiting the ability of this important Program to mitigate rate unaffordability for low-income customers.²⁵⁶ CAUSE-PA recommended robust reforms to PPL's screening and referral to CAP so that low-income customers could better enroll in this Program.²⁵⁷ CAUSE-PA is supportive of the provisions at Paragraph 77 which are squarely in line with its recommendations to improve PPL's process for screening and referral of low-income customers, and will help more low-income customers to connect to assistance before the accrual of unmanageable arrears which lead to service termination. CAUSE-PA Statement in Support of Non-Unanimous Settlement at 25.

Based on 2024 averages, more than 164,000 customers (69%) that PPL *knows* are eligible for CAP are not enrolled in the Program.²⁵⁸ CAUSE-PA maintains that this is a significant concern. CAP enrollment is necessary to ensure that PPL's low-income customers access service at affordable rates, and to mitigate disproportionately high energy burdens which lead to the accrual of unmanageable arrears and service terminations – especially on the heels of a further approved rate increase in this proceeding.²⁵⁹ To improve PPL's serious and severe under-enrollment, CAUSE-PA recommended that PPL take steps to meaningfully improve its screening of low-income customers so that they customers can better enroll in PPL's universal service programs, including CAP by:

- Implementing routine screening of its applicants for service and customers who call into PPL's call centers for non-emergency calls to determine whether these

²⁵⁶ CAUSE-PA St. 1, pp. 63-64.

²⁵⁷ *Id.*, pp. 70-71.

²⁵⁸ *Id.*, p. 45.

²⁵⁹ *Id.*, pp. 44-45.

customers are confirmed low income and eligible for assistance.²⁶⁰

- Implementing procedures similar to those approved by the Commission in its recent Columbia base rate proceeding Order,²⁶¹ related to regular screening of new, moving, and existing customers.^[262]

CAUSE-PA Statement in Support of Non-Unanimous Settlement at 25-26.

The improved screening provided for under Paragraph 77 will help PPL to identify more low-income customers with the goal of connecting these customers to needed assistance before these customers experience payment trouble and the accrual of unmanageable arrears which lead to service termination and ultimately impact all ratepayers.²⁶³ Connecting customers with assistance through CAP and PPL's other universal service programs is also necessary for these customers to mitigate high energy burdens both at existing and proposed rates. While CAUSE-PA's recommendations related to screening and referral of low-income customers were not adopted in their entirety, CAUSE-PA asserts that these provisions represent reasonable reforms to PPL's current processes and should be approved. CAUSE-PA Statement in Support of Non-Unanimous Settlement at 26-27.

²⁶⁰ *Id.*, p. 70.

²⁶¹ CAUSE-PA St. 1-SR, pp. 23-24; *Pa. PUC v. Columbia Gas of Pa., Inc.*, Docket No. R-2025-3053499, at 350-351 (Opinion and Order entered Dec 9, 2025).

²⁶² CAUSE-PA St. 1-SR, pp. 23-24; *See also* CAUSE-PA St. 1 at 70-71. (While PPL indicates that it screens for universal services programs when customer seek payment arrangements or contacts PPL about a past-due balance, PPL must engage in routine screening of its low-income customers before these payment troubles occur.)

²⁶³ CAUSE-PA St. 1, p. 71.

9. CAP Recovery Offset

As part of its initial rate case filing, PPL Electric proposed eliminating the existing \$100 CAP recovery offset.²⁶⁴ The existing CAP recovery offset was established pursuant to Paragraph 47 of the Commission-approved 2015 Rate Case Settlement, which provides:

To address the bad debt, arrearage forgiveness, and Cash Working Capital issues raised in OCA Statement No. 4, PPL Electric will provide a fixed Universal Service Rider (“USR”) credit of \$100 per month for all CAP customers above 44,000. The Joint Petitioners further agree to evaluate further revisions in the USR credit and arrearage forgiveness and to recommend additional changes in the Company’s next universal service proceeding. The Joint Petitioners retain the right to review and file testimony concerning any such proposals as permitted by the normal Commission process for review of the Universal Service Plan.^[265]

PPL Electric claimed its proposal to eliminate the CAP recovery offset should be approved because it more appropriately reflects how the Company recovers its bad debt expense.²⁶⁶ PPL Statement in Support of Non-Unanimous Settlement at 41.

OCA opposed the Company’s proposal, arguing, among other things, that eliminating the existing \$100 CAP recovery offset would result in double recovery because portions of CAP credits and arrearage forgiveness are already reflected in base rates.²⁶⁷ PPL Statement in Support of Non-Unanimous Settlement at 41.

²⁶⁴ PPL Electric St. No. 18, p. 14.

²⁶⁵ *Id.*

²⁶⁶ *Id.*

²⁶⁷ OCA St. 8, pp. 6, 65-78.

In rebuttal, PPL Electric responded to OCA's arguments and maintained that its proposal should be approved; however, if the Commission were to decide that the CAP Offset should remain, the Company should only pay the \$100 offset amount on customers participating above the 75,000 enrollment level, which is the Company's projected CAP participation level for the FPFTY going forward.²⁶⁸ The Company stated that the 44,000 enrollment level under current CAP recovery offset reflects the Company's average level of customers participating in CAP at the time of the 2015 Rate Case, which established the current CAP recovery offset.²⁶⁹ PPL Statement in Support of Non-Unanimous Settlement at 41-42.

Under the Settlement, PPL Electric's proposal to eliminate the \$100 USR CAP cost recovery offset is withdrawn without prejudice.²⁷⁰ Further, the CAP participation threshold used for determining when to start applying the \$100 credit shall be increased from 44,000 to 75,000.²⁷¹ These provisions reflect a reasonable compromise of the parties' positions, by preserving the Company's right to propose, in a future proceeding, the elimination of the CAP cost recovery offset, while updating the enrollment level under the CAP cost recovery offset to reflect the CAP participation level for the FPFTY. Therefore, PPL submits that these provisions are reasonable and in the public interest and should be approved. PPL Statement in Support of Non-Unanimous Settlement at 42.

In response to PPL's proposal to eliminate the existing \$100 offset to CAP credits and arrearage forgiveness credits,²⁷² OCA witness Colton testified that this proposal should be rejected because it will allow PPL to recover costs twice: once in base

²⁶⁸ PPL Electric St. No. 18-R, pp. 48-51.

²⁶⁹ *Id.*, p. 50.

²⁷⁰ Settlement ¶ 78.

²⁷¹ *Id.*

²⁷² PPL St. 18, p. 13.

rates and again through the universal service rider (USR).²⁷³ OCA Statement in Support of Non-Unanimous Settlement at 36.

It is PPL's burden to demonstrate in this proceeding that an offset of \$0 is appropriate,²⁷⁴ and it is OCA's opinion that PPL has not carried that burden. In fact, there are inherent contradictions in PPL's stated justification for its proposed elimination of the \$100 credit: PPL stated in its filing that on the one hand that the sole basis for eliminating the credit is based on bad debt yet in response to discovery PPL concedes that the \$100 universal service offset is not allocated to bad debt, working capital, credit and collections, or any other specific category.²⁷⁵ This is further support for the fact that PPL has not met its burden of proof on this issue. OCA Statement in Support of Non-Unanimous Settlement at 36-37.

Importantly, the Commission has recognized the potential of the double recovery of costs without including a universal service cost offset. Mr. Colton offered the following testimony:

Note that the Commission made the same distinction I now make, but which PPL witness Norden ignores. The distinction is between preventing the "double-recovery" of bad debt on the one hand, and accounting for reductions in bad debt (ie, "savings") on the other hand. The \$100 credit which PPL now proposes to eliminate is not related to a projected reduction in bad debt expenses and is thus not related to any estimate of "savings." The \$100 offset is instead intended to "offset" the potential for the double recover of costs.^[276]

²⁷³ OCA St. 8, p. 65.

²⁷⁴ *Id.*, pp. 65-66, citing, Customer Assistance Programs: Funding Levels and Cost Recovery Mechanisms, Final Investigatory Order, at 38-39 (Oct. 19, 2006) ("the utilities should bear the burden of proving that allowing recovery of their claim for arrearage forgiveness costs will not give them double-recovery of these costs.").

²⁷⁵ OCA St. 8, pp. 66-67, citing, PPL St. 18 at 14 and OCA-XI-5.

²⁷⁶ OCA St. 8, pp. 67-68.

Mr. Colton added that a universal service cost offset is common in Pennsylvania utility tariffs relating to the recovery of universal service costs through a reconcilable surcharge.²⁷⁷ OCA Statement in Support of Non-Unanimous Settlement at 37.

In the Settlement, however, PPL has agreed to eliminate its proposal without prejudice and does so in conjunction with increasing its threshold for when the \$100 credit will start to apply from 44,000 to 75,000.²⁷⁸ The OCA maintains that this provision of the Settlement is in the public interest because it will prevent PPL from recovering more for its universal service costs than it otherwise is entitled to and helps to account for the impact that customers in CAP paying an affordable bill have on the Company's overall revenues. This Settlement provision will help ensure that the appropriate universal service dollars are being used as intended and that PPL's rates will otherwise be just and reasonable. OCA Statement in Support of Non-Unanimous Settlement at 38.

10. CAP Enrollment

In its direct testimony, CAUSE-PA recommended that PPL Electric: (1) use Pennsylvania DHS Data Sharing Program information to auto-enroll eligible households and file a USECP amendment within 120 days; (2) revise its auto-enrollment letter to clearly outline rights, responsibilities, and opt-out options; (3) apply a 15-day hold when a customer applies for CAP; and (4) allow terminated customers or applicants with

²⁷⁷ *Id.*, pp. 68-70 (noting that “of the PUC-regulated energy utilities, eleven out of the twelve gas and electric utilities in Pennsylvania have offsets to one degree or another.” The only Pennsylvania utility without is Philadelphia Gas Works which operates on a cash flow basis. Furthermore, “even though not regulated by the state PUC, the Philadelphia Water Department, a municipal water utility also adopted this principle applied to its arrearage forgiveness.”).

²⁷⁸ Settlement at ¶ 78.

arrears to reconnect through CAP enrollment without added barriers.²⁷⁹ PPL Statement in Support of Non-Unanimous Settlement at 42.

PPL Electric disagreed with these recommendations, stating that the Company participates in the DHS Data Sharing Program and uses LIHEAP information to expedite and streamline CAP enrollment for income-qualified customers and that PPL Electric follows the data-privacy conditions and consent requirements, asking the customer to confirm their participation.²⁸⁰ The Company also averred that under its current processes an initial referral to OnTrack creates a Suspend Charge (hold) on the account for 21 days to allow the customer time to apply.²⁸¹ As for the proposed reconnection change, PPL Electric argued that customers who are not enrolled in assistance programs are reasonably expected to make required payments to reconnect service.²⁸² PPL Statement in Support of Non-Unanimous Settlement at 42-43.

In surrebuttal, CAUSE-PA modified its recommendation for the hold process when a CAP application is submitted in an attempt to address PPL Electric's concerns with CAUSE-PA's original recommendation; however, CAUSE-PA maintained that its recommendation is to allow customers or applicants whose service has been terminated to reconnect service through CAP enrollment without added barriers.²⁸³ PPL Statement in Support of Non-Unanimous Settlement at 43.

The Settlement resolves these issues by requiring PPL Electric to streamline CAP enrollment in the following ways:

²⁷⁹ CAUSE-PA St. 1, pp. 69-70, 73-74.
²⁸⁰ PPL Electric St. No. 18-R, p. 54.
²⁸¹ *Id.*, p. 20.
²⁸² *Id.*, p. 56.
²⁸³ CAUSE-PA St. 1-SR, pp. 25-27.

- b. As of the effective date of rates, PPL Electric will continue to place a temporary hold once per year on termination of accounts that are referred to CAP to allow time for the household to enroll in CAP. PPL Electric will inform customers that they have placed this hold on their accounts. PPL Electric will continue this temporary hold for 21 days. If the customer submits a CAP application within this 21-day period, PPL Electric will extend the hold until the CAP application is fully processed. If the CAP application is approved, PPL Electric will cancel the termination.
- c. By July 1, 2027, customers who have had their service terminated but have not yet reverted to the status of an applicant (i.e., they are within the 30 day window before their final bill becomes past due), may reconnect service without upfront payment of arrears or a reconnection fee upon the successful enrollment into PPL Electric's CAP. PPL Electric will revise its policies, procedures, and call scripting to ensure that customers seeking to reconnect service will be screened for CAP eligibility and informed of the option to reconnect by successfully enrolling in CAP.
- d. By July 1, 2027, PPL Electric will begin utilizing LIHEAP data for the purpose of processing CAP applications and recertifications without requiring additional affirmative customer consent and will begin allowing applicants to enroll in CAP by phone if their income and household composition information is available through the LIHEAP data.²⁸⁴

PPL avers that these provisions reasonably balance the parties' positions on the CAP enrollment issues and recommendations. Their intent is to help streamline customer enrollment in CAP, a program that helps participating low-income customers pay down their balances in arrears, maintain electric service, and afford their monthly electric bills. The Settlement also builds in the time necessary for PPL Electric to implement these modifications to its CAP enrollment processes. Therefore, PPL submits that these

²⁸⁴ Settlement ¶ 79.

Settlement provisions are reasonable and in the public interest and should be approved. PPL Statement in Support of Non-Unanimous Settlement at 43-44.

CAUSE-PA asserts that, while CAP is a vitally important program, PPL's CAP only provides affordable rates if a household is enrolled. Given pervasive under-enrollment, CAUSE-PA recommended that PPL implement meaningful reforms to its CAP enrollment processes to address the significant undersubscription of its programs, including that PPL reform its policies related to (1) using LIHEAP data to enroll eligible customers in CAP; (2) placing holds on accounts while customers enroll in CAP; and (3) allowing customers to reconnect through CAP enrollment.²⁸⁵ While CAUSE-PA's recommendations in these areas were not fully adopted, Paragraph 79 of the proposed Settlement provides for meaningful improvements to each of these issues, while balancing the parties' positions related to the same. CAUSE-PA Statement in Support of Non-Unanimous Settlement at 27.

CAUSE-PA also recommended that PPL be required to revise its policies related to holds when a customer applies for CAP, so that an initial referral results in a 21-day hold, and subsequent referrals within a year result in a 15-day hold. This process is outlined in detail in Mr. Cicero's surrebuttal testimony.²⁸⁶ CAUSE-PA Statement in Support of Non-Unanimous Settlement at 28.

The proposed Settlement provisions at Paragraph 79.a. represent a balanced compromise of the Settling parties. While CAUSE-PA's recommendations were not adopted in their entirety, these processes will help to clarify the hold period placed on accounts while customers apply for CAP, and that such hold will be extended past 21-days if a customer submits a CAP application within this period which takes longer than

²⁸⁵ CAUSE-PA St. 1, p. 74.

²⁸⁶ CAUSE-PA St. 1-SR, p. at 25.

21 days to process. While CAUSE-PA remains concerned about customers who within the course of the year are subsequently referred to CAP, this Paragraph provides important additional clarity related to PPL's CAP hold processes, is reasonable, and should be approved. CAUSE-PA Statement in Support of Non-Unanimous Settlement at 28-29.

In addition to revisions to PPL's hold process for customers who apply for CAP, CAUSE-PA recommended that the Commission direct PPL to revise its policies which currently require customers or applicants for service with prior arrears to first connect to service before enrolling in CAP – a process which often requires payment of some or all of the prior arrears.²⁸⁷ Clear record evidence shows that low-income customers face severe economic hardships.²⁸⁸ Requiring these customers, who have already demonstrated CAP eligibility, to pay steep upfront amounts which should be addressed through CAP, in order to reconnect to services, is inequitable and does not constitute reasonable service for these customers.²⁸⁹ CAUSE-PA recommended that the Commission direct PPL to allow customers whose service has been terminated, and applicants for service with arrears, to connect to CAP as a mechanism of connecting/reconnecting to services.²⁹⁰ CAUSE-PA Statement in Support of Non-Unanimous Settlement at 29.

These proposed Settlement provisions at Paragraph 79.b. are reasonable and squarely in line with CAUSE-PA's recommendations in this proceeding. Allowing low-income customers to reconnect through enrollment in CAP will help reduce barriers to reconnection and, in turn, will help to address arrears which are eligible for forgiveness through CAP. Updating PPL's policies, procedures and call scripting to screen for CAP

²⁸⁷ CAUSE-PA St. 1, p. 74.

²⁸⁸ CAUSE-PA St. 1-SR, pp. 26-27.

²⁸⁹ *Id.*

²⁹⁰ CAUSE-PA St. 1, p. 74.

eligibility when customers seek to reconnect to reflect this important change will help ensure that PPL is properly implementing these changes. As such, these provisions are reasonable and should be approved. CAUSE-PA Statement in Support of Non-Unanimous Settlement at 30.

In addition to the reforms discussed above, CAUSE-PA also recommended that PPL address the undersubscription of its CAP by streamlining PPL's CAP enrollment by leveraging the LIHEAP data sharing processes.²⁹¹ In April 2025 (the close of the last LIHEAP season), PPL reported 10,784 LIHEAP recipients not enrolled in CAP, despite the Company knowing that these customers are income eligible for the Program.²⁹² These sizable number of customers underscore the need to better connect customers known to be eligible for CAP with available assistance. CAUSE-PA Statement in Support of Non-Unanimous Settlement at 30.

While PPL developed a process which began in September 2024, whereby it conducted outreach through letters to customers identified as CAP eligible through LIHEAP data,²⁹³ this process has been ineffective because PPL does not provide a simplified CAP application to LIHEAP grant recipients, and instead requires these CAP applicants to fill out the entire application with duplicative income and household information.²⁹⁴ In addition, PPL has added unnecessary duplication to its processes by mailing an OnTrack Enrollment Consent LIHEAP Data Sharing Letter to solicit consent to participate in data sharing processes after these customers have already consented to the data sharing.²⁹⁵ CAUSE-PA Statement in Support of Non-Unanimous Settlement at 30-31.

²⁹¹ *Id.* pp. 64-66.

²⁹² *Id.*, p. 64.

²⁹³ *Id.*, p. 67.

²⁹⁴ *Id.*, pp. 68-69.

²⁹⁵ *Id.*

The proposed Settlement provisions at Paragraph 79.c. do not squarely align with CAUSE-PA recommendations in this proceeding. However, on balance, CAUSE-PA asserts that these provisions are nonetheless reasonable and will help to ensure that PPL is using available LIHEAP data to process CAP applications/ recertification without imposing additional and duplicative consent requirements. These provisions will also help customers who are seeking to apply for CAP via phone to streamline their application processes if LIHEAP income and household composition data are available. These provisions do not implement the robust autoenrollment recommendations provided by Mr. Cicero but will help to improve PPL's current deficient use of LIHEAP data. As such, the provisions in Paragraph 79.c. are reasonable and should be approved. CAUSE-PA Statement in Support of Non-Unanimous Settlement at 31.

11. CAP Billing Review Process

CAUSE-PA recommended that PPL Electric modify its monthly CAP bill review process to review rates for all CAP customers, such that the Company determine whether the average bill option is better than the PIP option for average bill customers.²⁹⁶ Although the Company initially disputed this recommendation in its rebuttal testimony,²⁹⁷ PPL Electric stated in its rejoinder testimony that the Company is willing to agree do this recommendation.²⁹⁸ PPL Statement in Support of Non-Unanimous Settlement at 44.

The Settlement memorializes this position. Specifically, within 120 days of the effective dates of rates, PPL Electric will modify its monthly CAP bill review process to review rates for all CAP customers, including those receiving the average bill and PIP

²⁹⁶ *Id.*, p. 52.

²⁹⁷ PPL Electric St. No. 18-R, p. 52

²⁹⁸ PPL Electric St. No. 18-RJ, p. 8.

CAP rate, to ensure they are always receiving the lesser of their applicable PIP rate or their average bill whichever is the most advantageous available rate.²⁹⁹ Accordingly, the Settlement ensures that the Company will incorporate this change to its monthly CAP bill review process, while providing the necessary time for PPL Electric to implement this modification. Thus, this provision is reasonable and in the public interest and should be approved. PPL Statement in Support of Non-Unanimous Settlement at 44-45.

CAUSE-PA witness Cicero explained that, while PPL runs a report that informs the Company if any CAP PIP participants have a greater bill amount greater than their average bill rate, the opposite review is not conducted – with PPL not regularly evaluating whether CAP participants with average bills are paying more than their PIP rates.³⁰⁰ Mr. Cicero recommended that PPL should amend its current CAP process to ensure that CAP customers are paying the most advantageous CAP rate.³⁰¹ CAUSE-PA Statement in Support of Non-Unanimous Settlement at 32.

The proposed Settlement provisions at Paragraph 80 are squarely in line with CAUSE-PA’s recommendations and should be approved. Ensuring that CAP participants have the most advantageous rate possible, regardless of which payment method they are currently being assigned, is required pursuant to 66 Pa. C.S. § 1303³⁰² and essential to ensuring that these customers can access just and reasonable rates, and mitigate any increased unaffordability if PPL is permitted to increase its rates in this proceeding. These provisions at Paragraph 80 are therefore reasonable and should be approved. CAUSE-PA Statement in Support of Non-Unanimous Settlement at 32.

²⁹⁹ Settlement ¶ 80.

³⁰⁰ CAUSE-PA St. 1, p. 51.

³⁰¹ *Id.*, pp. 51-52.

³⁰² 66 Pa. C.S. § 1303 (providing, in relevant part, “Any public utility, having more than one rate applicable to service rendered to a patron, shall, after notice of service conditions, compute bills under the rate most advantageous to the patron.”)

12. Live Customer Service Representative Access for Low-Income Customers

The Company did not make any proposals in its direct testimony related to live customer service representative access for low-income customers. However, in OCA’s direct testimony discussing the Company’s call center performance, OCA noted the Company’s use of IVR as well as web-based forms and data entry and argued that “customers should not be required to choose between an automated an internet based transaction and a personal interaction with a qualified customer representative.”³⁰³ Further, CAUSE-PA expressed concerns related to the information available to customers interacting with IVR regarding payment arrangements and the Company’s CAP as an alternative to these payment arrangements.³⁰⁴ PPL Statement in Support of Non-Unanimous Settlement at 45.

In response, the Company averred that its proposed IT upgrades, IVR system, and smartphone applications are designed in part to improve the Company’s customer service experience.³⁰⁵ The Company also emphasized that its IVR and smartphone applications enable live agents to focus on assisting customers with complex inquiries that the IVR system may not be able to handle.³⁰⁶ PPL Statement in Support of Non-Unanimous Settlement at 45.

Under the Settlement, within 120 days of the effective date of rates, PPL Electric will revise its policies and procedures for issuing payment arrangements through IVR systems to ensure that low-income customers are provided with the opportunity to be transferred to a live customer service representative.³⁰⁷ Customers who provide income information indicating low-income status will be informed of the benefits of CAP

³⁰³ OCA St. 7, p. 17.

³⁰⁴ CAUSE-PA St. 1, p. 102.

³⁰⁵ PPL Electric St. No. 18-R, p. 12.

³⁰⁶ *Id.*

³⁰⁷ Settlement ¶ 81.

and hardship funds and provided with the opportunity to apply during the call.³⁰⁸ PPL avers that this Settlement represents a reasonable resolution of the parties' positions, by helping facilitate low-income customers' access to information from a live customer service representative regarding payment arrangements and assistance programs, while accounting for the time needed for PPL Electric to implement this change in policies and procedures. Therefore, PPL submits that this aspect of the Settlement is reasonable and in the public interest and should be approved. PPL Statement in Support of Non-Unanimous Settlement at 45-46.

CEO notes that the proposed settlement allows low-income ratepayers additional support to meet the increase in rates that will result from this proceeding. The settlement further provides for easier access for low-income ratepayers to access universal service programs. CEO Statement in Support of Non-Unanimous Settlement at 3.

CAUSE-PA notes that customers establish a payment arrangement through PPL via a live agent, through the web, or through interactive voice response (IVR).³⁰⁹ CAUSE-PA asserts that PPL's payment arrangements do not provide customers with a reasonable means to address their arrears. For example, between July 2023 and October 2025, related to the total of 328,325 who began payment arrangements, 58% (190,411) did not make any payment towards their payment arrangement and 77% of customers (254,299) did not successfully complete their payment arrangement, making fewer than 12 payments towards the payment arrangement.³¹⁰ CAUSE-PA recommended several reforms to PPL's payment arrangement policies and processes, including to better ensure that PPL's IVR systems provide customers with information about CAP or PPL's

³⁰⁸ *Id.*

³⁰⁹ CAUSE-PA St. 1, p. 97.

³¹⁰ CAUSE-PA St. 1, p. 98.

hardship fund when customers seek to enter payment arrangements through these systems.³¹¹ CAUSE-PA Statement in Support of Non-Unanimous Settlement at 33.

CAUSE-PA supports the provisions specified in Paragraph 81 of the proposed Settlement, which are squarely in line with its recommendations in this proceeding, and will help to better address the significant number of low-income customers who are placed on unsuccessful payment arrangements rather than enrolled in CAP. Importantly, payment arrangement amounts are additive to customers' monthly bills and only exacerbate the unaffordability of these bills for low-income customers. These proposed Settlement provisions set forth in Paragraph 81 will help low-income customers to better connect with assistance so that they can retire their arrears through CAP. As such, CAUSE-PA maintains that these provisions are reasonable, in the public interest, and should be approved. CAUSE-PA Statement in Support of Non-Unanimous Settlement at 33-34.

13. Universal Service and Energy Conservation Plan (USECP) Employees' Salaries and Wages

PPL Electric proposed recovery of the expenses associated with its Universal Service and Conservation Plan ("USECP") employees' salaries and wages through the Universal Service Rider ("USR") instead of base rates.³¹² The Company stated that these employees administer the programs under the Company's USECP, which collectively provides several forms of assistance to customers to help them pay their electric service bills and pay down their balances in arrears.³¹³ PPL Statement in Support of Non-Unanimous Settlement at 46.

³¹¹ CAUSE-PA St. 1, p. 102.

³¹² PPL Electric St. No. 18, p. 10.

³¹³ *Id.*

The Company's proposal was opposed by I&E, OCA, CAUSE-PA, and EJA, largely on the grounds that the proposal would ensure recovery of these expenses.³¹⁴ PPL Statement in Support of Non-Unanimous Settlement at 46.

In response, the Company supported its proposal by reinforcing the appropriateness of recovering these expenses through the USR, given that any cost savings attributable to decreases in USECP staffing would flow back to customers through the USR.³¹⁵ PPL Electric also noted that if the Commission were to deny the Company's proposal, then an additional \$1.4 million would need to be added to the salary and wage expense reflected in the Company's revenue requirement.³¹⁶ PPL Statement in Support of Non-Unanimous Settlement at 46.

Under the Settlement, the Company's proposal to recover USECP employees' salaries and wages through the USR is withdrawn without prejudice.³¹⁷ As one component of the overall Settlement, this provision helps resolve this issue in the matter, while also preserving the Company's right to make this proposal in a future proceeding if it chooses to do so. Therefore, PPL avers that this provision is reasonable and in the public interest and should be approved. PPL Statement in Support of Non-Unanimous Settlement at 47.

I&E witness Christopher Keller recommended that the Commission reject the Company's proposal to move salaries and wages for employees that administer programs under its USECP from base rates to the USR and therefore, I&E supports this

³¹⁴ I&E St. No. 2, p. 15; OCA St. 8, pp. 61-64; CAUSE-PA St. 1, pp. 96-97; EJA St. No. 1, p. 17.

³¹⁵ PPL Electric St. No. 18-R, pp. 44-47.

³¹⁶ *Id.*, p. 47.

³¹⁷ Settlement ¶ 82.

provision as being in the public interest.³¹⁸ I&E Statement in Support of Non-Unanimous Settlement at 10.

OCA witness Colton testified that PPL's universal service costs should not be recovered through a rider because, in part, the costs are not subject to variation which justifies their collection through the USR in order to provide reconciliation.³¹⁹ As Mr. Colton testified, this is true even though PPL has proposed in this proceeding to increase its wages and salaries to be recovered from ratepayers by 9% for the period ending June 2028.³²⁰ Just because an expense is labeled a universal service expense does not mean that it should be allowed cost recovery without review, as would be the case if those administrative expenses are collected, subject only to a reconciliation, through the USR. This is consistent with the Commission's recent action in the Columbia base rate case where the Commission determined that expenditures by Columbia Gas on its "Energy Assistance Team" should be collected through base rates rather than through the Company's universal service rider.³²¹ OCA Statement in Support of Non-Unanimous Settlement at 38-39.

The OCA submits that Paragraph 82 of the Settlement is in the public interest because it will prohibit PPL from unnecessarily recovering costs through a rider that should instead be recovered through base rates further helping to keep overall rates affordable. OCA Statement in Support of Non-Unanimous Settlement at 39.

CAUSE-PA opposed PPL's proposal to remove from its rates employee salaries and wages which are associated with operation of the Company's universal

³¹⁸ I&E Statement No. 2, pp. 15-17; I&E Statement No. 2-SR, pp. 12-15.

³¹⁹ OCA St. 8, p. 62.

³²⁰ OCA St. 8, p. 62, citing, OCA-XI-1 (variation from 2023 to 2025 was \$1,254,248 to \$1,346,555).

³²¹ OCA St. 8, pp. 62-62, *citing PA PUC v. Columbia Gas of Pennsylvania, Inc.*, Docket No. R-2025-3053499, Order at 167 (Dec. 4, 2025).

service programs, and instead flow these costs through the USR.³²² CAUSE-PA is supportive of the proposed Settlement provisions at Paragraph 82 as they withdraw PPL's proposal to recover these salaries and wages through the USR. CAUSE-PA Statement in Support of Non-Unanimous Settlement at 34.

PPL's proposal would involve the salaries and wages from 14 of its employees and add \$1.4 million in costs annually to the USR, allowing these costs to be collected through this rider rather than through rates.³²³ As CAUSE-PA witness Cicero explained, these costs benefit from the regulatory scrutiny associated with rate cases as they are designed that they are foreseeable, certain, and prudent.³²⁴ In addition, pulling these costs out of rates to include in the USR would require residential customers to bear 100% of these costs (rather than the current allocation of 86%).³²⁵ These salaries/ wages do not just benefit residential customers.³²⁶ For these reasons, CAUSE-PA recommended that this proposal be denied.³²⁷ CAUSE-PA Statement in Support of Non-Unanimous Settlement at 34.

Paragraph 82 of the proposed Settlement aligns with CAUSE-PA's recommended rejection of this proposal. Continuing to assess these salaries and wages through rates will help to ensure that these costs are reasonable, prudent, and foreseeable – and not improperly assessed solely against residential customers while providing broad benefits across customer classes. For these reasons, CAUSE-PA asserts that these proposed Settlement provisions are reasonable and should be approved. CAUSE-PA Statement in Support of Non-Unanimous Settlement at 35.

³²² PPL St. No. 18, p. 10. CAUSE-PA St. 1, pp. 96-97.

³²³ CAUSE-PA St. 1, p. 95.

³²⁴ *Id.*, p. 96.

³²⁵ *Id.*

³²⁶ *Id.*

³²⁷ *Id.*, pp. 96-97.

14. Universal Service Rider (USR) Reconciliation

In its rebuttal testimony, the Company agreed to establish a customer charge to recover \$10 million of its total projected USR costs to the newly-established LP-6 rate class, and, related to this change, proposed to change its USR rate filing from once per year in January to three times per year, in January, May, and September.³²⁸ Changing the USR rate filing's frequency would provide the Company an opportunity to update the LP-6 rate and spread costs evenly to newly-connected LP-6 customers.³²⁹ PPL Statement in Support of Non-Unanimous Settlement at 47.

As PPL will explain when discussing Large Load Interconnections, the Settlement increases that annual allocation of USR costs to Rate LP-6 from \$10 million to \$11 million. Due to the inclusion of that allocation, the Settlement provides for the Company's proposed adjustment to the frequency by which the USR rate filing occurs, consistent with the Company's rebuttal testimony.³³⁰ This change will be incorporated in PPL Electric's compliance Retail Tariff filing.³³¹ Accordingly, and for the reasons set forth by PPL regarding the Large Load Interconnections provisions of this Settlement, this agreed-upon change to the USR rate filing frequency is reasonable and in the public interest and should be approved. PPL Statement in Support of Non-Unanimous Settlement at 47.

15. Reconnection Fees

In his direct testimony, CAUSE-PA witness Cicero raised issues regarding PPL Electric charging residential customers a flat reconnection fee of \$14, regardless of

³²⁸ PPL Electric St. No. 16-R, p. 25.

³²⁹ *Id.*

³³⁰ Settlement ¶ 83.

³³¹ *Id.*

CAP participation or other considerations.³³² Specifically, he expressed a concern about the reconnection fees' impact on low-income households.³³³ Removing reconnection fees for low-income households, he argued, would minimize additional barriers they face and streamline the process of reconnecting their service, ensuring they can remain safe and healthy.³³⁴ Further, he argued that the associated costs should be recovered as a normalized expense in PPL Electric's next base rate case.³³⁵ PPL Statement in Support of Non-Unanimous Settlement at 47-48.

In rebuttal, the Company stated that it is "permitted under the Commission's regulations to assess reconnection fees to customers, including confirmed low-income customers" and that "reconnection fees cover the Company's costs to restore service after the lawful termination of service."³³⁶ PPL Electric also opposed the recommendation to defer the associated cost recovery as a normalized expense until its next base rate case, stating that "as a cost incurred on a regular basis as a cost of doing business, it does not make sense for the Company to defer and request these costs at a later point in time."³³⁷ Therefore, while PPL Electric disagreed with the proposed waiver of reconnection fees, if that recommendation were adopted, a three-year normalization period should be utilized instead.³³⁸ PPL Statement in Support of Non-Unanimous Settlement at 48.

In surrebuttal, CAUSE-PA stated that it did not oppose adding this normalized expense amount to the overall revenue request in this base rate case and that

³³² CAUSE-PA St. 1, p. 129.

³³³ *Id.*, p. 130.

³³⁴ *Id.*

³³⁵ *Id.*

³³⁶ PPL Electric St. No. 18-R, p. 41.

³³⁷ PPL Electric St. No. 5-R, p.19.

³³⁸ PPL Electric St. No. 18-R, pp. 41-42; PPL Electric St. No. 5-R, p. 4.

such expense amount should be derived using a five-year normalization period.³³⁹ PPL Statement in Support of Non-Unanimous Settlement at 48.

The Settlement provides that beginning July 1, 2027, PPL Electric will waive reconnection fees for all customers who have household income at or below 150% of the federal poverty level.³⁴⁰ As such, the Settlement will enable these households to reconnect service without paying an extra \$14, which CAUSE-PA argued in this proceeding can pose as a barrier to customers reconnecting service after termination. For these reasons, PPL maintains that the Settlement as a whole reflects a compromise of the parties' positions, and this provision should be approved because it is reasonable and in the public interest. PPL Statement in Support of Non-Unanimous Settlement at 48-49.

CAUSE-PA offered that when low-income households lose service because of past due balances, they need all their resources to ensure that they can reconnect to service by paying down past due balances. As such, one of CAUSE-PA's priorities in this case was the elimination of reconnection fees for low-income households seeking to reconnect service. Thus, CAUSE-PA is highly supportive of Paragraph 84 of the proposed Settlement, which provides for the waiver of reconnection fees for low-income customers, and will help eliminate this punitive barrier for low-income customers who are seeking to reconnect to services. CAUSE-PA Statement in Support of Non-Unanimous Settlement at 35.

PPL charges a flat reconnection fee for residential customers of \$14, which does not vary based on whether a customer is enrolled in CAP and is not waived based on eligibility criteria.³⁴¹ CAUSE-PA raised concerns in this proceeding that assessing reconnection fees against low-income customers is inequitable as these households have

³³⁹ CAUSE-PA St. 1-SR, p. 50.

³⁴⁰ Settlement ¶ 84.

³⁴¹ CAUSE-PA St. 1, p. 129.

already demonstrated that they cannot afford their monthly bills by having experienced service termination, and cannot afford the additional cost of the reconnection fee.³⁴² Through Mr. Cicero’s testimony, CAUSE-PA recommended that PPL be required to waive reconnection fees for all confirmed low-income customers who have experienced service disconnection.³⁴³ CAUSE-PA Statement in Support of Non-Unanimous Settlement at 35-36.

This proposed Settlement provision will meaningfully help low-income customers who are seeking to reconnect to services. PPL’s confirmed low-income customers are terminated at rates four times higher than PPL’s residential customers as a whole.³⁴⁴ Because PPL’s low-income residential customers experience service termination at far greater rates compared to residential customers as a whole, they also incur the weight of reconnection fees at greater rates as well.³⁴⁵ Reconnection fees stand as a punitive barrier to low-income customers reconnecting because these customers have already demonstrated that they cannot afford their monthly bills and asked-to-pay amounts to avoid service termination.³⁴⁶ Eliminating reconnection fees for customers with household income at or below 150% FPL will alleviate barriers for these customers successfully reconnecting to services which are essential to staying safe and healthy in homes.³⁴⁷ CAUSE-PA therefore asserts that these provisions at Paragraph 84 are just, reasonable, in the public interest, and should be approved. CAUSE-PA Statement in Support of Non-Unanimous Settlement at 36.

³⁴² *Id.*, p. 129.

³⁴³ *Id.*, p. 130.

³⁴⁴ *Id.*, pp. 41-42.

³⁴⁵ *Id.*, p. 130.

³⁴⁶ *Id.*, p. 129.

³⁴⁷ *Id.*, p. 130.

16. Security Deposits

In their direct testimony, OCA Witness Colton and CAUSE-PA Witness Cicero made several recommendations regarding the Company's treatment of cash security deposits. Mr. Colton recommended that the Company: (1) amend PPL Electric's tariff to broaden low-income deposit exemptions and require staff to ask applicants if they can provide income information; (2) refund deposits to all customers classified as CLI; (3) review all existing deposits within three months, refund those qualifying for exemptions, and report results to BCS and the USAC; and (4) limit PPL Electric's discretion over how deposits are refunded and require customer consent before applying deposits as bill or arrearage credits.³⁴⁸ Conversely, Mr. Cicero recommended that the Company: (1) adopt a more flexible security-deposit policy by allowing customers to self-attest to income without additional verification; (2) give CAP-eligible customers the choice to have previously-assessed deposits refunded or applied to their bills, and prohibiting the application of deposits to arrears eligible for CAP forgiveness without the customer's affirmative consent; and (3) update related policies, procedures, training, and customer communications within 120 days of the rate-effective date.³⁴⁹ PPL Statement in Support of Non-Unanimous Settlement at 49.

In her rebuttal testimony, PPL Electric Witness Norden explained why the Company opposed the recommendations of both witnesses: (1) PPL Electric's tariff and practice for security deposits complies with 52 Pa. Code § 56.32(e); (2) customers not participating in the program have the option to provide their income information to have the deposit waived; (3) waiving all deposits for CLI customers is overly broad and not consistent with Commission practice; and (4) the Company's current refund practices are consistent with Commission rules, and deposits are applied as credits to the account

³⁴⁸ OCA St. 8, p. 5.

³⁴⁹ CAUSE-PA St. 1, pp. 123- 21 27.

unless the customer requests otherwise.³⁵⁰ Therefore, Ms. Norden stated that PPL Electric's tariff and practices comply with Chapter 56 and Commission policy and that implementing Mr. Colton's and Mr. Cicero's proposed changes would add complexity without measurable benefit. PPL Statement in Support of Non-Unanimous Settlement at 49-50.

In surrebuttal, Mr. Colton suggested that the Company should accept information about participation in public assistance programs to qualify the customers for cash security deposit exemptions and to identify them as confirmed low-income customers.³⁵¹ PPL Statement in Support of Non-Unanimous Settlement at 50.

In her rejoinder testimony, Ms. Norden explained that this proposal should be rejected because the Company's existing practices and processes are consistent with the Commission's requirements and the Company has developed systems and processes for its cash security deposit exemptions and for identifying confirmed low-income customers.³⁵² The Company also does not have the ability to verify participation in other public assistance programs, and it would effectively become customers self-certifying low-income status. Changing this process is unnecessary and would result in costly IT system enhancements that Mr. Colton has not shown to be warranted.³⁵³ PPL Statement in Support of Non-Unanimous Settlement at 50.

Additionally, Mr. Cicero opposed the Company's policy of applying security deposit refunds to confirmed low-income customers' past due balances.³⁵⁴ In her rejoinder testimony, Ms. Norden stated that PPL Electric will update its policy to give

³⁵⁰ PPL Electric St. No. 18-R, p. 33.

³⁵¹ OCA St. 8-SR, pp. 26-29.

³⁵² PPL Electric St. No. 18-RJ, p. 4.

³⁵³ *Id.*, pp. 4-5.

³⁵⁴ CAUSE-PA St. 1-SR, pp. 52-53.

confirmed low-income customers the option of whether to apply the refund to their bills or have it refunded to them directly, regardless of whether they have a past due balance, are enrolled in CAP, or have a payment arrangement.³⁵⁵ PPL Statement in Support of Non-Unanimous Settlement at 50.

Under the Settlement, PPL Electric has agreed to modify its cash security deposit policies to address the other parties' concerns. By July 1, 2027, PPL Electric will revise its security deposit policies to reflect that if a customer has previously paid a security deposit and subsequently demonstrates that they are income-eligible for PPL Electric's CAP, PPL Electric will return the security deposit to the customer and will not apply the security deposit to the customer's bill unless the customer specifically agrees that it may be applied to the customer's bill.³⁵⁶ Upon implementation of this revised policy, the Company will review all customer accounts for which it currently holds a security deposit to determine whether the low-income security deposit exemption applies and will make the necessary refunds.³⁵⁷ PPL Electric also will update all applicable policies, procedures, and training materials to ensure that security deposits are automatically released when a customer enrolls in CAP, receives a LIHEAP grant, or provides other information indicating that they are low-income.³⁵⁸ As a result, these Settlement provisions, which modify the Company's cash security deposit policies, reflect a reasonable balance of the positions of the other parties and the Company. They also help clarify the treatment of cash security deposits and are designed to ensure that the Company refunds cash security deposits to customers pursuant to the terms of the Settlement. Thus, PPL believes that these provisions are reasonable and in the public interest and should be approved. PPL Statement in Support of Non-Unanimous Settlement at 50-51.

³⁵⁵ PPL Electric St. No. 18-RJ, p. 10.

³⁵⁶ Settlement ¶ 85.

³⁵⁷ *Id.*

³⁵⁸ *Id.*

The OCA notes that PPL did not include anything in its filing that would address the burden of low-income customers caused by paying security deposits. OCA witness Colton testified, when identifying low-income customers for purposes of implementing a waiver of cash security deposits, the Company should follow section 56.32 of the Commission’s regulations.³⁵⁹ Section 56.32 provides that an applicant is confirmed to be eligible for a customer assistance program if the applicant provides income documents or other information attesting to eligibility for state benefits based on eligibility requirements that are consistent with those of the CAP program.³⁶⁰ Furthermore, Mr. Colton testified that PPL should modify its tariff and internal procedures to ensure that income eligible customers are exempted from the demand for cash security deposits.³⁶¹ OCA Statement in Support of Non-Unanimous Settlement at 39.

The OCA argues that PPL’s tariff and practices are inconsistent with the regulatory exemption of low-income customers from deposits as the customer does not need to: 1) be a participant in PPL’s CAP in order to be exempt from a cash security deposit; 2) apply for CAP to be qualified for the deposit exemption; 3) request the exemption from, or return of, a cash security deposit, whether through the utility or through a third party “partner agency;” 4) provide “income documents” pursuant to the regulation, let alone attested income documentation; and 5) participate in a program providing state benefits to a customer need not have income qualifications identical to CAP income eligibility.³⁶² OCA Statement in Support of Non-Unanimous Settlement at 40.

³⁵⁹ OCA St. 8, p. 41.

³⁶⁰ 52 Pa Code § 56.32(e).

³⁶¹ OCA St. 8, p. 55-56.

³⁶² *Id.*, pp. 56-58.

To be consistent with the regulations, Mr. Colton recommended that PPL should amend its tariff to strike the words “who is confirmed eligible for a customer assistance program.” Rather, the tariff should read:

The Company shall not require an applicant or customer to provide a cash deposit when the customer provides income documents or other information that he or she is eligible for state benefits based upon household income eligibility requirements that are consistent with those of the Company’s customer assistance programs.³⁶³

Mr. Colton recommended that PPL should affirmatively solicit whether the applicant or new customer can provide such information.³⁶⁴ Mr. Colton also recommended that PPL be directed to refund any cash security deposits to a customer who is currently categorized as confirmed low-income and that, within three months after a final order in this proceeding, PPL should undertake a review of all customers from whom the company currently holds deposits to determine whether they qualify for the exemption and make necessary refunds.³⁶⁵ OCA Statement in Support of Non-Unanimous Settlement at 40.

In the Settlement, PPL agrees to amend its tariff and modify its implementing practices to better align with the Commission’s regulations regarding low-income exemptions from deposits. Further, the Settlement also provides that PPL will clarify that it will not require a cash deposit from an applicant who, based on household income, is confirmed to be eligible for a customer assistance program.³⁶⁶ These provisions of the Settlement address the issues raised by Mr. Colton in this proceeding and should be adopted as being in the public interest. Doing so will help ensure that low-

³⁶³ *Id.*, p. 58.

³⁶⁴ *Id.*, p. 58.

³⁶⁵ *Id.*, pp. 58-59.

³⁶⁶ Settlement at ¶ 86.

income customers will have greater access to fundamental utility services. OCA Statement in Support of Non-Unanimous Settlement at 42.

Similar to the OCA, CAUSE-PA raised concerns in this proceeding regarding waiver of security deposits for low-income customers. CAUSE-PA further noted that the Commission has set forth extensive directives which indicate that a public utility must “refund a deposit, along with any applicable interest, within 60 days upon determining that the customer or applicant from whom a deposit was collected is not subject to a deposit...”.³⁶⁷ CAUSE-PA Statement in Support of Non-Unanimous Settlement at 37.

PPL indicated that it would not assess a security deposit for an applicant with income at or below 250% FPL.³⁶⁸ Rule 9 of PPL’s proposed tariff indicates that PPL would waive a security deposit for low-income applicants if a CAP agency verifies the applicant’s household income, or if the customer is identified as a LIHEAP recipient through an internal report.³⁶⁹ As a practical matter, this means that if an applicant/customer provides PPL with information indicating low-income status *through any other means* than through a CAP agency or an internal LIHEAP-related report (including through PPL’s CSRs), they would not be eligible for this protection.³⁷⁰ To address these narrow requirements, CAUSE-PA through CAUSE-PA witness Cicero’s recommendations urged the Commission to direct PPL to amend its tariff so that security deposits may not be imposed in any circumstances where PPL receives information that the customer/applicant for service has household income indicating low-income status.³⁷¹ CAUSE-PA Statement in Support of Non-Unanimous Settlement at 37-38.

³⁶⁷ See 52 Pa. Code § 56.53(f).

³⁶⁸ CAUSE-PA St. 1, p. 124.

³⁶⁹ *Id.*

³⁷⁰ *Id.*

³⁷¹ CAUSE-PA St. 1, pp. 124-125.

Related to refund of security deposits, PPL currently provides customers with the option of applying a previously collected security deposit to their current bill or obtaining a refund - *if a customer is not in arrears and their bill is not yet due.*³⁷² However, contrary to Commission directive, customers with a past due balance are not provided with the option to receive a refund of their previously paid security deposit. Rather, PPL currently applies the refund automatically to the past-due balance, without affirmative consumer consent.³⁷³ PPL also directs that customers with a payment arrangement should not be provided a refund until the balance is clear, but rather directs that the deposit amount should be applied to the customer's account balance.³⁷⁴ If a customer is provided with a bill credit for a previously collected security deposit following enrollment in CAP, the credits are applied to the customer's account balance existing at CAP enrollment.³⁷⁵ CAUSE-PA finds this particularly concerning because PPL appears to be applying security deposit "refunds" to pre-program debt which should be frozen and eligible for forgiveness.³⁷⁶ CAUSE-PA Statement in Support of Non-Unanimous Settlement at 38.

CAUSE-PA recommended that PPL revise its policies so that, if a customer is determined to be income eligible for CAP and they have previously been assessed a security deposit, the customer is provided with the option of having the amount applied to their bills or refunded – regardless of whether they have arrears, are enrolled in CAP, or have an active payment arrangement.³⁷⁷ CAUSE-PA also recommended that PPL be prohibited from using security deposit amounts to pay down arrears which are already

³⁷² *Id.*, p. 125.

³⁷³ *Id.*

³⁷⁴ *Id.*

³⁷⁵ *Id.*

³⁷⁶ *Id.*, p. 126.

³⁷⁷ *Id.*, pp. 126-127.

eligible for forgiveness through CAP.³⁷⁸ CAUSE-PA Statement in Support of Non-
Unanimous Settlement at 38-39.

CAUSE-PA asserts that the proposed Settlement provisions contained in Paragraphs 85 and 86 are reasonable and should be approved. These provisions are squarely in line with CAUSE-PA’s recommendations and help PPL to better comply with the Commission’s requirements related to the return of security deposits. Requiring that PPL improve call center scripting, policies, and procedures to timely return security deposits to low-income customers – and only apply these amounts to customers’ accounts with their specific consent – is vital to helping low-income customers make ends meet.³⁷⁹ The return of a security deposit could very well make the difference between a low-income family being able to afford food, water, rent, medicine, or other basic necessities that month.³⁸⁰ CAUSE-PA submits that these improvements to PPL’s security deposit policies represent a meaningful improvement, are reasonable, and should be approved. CAUSE-PA Statement in Support of Non-Unanimous Settlement at 40.

G. VEGETATION MANAGEMENT

The Company proposed a program under which it would negotiate with landowners to acquire and record enhanced easement rights for hazard and danger trees in order to engage in off right-of-way (“ROW”) tree removal.³⁸¹ Related to this proposal, the Company proposed to capitalize the first removal of hazard and danger trees after the acquisition of these additional rights.³⁸² PPL Statement in Support of Non-Unanimous Settlement at 51.

378 *Id.*

379 *Id.*, p. 126.

380 *Id.*

381 PPL Electric St. No. 17, p. 11.

382 *Id.*

OCA disagreed with the Company’s proposal, alleging that the Commission should deny the proposal consistent with the Federal Energy Regulatory Commission’s (“FERC”) Uniform System of Accounts (“USOA”).³⁸³ PPL Statement in Support of Non-Unanimous Settlement at 51.

Although the Company rebutted OCA’s position, arguing that the USOA authorizes the Company to propose capital treatment of these expenses, the Settlement provides that the Company withdraws without prejudice its request for capitalized treatment of the costs associated with the first removal of hazard and danger trees after the acquisition of additional ROWs to address off-ROW trees.³⁸⁴ As a result, the Settlement reasonably resolves this part of the litigation, while preserving parties’ rights to litigate it if the Company makes a proposal in a future proceeding. PPL avers that, when viewed as part of the whole Settlement, this provision is reasonable and in the public interest and should be approved. PPL Statement in Support of Non-Unanimous Settlement at 52.

I&E witness Walker recommended that the Commission disallow the Company’s entire capitalized FPFTY claim for the first removal of hazard and danger trees after the acquisition of the enhanced ROW of \$25,000,000. Therefore, I&E supports this provision as being in the public interest.³⁸⁵ I&E Statement in Support of Non-Unanimous Settlement at 12.

OCA witness Morgan testified that the FERC guidelines expressly prohibit PPL’s proposal to capitalize the first removal of hazard and danger trees after acquisition of the ROWs.³⁸⁶ Mr. Morgan testified that it would be inappropriate to capitalize these

³⁸³ OCA St. 1, pp. 28-29.

³⁸⁴ PPL Electric St. No. 22-R, pp. 11-13; Settlement ¶ 87.

³⁸⁵ I&E Statement No. 1-SR, p. 24.

³⁸⁶ OCA St. 1 at 28 *citing to* 18 C.F.R. Part 101 App. B. (2026).

expenses because vegetation management is an operating expense.³⁸⁷ Mr. Morgan further testified that PPL did not meet their burden of proof and did not present any extenuating circumstances that necessitate capitalization.³⁸⁸ OCA witness Hoyt also testified that PPL should not be able to capitalize tree trimming related to expansion of ROWs because, per the FERC Uniform System of Accounts, ROWs are an intangible asset and should not be capitalized.³⁸⁹ OCA notes that I&E Witness Walker agreed with OCA witness Morgan and Hoyt that PPL's proposal to capitalize the first removal of ROW rights is inconsistent with FERC Uniform System of Accounts.³⁹⁰ Mr. Walker also urged the Commission to disallow PPL's proposal.³⁹¹ OCA Statement in Support of Non-Unanimous Settlement at 42-43.

The OCA submits that this Settlement provision is in the public interest because vegetation management is an operating expense for which the Company cannot earn a return.³⁹² As such, similar to all other operating expenses, it should not be capitalized and PPL has failed to meet its burden of proof proving otherwise.³⁹³ Moreover, allowing PPL to capitalize the clearing of trees for ROWs is contrary to FERC's guidelines. Further, PPL did not sufficiently meet its burden of proof and did not present any extenuating circumstances that necessitated capitalization. As such, the OCA believes it would be inappropriate for the Commission to allow PPL to capitalize the first removal of hazard and danger trees after the acquisition of additional ROWs. Therefore, the OCA avers that the Commission should approve the settlement term without modification. OCA Statement in Support of Non-Unanimous Settlement at 43.

³⁸⁷ OCA St. 1SR at 23.

³⁸⁸ OCA St. 1 at 29.

³⁸⁹ OCA St. 5 at 96.

³⁹⁰ I&E St. 1 SR, p. 23.

³⁹¹ *Id.*, pp. 23-24.

³⁹² OCA St. 1, p. 28.

³⁹³ OCA St. 1 SR, p. 23.

H. RELIABILITY

In its direct testimony, the Company stated that its system reliability performance is generally better than most of its national utility peers and is well-managed, while also recognizing that improvement is still needed in reliability to improve the Company's overall customer experience.³⁹⁴ OCA provided an analysis of the Company's reliability performance, ultimately asserting that the Company "is not currently meeting most of the Commission-ordered targets for reliability, and its reliability scores for major metrics have [worsened] in recent years."³⁹⁵ OCA also argued that the Company's reliability has worsened from 2015 to present and that PPL Electric is not performing at the level of its peers.³⁹⁶ OCA proposed that the Commission impose additional reporting and accountability requirements related to service reliability as a condition of the Company's recovery of reliability investments and its base rate increase.³⁹⁷ PPL Statement in Support of Non-Unanimous Settlement at 52.

The Company again acknowledged the room available to improve its reliability performance, reiterating two major reasons being the need for increased vegetation management efforts and the increased need to harden the distribution system against severe weather.³⁹⁸ However, the Company also reinforced its position that it has maintained a reasonable level of reliability performance by generally outperforming its peers since its last base rate increase in 2015.³⁹⁹ PPL Statement in Support of Non-Unanimous Settlement at 52-53.

³⁹⁴ PPL Electric St. No. 16, pp. 2-4.

³⁹⁵ OCA St. 5, p. 62.

³⁹⁶ *Id.*, pp. 62-74.

³⁹⁷ *Id.*, pp. 62-63, 76-77.

³⁹⁸ PPL Electric St. No. 16-R, pp. 33, 37.

³⁹⁹ *Id.*, pp. 33-34.

PPL avers that the Settlement reasonably addresses the parties’ concerns regarding the reliability of PPL Electric’s service. Under the Settlement, the Company is required to file an annual reliability accountability report in this docket that: (1) tracks the Company’s approved reliability programs in relation to the Commission’s existing reliability metric targets; and (2) includes program-level reporting addressing spending, work completed, locations targeted, justification, and reliability outcomes.⁴⁰⁰ This reporting will continue until the Company’s next base rate proceeding.⁴⁰¹ PPL Electric also will continue planning and executing Inspection, Maintenance, Repair, and Replacement (“I&M”) Plan work based on system risk and need, rather than the cycle length alone.⁴⁰² Finally, PPL Electric will file an annual report describing the vegetation management program and detailing measures such as the extent of expanded ROWs obtained, the scope of associated tree removal, and estimated changes in relevant reliability metrics attributable to the expanded ROWs.⁴⁰³ Therefore, the Settlement will allow the Company to continue pursuing increased reliability performance, while providing for accountability measures that will permit interested parties and the Commission to monitor the Company’s reliability performance until the Company’s next base rate case. PPL Statement in Support of Non-Unanimous Settlement at 53.

I&E supports this term of the Settlement as it relates to PPL Electric’s obligation to provide safe and reliable electric distribution service. I&E Statement in Support of Non-Unanimous Settlement at 12.

The OCA notes that PPL proposed to continue funding storm hardening efforts implemented since its last rate case, including its Asset Health Management, Chronic Remediation, Engineering Design Standards, and Smart Grid programs, which it

⁴⁰⁰ Settlement ¶ 88.

⁴⁰¹ *Id.*

⁴⁰² Settlement ¶ 89.

⁴⁰³ Settlement ¶ 90.

avers are intended to improve the Company's equipment performance and responsiveness to storms.⁴⁰⁴ PPL also proposed to modify its vegetative management plan by shortening its vegetation inspection and maintenance cycle to five-years from five-to-eight years and to expand its right of way areas.⁴⁰⁵ PPL attributed its poor reliability performance to increasing frequency and severity of storms and, as a result, averred that it intends to have an increased focus on proactive storm hardening.⁴⁰⁶ OCA Statement in Support of Non-Unanimous Settlement at 43-44.

OCA witness Hoyt provided an extensive analysis of PPL's reliability performance. While PPL contended that it is becoming increasingly difficult for electric utilities to meet Commission-approved reliability targets, Mr. Hoyt testified that the Commission's standards are intended to be satisfied under a range of operating conditions and are not contingent on favorable weather.⁴⁰⁷ Rather, to the extent that changing conditions increase reliability risk, PPL's obligation to effectively plan, invest, and execute in areas within its control are increasingly important.⁴⁰⁸ OCA witness Hoyt also found that there was little correlation between same-year reliability investment and reliability performance, indicating that PPL's vegetation inspection and maintenance needs additional improvement.⁴⁰⁹ Further, Mr. Hoyt raised concerns that the Company's ability to capitalize tree trimming to expand the rights-of-way in which it conducts vegetation management may be improper, and that the right-of-way expansion program is not tied to performance requirements, such as PPL's estimate that the program will result in improved reliability performance.⁴¹⁰ OCA Statement in Support of Non-Unanimous Settlement at 44-45.

⁴⁰⁴ PPL St. 16, pp. 12-13.

⁴⁰⁵ PPL St. 17, pp. 7-8.

⁴⁰⁶ PPL St. 16, pp. 12-13.

⁴⁰⁷ OCA St. 5SR at 44.

⁴⁰⁸ *Id.*

⁴⁰⁹ OCA St. 5, pp. 86-87.

⁴¹⁰ *Id.*, p. 96.

Based on these findings, the OCA recommended that PPL be required to file an annual reliability accountability report to provide the relationship between the Company's major programs and metric targets⁴¹¹, that vegetation inspection and management be conducted based on system risk and need rather than cycle length alone,⁴¹² and that PPL provide annual reporting on its enhanced right of way program.⁴¹³ PPL did not disagree with OCA witness Hoyt's recommendations for additional reporting related to the enhanced right of way program and agreed with his recommendation that PPL continue to plan and execute inspection and maintenance work based on system risk and need in addition to the five-year cycle period.⁴¹⁴ OCA Statement in Support of Non-Unanimous Settlement at 45.

The Settlement incorporates the OCA's recommendations regarding improvement in PPL's reliability reporting and program execution. Due to PPL's poor reliability performance in recent years, under Commission-established metrics, additional transparency into PPL's reliability-related operations and maintenance will ensure that the Company is on track to improve its performance over time. Further, requiring reporting specifically on PPL's expanded rights-of-way proposal ensures that the program is improving PPL's reliability performance consistent with the Company's representations and expectations. In sum, these provisions of the Settlement provide the Commission, the OCA, and interested stakeholders with necessary information to better understand PPL's reliability performance and what, if anything, the Company is doing over time to improve that performance. The OCA submits that approval of these terms of the Settlement is in the public interest. OCA Statement in Support of Non-Unanimous Settlement at 46.

⁴¹¹ *Id.*, p. 77.

⁴¹² *Id.*, p. 95.

⁴¹³ *Id.*, p. 96.

⁴¹⁴ OCA St. 5SR, p. 40 (*citing* PPL St. 17-R, pp. 5, 10).

I. LARGE LOAD INTERCONNECTION

As the Company explained in its direct testimony, data centers and other large load customers are increasing in Pennsylvania, representing not only increased economic opportunities for the Commonwealth, but a large load influx on the Company's system.⁴¹⁵ As a result of this projected load growth, the Company expects to double its system demand within 5 to 6 years.⁴¹⁶ The Company's current interconnection pipeline includes approximately 20,000 megawatts of new large load which is subject to agreement under a Letter Of Authorization ("LOA") or Electric Service Agreement ("ESA").⁴¹⁷ To implement protections to prevent stranded assets, unrecovered costs, and cross-subsidization from other ratepayers, the Company asserted the need to invest in its transmission system to interconnect new large load customers and proposed to revise its Rate Schedule LP-5 to mirror its ESA process for large load customers.⁴¹⁸ The revisions included: minimum load guarantees, load ramp schedules, security instruments, early termination procedures, and guidelines for cost responsibility for new large load customers requiring upgrades.⁴¹⁹ PPL Statement in Support of Non-Unanimous Settlement at 53-54.

Several parties provided recommendations related to the Company's large load proposal. OCA recommended that new large load customers with anticipated maximum peak demands of at least 20 MW at a single point of interconnection or 50 MW in the aggregate be subject to the provisions of PPL Electric's large load tariff provisions.⁴²⁰ OSBA, CAUSE-PA, and PPLICA recommended the creation of a separate rate class for new large load customers to reflect considerations unique to these new large

⁴¹⁵ PPL Electric St. No. 16, p. 15.

⁴¹⁶ *Id.*

⁴¹⁷ Tr. 836.

⁴¹⁸ PPL Electric St. No. 16, pp. 16, 18.

⁴¹⁹ PPL Electric St. No. 16, p. 16; PPL Electric Exhibit GEO-1, p. 98.

⁴²⁰ OCA St. 5SR, p. 29.

load customers.⁴²¹ CAUSE-PA recommended that the new rate class apply to customers with peak loads at or above 50 MW and argued that this separate rate class would permit the Company to separately assign costs to large load customers that may differ from the costs created and assigned to existing LP-5 customers.⁴²² Parties also raised other concerns, regarding costs to serve new large load customers being allocated to existing customers, the possibility of new large loads engaging in peak shaving to avoid paying transmission costs, insufficiency of the minimum load guarantee and contract term, interconnection process transparency, and reliability impacts.⁴²³ PPL Statement in Support of Non-Unanimous Settlement at 54.

The Company addressed and replied to the other parties' concerns through discovery responses and subsequent rounds of testimony. PPL Electric first stated that it was willing to create a new LP-6 rate class for customers with peak demands of 100 MW and above.⁴²⁴ The Company also explained that new large load customer-related upgrades only benefitting the customer will be charged through a Contribution in Aid of Construction ("CIAC") payment, while upgrades with multi-customer benefits will be recovered through its FERC Formula Rate.⁴²⁵ PPL Electric further asserted that its minimum load guarantee and standby charges are designed to ensure that new large load customers are paying their appropriate share of costs of system upgrades.⁴²⁶ Moreover, the Company stated that it was not opposed to submitting ESAs to the Commission for informational purposes, but that the Commission's review of them should not grant the ability to reject the Company's allocation of interconnection costs.⁴²⁷ Finally, the

⁴²¹ OSBA St. No. 1, pp. 4, 16; CAUSE-PA St. 2, pp. 20-21; PPLICIA St. No. 1, pp. 4, 13-15.

⁴²² CAUSE-PA St. 2, pp. 20-21.

⁴²³ *See, e.g.*, OCA St. 5, pp. 23, 37, 42; CAUSE-PA St. 1, p. 11; CAUSE-PA St. 2, pp. 6-7; EI St. No. 1, pp. 10-21, 23.

⁴²⁴ PPL Electric St. No. 16-R, p. 29.

⁴²⁵ *Id.*, p. 9.

⁴²⁶ *Id.*, p. 12.

⁴²⁷ *Id.*, p. 17.

Company asserted that, while its distribution base rate case is not the appropriate forum to address generation and capacity resource adequacy concerns, it does study each interconnection application to ensure that new customers can safely and reliably interconnect to the Company's grid.⁴²⁸ PPL Statement in Support of Non-Unanimous Settlement at 55.

Parties made several other recommendations related to the Company's large load proposal. For example, OCA and EJA recommended that new large load customers take service under a mandatory requirement that their load be interruptible.⁴²⁹ PPL Electric disagreed but claimed a willingness to provide a voluntary interruptible option in its tariff that would allow the Company to curtail certain customers during times of system stress.⁴³⁰ Additionally, OCA and EI raised concerns about the Company's current load forecasting procedures.⁴³¹ The Company disagreed, arguing that it strives to be transparent in its load forecasting, while also stating that it is willing to share load forecasting information with regulators and stakeholders.⁴³² PPL Statement in Support of Non-Unanimous Settlement at 55-56.

In addition, both CAUSE-PA and OCA recommended that new large load customers contribute to the Company's USR costs, with CAUSE-PA claiming that large load additions are driving higher costs for consumers.⁴³³ CAUSE-PA recommended that this amount be \$10 million in USR costs and that remaining USR costs were assigned on all ratepayers based on kWh usage for each rate class projected as of the FPFTY.⁴³⁴ OSBA did not oppose allocating USR costs outside of the residential class if there was a

⁴²⁸ *Id.*, pp. 19-20.

⁴²⁹ OCA St. 5, p. 49; EJA St. No. 1, p. 79.

⁴³⁰ PPL Electric St. No. 16-R, p. 21.

⁴³¹ OCA St. 5, pp. 50-51; EI St. No. 1, pp. 39-45.

⁴³² PPL Electric St. No. 16-R, pp. 22-23.

⁴³³ CAUSE-PA St. 1, pp. 90-94, 96; OCA St. 8, p. 96.

⁴³⁴ CAUSE-PA St. 1, p. 94.

cost basis for doing so.⁴³⁵ In response, the Company agreed to allocate \$10 million of the total projected USR costs to the new Rate LP-6 rate class effective January 1, 2027.⁴³⁶ PPL Statement in Support of Non-Unanimous Settlement at 56.

EI opposed the Company's proposal to have the option to own, operate, and maintain Rate LP-5 customer substations, based on a concern regarding the ability of large load customers to take service at distribution voltages without paying distribution rates.⁴³⁷ PPL Electric argued that these concerns are unfounded because its proposal involves directly assigning these costs to the customer taking service from the substation; therefore, no costs would be recovered from other customers.⁴³⁸ PPL Statement in Support of Non-Unanimous Settlement at 56.

Under the Settlement, the Company has agreed to adopt the LP-6 tariff schedule governing the rates, terms and conditions of service to large load (data center) customers, consistent with PPL Electric Witness Lookup's rebuttal testimony, including minimum requirements for the terms and conditions included in ESAs and implementation of voluntary interruptible service.⁴³⁹ The Settlement also puts forth modifications to the Company's proposal, including: (1) the LP-6 Rate Schedule will be applicable to customers whose service commenced on or after October 1, 2025; (2) minimum peak electric demand and requirements to ensure that the appropriate customers are subject to their appropriate respective Rate Schedules; and (3) requirement to execute an ESA as a condition of receiving distribution utility service under the LP-6 Rate Schedule.⁴⁴⁰ PPL Statement in Support of Non-Unanimous Settlement at 56-57.

⁴³⁵ OSBA St. 1, pp. 18-19.

⁴³⁶ PPL Electric St. No. 16-R, p. 25.

⁴³⁷ EI St. No. 1, pp. 37-39.

⁴³⁸ PPL Electric St. No. 16-R, p. 27.

⁴³⁹ Settlement ¶ 91(a).

⁴⁴⁰ Settlement ¶ 91(b).

The Settlement also requires certain terms and conditions of the LP-6 Rate Schedule to be set forth in the ESA, including: (1) a security requirement known as the Rate Base Security Obligation; (2) an exit fee that is equal to the remaining minimum load guarantee obligation during the ESA term at the time the customer terminates the ESA, or the remaining amount of the Rate Base Security Obligation, whichever is greater, and which will first be applied to the Rate Base Security Obligation as a reduction to the Company's transmission rate base, and the remainder of the exit fee will be as a credit to the Company's FERC Transmission Formula Rate revenue requirement; and (3) the requirement of CIAC payments ahead of work performed for the cost of directly assignable transmission and distribution upgrades.⁴⁴¹ The Settlement also mandates protections in the ESAs for distribution- and customer-side infrastructure if there is critical load.⁴⁴² PPL Statement in Support of Non-Unanimous Settlement at 57.

PPL Electric also will submit compliant ESAs and a breakdown of the allocation of system upgrade costs to the Commission for transparency and information and will serve the same on the statutory advocates.⁴⁴³ The Company also agreed to provide notice to the Commission and statutory advocates in the event that a Rate LP-6 customer voluntarily terminates the service contract before the contract has elapsed, including reporting if and when the customer's exit fee was provided as a credit to PPL Electric's transmission rate base balance.⁴⁴⁴ The Settlement also provides that the Company will submit annual load forecasts to the Commission, along with a breakdown of forecasted load based on requests of customers with ESAs, LOAs, and inquiries, and shall include such breakdown along with forecasts submitted to PJM, consistent with PPL Electric's obligations under Act 45 of 2025 regarding Electric Load Forecast Accountability, Sections 1801-B through 1806-B, although any information not covered

⁴⁴¹ Settlement ¶ 92.

⁴⁴² *Id.*

⁴⁴³ Settlement ¶ 94.

⁴⁴⁴ *Id.*

by this paragraph but required by the Act must still be submitted by PPL Electric to the Commission.⁴⁴⁵ PPL Statement in Support of Non-Unanimous Settlement at 57-58.

Beginning January 1, 2027, PPL Electric will allocate \$11 million of USR costs annually to the new LP-6 rate class through a non-bypassable customer charge.⁴⁴⁶ PPL Electric will propose an increased allocation of costs to the LP-6 class in its next filed rate case or will explain why it has not proposed to increase this allocation.⁴⁴⁷ The Parties agree that the LP-6 tariff schedule in the Company’s rebuttal position does not fully address the issues and concerns raised by various parties through the course of the proceeding, as fully substantiated by the testimony of OCA Witness Matthew Hoyt, CAUSE-PA Witness Benjamin Havumaki, EJA Witness Karl Rábago, EI Witness Ron Nelson, and PPLICA Witness Billie LaConte.⁴⁴⁸ The Parties also agree that certain of the issues and concerns identified by the parties are currently pending a determination by the Commission in the large load model tariff statewide proceeding at Docket No. M-2025-3054271 and that the Parties reserve all rights with respect to the proceeding at Docket No. M-2025-3054271.⁴⁴⁹ The Joint Petitioners agree that, following any final order of the Commission in the Docket No. M-2025-3054271 proceeding, any Joint Petitioner may make a filing before the Commission proposing to modify the LP-6 rate schedule to be consistent with the Commission’s determination in the statewide proceeding at Docket No. M-2025-3054271 and that such a filing would not be construed as breaking this Settlement.⁴⁵⁰ All Joint Petitioners reserve all rights with respect to such a filing made pursuant to this provision.⁴⁵¹ PPL Statement in Support of Non-Unanimous Settlement at 58-59.

445 Settlement ¶ 95.

446 Settlement ¶ 96.

447 *Id.*

448 Settlement ¶ 97.

449 *Id.*

450 *Id.*

451 *Id.*

The Settlement regarding the Company's large load interconnections proposal has required PPL Electric and several other parties to delve into an emerging issue within the electric utility industry. All these parties, including the Company, worked diligently to understand the issues surrounding the projected influx of large load interconnections and has worked to come to a reasonable compromise of the parties' positions through this Settlement. Taken as a whole, these provisions of the Settlement will enable the Company to provide service to large load customers in an adequate, efficient, safe, and reliable manner, while implementing many customer protections against the potential impact of these customers on other customers' service and costs. Thus, these Settlement provisions are reasonable and in the public interest and should be approved without modification. PPL Statement in Support of Non-Unanimous Settlement at 59.

I&E did not submit testimony regarding PPL Electric's LP-6 tariff proposal governing the rates, terms, and conditions of service to large load (data center) customers. Nevertheless, I&E shares the concerns of the interested Joint Petitioners. Further, I&E played an active role in the settlement negotiations regarding these terms and monitored the proposals and counter proposals offered by the parties throughout this proceeding. Therefore, I&E does not oppose these settlement terms as a full and fair compromise that provides PPL Electric, the Joint Petitioners, and the Commission with regulatory certainty and resolution of the large load interconnection issues raised by the interested parties, which is in the public interest.⁴⁵² I&E Statement in Support of Non-Unanimous Settlement at 12-13.

The OCA submitted significant evidence regarding the cost and reliability-related risks associated with the undisciplined interconnection of large load customers.

⁴⁵² Though I&E is aware the Commission will likely release a model tariff to address these issues in the near future, I&E does not object to the terms proposed herein.

Due to demand uncertainty, project execution challenges, macroeconomic and policy volatility, and a fundamental mismatch between the time horizons of grid investments and emerging technology markets, it is unclear how much cost large load interconnections will cause PPL to incur and how much of those costs PPL will reasonably be able to recover.⁴⁵³ Further, data center large load customer interconnections create localized transmission and resource adequacy risks: the rapid concentration of large loads can potentially damage transmission plant through thermal overloads, voltage deficiencies, and high contingency risk.⁴⁵⁴ The PJM⁴⁵⁵ capacity market – or how PJM determines the correct amount of generating resources to reliably meet the needs of the load within its footprint⁴⁵⁶ – procured 6,600 megawatts (MW) less than the amount of generating capability PJM determined was needed to provide reliable service⁴⁵⁷, a deficiency which is largely attributable to large load interconnections.⁴⁵⁸ Resource inadequacy creates significant reliability risks, including the potential for customers to be subject to rolling blackouts or brownouts.⁴⁵⁹ OCA Statement in Support of Non-Unanimous Settlement at 48.

The OCA recommended that PPL provide a more fulsome set of protections in any large load tariff. In its rebuttal testimony, PPL proposed to create a new tariffed rate class, Rate LP-6, exclusively for large load customers with a peak demand of 100 MW or greater.⁴⁶⁰ In this customer class, customers' ESAs would have a minimum term of 10 years, a minimum load guarantee of 80% for the first five years and

⁴⁵³ OCA St. 5, pp. 29-32.

⁴⁵⁴ OCA St. 5SR, p. 19.

⁴⁵⁵ The PJM Interconnection, LLC (PJM) is the regional transmission operator which operates the transmission grid, as well as energy, capacity, and ancillary services markets in Pennsylvania and 11 other states, as well as D.C.

⁴⁵⁶ Tr. 896-97.

⁴⁵⁷ OCA St. 5, p. 45.

⁴⁵⁸ Tr. 897.

⁴⁵⁹ Tr. 844-46.

⁴⁶⁰ PPL St. 16-R, p. 29.

50% for the second five years, an exit fee equal to the remaining minimum load obligation, and the customer could elect to take service on an interruptible basis in exchange for a reduced minimum load obligation.⁴⁶¹ OCA Statement in Support of Non-Unanimous Settlement at 51.

The OCA submits that the adoption of the terms at Paragraphs 91 through 93 of the Settlement is in the public interest and the Commission has jurisdiction to adopt these terms. Namely, PPL enters into ESAs with large load customers for the purpose of commencing retail service as a precondition of PPL's ability to interconnect the customer.⁴⁶² The Federal Power Act has reserved for the states the regulation of retail sales through distribution facilities and, "even where there are no identifiable local distribution facilities, states nevertheless have jurisdiction in all circumstances over the service of delivering energy to end users."⁴⁶³ Otherwise, the divide between state and federal jurisdictions could create incentives "to avoid using identifiable local distribution facilities in order to bypass state jurisdiction" and thereby avoid the terms and conditions of retail service.⁴⁶⁴ The Federal Energy Regulatory Commission (FERC) has specifically held that a utility tariff which sets the terms and conditions of retail service as a condition of that service is state-jurisdictional.⁴⁶⁵ Based on clear direction from FERC,⁴⁶⁶ the terms

⁴⁶¹ *Id.*

⁴⁶² Tr. 812.

⁴⁶³ *Promoting Wholesale Competition Through Open Access Non-discriminatory Transmission Services by Public Utilities, Recovery of Stranded Costs by Public Utilities and Transmitting Utilities*, Order 888, 75 F.E.R.C. P 61,080 (Apr. 24, 1996), Order at 31,783 *aff'd* *New York v. FERC*, 535 U.S. 1, 22-23 (2002); *Detroit Edison v. FERC*, 334 F.3d 48, 54 (D.C. Cir. 2003).

⁴⁶⁴ Order 888 at 31,783.

⁴⁶⁵ *Tri-State Generation and Transmission Ass'n*, Docket No. ER25-3316, 193 FERC P 61,070, ¶¶ 45-52 (Oct. 27, 2025) (*Tri-State*).

⁴⁶⁶ *See FERC v. Elec. Power Supply Ass'n*, 577 U.S. 260, 262-70 (2016) (*FERC v. EPSA*) (describing the current jurisdictional framework as to the regulation of the electric industry); *see also* 16 USCS § 824d(a) (providing the FERC with jurisdiction over the rates set for sales of electricity, including transmissions, in interstate commerce).

and conditions of retail service are left to the states. OCA Statement in Support of Non-Unanimous Settlement at 54.

The modifications agreed-to in the Settlement are improvements over PPL’s rebuttal case because they provide additional ratepayer protections in the form of improved provisions addressing applicability, rate base security, exit fee, and reliability. More specifically, as to the applicability of the LP-6 tariff, the minimum size threshold is set lower than initially proposed by PPL, meaning that it is more likely to capture large load customers with cost or reliability impacts, without capturing large industrial or commercial load growth which provides long-term economic development and falls between 50 MW and 75 MW and would not locate in PPL’s service territory if subjected to the Rate LP-6 requirements.⁴⁶⁷ OCA Statement in Support of Non-Unanimous Settlement at 54-55.

The Settlement definition of “Rate Base Security Obligation” will ensure that the large load customer, through some combination of an up-front payment, transmission rates, and exit fee, pays for the full costs that the customer caused PPL to incur to both interconnect and serve the customer’s load.⁴⁶⁸ OCA Statement in Support of Non-Unanimous Settlement at 55.

The exit fee (i.e., how much the customer owes if they terminate their contract before it has run its course, including if PPL builds the infrastructure to serve the customer but the customer does not show up) will also be set at the greater amount of transmission rate revenue they owe to PPL based on their minimum load guarantee when they seek to terminate the contract or the redefined Rate Base Security Obligation, ensuring that the customer will maximize its potential benefits to PPL’s other

⁴⁶⁷ Settlement ¶ 91(b)(ii).

⁴⁶⁸ Settlement ¶ 92(i).

transmission customers.⁴⁶⁹ OCA Statement in Support of Non-Unanimous Settlement at 55.

Further, large load customers which may host critical load will be required to segment critical load during periods of rolling blackouts, consistent with the recommendation of OCA witness Hoyt, ensuring that all load needed to be curtailed during periods of emergency load management can be done without affecting critical load.⁴⁷⁰ OCA Statement in Support of Non-Unanimous Settlement at 55.

Importantly, Rate LP-6 customers will be able to take service on a non-firm basis. The Commission has the authority under the Public Utility Code and Choice Act to require that the LP-6 tariff class be served on a non-firm basis.⁴⁷¹ The Commonwealth Court has previously upheld non-firm distribution service where the evidence supports that “there is no reasonable alternative so competition needs to bend to ensure overall system reliability, [and] order customers by whatever scheme to curtail usage during abnormal peaks.”⁴⁷² PPL as the distribution utility is in a unique position to manage the reliability of its system, including, but not limited to, at the direction of PJM.⁴⁷³ Because the Commission has the authority to require non-firm distribution rates for customers which may cause reliability risks, it necessarily has the authority to approve a voluntary interruptible option. OCA Statement in Support of Non-Unanimous Settlement at 55-56.

For these reasons, the OCA submits that the provisions of Rate LP-6 codified in the Settlement are in the public interest. OCA Statement in Support of Non-Unanimous Settlement at 56.

⁴⁶⁹ Settlement ¶ 92(ii).

⁴⁷⁰ Settlement ¶ 92(b).

⁴⁷¹ 66 Pa. C.S. §§ 1301, 1501, 1502, 2804(1), 2805(a).

⁴⁷² *PP&L Indus. Customer Alliance v. Pa. PUC*, 780 A.2d 773, 782 (Pa. Cmwlth. 2001) (*PPLICA 2001*).

⁴⁷³ 18 U.S.C. § 824o; 66 Pa. C.S. § 2805(a).

Separately, the OCA noted that although PPL did not propose to submit its ESAs or load forecasts for Commission review and approval as part of its initial filing, the OCA recommended that PPL submit its ESAs and load forecasts for Commission review and approval.⁴⁷⁴ Review and approval of ESAs are an important transparency measure and, since PPL is effectuating its large load tariff provisions through its ESAs, such review ensures that the ESAs PPL enters into are consistent with the terms of its tariff.⁴⁷⁵ Further, inaccurate load forecasting in the PJM region – largely the result of duplicative, speculative, and unlikely large load projects being included in load forecasts – can cause difficulty in providing a clear path to sufficient generation and transmission investment to ensure long-term system reliability over time.⁴⁷⁶ Submitting load forecasts for Commission review, including the baseline assumptions used in generating those forecasts, is consistent with new statutory requirements and will improve the quality of load forecasts that PPL submits to PJM.⁴⁷⁷ In rebuttal, PPL agreed to submit its ESAs for Commission review, and not approval, and to submit its load forecasts to the Commission including the underlying data supporting its forecasts.⁴⁷⁸ OCA Statement in Support of Non-Unanimous Settlement at 56-57.

Accordingly, the OCA supports the provisions at Paragraphs 94 and 95 of the Settlement as being in the public interest. Additional transparency is a critical component of the changing landscape of large load interconnections. While the Commission has the legal authority to require PPL to submit its ESAs for review,⁴⁷⁹ and the authority to modify those contracts if they are not found to be in the public interest,⁴⁸⁰ PPL’s willingness to do so voluntarily – and to provide these ESAs to the statutory

⁴⁷⁴ OCA St. 5, pp. 48, 52-53.

⁴⁷⁵ OCA St. 5SR, p. 31.

⁴⁷⁶ OCA St. 5, pp. 50-51.

⁴⁷⁷ OCA St. 5SR, pp. 17-18.

⁴⁷⁸ PPL St. 16-R, p. 29.

⁴⁷⁹ 66 Pa. C.S. § 1506.

⁴⁸⁰ 66 Pa. C.S. § 508.

advocates – is an important provision favoring transparency. Further, PPL providing information regarding the procurement and application of exit fees allows the statutory advocates to track the stranded cost risk associated with interconnecting large load customers and have better data on the extent to which the provisions of Rate LP-6 effectively mitigate that risk. The Settlement provision regarding load forecasting also cements PPL’s new statutory obligations to ensure that Pennsylvania and PJM can accurately and adequately plan generation and transmission investment to meet growing needs in PPL’s service territory. In sum, these Settlement provisions are in the public interest. OCA Statement in Support of Non-Unanimous Settlement at 57-58.

The OCA also noted that in its initial large load tariff proposal, PPL did not propose to allocate PPL’s universal service costs, which are costs that benefit low-income customers, to the large load tariff class. The OCA recommended that large load customers be allocated a portion of PPL’s universal service costs due to the increase in wholesale costs associated with the interconnection of large load customers.⁴⁸¹ PPL’s Customer Assistance Program (CAP), which is funded through PPL’s universal service rider (USR), includes wholesale costs, namely energy, capacity, and transmission costs, because CAP customers take default service from PPL.⁴⁸² Load growth in PJM associated with new large load customers is expected to dramatically increase wholesale costs for residential customers within PJM’s 13 state⁴⁸³ footprint.⁴⁸⁴ By allocating universal services costs to Rate LP-6 customers, the OCA’s recommendation is consistent with cost causation and satisfies the General Assembly’s policy of ensuring that universal service programs are well-funded as public purpose costs.⁴⁸⁵ In its rebuttal case, PPL

⁴⁸¹ OCA St. 8, pp. 87-88.

⁴⁸² *Id.*, pp. 93-94.

⁴⁸³ The District of Columbia is also within PJM’s service territory.

⁴⁸⁴ OCA St. 8 at 89-93.

⁴⁸⁵ *See* 66 Pa. C.S. § 2802(17).

agreed to allocate \$10 million of universal service rider costs to the Rate LP-6 tariff class.⁴⁸⁶ OCA Statement in Support of Non-Unanimous Settlement at 58.

The large load customers' contribution to universal service costs is another measure to ensure that the interconnection of large load customers will be a benefit to PPL's customers. In the short term, when large load customers are likely to increase the transmission rates⁴⁸⁷ and rates associated with energy and capacity procurement⁴⁸⁸ paid by PPL customers, the contribution to universal service costs is one small way that large load customers can defray their cost impact on captive customers. OCA Statement in Support of Non-Unanimous Settlement at 59.

Record evidence supports the conclusion that large load customers are causing an increase in universal service costs, meaning that Paragraph 96 of the Settlement is consistent with cost causation and applicable law regarding the implementation of cost of service-based rates.⁴⁸⁹ This provision is also consistent with the Statements of Vice Chair Barrow⁴⁹⁰ and Commissioner Zerfuss⁴⁹¹ to the Commission's initial proposed model tariff for large load customers. The increase in the size of the contribution from PPL's rebuttal position is a further benefit of the Settlement. As a result, this provision at Paragraph 96 of the Settlement is in the public interest. OCA Statement in Support of Non-Unanimous Settlement at 59.

⁴⁸⁶ PPL St. 16-R, p. 29.

⁴⁸⁷ Tr. 831-33.

⁴⁸⁸ OCA St. 8, pp. 89-92.

⁴⁸⁹ *Lloyd v. Pa. PUC*, 904 A.2d 1010, 1020 (Pa. Cmwlth. 2006); *Phila. Indus. and Comm. Gas Users Group*, 342 A.3d 140, 156-57 (Pa. Cmwlth. 2025).

⁴⁹⁰ *Interconnection Tariffs for Large Load Customers*, Docket No. M-2025-3054271 (Nov. 6, 2025), Statement of Vice Chair Barrow.

⁴⁹¹ *Interconnection Tariffs for Large Load Customers*, Docket No. M-2025-3054271 (Nov. 6, 2025), Statement of Commissioner Zerfuss.

Lastly, the OCA noted that there is no reservation of rights related specifically to the LP-6 class in PPL’s filing. On November 6, 2025, the Commission issued a Tentative Order regarding the adoption of a model tariff governing the terms of interconnection and service for of large load customers.⁴⁹² This proceeding was initiated prior to the issuance of the Commission’s Tentative Order, and the direct testimony of non-Company parties was due on the same date as comments to the Tentative Order. OCA witness Hoyt recommended “that the Commission decline to resolve statewide large load policy issues solely through this base rate case or through a tariff proposal introduced in rebuttal.”⁴⁹³ The OCA identified numerous discrepancies between PPL’s proposed large load provisions and the model tariff contained in the Tentative Order.⁴⁹⁴ PPL, in its rebuttal testimony, continued to maintain its position regarding the appropriate cost responsibility, contract length, and exit fee provisions of the Tentative Order, despite these discrepancies.⁴⁹⁵ OCA Statement in Support of Non-Unanimous Settlement at 60.

Paragraph 97 of the Settlement is necessary for parties to preserve their rights due to the pending outcome in the large load model tariff proceeding. Without the benefit of reviewing a model tariff adopted and approved by the Commission, it is impossible for parties to develop a record regarding whether PPL presents unique circumstances as compared to other Pennsylvania electric utilities so as to warrant deviation from any adopted model tariff. OCA Statement in Support of Non-Unanimous Settlement at 61.

The adoption of the Rate LP-6 provisions in this proceeding should not create a *de facto* large load tariff for the Commission. One primary benefit of the

⁴⁹² *Interconnection Tariffs for Large Load Customers*, Docket No. M-2025-3054271 (Nov. 22, 2025)

⁴⁹³ OCA St. 5SR, p. 24.

⁴⁹⁴ *Id.*, pp. 26-28.

⁴⁹⁵ PPL St. 16-R, pp. 16, 18.

Settlement is that the Commission’s findings of fact and conclusions of law in this proceeding are wholly separate from its findings and conclusions in any statewide proceeding; as a result, the Commission’s decision in this case will not prejudice the Commission’s resolution of the Tentative Order. The OCA’s position that the terms initially proposed by PPL for its Rate LP-6 in rebuttal testimony are insufficient to ensure stranded cost and reliability protections for PPL ratepayers are preserved and can be fully addressed in a subsequent filing to the extent that the provisions of the Settlement are deficient under the Commission’s large load model tariff. The reservation of rights contained in this Settlement provision is a critical and indispensable part of the OCA’s ability to settle this matter and is in the public interest to ensure that the Commission’s ultimate statewide determinations can be fully addressed in a future proceeding and as applied to PPL. OCA Statement in Support of Non-Unanimous Settlement at 61.

The OSBA notes that the Joint Petition requires PPL to create a new LP-6 rate class for data center customers. This is consistent with OSBA’s testimony in this proceeding, as well as the OSBA policy position on this issue. Given the peak electric demand of 50 MW or greater at a single facility or at least equal to 75 MW in the aggregate among facilities taking service from PPL Electric at or above 69 kV within a 10-mile radius peak load threshold for inclusion in this new class, there is no risk that small business customers could be inadvertently classified under LP-6. The terms for the LP-6 class include provisions such that: a) data centers will pay for the infrastructure upgrades they cause; b) new electric service agreements (“ESAs”) have a term of at least 10 years; and c) data centers must meet revenue guarantees and pay exit fees.⁴⁹⁶ In addition, any party may make a filing to modify this LP-6 proposal to ensure consistency with any Commission order at Docket M-2025-3054271, where the OSBA provided commentary.⁴⁹⁷ The OSBA asserts that the Joint Petition’s proposal addressing the LP-6

⁴⁹⁶ Settlement ¶¶ 91-93.

⁴⁹⁷ Settlement ¶ 97.

class is consistent with the OSBA’s testimony and commentary on this issue and is therefore supported by this Office. OSBA Statement in Support of Non-Unanimous Settlement at 3-4.

CAUSE-PA maintains that the unprecedented introduction of large load customers onto the grid is already driving substantially higher rates for other customers, threatening resource adequacy and grid stability, and disrupting traditional principles of ratemaking.⁴⁹⁸ Statewide efforts are underway to develop laws and policies to appropriately regulate large load additions to protect Pennsylvanians’ ability to access safe, stable, and affordable energy to their homes and businesses.⁴⁹⁹ However, the growth of the industry is happening now, and has not slowed to allow statewide policies to emerge.⁵⁰⁰ As such, it is critical to establish strong and protective tariff rules to govern large load interconnection now – while at the same time allowing room for those rules to evolve as statewide laws and policies evolve. CAUSE-PA Statement in Support of Non-Unanimous Settlement at 40-41.

In this proceeding, PPL’s initial proposal would have treated large load customers substantially similar to other industrial customers, notwithstanding fundamental differences in the scale and scope of operations, and would have socialized costs in a manner that would have exposed residential consumers to cost-shifting.⁵⁰¹ Through the course of litigation, PPL amended its proposal, agreeing to create a separate rate class for large load customers and to impose additional parameters for the provision of service and allocation of costs associated with building out systems to serve large load customers. CAUSE-PA Statement in Support of Non-Unanimous Settlement at 41.

⁴⁹⁸ CAUSE-PA St. 1, pp. 90-91.

⁴⁹⁹ CAUSE-PA St. 2, p. 17. Interconnection and Tariffs for Large Load Customers, Tentative Order, Docket No. M-2025-3054271 (Tentative Order entered Nov. 6, 2025).

⁵⁰⁰ See CAUSE-PA St. 1, pp. 90-92.

⁵⁰¹ CAUSE-PA St. 2, p. 20.

Paragraph 91-97 of the proposed Settlement contain a series of nuanced and interrelated provisions which would establish critical guardrails related to large load interconnections in this proceeding, helping to safeguard consumers as the Commission and the legislature work to develop longer term solutions for this unprecedented and rapidly evolving issue. The proposed terms contained in these Paragraphs provide important improvements to PPL's proposal related to large load interconnecting customers, and implement several critically important reforms, including protections that prevent cost shifting, safeguard against stranded costs, facilitate appropriate curtailment, and assign a direct allocation of \$11 million of USR costs annually to the new LP-6 rate customers. CAUSE-PA Statement in Support of Non-Unanimous Settlement at 41-42.

The proposed Settlement acknowledges that statewide policy efforts are underway and is explicit that the policies included in this Settlement regarding large load interconnection are merely the start of a full regulatory framework. Specifically, Paragraph 97 permits any party to make a filing before the Commission after the issuance of large load model tariff at Docket No. M-2025-3054271 so as to ensure conformance with any new or different directives coming from that proceeding, and Paragraph 129 of the proposed Settlement clarifies that, as a whole, this Settlement may not be cited as precedent in any future proceeding, except to the extent requirement to implement this Settlement. CAUSE-PA Statement in Support of Non-Unanimous Settlement at 42.

The evidence in this case demonstrates that PPL's large loads are the driving force for cost increases to other consumers on the generation and transmission side of their bill.⁵⁰² Already, the generation and transmission side of customers' bills is skyrocketing as a result of large load customers, including a recent surge of data centers.⁵⁰³ Importantly, PPL's universal service costs correspondingly increased as a

⁵⁰² CAUSE-PA St. 1, p. 90.

⁵⁰³ CAUSE-PA St. 1-SR, p. 10.

result of increases to default service rates driven by large load customers in the amount of \$18.2 million annually based on a year over year comparison at December 2025 rates.⁵⁰⁴ PPL projects substantial load growth over the coming years in its service territory as a result of large load customers, which will continue to put pressure on rates – driving further increases in universal service costs that are currently borne solely by residential customers. The Company projects that it will interconnect approximately 1.9 GW of new large loads by October 1, 2026.⁵⁰⁵ This total pipeline exceeds PPL’s current peak demand of 7.8 GW.⁵⁰⁶ CAUSE-PA Statement in Support of Non-Unanimous Settlement at 42-43.

PPL initially proposed to socialize the costs of certain transmission upgrades and to impose a revenue guarantee to ensure that these customers contributed through rates in an amount equal to any associated cost socialization.⁵⁰⁷ The Company also proposed to include an 80% minimum demand obligation, a 5-year initial contract term, and certain security provisions related to the revenue guarantee.⁵⁰⁸ CAUSE-PA Statement in Support of Non-Unanimous Settlement at 43.

CAUSE-PA, through its witness Mr. Havumaki, argued that the alleged protections in PPL’s initial proposal were insufficient to prevent cost-shifting that would drive up rates for other consumers – adding substantially to existing unaffordability. Mr. Havumaki explained that PPL has an incentive to flow the cost of such investments, which would not have been incurred but for these large load customers, through rates to grow its rate base, and that PPL’s proposals furthered this interest, allowing PPL to recover costs to serve large load customers from other rate classes.⁵⁰⁹ Mr. Havumaki

⁵⁰⁴ CAUSE-PA St. 1, p. 93.

⁵⁰⁵ CAUSE-PA St. 2, p. 3.

⁵⁰⁶ *Id.*

⁵⁰⁷ *Id.* p. 5.

⁵⁰⁸ *Id.*

⁵⁰⁹ *Id.*, pp. 6-7.

specifically explained that PPL’s proposed revenue guarantee and security provisions were likely insufficient to cover the significant return on investment for the socialized assets, such that the revenue guarantee would only include the initial costs to construct the upgrades – not the ongoing costs to the system to serve large load customers.⁵¹⁰ Mr. Havumaki further explained that PPL’s proposal to set the threshold for inclusion in LP-6 at peak demand in excess of 100 MW fails to acknowledge that customers with lower peak demands, that are nevertheless appropriately categorized as large load customers due to the unique characteristics of their use, will still be “uniquely disruptive to the grid” because they will require significant upgrades to PPL’s transmission system to accommodate their loads.⁵¹¹ As Mr. Havumaki noted, setting this limit would also be out of line with the Commission’s recent Tentative Order related to the Model Large Load Customer Tariff, which sets a peak demand of 50 MW.⁵¹² CAUSE-PA Statement in Support of Non-Unanimous Settlement at 43-44.

Ultimately, PPL’s initial proposals would have opened the door to extensive cost shifting – forcing other ratepayers to support the build-out of its system to serve large load customers. While PPL argued that other customers would benefit from the socialization of the costs of upgrades to the networked bulk power system and other upgrades, its assertions in this regard were based on vague, speculative, and “overly optimistic” projections that were unsupported by actual and quantifiable evidence.⁵¹³ As Mr. Havumaki explained, the Company’s assertions of benefits were based on a “myriad assumptions of future transmission costs and allocators” – with “no guarantee that they will materialize.”⁵¹⁴ To the contrary, the record revealed that there is a real and

⁵¹⁰ *Id.*, p. 7.

⁵¹¹ *Id.*, p. 4.

⁵¹² *Id.*, p. 17; Interconnection and Tariffs for Large Load Customers, Tentative Order, in Model Large Load Tariff Docket No. M-2025-3054271 at 16 (Tentative Order entered Nov. 6, 2025).

⁵¹³ CAUSE-PA St. 2, p. 8.

⁵¹⁴ *Id.*, p. 10.

demonstrated risk of large loads “eroding power quality and challenging system reliability” as evidenced by a recent incident in Northern Virginia that triggered NERC to warn of future grid operational issues.⁵¹⁵ CAUSE-PA Statement in Support of Non-Unanimous Settlement at 44-45.

The provisions set forth in Paragraphs 91 through 93 of the proposed Settlement represent the parties’ attempt to craft a reasonable resolution to the issues set forth in this proceeding which balances the parties’ varying interests. CAUSE-PA Statement in Support of Non-Unanimous Settlement at 46.

Specifically, CAUSE-PA believes that the creation of an LP-6 rate class provides a foundational basis from which specific policies can be developed to appropriately regulate large load interconnection and assign related costs – helping shield other consumers from bearing the cost of large load growth. By defining LP-6 to include customers with a peak electric demand of 50 MW or greater at a single facility, the terms also align PPL’s LP-6 rate class more closely with those set forth in the Commission’s proposed model tariff for large load customers⁵¹⁶ The Settlement also provides reasonable flexibility by allowing PPL to petition the Commission to exempt customers from the LP-6 class if it will not cause PPL to incur transmission network upgrade costs—yet preserves appropriate Commission oversight to ensure exemptions are warranted.⁵¹⁷ CAUSE-PA Statement in Support of Non-Unanimous Settlement at 46.

CAUSE-PA also strongly supports the requirement that securities cover the cost of all upgrades – inclusive of all costs that would not have otherwise been incurred but for the interconnection of the large load customer. Explicit inclusion of this causal

⁵¹⁵ *Id.*, pp. 8-10.

⁵¹⁶ Interconnection and Tariffs for Large Load Customers, Docket No. M-2025-3054271.

⁵¹⁷ Settlement ¶ 91(b)(ii)

connection is critical and will help to prevent improper socialization of costs to serve large load customers. Residential customers should never bear the cost of upgrades to serve large load customers – even if they may derive some theoretical or ancillary future benefit. Further, requiring CIAC as up-front milestone payments ahead of work performed for the cost of directly assignable transmission/distribution upgrades is squarely in line with Mr. Havumaki’s concerns related to rate basing of costs for large load customers without clearly demonstrating broader ratepayer benefits. While Mr. Havumaki’s recommendations related to treatment of costs through CIAC were not fully adopted, these provisions reasonably balance the parties’ positions related to treatment of these costs. CAUSE-PA is also strongly supportive of the load shedding provisions, which will help provide important clarity to how PPL will separate critical from non-critical load to enable load shedding during a critical peak load event. This will help to maximize PPL’s ability to shed non-critical load – in turn minimizing disruptions of service to Pennsylvania homes and business during peak load events. Together, these provisions represent a reasonable compromise that will help to protect consumers from bearing added costs associated with large load customer growth and should be approved. CAUSE-PA Statement in Support of Non-Unanimous Settlement at 46-47.

CAUSE-PA further notes that Paragraphs 94-95 of the proposed Settlement set forth several important forecasting and reporting requirements for PPL related to its large load interconnections. CAUSE-PA avers that inaccurate load forecasting has driven substantial increases in capacity costs and, in turn, has increased generation rates for residential consumers. CAUSE-PA is supportive of these provisions, which will provide the Commission and statutory advocates with important information related to the interconnection, operation, and associated costs for the LP-6 rate class. CAUSE-PA therefore asserts that these provisions are reasonable and should be approved. CAUSE-PA Statement in Support of Non-Unanimous Settlement at 47-48.

Additionally, CAUSE-PA notes that under PPL’s current Universal Service Rider, PPL assigns the costs of its universal service programs solely to its residential customers, and to small commercial customers who take voluntary service rates under GS-1 and GS-3.⁵¹⁸ CAUSE-PA’s recommendation in this proceeding was to assign universal service costs to all rate classes, including direct assignment of USR costs to large load customers, because all rate classes benefit from low-income customers maintaining access to essential utility service.⁵¹⁹ While CAUSE-PA’s recommendations related to broader assignment of universal service costs across all customer classes were not adopted, CAUSE-PA is highly supportive of the Paragraph 96 provisions to allocate \$11 million annually in USR costs to LP-6 customers, which will help mitigate the increased costs caused by large load customers on PPL’s universal service programs. CAUSE-PA Statement in Support of Non-Unanimous Settlement at 48.

As outlined by Mr. Cicero in his direct testimony, the introduction of large load users onto the grid has substantially increased capacity prices, transmission line-build out, and in turn consumer costs.⁵²⁰ After direct assignment of USR costs to large load customers in the amount of \$10 million annually, CAUSE-PA recommended that the remainder of the costs should be assigned based on the allocators in PPL’s ACOSS based on the kWh usage for each rate class projected as of the FPFTY – which would have added approximately \$800,000-\$900,000 more in USR costs.⁵²¹ Assigning USR costs across rate classes in this manner acknowledges the many societal benefits of programs that remediate the impacts of poverty and energy insecurity⁵²² -- as well as that large load users “materially influence wholesale energy prices, capacity procurement costs, and

⁵¹⁸ CAUSE-PA St. 1, p. 84.

⁵¹⁹ *Id.*, p. 89.

⁵²⁰ *Id.*, pp. 90-91.

⁵²¹ *Id.*, pp. 94-95. Since these costs are flow-through rider costs, they will change each year based on the reconciliation that PPL does to ensure that only the actual direct costs are collected.

⁵²² CAUSE-PA St. 1, pp. 86-87.

transmission investments”.⁵²³ CAUSE-PA Statement in Support of Non-Unanimous Settlement at 48-49.

CAUSE-PA is strongly supportive of the proposed provisions at Paragraph 96. Large load users, including data centers, have already substantially increased consumer costs. Mr. Cicero estimates that these impacts amounted to \$18.2 million over the course of a year, at December 2025 rates.⁵²⁴ Similarly, Mr. Cicero estimates that large load growth across PJM has increased prices by approximately \$10 million annually for residential ratepayers to support the cost of CAP.⁵²⁵ Thus, a direct allocation of \$11 million annually is based on actual costs that large load customers have caused ratepayers to incur through the USR. This allocation is also in line with explicit obligations enshrined by Pennsylvania’s General Assembly on the Public Utility Commission and utilities to ensure that universal service and energy conservation programming would remain “appropriately funded and available” in each EDC service territory to meet the needs of Pennsylvania’s low-income residential consumers and other vulnerable customer groups.⁵²⁶ Allocation of these USR costs to LP-6 customers also acknowledges the broad public purpose of these costs, including the many societal benefits of programs that remediate the impacts of poverty and energy insecurity for low-income customers, their households, and the communities in which they live and work.⁵²⁷ While CAUSE-PA’s recommendations for broader allocation of USR costs across rate classes was not adopted in this Settlement, CAUSE-PA nonetheless asserts that these provisions

⁵²³ CAUSE-PA St. 2, p. 24.

⁵²⁴ CAUSE-PA St. 1, p. 93.

⁵²⁵ *Id.*, p. 94.

⁵²⁶ 66 Pa. C.S. § 2802(17). “There are certain public purpose costs, including programs for low-income assistance, energy conservation and others, which have been implemented and supported by public utilities’ bundled rates. The public purpose is to be promoted by continuing universal service and energy conservation policies, protections and services, and full recovery of such costs is to be permitted through a non-bypassable rate mechanism.”

⁵²⁷ CAUSE-PA St. 1, pp. 86-87.

represent important reforms to PPL's current allocation of USR costs, are reasonable and squarely in the public interest, and should be approved. CAUSE-PA Statement in Support of Non-Unanimous Settlement at 49-50.

Lastly, CAUSE-PA points to Paragraph 97 of the proposed Settlement which provides several provisions acknowledging the limitations of the agreements set forth in the proposed Settlement related to PPL's large load issues. CAUSE-PA supports the following provisions set forth in Paragraph 97, which provide important clarity related to the parties' positions:

- The settling parties agree that the LP-6 tariff schedule in the Company's rebuttal position does not fully address the issues and concerns raised by various parties through the course of the proceeding, including in CAUSE-PA witness Mr. Havukmaki's testimony.
- In agreeing to these terms, parties also agree that certain of the issues and concerns identified by the parties are currently pending a determination by the Commission in the large load model tariff statewide proceeding at Docket No. M-2025-3054271 and that the Parties reserve all rights with respect to the proceeding at Docket No. M-2025-3054271.
- Following any final order of the Commission in the Docket No. M-2025-3054271 proceeding, any Settling party may make a filing before the Commission proposing to modify the LP-6 rate schedule to be consistent with the Commission's determination in the statewide proceeding at Docket No. M-2025-3054271 and that such a filing would not be construed as breaking this Settlement – and that all Parties reserve all rights with respect to such a filing made pursuant to this provision.

CAUSE-PA Submits that each of these terms set forth in Paragraph 97 represent an acknowledgement that the provisions set forth in the proposed Settlement, while reasonable in the context of this proceeding and in the absence of final statewide policy

or legislative guidance, do not obviate the need to continue to examine these issues in other forums, including the Commission's model tariff proceeding. As such, these provisions are reasonable and should be approved. CAUSE-PA Statement in Support of Non-Unanimous Settlement at 50-51.

EJA maintains that approval of a settlement reflecting the expanded protections contained within Paragraphs 91 through 97 of the Joint Petition for ratepayers in connection with very large load customers such as data centers, when considered together with, and in the context of, the complete package of settlement terms in the Joint Petition, is consistent with the public interest. EJA Statement in Support of Non-Unanimous Settlement at 5.

For its part, EI recommended large load tariff rules designed to protect other customers from large load-induced rate or reliability impacts. The Rate LP-6 proposal in the Settlement would mitigate some, but not all, of these potential harms. Taken as a whole, however, EI asserts that the proposed Settlement is in the public interest and urges the Commission to approve it without modification. EI Statement in Support of Non-Unanimous Settlement at 3.

EI recognizes that many other parties are involved in the proceeding at Docket No. M-2025-3054271, bringing different information than that which was available in this proceeding. EI joins the proposed Settlement and asserts the proposed Settlement is in the public interest, in part, because it will allow the protections to other customers from large-load customer-induced reliability or rate impacts to be strengthened. EI regards, and urges the Commission to regard, the LP-6 customer protections in the proposed Settlement as a floor that sets a minimum threshold for customer protections going forward. EI supports the proposed Settlement as being in the public interest. EI Statement in Support of Non-Unanimous Settlement at 4.

Next, EI takes the position that large load customers' ESA terms, together with revenue guarantee and enforcement provisions—should be long enough to ensure recovery of any incremental costs incurred to serve that customer, plus a reasonable contribution to embedded system costs, to minimize inequitable cost-shifting to captive customers.⁵²⁸ EI's witness Mr. Nelson explained that PPL's original proposed contract term for a large load tariff was likely too short to secure these objectives and reflected a significant outlier from other tariffs that have been adopted or are under consideration around the country.⁵²⁹ He went on to explain that this is because a customer would typically need to pay rates for 15-20 years until the utility breaks even on the investment, but the magnitude of the demand generated by large load customers could mean it would take significantly longer to pay for their share of upgrades. Mr. Nelson recommended the initial contract term should be 15 years, excluding an initial ramp-up.⁵³⁰ EI Statement in Support of Non-Unanimous Settlement at 4-5.

The LP-6 tariff schedule, as proposed here, should secure LP-6 customers' payment of incremental costs, but does not necessarily ensure they will make a reasonable contribution to embedded costs. The ten-year minimum ESA duration and corresponding cost allocation provisions are calibrated to secure recovery of LP-6-customer-induced incremental costs. This minimum ESA duration excludes the additional five years that Mr. Nelson recommended would be appropriate to ensure customer payments toward embedded system costs. EI nonetheless supports the proposed Settlement's minimum term requirements as a reasonable balance of the many interests in this proceeding, particularly given the reopener provisions that will allow customer-protecting ESA terms to be strengthened in the future. EI further supports the other provisions that the proposed Settlement requires to be included in future ESAs as a

⁵²⁸ EI St. 1, p. 23; EI Surrebuttal St. 1, p. 8.

⁵²⁹ *Id.*, pp. 22-23.

⁵³⁰ *Id.*, p. 25.

reasonable balance of the many interests at stake. EI Statement in Support of Non-
Unanimous Settlement at 5.

Paragraphs 91-92 of the proposed Settlement, read together, articulate an appropriately broad conception of LP-6 customers' cost responsibility. These paragraphs require LP-6 customers to pay, through a combination of up-front Contributions in Aid of Construction, secured revenue guarantees, and exit fees, all costs associated with serving them. This cost responsibility includes the costs of network upgrades triggered directly by the large load customer, as well as those indirectly attributable to such customers. Moreover, Paragraph 94 provides that PPL Electric will submit compliant ESAs to the Commission and statutory advocates, which will provide such parties an opportunity to confirm that the ESA appropriately secures payment of the costs of all network upgrades directly or indirectly associated with the LP-6 customer. To ensure that other ratepayers are not unjustly burdened by the socialization of costs incurred but for a new LP-6 customer, it is critical that the new LP-6 customer must bear these costs. EI therefore supports these provisions of the proposed Settlement. EI Statement in Support of Non-
Unanimous Settlement at 6-7.

Next, EI noted that PPL Electric does not currently offer a voluntary interruptible option to large load customers, and did not propose one in its initial filings in this proceeding.⁵³¹ Mr. Nelson recommended that PPL Electric be required to include evaluation of flexible connection tariffs and options for large load customers as part of, or contemporaneous with, its Distributed Energy Resources (DER) Orchestration Plan.⁵³² Mr. Nelson stated that flexible connections allow loads to connect with a mixture of firm and non-firm capacity.⁵³³ Mr. Nelson recommended flexible connections because, in practice, they rely on more advanced monitoring and control approaches than traditional

⁵³¹ Tr. 850.

⁵³² EI St. 1, p. 37.

⁵³³ *Id.*, p. 28.

interruptible tariffs and provide system operators more confidence in relying on these resources.⁵³⁴ Additionally, flexible connections have different dispatch requirements than traditional interruptible customers, including economic dispatch considerations.⁵³⁵ More generally, a lack of any flexible or interruptible connection options can risk reliability, increase stranded asset risk, increase times to connect large customers, and increase costs to other customers.⁵³⁶ Mandatory interruptibility was suggested by other parties,⁵³⁷ to achieve some of these protections. EI Statement in Support of Non-Unanimous Settlement at 7.

EI's recommendation was not adopted in full, in that the Settlement does not provide a detailed cost basis or articulate non-emergency conditions under which customers on the interruptible rate will be curtailed. However, on balance, EI supports the proposed Settlement's inclusion of terms supporting voluntary interruptibility because it will help enable load flexibility and advance protections for other customers. EI Statement in Support of Non-Unanimous Settlement at 8.

EI lastly notes that Paragraph 96 of the proposed Settlement specifies that starting January 1, 2027, PPL Electric will allocate \$11 million of USR costs annually to the new LP-6 Rate class. The Commission has recognized that it is appropriate for large load customers to contribute to universal services program costs.⁵³⁸ This is appropriate because universal services programs benefit all customer classes. Furthermore, as Vice Chair Barrow recognized, large load customers are currently driving up energy costs to other customers. It is appropriate that large load customers, as the cost causers, should be expected to mitigate those increases. EI therefore supports the inclusion of this paragraph

⁵³⁴ *Id.*

⁵³⁵ *Id.*

⁵³⁶ *Id.*, p. 29.

⁵³⁷ *see* OCA St. 5, p. 9; EJA St. 1, p. 79.

⁵³⁸ *E.g.*, Vice Chair Barrow Statement, p. 2.

to the proposed Settlement and asserts it is in the public interest. EI Statement in Support of Non-Unanimous Settlement at 8.

Walmart supports approving the large load threshold for new customers taking service after October 1, 2025, as reasonable because it protects existing commercial and industrial ("C&I") customers from having heightened LP-6 tariff requirements imposed on them. C&I customers present relatively low risk to the system while providing substantial employment and economic benefits. Additionally, the threshold levels of 50 MW at a single site and 75 MW in aggregate for facilities taking service at or above 69 kV within a 10-mile radius ensures that low risk C&I customers are not unnecessarily subjected to the proposed large load provisions. For these reasons, the Settlement's large load provision represents a reasonable and balanced approach that protects existing customers from the risks of new large load customers. Walmart Statement in Support of Non-Unanimous Settlement at 5.

PPLICA notes that PPL initially proposed various modifications to the LP-5 tariff to “mirror what it is currently requiring in its ESA with large customers.”⁵³⁹ In testimony, PPLICA expressed concern that PPL's proposed tariff modifications to serve very large load customers were premature in light of the Commission’s pending docket for a Model Large Load Tariff. PPLICA also expressed concern that PPL has not explained nor quantified how it would determine which interconnection costs would be paid for by large load customers and which would be socialized.⁵⁴⁰ PPLICA recommended that PPL develop a new, separate tariff for large load customers.⁵⁴¹ This recommendation is adopted in the Settlement as the creation of an LP-6 tariff.⁵⁴² Alternatively, PPLICA recommended that PPL clarify the contract language used in its

⁵³⁹ See PPL Statement No. 16, p. 17.

⁵⁴⁰ PPLICA Statement No. 1 at 10.

⁵⁴¹ *Id.*, p. 13.

⁵⁴² Settlement ¶ 91.

ESAs to better protect other customers from unreasonable cost subsidization.⁵⁴³ PPLICA Statement in Support of Non-Unanimous Settlement at 10.

PPLICA submits that the Settlement includes various minimum term requirements for ESAs designed to protect other customers from subsidizing the costs of large load customers. Such protections include an initial term of not less than ten years, a revenue guarantee to be paid for by the large load customer in the amount of line extension costs that were not directly charged, and an exit fee.⁵⁴⁴ PPLICA Statement in Support of Non-Unanimous Settlement at 10-11.

PPLICA further averred that PPL had not provided sufficiently specific guidance or analysis as to how it would determine which interconnection upgrades benefit only the very large load customers and which costs would be socialized.⁵⁴⁵ This concern regarding the lack of transparency surrounding the large load interconnection process and associated upgrade costs was shared by other parties and it was recommended that ESAs should be submitted for PUC review and approval.⁵⁴⁶ PPLICA avers that the Settlement provides transparency into the allocation of socialized and directly recovered costs by requiring PPL to submit compliant ESAs and a breakdown of the allocation of system upgrade costs to the Commission.⁵⁴⁷ PPLICA Statement in Support of Non-Unanimous Settlement at 11.

Additionally, PPLICA notes that the Settlement includes language addressing the fact that the Commission's Model Large Load Tariff has not yet been finalized and acknowledges that the Joint Petitioners reserve all rights with respect to the

⁵⁴³ PPLICA Statement No. 1, p. 13.

⁵⁴⁴ Settlement ¶¶ 91-93.

⁵⁴⁵ PPLICA Statement No. 1, p. 12.

⁵⁴⁶ *See* OCA Statement No.5, pp. 8,19; EJA Statement No. 1, pp. 77-78; EI Statement No. 1, pp. 5-6, 38-39.

⁵⁴⁷ Settlement ¶ 94.

proceeding at Docket No. M-2025-3054271. This provision reflects PPLICA’s concern regarding the prematurity of terms regarding large load interconnection while the Model Large Load Tariff is still pending. PPLICA Statement in Support of Non-Unanimous Settlement at 11.

Lastly, in an effort to reach a compromise and finalize settlement, and based on the specific facts on the record in this proceeding, PPLICA supports the Settlement's provision to allocate \$11 million in USR costs to the large load customers subject to PPL's newly created LP-6 tariff.⁵⁴⁸ PPLICA Statement in Support of Non-Unanimous Settlement at 12.

Mr. Epstein supports Paragraphs 91- 97 but reserves all rights with respect to the proceeding at Docket No. M-2025-3054271. Eric Joseph Epstein Statement in Support of Non-Unanimous Settlement at 7.

J. MAXIMUM REGISTERED PEAK LOAD

In this proceeding, the Company put forth its MRPL proposal, which would assign default supply customers on the Generation Supply Charge (“GSC”) to Rate GSC-1 and Rate GSC-2 based on their maximum registered peak load “MRPL.”⁵⁴⁹ Under the proposed Retail Tariff, “maximum registered peak load” is defined as “a customer’s net demand contribution impact to the Company’s default service procurement activity, as determined upon the net power flow from or into the Company’s distribution system.”⁵⁵⁰ The MRPL that is used to assign customers to their applicable rate schedule will be the customer’s highest maximum registered peak load (kW) in the

⁵⁴⁸ Settlement ¶ 96.

⁵⁴⁹ PPL Electric St. No. 15, p. 2.

⁵⁵⁰ *Id.*, p. 5.

most recent 12-month period ending September 30.⁵⁵¹ For new customers without a 12-month billing history, the MRPL shall be based on the Company’s estimate using factors such as, but not limited to, similarly equipped buildings, and similarly utilized buildings and square footage.⁵⁵² As related to customer-generators, this estimate shall also be inclusive of the nameplate capacity of the generation system.⁵⁵³ PPL Statement in Support of Non-Unanimous Settlement at 59-60.

PPL Electric explained that a key driver of this change is the notable increase in “no load” net metering installations.⁵⁵⁴ These projects typically feature generation capacities exceeding 1 MW and can reach up to the maximum allowed 3 MW.⁵⁵⁵ Unlike traditional commercial and industrial customers, these installations have little or no onsite electric load—meaning they consume minimal energy from the grid—but they generate large amounts of electricity, and export significant excess generation back to the system.⁵⁵⁶ As a result, those customer-generators by design produce excess generation that is banked until the end of the PJM Planning Year on May 31, at which point their banked generation is cashed out at the Price-to-Compare (“PTC”).⁵⁵⁷ The costs associated with the net metering credits and cash-outs are recovered from the default service customers in the customer-generators’ respective customer classes.⁵⁵⁸ PPL Statement in Support of Non-Unanimous Settlement at 60.

Under the current classification structure, the split between GSC-1 (“Small C&I”) and GSC-2 (“Large C&I”) customers is determined by a threshold of 100 kW peak

551 *Id.*
552 *Id.*
553 *Id.*
554 *Id.*, p. 3.
555 *Id.*
556 *Id.*
557 *Id.*, p. 6.
558 *Id.*

demand.⁵⁵⁹ Customers with demand below this limit are categorized as GSC-1.⁵⁶⁰ However, no load net metering installations, despite their substantial generation output, have negligible net demand and, therefore, fall into the GSC-1 Small C&I category.⁵⁶¹ PPL Statement in Support of Non-Unanimous Settlement at 60.

The current classification does not account for the true nature or impact of these projects.⁵⁶² While labeled as “small,” these customer-generators often have infrastructure, financial investment, and grid impacts more akin to those of Large C&I entities.⁵⁶³ Under net metering rules, when these customers generate excess energy and receive compensation, the costs associated with paying for this excess generation are recovered from the same customer class as the customer-generator.⁵⁶⁴ Currently, this means the costs are allocated to Small C&I (GSC-1) customers taking default service, even though the scale and influence of these installations align more closely with Large C&I customers.⁵⁶⁵ PPL Statement in Support of Non-Unanimous Settlement at 60-61.

This misalignment can result in an unfair distribution of default service costs, as the Small C&I customers taking default service end up bearing the financial burden for projects that, by virtue of their size and output, should be classified as Large C&I.⁵⁶⁶ In fact, PPL Electric prepared and presented analyses in this proceeding showing that without the MRPL, severe rate impacts on Small C&I default service customers are on the horizon, even assuming the Company’s experienced project cancellation rate of 36% continues and even after incorporating a lower capacity factor of 17.3% and

⁵⁵⁹ *Id.*, p. 3.

⁵⁶⁰ *Id.*

⁵⁶¹ *Id.*

⁵⁶² *Id.*

⁵⁶³ *Id.*

⁵⁶⁴ *Id.*

⁵⁶⁵ *Id.*

⁵⁶⁶ *Id.*, pp. 3-4.

accounting for the impact of the projects' excess generation offsetting PPL Electric's default service procurement requirements.⁵⁶⁷ Specifically, the Company asserts that it demonstrated the following:

- **The Rate GSC-1 PTC could increase from \$0.12114 in 2025 to \$0.30562 per kWh in 2029.**⁵⁶⁸
- **PPL Electric would be paying an annual premium of approximately \$414,198,666 by 2029** for the supply from the no-load customer-generators, compared to the cost of the supply that PPL Electric could obtain through its full requirements contracts.
- **That equates to a PTC rate premium of \$0.22032 per kWh** (i.e., the PTC rate of \$0.30562 per kWh minus the procurement rate under the full requirements contracts) to compensate these projects for their excess generation from these projects as opposed to procuring that supply under the Company's default service contracts.⁵⁶⁹

The Company's analyses using 50% and 75% cancellation rates continued to show adverse impacts, although the increases in the PTC rate and total net metering compensation are more gradual: a PTC of \$0.23423 per kWh in 2029 and \$354,868,530 in total net metering compensation in 2029 under the 50% cancellation rate scenario, and a PTC of \$0.16178 per kWh in 2029 and \$118,804,292 in total net metering compensation in 2029 under the 75% cancellation rate scenario.⁵⁷⁰ PPL Statement in Support of Non-Unanimous Settlement at 61-62.

Therefore, due to the influx of these projects, the current default service classification construct undermines the principle of equity in cost recovery and can distort the rate structure for default service customers in the Small C&I class.⁵⁷¹ Thus, the Company proposed to revise the definition of MRPL in its tariff to account for not only

⁵⁶⁷ PPL Electric St. No. 15-RJ, p. 6; PPL Electric Exhibit AC-4RJ, pp. 7-8.

⁵⁶⁸ *Id.*

⁵⁶⁹ PPL Electric St. No. 15-R, pp. 6-7.

⁵⁷⁰ PPL Electric St. No. 15-RJ, p. 7.

⁵⁷¹ PPL Electric St. No. 15, p. 4.

peak demand, but also peak export to rectify this misalignment.⁵⁷² PPL Statement in Support of Non-Unanimous Settlement at 62.

PPL Electric’s proposal received support from the direct testimony of OCA, OSBA, and CAUSE-PA. OCA averred that the Company’s MRPL will make the Company’s default service procurement more efficient by reducing uncertainty around volumetric procurement and avoid shifting risk included in supply contract premiums and that approval of the proposal would create fairness across customers and customer classes in which compensation for customer generators would not “corrupt the efficiency of the procurement process.”⁵⁷³ Relatedly, OSBA argued that the current classification construct is causing the Rate GSC-1 default service customers to incur a higher cost burden to pay for the net metering excess generation cashouts of minimal load customers.⁵⁷⁴ Further, CAUSE-PA expressed concerns about affordability, particularly to multifamily, subsidized housing providers to low-income households, due to excess compensation to these generators.⁵⁷⁵ PPL Statement in Support of Non-Unanimous Settlement at 62.

CGC, JSA, PDMP, and Walmart expressed opposition to the Company’s proposal in their direct testimony. CGC raised concerns about the financial impact of the MRPL proposal on its members’ projects that are in development and would be reclassified to Rate GSC-2, JSA opposed the proposal and disputed the Company’s justification and data supporting the proposal, PDMP expressed concerns about the proposal’s impact on dairy farmers with anaerobic digesters that would be reclassified to Rate GSC-2, and Walmart averred that the Company’s proposal would adversely affect

⁵⁷² *Id.*

⁵⁷³ OCA St. 6, pp. 3-4.

⁵⁷⁴ OSBA St. No. 1, pp. 14-15.

⁵⁷⁵ CAUSE-PA St. 1, pp. 113-15.

Walmart’s clean energy initiatives.⁵⁷⁶ PPL Statement in Support of Non-Unanimous Settlement at 63.

In addition, CGC and JSA offered grandfathering proposals if the Commission were to approve the MRPL. CGC Witness Sharfman stated in his direct testimony that “should the Commission adopt the PPL proposal, then yes, [he] believe[s] the same principal [sic] should apply and existing GSC-1 customer generators should be grandfathered under the current rules.”⁵⁷⁷ In his rebuttal testimony, however, Mr. Sharfman changed his position and asserted, for the first time, that “[p]rojects that apply for PPL interconnection on or before July 4, 2026, should be grandfathered.”⁵⁷⁸ PPL Statement in Support of Non-Unanimous Settlement at 63.

JSA presented an extensive set of modifications to the Company’s MRPL proposal, under which “legacy rights” would be provided to: (1) existing facilities (i.e., facilities that “were either operational or for which interconnection upgrade work orders are under construction as of the date of PPL’s rate filing in this proceeding”); and (2) transition facilities (i.e., “facilities with pending interconnection requests submitted prior to the date of PPL’s rate application in this proceeding, for which” the customer-generator “makes a one-time election to both: (i) make a non-refundable deposit of 50% of the Company’s estimated costs of distribution upgrades (cumulative), and (ii) transfer AECs produced by the project to PPL at no cost for the term of the legacy rights period”).⁵⁷⁹ PPL Statement in Support of Non-Unanimous Settlement at 63-64.

⁵⁷⁶ CGC St. No. 1, pp. 5-30; JSA St. No. 1, pp. 4-49; JSA St. No. 2, pp. 4-46; PDMP St. No. 1, pp. 1-10; PDMP St. No. 2, pp. 3-8; Walmart St. No. 1, pp. 19-21.

⁵⁷⁷ CGC St. No. 1, p. 30.

⁵⁷⁸ CGC St. No. 1-R, p. 9.

⁵⁷⁹ JSA St. No. 2, pp. 37-38.

PPL Electric presented significant testimony and analyses in support of its MRPL proposal and rebutting the opposing parties’ proposals and recommendations at the rebuttal, surrebuttal, and rejoinder stages.⁵⁸⁰ On March 5, 2026, PPL Electric filed a Joint Stipulation and Settlement with JSA, which modified the MRPL proposal being litigated in this proceeding. Under that Joint Stipulation and Settlement, PPL Electric’s MRPL proposal would be approved with two key changes: (1) a grandfathering process allowing existing systems and other projects to remain on Rate GSC-1 up to a cap of 140 Megawatts (“MW”); and (2) changes to and clarifications of the Rate GSC-2 rate that is used to calculate the compensation for Rate GSC-2 customer-generators, including the addition of a capacity component, line losses, and a gross-up for the Gross Receipts Tax (“GRT”), which collectively increase the rate used for calculating such compensation. PPL Electric submitted sur-surrejoinder testimony on March 6, 2026, responding to CGC’s surrejoinder testimony and providing support for the terms and conditions in the Joint Stipulation and Settlement.⁵⁸¹ That Joint Stipulation and Settlement has been incorporated into the broader Settlement.⁵⁸² PPL Statement in Support of Non-Unanimous Settlement at 64.

PPL submits that the Settlement provides a process by which certain customer-generators shall be grandfathered into their existing default service rate for a period of 10 years (i.e., until December 31, 2036), at which time they will become subject to classification pursuant to the terms of PPL Electric’s default service rate classifications that are in place on or after January 1, 2037.⁵⁸³ Customer-generators will be grandfathered in the following order:

- a. Customer-generators who submitted to PPL Electric an interconnection application on or before September 30,

⁵⁸⁰ See PPL Electric St. Nos. 15, 15-R, 15-SR, 15-RJ.

⁵⁸¹ See PPL Electric St. No. 15-SSRJ.

⁵⁸² Settlement ¶¶ 98-105.

⁵⁸³ Settlement ¶ 98.

2025,⁵⁸⁴ which is the date on which PPL Electric filed the instant rate case, and whose generating facilities either (i) receive a Permission to Operate⁵⁸⁵ (“PTO”), or (ii) provide to PPL Electric a completed copy of their Certificate of Completion⁵⁸⁶ on or before December 31, 2026, which is 15 months from the instant rate case application date; then

- b. Customer-generators who submitted to PPL Electric an interconnection application on or before September 30, 2025, up to the “Cap” defined below, based sequentially on the date of their signed *original* Notification of Customer Intent (“NOCI”).⁵⁸⁷ PPL Electric will utilize the process set forth in Appendix H of the Settlement to (1) notify customer-generators who submitted to PPL Electric an interconnection application on or before September 30, 2025 of their eligibility for a capacity allocation under the Cap, and (2) track remaining Cap capacity information and regularly publish such information on its website.

No additional customer-generators shall be grandfathered under Paragraph 98 of the Settlement once the total amount of nameplate AC capacity for Rate GSC-1 customer-generator systems that receive PTO reaches 140 MW-AC (“Cap”).⁵⁸⁸ The Settlement further provides that for the remainder of the grandfathering period ending December 31,

⁵⁸⁴ Under the Settlement, the date of the applicant’s submission of an interconnection application to PPL Electric will be determined by when it has received approval for its submitted one-line diagram, it has paid the interconnection application fee, and the Company has concluded that the interconnection application is complete.

⁵⁸⁵ “Permission to Operate” or “PTO” is the letter or other communication from PPL Electric to a customer-generator granting authorization to operate a generating facility. If partial PTO is granted, then the full nameplate of the customer generator application is applied to the 140 MW Cap.

⁵⁸⁶ A Certificate of Completion, as defined in 52 Pa. Code § 75.22, is a certificate in a form approved by the Commission containing information about the interconnection equipment to be used, its installation and local inspections.

⁵⁸⁷ A “Notification of Customer Intent” or “NOCI” is a formal document indicating the customer-generator’s agreement to the scope of work required to interconnect the project, as provided by PPL Electric, and advance the engineering and design work required to bring the project online.

⁵⁸⁸ Settlement ¶ 98.

2036, PPL Electric will not propose, as part of any Commission proceeding, to modify the grandfathered rights for customer-generators set forth in Paragraph 98 of the Settlement.⁵⁸⁹ PPL Statement in Support of Non-Unanimous Settlement at 64-65.

In addition, through the period ending December 31, 2041, PPL Electric will not propose, as part of any Commission proceeding, to make any changes to the structural components of Rate GSC-2 as described in Paragraph 104 of the Settlement that would result in different components being used for calculating the Rate GSC-2 rate paid by non-customer-generators and the Rate GSC-2 rate used to determine the net metering compensation for customer-generators.⁵⁹⁰ PPL Electric shall also compensate each customer-generator taking service under Rate GSC-2 for excess generation produced by that customer-generator based on all the components set forth in Paragraph 104 of the Settlement.⁵⁹¹ PPL Statement in Support of Non-Unanimous Settlement at 66.

PPL avers that the Settlement represents a reasonable compromise of the parties' positions on the MRPL, especially considering that: (1) most of the parties that presented testimony on the MRPL, namely PPL Electric, OCA, OSBA, CAUSE-PA, JSA, and Walmart, have agreed to and support the Settlement;⁵⁹² and (2) JSA, Dimension, and Walmart, all of whom were staunch opponents to the Company's proposal, support the Settlement.⁵⁹³

PPL Electric demonstrated that the MRPL is necessary to properly classify these projects for purposes of default service and mitigate the rate impact that the projects' net metering compensation has on Small C&I customers' default service rates.

⁵⁸⁹ Settlement ¶ 103.

⁵⁹⁰ *Id.*

⁵⁹¹ Settlement ¶ 104.

⁵⁹² Dimension did not submit testimony but was opposed to the MRPL as proposed by the Company. (*See* Dimension Petition to Intervene, pp. 2-4.)

⁵⁹³ Settlement, pp. 1-2.

Although the Company initially opposed any grandfathering in the litigation, PPL Electric ultimately reached an agreement on grandfathering, which is reflected in the Joint Stipulation and Settlement with JSA (and then incorporated into the broader Settlement) and provides a reasonable process that permits existing and certain projects to remain in Rate GSC-1, while mitigating the potential rate impact that other grandfathering proposals would have. In PPL Electric’s sur-surrejoinder testimony, the 140-MW Cap would cover the capacity of existing Rate GSC-1 customer-generators as of the date of the Company’s rate case filing (i.e., approximately 15.5 MW) along with the amount of capacity of Rate GSC-1 customer-generators’ projects that have been placed into service after the rate case filing or are in the interconnection queue and slated to be placed in service by September 30, 2026 (i.e., approximately 124.5 MW).⁵⁹⁴ PPL Statement in Support of Non-Unanimous Settlement at 66-67.

PPL maintains that the Settlement helps address other parties’ concerns about the financial impact of the MRPL proposal on projects that are not grandfathered and are reclassified to Rate GSC-2. In its sur-surrejoinder testimony, PPL Electric observed that the MRPL proposal, as modified by the Joint Stipulation and Settlement, would provide current Rate GSC-2 cash out rates for Rate GS-3 and Rate LP-4 customer-generators of \$0.09601 per kWh and \$0.12646 per kWh, respectively.⁵⁹⁵ The Company stated that the inclusion of the capacity component, line loss, and a gross-up for GRT adds \$0.02062 per kWh and \$0.01897 per kWh to the GSC-2 cash out rates for GS-3 and LP-4 customer-generators, respectively.⁵⁹⁶ Comparatively, the Company’s current rate for cash-out, the Small C&I PTC is \$0.12681 per kWh.⁵⁹⁷ That is a difference of \$0.0308 per kWh for Rate GS-3 customer-generators and a mere \$0.00035 per kWh for Rate LP-4

⁵⁹⁴ PPL Electric St. No. 15-SSRJ, p. 3.

⁵⁹⁵ PPL Electric St. No. 15-SSRJ, pp. 3-4.

⁵⁹⁶ *Id.*, p. 4.

⁵⁹⁷ *Id.*

customer-generators.⁵⁹⁸ As such, the Rate GSC-2 changes that would result from the Settlement are projected to significantly reduce the financial impact of the Company's proposal on projects that would be classified as Rate GSC-2. PPL Statement in Support of Non-Unanimous Settlement at 67.

For these reasons, PPL asserts that the Settlement produces a reasonable and equitable outcome that is designed to address PPL Electric's and other parties' concerns regarding the impact of large customer-generators on the Rate GSC-1 PTC, while providing for grandfathering of existing and other projects up to a cap of 140 MW and changing the Rate GSC-2 rate components used to calculate the annual cash-out of banked excess generation, which address opponents' concerns about the impact of the proposal on existing projects and projects in the interconnection queue. PPL Statement in Support of Non-Unanimous Settlement at 67-68.

OCA witness Teti, after reviewing the filing, recommended that the Commission approve PPL's proposed MRPL methodology.⁵⁹⁹ Mr. Teti explained that the overall default service supply portfolio and the specific default service procured on behalf of residential customers would benefit from PPL's proposed methodology.⁶⁰⁰ Mr. Teti explained that utilities must meet their statutory responsibilities by procuring a default service portfolio that is designed to ensure service at the least cost over time.⁶⁰¹ To achieve this, utilities must ensure reliable electricity supply by engaging in prudently procured load supply contracts in a streamlined manner, which requires a clear understanding of forecasted load for a somewhat nuanced base of customers.⁶⁰² Mr. Teti stressed that getting the quantity correct is key for the efficient procurement of default

598

Id.

599

OCA St. 6, p. 3.

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Id.

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Id. at 12 *citing to* 52 Pa. Code § 54.185.

602

OCA St. 6, p. 12.

service supply that will be passed through to customers at GSC-1.⁶⁰³ Mr. Teti testified that implementation of the proposed MRPL methodology should reduce the uncertainty of output from large customer-generators, helping with the efficiency of procurement.⁶⁰⁴ Mr. Teti further testified that by designating large customer-generators as GSC-2 customers, the task of efficient default service procurement for the bulk of customers becomes more achievable.⁶⁰⁵ OCA Statement in Support of Non-Unanimous Settlement at 62-63.

The OCA notes that JSA witness Barnes offered four recommendations to the program.⁶⁰⁶ OCA witness Teti agreed with Mr. Barnes recommendations testifying that customer-generators in PPL functionally reduce the PJM capacity cost obligations for PPL.⁶⁰⁷ Mr. Teti testified that the change in the MRPL methodology proposed by PPL should not impact this function and presently the output enables PPL to reduce the DSP procurement amount, which is a benefit to Small C&I customers.⁶⁰⁸ OCA Statement in Support of Non-Unanimous Settlement at 63.

OCA asserts that the Settlement terms at Paragraphs 101 through 105 are reasonable and in the public interest because the proposed MRPL methodology will classify customers into their appropriate rate class based on their impact to the distribution system, in furtherance of least cost procurement.⁶⁰⁹ These terms also provide customer generators with notice and concessions by PPL that will ensure a smoother transition to GSC-1 from GSC-2. Further, the change in methodology will likely result in more affordable rates for residential consumers. Additionally, OCA does not oppose the

603 *Id.*

604 *Id.*

605 *Id.*

606 JSA St. 2, p. 46.

607 OCA St. 6R, p. 9.

608 *Id.*

609 OCA St. 6 at 3.

Settlement terms regarding grandfathering,⁶¹⁰ and contends that such principles are reasonable and in the public interest. Therefore, the Settlement terms regarding the MRPL are reasonable and in the public interest. As such, the OCA requests the Commission adopt all provision related to the MRPL without modification. OCA Statement in Support of Non-Unanimous Settlement at 65.

The OSBA's primary litigation position on the issue of the MRPL was to limit the number of net-metering customer generators classified to the GS-1 small business customer class. If no limit was set, over 1,000 MW of capacity could be eligible for that small business classification. The resulting impact upon small business customer electric rates would range from significant to catastrophic. OSBA Statement in Support of Non-Unanimous Settlement at 4.

The Joint Petition proposes restrictions that should serve to avoid massive increases in default electric supply prices for small businesses. Specifically, the Joint Petition proposes to grandfather an additional 140 MW of capacity to the GS-1 small business customer class. Furthermore, these projects will be eligible to stay in the GS-1 default service rate for a period of 10 years.⁶¹¹ In addition, customer generators excluded from GS-1 by these grandfathering terms and capacity caps can seek classification in the larger commercial classes. The compensation rates for customer generators in these larger commercial classes are reasonable, while offering protection for GS-1 small business customers.⁶¹² OSBA Statement in Support of Non-Unanimous Settlement at 4.

The OSBA supports the Joint Petition's resolution of the MRPL issue and submits that it is a just and reasonable solution for PPL's small business customers, but it will also stem the rate increases that the GS-1 small businesses are already experiencing

⁶¹⁰ Settlement ¶¶ 99-100, 104.

⁶¹¹ Settlement ¶¶ 99-100.

⁶¹² Settlement ¶¶ 102, 105.

due to the customer generators already in operation. OSBA Statement in Support of Non-Unanimous Settlement at 4.

CAUSE-PA supports the provisions set forth in Paragraphs 98-105 of the proposed Settlement, which provide for approval of PPL's MRPL proposal, modified by the Joint Stipulation submitted in this matter of March 5, 2026. Additionally, CAUSE-PA supports PPL's proposed changes related to its maximum registered peak load. Mr. Cicero explained that, many affordable multifamily housing providers which provide subsidized housing to low-income households pay commercial class rates and are thus directly impacted by paying artificially high excess compensation to merchant generators.⁶¹³ Mr. Cicero further argued that the current net metering rules and policies did not complete situations in which net metering customers with no or *de minimis* loads would exist solely for the purpose of excess generation sale, and that upward pressure from these customers may spill into residential rates.⁶¹⁴ CAUSE-PA Statement in Support of Non-Unanimous Settlement at 51-52.

CAUSE-PA asserts that the proposed Settlement provisions are reasonable and should be approved. While providing for certain revisions and specificity related to a number of aspects concerning PPL's net metering rules, these provisions provide for approval for PPL to revise its MRPL tariff provisions to better account for merchant generator issues which may impact PPL's residential and low-income consumers. CAUSE-PA Statement in Support of Non-Unanimous Settlement at 53.

JSA submits that the Settlement provides that certain operational and near-operational customer-generators will have legacy rights status (*i.e.*, be grandfathered) under their existing default service rate, Rate GSC-1, until December 31, 2036.

⁶¹³ CAUSE-PA St. 1, p. 115.

⁶¹⁴ *Id.*

Beginning January 1, 2037, such customer-generators will be subject to PPL Electric’s default service rate classifications in place at that time.⁶¹⁵ JSA avers that the maximum amount of legacy status customer-generator capacity that can take default supply service under Rate GSC-1 is limited to 140 MW-AC (the “Cap”).⁶¹⁶ This is a limitation that ensures that PPL Electric’s small customer rates will not be adversely impacted by continuing to compensate legacy customer-generators at the GSC-1 rate. After the Cap is fully allocated, any customer-generator without a Cap capacity allocation will be required to take default supply service under the Company’s Rate GSC-2. PPL Electric will provide regular public updates on its website regarding the amount of available Cap capacity remaining, as well as notification of when the Cap has been fully allocated.⁶¹⁷ JSA Statement in Support of Non-Unanimous Settlement at 7-8.

JSA purports that these Settlement provisions address the concerns raised by JSA witness Barnes regarding the need to establish a legacy rights policy for net-metered customer-generators subject to reclassification from Rate GSC-1 to Rate GSC-2 under the Company’s MRPL proposal.⁶¹⁸ By allowing 140 MW of net-metered capacity to continue to take service under Rate GSC-1, the Settlement appropriately balances the respective interests of both customer-generators and PPL Electric’s small customers. JSA Statement in Support of Non-Unanimous Settlement at 8.

JSA asserts that the MRPL-related terms and conditions of the Settlement generally align with the JSA’s stated objectives for a balanced legacy rights framework by: (1) providing reasonable protections in an equitable manner to both GSC-1 customers and net-metered customer-generators; (2) minimizing future risks and uncertainties regarding the cost impact of payments made to customer-generators and the level of

⁶¹⁵ Settlement ¶ 99.

⁶¹⁶ Settlement ¶ 100.

⁶¹⁷ Settlement ¶ 101.

⁶¹⁸ JSA Statement No. 2, pp. 32-33.

compensation paid for their excess annual supply during cashout; and (3) ensuring that the applicable legacy rights qualification milestones and thresholds are clear and practicable so as to limit the potential for future disputes and significant administration work by PPL Electric.⁶¹⁹ JSA Statement in Support of Non-Unanimous Settlement at 9.

JSA submits that the Settlement provides necessary clarity regarding the calculation of compensation for net excess generation paid to customer-generators taking service under Rate GSC-2. First, it specifies that the Rate GSC-2 compensation calculation for net excess generation shall include three new components that are not currently included in PPL Electric's tariff: (i) a capacity component, calculated according to a defined methodology; (ii) line losses; and (iii) a gross-up of the generation component for the Gross Receipts Tax.⁶²⁰ In addition, the Settlement also clearly identifies the following existing Rate GSC-2 compensation components and the methodologies used to derive each component value: (i) energy, (ii) HP Adder, (iii) E-Factor; (iv) administrative charges, and (v) transmission.⁶²¹ Finally, through the period ending December 31, 2041, PPL Electric will not propose, as part of any Commission proceeding, to change the structural components used to compensate customer-generators taking service under Rate GSC-2 for the net excess generation they produce.⁶²² JSA Statement in Support of Non-Unanimous Settlement at 9-10.

Altogether, these Settlement terms address the JSA's concern that compensation for net excess generation under Rate GSC-2, as proposed by the Company, improperly omitted a credit for the generation capacity benefit that customer-generators provide.⁶²³ The inclusion of a capacity credit in the Rate GSC-2 compensation rate, as

⁶¹⁹ JSA Statement No. 2, p. 37.

⁶²⁰ Settlement ¶ 101.

⁶²¹ Settlement ¶ 105.

⁶²² Settlement ¶ 104.

⁶²³ JSA Statement No. 2, pp. 29-31.

provided in the Settlement, recognizes some of the cost savings benefits provided by excess generation from customer-generators for the Rate GSC-2 customer class. Aside from the inclusion of capacity value, the Settlement's identification of each Rate GSC-2 compensation rate component and its associated calculation methodology will provide greater assurance to customer-generators in the future that their excess generation being sold to PPL Electric is being fairly valued in accordance with the AEPS Act. JSA Statement in Support of Non-Unanimous Settlement at 10.

The JSA submits that the MRPL-related terms and conditions of the Settlement are in the public interest and adhere to the Commission's policies promoting negotiated settlements.⁶²⁴ The Settlement appropriately balances the interests of non-generating customers, customer-generators, as well as PPL Electric, while operating within the MRPL concept that the Commission has previously approved in different forms for other electric utilities. Specifically, the Settlement achieves a fair resolution of the complex and multi-faceted MRPL issue by balancing the competing interests and claims of customers, PPL Electric and the JSA, the latter as a representative of a large number of customer-generators operating and developing projects in Pennsylvania specifically as envisioned by the AEPS Act. The MRPL-related terms and conditions of the Settlement will allow net energy metering customer-generators to continue to economically develop, install and operate alternative energy customer generation facilities in PPL Electric's service territory, while mitigating any potential negative rate impacts on PPL Electric's other customers. JSA Statement in Support of Non-Unanimous Settlement at 10-11.

This balance of interest reflected in the Settlement was achieved after extensive negotiation, and JSA submits that the Joint Petitioners have reached an amicable resolution of the MRPL and the other issues as embodied in the Settlement. In

⁶²⁴ 52 Pa. Code § 69.391; *see also* 52 Pa. Code § 5.231.

this regard the Settlement reflects “a compromise of the positions held by the parties of interest, which, arguably fosters and promotes the public interest.”⁶²⁵ JSA Statement in Support of Non-Unanimous Settlement at 11.

Dimension supports the non-unanimous settlement as it relates to the MRPL. Dimension owns numerous entities in PPL’s service territory that are customers of the utility generating power from solar photovoltaic power generation. Dimension’s SPEs own solar photovoltaic power generation projects in PPL’s service area that are eligible for net metering under 52 Pa. Code § 75.13 and have executed Interconnection Service Agreements (“ISAs”) under PPL’s Commission-approved interconnection rules. Dimension Statement in Support of Non-Unanimous Settlement at 1.

Dimension notes that PPL’s initial proposals would have altered the method of assigning rate classes for customer-generators. Under that initial proposal, certain projects would be reassigned to large commercial and industrial rate schedules, where exported generation is compensated at a rate that is lower than the rate that would be applicable under the previously applicable small general service rate. These changes would have materially and adversely affected Dimension’s existing and planned projects by: (a) reducing the compensation value of exported generation; (b) increasing revenue volatility; (c) undermining the economic assumptions used in financing and contractual arrangements; and (d) applying to projects with existing ISAs without any grandfathering or transition mechanism. Dimension Statement in Support of Non-Unanimous Settlement at 1-2.

Dimension’s concerns are largely addressed in the non-unanimous settlement. While PPL’s proposal to reassign projects using the company’s proposed MRPL would be adopted, the projects that are most advanced in construction are

⁶²⁵ *Pa. P.U.C. v. CS Water & Sewer Assoc.*, 74 Pa. P.U.C. 767, 771 (1991)

provided grandfathering and projects being moved to the lower large commercial rate are better compensated for the value they have in avoiding PJM-related costs. These provisions constitute a fair and non-discriminatory resolution of the MRPL issues in question and should be adopted by the Commission. Dimension strongly supports the non-unanimous settlement proposal. Dimension Statement in Support of Non-Unanimous Settlement at 2.

Walmart asserts that the Settlement provides a compromise position on the Company's MRPL proposal that adequately protects existing and potential customer-generators. Specifically, the Settlement provides a grandfathering provision that will keep a certain amount of customer-generator load on Rate GSC-1 until December 31, 2036.⁶²⁶ Additionally, the Settlement incorporates key adjustments to the compensation structure for customer-generators transitioned to Rate GSC-2 that improve the economics of solar generation projects transitioned to that rate class,⁶²⁷ and commits PPL Electric to maintaining those structural components until December 31, 2041.⁶²⁸ Because Walmart has planned solar generation projects in PPL Electric's service territory, the Settlement terms providing improved compensation under Rate GSC-2 are vital towards Walmart being able to move forward with such projects. Additionally, the Company's commitment not to change the structural components of Rate GSC-2 for a period of 15 years provides the necessary stability for customer-generators to move forward with solar projects. As such, Walmart believes that the MRPL provisions set forth in the Settlement, while not perfect and not without risk to future planned developments, are reasonable compromises that protect stakeholders while encouraging solar generation in the Commonwealth. Walmart Statement in Support of Non-Unanimous Settlement at 5-6.

⁶²⁶ Settlement ¶ 99.

⁶²⁷ Settlement ¶¶ 102, 105.

⁶²⁸ Settlement ¶ 104.

K. ELECTRIC VEHICLES (EV) TIME-OF-USE (TOU) CHARGING REBATE PROGRAM AND DIRECT CURRENT FAST CHARGER (DCFC) RATE

The Company proposed Electric Vehicle (“EV”) Time-of-Use (“TOU”) Charging Rebate Program, to help mitigate future impacts of EV charging on the Company’s distribution grid, particularly during peak periods.⁶²⁹ In general, program participants would agree to charge their EVs using Level 2 chargers during the off-peak hours as opposed to the on-peak hours established for this program (i.e., 4:00 PM to 7:00 PM in the summer months of June, July, and August, and two daily periods in the winter months of December, January, and February - 6:00 AM to 9:00 AM and again 6:00 PM to 8:00 PM).⁶³⁰ If the customer conducts at least 80% of their charging during the off-peak hours in the applicable billing period, the Company would provide a flat rebate of \$10 to the customer in each billing period for which the criteria are met.⁶³¹ All residential customers who own or purchase an EV will be eligible for the program, provided their EV charging is conducted with equipment that is on a list of compatible equipment certified by the Company.⁶³² The program also would be open to all residential EV owners for participation, but the participation would be capped at 2,000 customers.⁶³³ Additionally, PPL Electric may conduct targeted marketing to customers in areas where EV growth is forecasted to start causing system constraints in the next 5-7 years.⁶³⁴ PPL Statement in Support of Non-Unanimous Settlement at 76-77.

SEF, OCA, and IE raised various concerns and recommendations regarding the Company’s proposal, centering around: (1) alignment of on-peak and off-peak time periods and minimizing customer confusion; (2) evaluation, metrics, and reporting; (3)

⁶²⁹ PPL Electric St. No. 20, p. 4.

⁶³⁰ PPL Electric St. No. 20, p. 5; PPL Electric St. No. 20-R, p. 4; PPL Electric Exhibit GEO-1, p. 87.

⁶³¹ PPL Electric St. No. 20, p. 5.

⁶³² *Id.*

⁶³³ *Id.*

⁶³⁴ *Id.*

targeted marketing and cost discipline; (4) customer communications and implementation materials; and (5) program duration and review.⁶³⁵ PPL Statement in Support of Non-Uniform Settlement at 77.

Under the Settlement, PPL Electric’s EV TOU Charging Rebate Program would be approved as modified pursuant to the Settlement. These modifications collectively reflect compromises by the parties on their various positions and recommendations concerning the program. To address parties’ concerns about a term of years for the program, the Settlement specifies that the EV TOU Charging Rebate Program shall run from July 1, 2026 until June 30, 2030.⁶³⁶ Each “Program Year” under the EV TOU Charging Rebate Program shall run from June 1 of one year to May 30 of the following year.⁶³⁷ The Settlement also requires PPL Electric to modify the proposed tariff language for the EV TOU Charging Rebate Program to explicitly indicate the program is temporary and will be reevaluated prior to its continuation beyond 2030.⁶³⁸ Any decisions to continue the program will be subject to Commission review as part of a standalone regulatory proceeding, base rate case, or in conjunction with the Commission’s evaluation of a future Act 129 Energy Efficiency and Conservation (“EE&C”) Plan.⁶³⁹ Stakeholders shall be afforded an opportunity to participate in the applicable proceeding.⁶⁴⁰ PPL Statement in Support of Non-Uniform Settlement at 78.

⁶³⁵ SEF St. No. 1, pp. 25-26; OCA St. 5, pp. 101-03, 109, 117-18, 123; OCA St. 7, p. 9; EI St. No. 1, pp. 57-61.

⁶³⁶ Settlement ¶ 107. This term shall not prohibit PPL Electric from proposing a continuation or expansion of the EV TOU Charging Rebate Program, subject to Commission review and approval, in a future Commission proceeding. *Id.*

⁶³⁷ Settlement ¶ 108. *E.g.*, Program Year 1 would be July 1, 2026, to May 30, 2027. *Id.*

⁶³⁸ Settlement ¶ 110.

⁶³⁹ Settlement ¶ 116.

⁶⁴⁰ *Id.*

Regarding the on-peak and off-peak hours under the program, the Settlement provides that the EV TOU Charging Rebate Program’s applicable On-Peak and Off-Peak time frames shall be modified to align with PPL Electric’s residential TOU program On-Peak and Off-Peak time frames.⁶⁴¹ No rebates will be paid to program participants in the six shoulder months.⁶⁴² PPL Statement in Support of Non-Unanimous Settlement at 78.

As for the communications and implementations materials, the Settlement states that PPL Electric will share with interested stakeholders the proposed application form, customer communications with the requirements and program rules, marketing materials, and the proposed areas where marketing will be conducted.⁶⁴³ PPL Electric will provide a collaborative forum for discussion of the proposed materials and will offer interested stakeholders the opportunity to provide feedback to the Company on the materials and proposed marketing targets.⁶⁴⁴ Further, in advance of the EV TOU Charging Rebate Program’s launch on July 1, 2026, PPL Electric will finalize the customer communications, program descriptions, and enrollment materials and share them with the active parties in this proceeding.⁶⁴⁵ PPL Statement in Support of Non-Unanimous Settlement at 78-79.

For evaluation and tracking, PPL Electric will develop an evaluation plan with detailed objectives to assess the EV TOU Charging Rebate Program throughout the program and at the end of its initial term.⁶⁴⁶ Within 60 calendar days following the end of each Program Year, PPL Electric will file and serve a report at this docket providing the following information, with individualized customer information anonymized: (a)

⁶⁴¹ Settlement ¶ 109.

⁶⁴² *Id.*

⁶⁴³ Settlement ¶ 111.

⁶⁴⁴ *Id.*

⁶⁴⁵ Settlement ¶ 115.

⁶⁴⁶ Settlement ¶ 112.

number of customers who participated; (b) total rebates awarded to participating customers; (c) customers' charging behavior metrics; and (d) customer satisfaction.⁶⁴⁷ PPL Statement in Support of Non-Unanimous Settlement at 79.

Finally, within 180 days of the Commission's entry of a final order in this proceeding, PPL Electric will initiate work with interested stakeholders to develop new EV distribution rates for each of the following: (1) third-party owned public-facing EV DCFCs; and (2) residential customers.⁶⁴⁸ PPL Electric will propose in its next base rate case to establish EV distribution rates for third-party public-facing EV DCFCs and residential customers.⁶⁴⁹ PPL Statement in Support of Non-Unanimous Settlement at 79-80.

In sum, PPL maintains that these Settlement provisions are designed to address parties' concerns and recommendations related to the Company's EV TOU Charging Rebate Program and EV charging more generally. PPL Electric will be able to conduct the program as modified, gathering valuable data about customers' charging activities to help inform future rate design, while also encouraging customers to shift EV charging to off-peak hours. Thus, these provisions are reasonable and in the public interest and should be approved. PPL Statement in Support of Non-Unanimous Settlement at 80.

The OCA maintains that the Settling parties agreed to incorporate many of its witnesses' recommendations made throughout this proceeding. The Settlement terms at Paragraphs 114-117 are in the public interest because, they will allow stakeholders and interested parties an opportunity to receive information about the proposed program. By allowing stakeholders and other interested parties to offer feedback, the process promotes

⁶⁴⁷ Settlement ¶ 114.

⁶⁴⁸ Settlement ¶ 117.

⁶⁴⁹ *Id.*

collaborative decision-making, ensures that community concerns and local needs are considered in program planning, and enhances trust between the utility, regulators, and the public. Further, these terms incorporate OCA witness Hoyt's recommendation to collect customer feedback and satisfaction data.⁶⁵⁰ The collection of this data will describe more qualitative impacts of the program that may not be captured in customers' usage patterns.⁶⁵¹ Overall, these engagement mechanisms will ensure that EV program initiatives are responsive, efficient, and aligned with consumer concerns. As such the OCA respectfully submits that these settlement terms are in the public interest and represent reasonable and significant compromise and collaboration between the parties and should be adopted without modification. OCA Statement in Support of Non-Uniform Settlement at 72-73.

EI's witness, Mr. Nelson identified several concerns with the Company's original proposal that offered a flat rebate of \$10 to customers who conduct at least 80% of their charging during off-peak hours in the applicable billing period.⁶⁵² Mr. Nelson recommended that the Company implement a time-varying residential delivery rate option for interested customers with peak hours consistent with the Company's Supply TOU rate and a peak to off-peak price ratio of 2.8.⁶⁵³ EI Statement in Support of Non-Uniform Settlement at 8-9.

While EI's position was not adopted, the rebate program within the proposed Settlement includes important elements that EI asserts are in the public interest. These include the alignment of the EV TOU Charging Rebate Program to residential on-peak and off-peak time frames, customer communications, and an evaluation plan with

⁶⁵⁰ OCA St. 5, p. 116.

⁶⁵¹ *Id.*

⁶⁵² EI St. 1, p. 55.

⁶⁵³ EI St. 1, pp. 62-63.

detailed objectives.⁶⁵⁴ The proposed Settlement also includes an agreement that PPL Electric will work with interested stakeholders to develop new EV distribution rates for (1) third-party owned public-facing EV DCFCs, and (2) residential customers; and to propose EV distribution rates in its next base rate case.⁶⁵⁵ EI believes that the proposed Settlement represents a reasonable balance of the interests because it obligates PPL Electric to develop and propose EV-TOU rates in its next rate case and is therefore in the public interest. EI Statement in Support of Non-Unanimous Settlement at 9.

Walmart avers that the Settlement provides that the Company will initiate work with interested stakeholders to develop a new EV distribution rate for third-party owned public-facing EV DCFCs.⁶⁵⁶ Walmart is actively expanding its presence in the EV charging space and supports the continued development of EV charging infrastructure. As such, this is a significant Settlement term for Walmart that it recommended in its testimony and should contribute to advancing transportation electrification in the Commonwealth. Walmart Statement in Support of Non-Unanimous Settlement at 6.

SEF supports the Settlement provisions addressing PPL's EV TOU Charging Program.⁶⁵⁷ Time-of-use rate structures can provide customers with clearer price signals that encourage electric vehicle charging during off-peak periods, which can support more efficient use of the electric distribution system and help manage system demand as electric vehicle adoption increases.⁶⁵⁸ SEF Statement in Support of Non-Unanimous Settlement at 4.

⁶⁵⁴ Settlement ¶¶ 109, 110, 112.

⁶⁵⁵ Settlement ¶ 117.

⁶⁵⁶ *Id.*

⁶⁵⁷ Settlement ¶¶ 107–117.

⁶⁵⁸ SEF St. No. 1, pp. 13–14.

The Settlement provisions addressing the EV TOU Charging Program reflect these considerations.⁶⁵⁹ The Settlement aligns the EV TOU on-peak and off-peak periods with the Default Service generation time-of-use program and establishes that the EV TOU Charging Program is temporary and subject to reevaluation prior to continuation beyond 2030.⁶⁶⁰ The Settlement further requires PPL to develop an evaluation plan identifying program objectives, metrics, and milestones, with reporting in the rate case docket to allow for continued stakeholder participation and Commission oversight.⁶⁶¹ Taken together, these provisions provide appropriate guardrails for the EV TOU Charging Program while preserving the Commission’s ability to evaluate future electric vehicle rate design proposals based on program performance and stakeholder input.⁶⁶² Accordingly, SEF supports the Settlement provisions addressing the Electric Vehicle Time-of-Use Charging Program. SEF Statement in Support of Non-Unanimous Settlement at 5.

L. IT UPGRADES

1. Capitalization of IT Upgrades

The Company proposed capitalization of certain IT costs, arguing that such treatment is consistent with the NARUC and Commission guidance.⁶⁶³ The Company stated that the total cost of these projects PPL Electric is seeking to capitalize is approximately \$53.9 million, inclusive of Allowance for Funds Used During Construction (“AFUDC”) through the FPFTY.⁶⁶⁴ PPL Electric asserted that these software implementation costs are related to shared IT platforms resulting from an

⁶⁵⁹ Settlement ¶¶ 107–117.

⁶⁶⁰ Settlement ¶ 107.

⁶⁶¹ Settlement ¶¶ 112–113.

⁶⁶² Settlement ¶¶ 107–117.

⁶⁶³ PPL Electric St. No. 3, pp. 5-6.

⁶⁶⁴ *Id.*, p. 6.

organizational consolidation, including: (1) a cloud hosted, customer information system (“CIS”); (2) a cloud-hosted, Enterprise Resource Planning system (“ERP”); (3) consolidated work management systems; (4) an on premises, consolidated advanced distribution management system (“ADMS”) platform; (5) a cloud hosted, consolidated geographic information system (“GIS”); and (6) other shared infrastructure services that are discussed in the testimony of PPL Electric Witness Daniel Johnson.⁶⁶⁵ No parties disputed these underlying allowances. PPL Statement in Support of Non-Unanimous Settlement at 80.

Under the Settlement, the Company is permitted to capitalize the costs associated with its planned IT upgrades.⁶⁶⁶ Parties retain the right, however, to challenge the reasonableness and prudence of any such capitalized expenditures in future base rate cases.⁶⁶⁷ Given that the parties did not dispute the specific costs and allowances associated with these upgrades, this provision reflects the parties’ positions, preserves their right to challenge claims in future proceedings, and provides PPL Electric with the necessary accounting approvals to capitalize these costs. Therefore, PPL avers that these provisions are reasonable and in the public interest and should be approved. PPL Statement in Support of Non-Unanimous Settlement at 81.

2. Coordination of IT Upgrades with Electric Generation Suppliers

The only point of controversy about the IT upgrades concerned a series of proposals made by RESA demanding increased coordination with EGSs. RESA recommended that the Commission direct the Company to “provide daily updates to competitive suppliers and weekly updates to Commission staff for at least the first 90 days of any system upgrade/transition, including reporting on the number of issues

⁶⁶⁵ PPL Electric St. No. 19; PPL Electric St. No. 3, pp. 6-7.

⁶⁶⁶ Settlement ¶ 118.

⁶⁶⁷ *Id.*

identified by suppliers, the estimated number of customers impacted, an explanation of PPL Electric's effort to resolve those issues without placing undue burden on suppliers, and an estimated timeline for resolution.”⁶⁶⁸ PPL Statement in Support of Non-Uniform Settlement at 81.

PPL Electric asserted in rebuttal that RESA’s proposal would result in EGSs micromanaging the daily operations of the Company, which is unwarranted and unduly burdensome and presupposes a problem and lack of communication.⁶⁶⁹ PPL Statement in Support of Non-Uniform Settlement at 81.

Under the Settlement, PPL Electric will engage in communications with the EGSs regarding planned changes to its IT systems which have the potential to impact the Supplier Portal before such changes are implemented.⁶⁷⁰ The Company also will review in good faith any feedback provided by EGSs regarding such planned IT system changes.⁶⁷¹ However, PPL Electric retains ultimate discretion regarding the design and implementation of its IT systems and shall be under no obligation to incorporate the EGSs’ suggestions.⁶⁷² These provisions strike an appropriate balance between the parties’ positions, by requiring communications and consideration of feedback, while preserving the Company’s ultimate discretion to design and implement its IT systems as it sees fit. Therefore, these provisions are reasonable and in the public interest and should be approved. PPL Statement in Support of Non-Uniform Settlement at 81-82.

RESA witness Lacey expressed concerns in this proceeding about how the implementation of PPL’s proposed IT upgrades would impact stakeholders and, more

⁶⁶⁸ RESA St. No. 1, p. 15.

⁶⁶⁹ PPL Electric St. No. 19-R, p. 4.

⁶⁷⁰ Settlement ¶ 118.

⁶⁷¹ *Id.*

⁶⁷² *Id.*

particularly, competitive suppliers and their customers and recommended that that PPL be directed to develop and implement specific processes whereby it collaboratively works with competitive suppliers to reasonably support their ability to provide service and make offers to customers, both before and throughout the IT upgrade process.⁶⁷³ RESA Statement in Support of Non-Unanimous Settlement at 5-6.

RESA avers that the settlement terms related to IT upgrades are in the public interest and should be approved. While more specific proactive measures would be preferred, the Settlement expresses a clear commitment of communication and collaboration on the part of PPL before supplier impacting changes are implemented. Such pre-implementation communication is in the best interest of all customers because competitive suppliers are likely to have good business suggestions about how their service to their shopping customers may be impacted that PPL could take into consideration as it moves forward with implementation. As Mr. Lacey explained, RESA never suggested “micromanaging” PPL’s business operations. Rather, based on specific and recent past experiences with system upgrades, RESA strongly supports a recognition that impacted stakeholders of such system upgrades do include competitive suppliers and both their existing and potential customers. As such, RESA asserts that the public interest of all customers is served when PPL and the competitive suppliers engage in more proactive collaboration and communication with the goal of easing processes and negative impacts of system upgrades for all customers. RESA Statement in Support of Non-Unanimous Settlement at 7.

3. Distributed Energy Resources Management System (DERMS)

EI raised issues and made recommendations related to the Company’s DERMS, asserting, among other things, that the DER Orchestration Plan that the

⁶⁷³ RESA St. No. 1, p. 15.

Company is required to file under the Commission’s Order at Docket No. P-2024-3049223 could significantly reduce the costs of the Second DER Management Plan, and that the Company’s Second DER Management Plan is costly (at \$1,700 per device).⁶⁷⁴ PPL Statement in Support of Non-Unanimous Settlement at 82.

The Company responded in its rebuttal testimony, arguing that EI’s positions are flawed for a number of reasons. First, the Company’s claim for the FPFTY is actually understated due to the Commission’s approval of the Second DER Management Plan, which, among other things, eliminates the cap of 3,000 on the number of DER Management devices that could be installed.⁶⁷⁵ Second, the Commission has determined that the Second DER Management Plan will produce benefits in excess of its costs.⁶⁷⁶ Third, the Company noted that EI overstated the per device costs of DER Management devices.⁶⁷⁷ Fourth, PPL Electric demonstrated that the DER Orchestration Plan could not be implemented in sufficient time to have any impact on the Company’s capital costs in the FPFTY.⁶⁷⁸ PPL Statement in Support of Non-Unanimous Settlement at 82.

PPL submits that the Settlement reasonably balances the parties’ competing positions. The Company has agreed that to the extent that it must develop a DER Orchestration Plan under the Commission’s Order at Docket No. P-2024-3049223,⁶⁷⁹ it

⁶⁷⁴ EI Statement No. 1, pp. 52-54.

⁶⁷⁵ PPL Electric St. No. 20-R, p. 16.

⁶⁷⁶ *Id.*, p. 17.

⁶⁷⁷ *Id.*

⁶⁷⁸ *Id.*, pp. 19-20.

⁶⁷⁹ PPL Electric notes that the Commission recently entered an Order on March 12, 2026, at Docket No. P-2024-3049223 denying OCA’s Petition for Reconsideration and/or Clarification and the Joint Solar Parties’ Petition for Clarification and Stay/Supersedeas of the Commission’s Order approving the Second DER Management Plan. *See Petition of PPL Elec. Utils. Corp. for Approval of its Second Distributed Energy Resources Mgmt. Plan*, Docket No. P-2024-3049223, pp. 33-34 (Order entered March 12,

will hold one stakeholder working group with the parties to this proceeding before filing its DER Orchestration Plan with the Commission.⁶⁸⁰ During the stakeholder working group meeting, the Company shall provide substantive updates regarding the process and anticipated content of such Plan, address stakeholder questions, and solicit stakeholder feedback.⁶⁸¹ PPL Electric commits to considering any such stakeholder feedback in good faith as part of the Company's finalization of the DER Orchestration Plan before filing with the Commission.⁶⁸² PPL avers that the Settlement reasonably balances the parties' positions, by providing the parties in this case an opportunity to provide feedback on the DER Orchestration Plan, while maintaining PPL Electric's ability to timely prepare and submit the DER Orchestration Plan pursuant to the Commission's Orders at Docket No. P-2024-3049223. Thus, these provisions are reasonable and in the public interest and should be approved. PPL Statement in Support of Non-Unanimous Settlement at 82-83.

EI witness Nelson recommended that the Company should not include DERMS costs within rates until the Company completes its DER Orchestration Plan and that it should leverage such Plan to support orchestration flexible loads and storage, rather than focusing exclusively on distributed solar resources.⁶⁸³ EI believes that the terms contained in Paragraph 119 of the Settlement will serve the public interest. EI Statement in Support of Non-Unanimous Settlement at 9.

2026). The 30-day period for the filing of Petitions for Review with the Commonwealth Court has not yet expired as of the filing of this Statement in Support.

⁶⁸⁰ Settlement ¶ 119.

⁶⁸¹ *Id.*

⁶⁸² *Id.*

⁶⁸³ EI St. 1, pp. 54-55.

M. RETAIL TARIFF

1. Payment Transaction Fees

In its direct testimony, the Company stated that currently a customer who makes a one-time payment using a credit or debit card or makes a payment via a walk-in location, such as through Western Union or Fiserv, is charged a separate fee set by the outside vendor.⁶⁸⁴ The amount of that fee depends on the method and amount of the payment.⁶⁸⁵ PPL Statement in Support of Non-Unanimous Settlement at 83-84.

The Company proposed to recover the costs of these payment transaction fees through base rates, rather than making the customer cover the transaction fee separately.⁶⁸⁶ This would apply to credit and debit card fees as well as electronic payment methods such as Venmo and PayPal.⁶⁸⁷ The Company asserted that its proposal would provide the following benefits: (1) help customers avoid termination of service or late payments; (2) eliminate the burden of the transaction fee on customers; (3) reduce confusion between the third-party transaction fees and the Company's charges for electric service; (4) increase customer satisfaction; and (5) reduce the inconvenience of customers sending a check via mail.⁶⁸⁸ PPL Statement in Support of Non-Unanimous Settlement at 84.

I&E and OCA agreed with the Company's proposal to recover the costs of payment transaction fees in base rates but disagreed with the Company's claim

⁶⁸⁴ PPL Electric St. No. 18, p. 7.

⁶⁸⁵ *Id.*

⁶⁸⁶ *Id.*

⁶⁸⁷ *Id.*

⁶⁸⁸ *Id.*, p. 8.

amount.⁶⁸⁹ CAUSE-PA also supported the Company's proposal.⁶⁹⁰ PPL Statement in Support of Non-Unanimous Settlement at 84.

In rebuttal, PPL Electric clarified that, as explained by the Company in its response to discovery request OCA XXV-18,⁶⁹¹ the expense amount included in the FPFTY is \$5.2 million, not approximately \$4.98 million.⁶⁹² PPL Statement in Support of Non-Unanimous Settlement at 84.

Under the Settlement, PPL Electric's proposal to eliminate third party payment fees and roll these costs into rates is adopted.⁶⁹³ The Settlement also provides that amount rolled into rates is included in the overall revenue requirement increase agreed to by the parties in Paragraph 49 of the Settlement.⁶⁹⁴ Although the dollar amount is not specified in the agreed-upon revenue requirement, as that remained a point of dispute among the parties in the litigation, all parties agreed in testimony that this category of costs should be recovered through base rates. Therefore, PPL maintains that the Settlement is reasonable and in the public interest and should be approved without modification. PPL Statement in Support of Non-Unanimous Settlement at 84-85.

I&E played an active role in the settlement negotiations regarding these terms and monitored the proposals and counter proposals offered by the parties throughout this proceeding. Therefore, I&E does not oppose these settlement terms as a full and fair compromise that provides PPL Electric, the Joint Petitioners, and the Commission with regulatory certainty and resolution of the retail tariff issues raised by

⁶⁸⁹ I&E St. No. 2, pp. 25-28; OCA St. 1, pp. 12-13.

⁶⁹⁰ CAUSE-PA St. 1, pp. 110-11.

⁶⁹¹ see PPL Electric Exhibit LN-10R

⁶⁹² PPL Electric St. No. 18-R, p. 42.

⁶⁹³ Settlement ¶ 120.

⁶⁹⁴ *Id.*

the interested parties, which is in the public interest. I&E Statement in Support of Non-Uniform Settlement at 13-14.

CAUSE-PA supports Paragraph 120 of the proposed Settlement, which would implement PPL's proposal in this proceeding to include in base rates the costs of payment transaction fees for customers who make payments by credit and debit cards, and electronic payment methods such as Venmo and Paypal.⁶⁹⁵ PPL also indicates that it is proposing to eliminate fees for customers who pay in cash via Western Union or via bill payment centers that use Fiserv.⁶⁹⁶ CAUSE-PA Statement in Support of Non-Uniform Settlement at 54.

PPL correctly noted that the burden of these fees falls heavily on low-income households, who were reported to pay more than \$2.1 million in fees to pay their bills from November 2023 to October 2024.⁶⁹⁷ Similarly, CAUSE-PA witness Cicero explains that low-income customers are far less likely to use ACH transfers compared to customers with higher incomes, and are far more likely to rely on cash and debt cards than higher income households.⁶⁹⁸ In addition, a study conducted by the Federal Reserve found that approximately 20% of households earning less than \$25,000/year are reported to be unbanked – and thus reliant on payment methods other than ACH and that have traditionally required fees.⁶⁹⁹ CAUSE-PA Statement in Support of Non-Uniform Settlement at 54.

CAUSE-PA is supportive of these Settlement provisions, which align with the recommendations of Mr. Cicero that PPL's proposal related to these third-party fees

⁶⁹⁵ PPL St. 18, p. 7.

⁶⁹⁶ CAUSE-PA St. 1, pp. 109-110.

⁶⁹⁷ PPL St. No. 18, pp. 8-9.

⁶⁹⁸ CAUSE-PA St. 1, p. 110; Table 28.

⁶⁹⁹ *Id.*, pp. 110-111.

should be approved. These proposed provisions would help to eliminate barriers to bill payment for PPL’s low-income customers who are already struggling to afford basic services without the imposition of these additional fees.⁷⁰⁰ As such, these proposed provisions are reasonable, in the public interest, and should be approved without modification. CAUSE-PA Statement in Support of Non-Unanimous Settlement at 54-55.

2. Economic Development

The Company proposed to recover \$400,000 in expenses related to the implementation and operation of its Opportunity Pennsylvania Program, a program geared toward assisting communities in attracting job creation and private investment by encouraging those communities to secure funding and to complete key pre-development activities that will attract investment and new business development.⁷⁰¹ PPL Statement in Support of Non-Unanimous Settlement at 85.

I&E, CAUSE-PA, OCA, and OSBA raised concerns related to this program regarding demonstrated customer benefits, the prudence of a utility implementing such a program, Commission and Company precedent, and coordination with government.⁷⁰² PPL Statement in Support of Non-Unanimous Settlement at 85.

Under the Settlement, PPL Electric’s Opportunity Pennsylvania Program costs will not be recovered through base rates in this proceeding.⁷⁰³ As such, the Settlement does not prohibit PPL Electric from implementing the Opportunity Pennsylvania Program if it so chooses, while clarifying that the agreed-upon base

⁷⁰⁰ *Id.*, pp. 110-111.

⁷⁰¹ PPL Electric St. No. 21, pp. 2-4, 7-8.

⁷⁰² I&E St. No. 2, pp. 30-32; CAUSE-PA St. 1, p. 112; OCA St. No. 1, p. 24; OSBA St. No. 1, p. 5.

⁷⁰³ Settlement ¶ 121.

distribution revenue increase does not include the costs associated with the program. PPL avers that, when viewed as a part of the broader Settlement, this provision is reasonable and in the public interest and should be approved. PPL Statement in Support of Non-Unanimous Settlement at 85.

I&E notes that, pursuant to the Settlement, PPL Electric's Opportunity Pennsylvania Program costs will not be recovered through base rates in this proceeding. I&E witness Keller recommended that the Commission reject the Company's Economic Development proposal and therefore supports this provision of the Settlement as being in the public interest.⁷⁰⁴ I&E Statement in Support of Non-Unanimous Settlement at 13.

Neither CAUSE-PA nor its witnesses have taken a position about whether the OPP is a good program which would be beneficial to certain targeted communities.⁷⁰⁵ However, CAUSE-PA opposed PPL's proposal to fund this Program through rates, as PPL has made no showing that this Program would result in tangible benefits to ratepayers.⁷⁰⁶ This Program is not required under law or Commission statute, and is not in furtherance of just and reasonable rates which are in the public interest.⁷⁰⁷ As such, CAUSE-PA recommended that, if this Program is approved, it should be funded through shareholder funds or retained earnings.⁷⁰⁸ CAUSE-PA Statement in Support of Non-Unanimous Settlement at 55-56.

CAUSE-PA asserts that this proposed Settlement provision reasonably balances the parties' positions in this proceeding and should be approved. These proposed provisions permit PPL to operate the OPP, while protecting consumers from

⁷⁰⁴ I&E Statement No. 2, pp. 30-32; I&E Statement No. 2-SR, pp. 29-33.

⁷⁰⁵ CAUSE-PA St. 1, p. 112.

⁷⁰⁶ *Id.*

⁷⁰⁷ *Id.*

⁷⁰⁸ *Id.*

bearing the costs for this proposal through base rates. As such, these provisions reasonably address CAUSE-PA's concerns that PPL should not be permitted to fund the OPP through rates, as they have made no showing of benefits to ratepayers. As such, these proposed provisions should be approved. CAUSE-PA Statement in Support of Non-Unanimous Settlement at 56.

3. Rule 6

PPL Electric proposed to replace its existing standby service provisions under Rule 6 and Rule 6A with a new consolidated standby service, which is set forth in its proposed retail tariff (PPL Electric Exhibit GEO-1).⁷⁰⁹ The new tariff would apply to non-residential customers with on-site generation facilities greater than 3 MW and to other non-residential customers with on-site generation who do not qualify for net metering service.⁷¹⁰ The Company stated that the proposed tariff simplifies the structure by consolidating the Company's standby service obligations into a single schedule and ensures that customers with on-site generation pay appropriately for the system resources they require, including capacity that must be available to serve them when their generation is not operating.⁷¹¹ PPL Statement in Support of Non-Unanimous Settlement at 85-86.

PPLICA provided testimony on the new Rule 6 and recommended in its direct testimony that the Company should clarify that the demand charges impacted by Rule 6 are limited to distribution demand charges.⁷¹² PPL Statement in Support of Non-Unanimous Settlement at 86.

⁷⁰⁹ PPL Electric St. No. 8, p. 20.

⁷¹⁰ *Id.*, pp. 20-21.

⁷¹¹ *Id.*, p. 21.

⁷¹² PPLICA St. No. 1, pp. 9-10.

In rebuttal, PPL Electric stated that it is reasonable to clarify Rule 6 and noted that the back-up demand charges set forth in the table in the proposed Rule 6 needed to be updated to equal 30% of the applicable standard distribution demand charges under Rate Schedule GS-3, LP-4 or LP-5.⁷¹³ PPL Statement in Support of Non-Unanimous Settlement at 86.

Under the Settlement, the Company's compliance Retail Tariff filing will: (a) clarify that the Rule 6 capacity reservation charge is limited to distribution demand charges; and (b) incorporate corrected back-up power reservation charges in Rule 6 that are equal to 30% of the applicable standard distribution demand charge under Rate Schedule GS-3, LP-4, or LP-5.⁷¹⁴ These changes have been incorporated in Appendix G of the Settlement. As such, the Company submits that the Settlement reflects a reasonable compromise of PPL Electric's and PPLICA's positions and will add clarity to the Company's Retail Tariff. Therefore, these provisions are reasonable and in the public interest and should be approved. PPL Statement in Support of Non-Unanimous Settlement at 86.

4. Alternative Energy Credit (AEC) Ownership

In his rebuttal testimony, PPL Electric witness Olsen clarified that there was language about the ownership of AECs that was incorrectly included in the Net Metering for Renewable Customer Generators section of the proposed tariff. The edit can be found on page 263 of PPL Electric Exhibit GEO-1, which states:

Additional metering equipment for the purpose of qualifying alternative energy credits **generated** ~~owned~~ by the customer-generator shall be paid for by the customer-generator. The Company shall take title to the alternative energy credits **(AECs)** produced by a customer-generator ~~where the~~

⁷¹³ PPL Electric St. No. 8-R, pp. 36, 39.

⁷¹⁴ Settlement ¶ 121.

~~customer-generator has expressly rejected title to the credits. In the event that the Company takes title to the alternative energy credits, the Company will pay for and install the necessary metering equipment to qualify the alternative energy credits. The Company shall, prior to taking title to any alternative energy credits, fully inform the customer-generator of the potential value of those credits and options available to the customer-generator for their disposition.~~

Mr. Olsen explained that the language about the ownership of AECs would be removed in the Retail Tariff compliance filing by changing that paragraph to the following:

Additional metering equipment for the purpose of qualifying alternative energy credits owned by the customer-generator shall be paid for by the customer-generator. The Company shall take title to the alternative energy credits produced by a customer-generator where the customer-generator has expressly rejected title to the credits. In the event that the Company takes title to the alternative energy credits, the Company will pay for and install the necessary metering equipment to qualify the alternative energy credits. The Company shall, prior to taking title to any alternative energy credits, fully inform the customer-generator of the potential value of those credits and options available to the customer-generator for their disposition.⁷¹⁵

No party opposed the Company's proposed revision to remove the AEC ownership language. PPL Statement in Support of Non-Unanimous Settlement at 87.

The Settlement memorializes this commitment by the Company to make this change as part of its Retail Tariff compliance filing.⁷¹⁶ PPL avers that this Settlement provision is reasonable and in the public interest and should be approved. PPL Statement in Support of Non-Unanimous Settlement at 87.

⁷¹⁵ PPL Electric St. No. 14-R, p. 8.

⁷¹⁶ Settlement ¶ 122.

5. Definition of “Tenant”

In its direct testimony, CAUSE-PA raised concerns regarding the definition of “tenant” in the Company’s proposed tariff, arguing that the Company’s proposed definition was too narrow.⁷¹⁷ CAUSE-PA also indicated concern regarding the Company’s proposed changes to submetering rules, explaining that submetering facilitates the resale of electric service to tenants because it cuts off tenants from universal service and energy conservation programs and critical consumer protections and increases the risk of overcharging without a clear or accessible remedy.⁷¹⁸ CAUSE-PA proposed clarifications to the definition of “tenant” as well as to Rule 5(E) of the Company’s tariff in order to resolve these concerns.⁷¹⁹ PPL Statement in Support of Non-Unanimous Settlement at 88.

In its rebuttal testimony, the Company offered to make modifications to its tariff in response to CAUSE-PA’s concerns.⁷²⁰ Specifically, PPL Electric proposed updating its Tariff to include the following definition of “tenant”:

Any person or group of persons who occupies or is entitled to occupy a residential or commercial unit within a multitenancy building, parcel, or mobile home park and who is contractually obligated to make rental payments to a landlord or landlord ratepayer pursuant to a written or oral lease or rental arrangement. The term includes occupants of residential or commercial units where electric service is provided as an included service under the rental agreement and where the occupant is not the ratepayer of the utility providing such service. For purposes of this definition, a multitenancy building shall include any structure containing three (3) or more separate and distinct residential or commercial units, and

⁷¹⁷ CAUSE-PA St. 1, p. 112.

⁷¹⁸ *Id.*, pp. 119-120.

⁷¹⁹ *Id.*, pp. 112, 122.

⁷²⁰ PPL Electric St. No. 14-R, pp. 2-6.

tenancy may be expected to be for a duration of one (1) year or more.⁷²¹

Relatedly, PPL Electric stated that it was willing to amend Rule 5(E)(1) of the Retail Tariff as follows in response to CAUSE-PA's concerns:

E. REDISTRIBUTION OF SERVICE

(1) At the service locations covered hereunder connected after May 21, 1980, each tenant shall be served, metered and billed individually by the Company under the appropriate rate schedule except where the Company has permitted master metering with resale in accordance with the provision of Tariff Rule 5(E)(2). Upon application to the Company, any owner (or their duly authorized representative) of a new multi-tenancy commercial building may seek an exception to Tariff Rule 5(E) by demonstrating that the installation of individual electric meters at each separate unit within the building is neither feasible nor practical from a financial, technical, engineering, and/or any other valid reason. If the Company approves an exception to this Rule, the master meter must be designed so that it will not ~~achieve any notable reduction in the consumption of electricity by the tenants in the building than if the tenant units had individual electric meters within the building with efficient heat controls.~~ result in a notable increase in consumption but is designed to allow the master metered customer to either maintain or reduce consumption.⁷²²

However, the Company disagreed with CAUSE-PA's proposed revision to Rule 5(E)(2) of the Retail Tariff.⁷²³ CAUSE-PA then responded in its surrebuttal testimony, recommending, among other things, minor editions to the Company's proposed definition of "tenant" set forth in the Company's rebuttal testimony.⁷²⁴ PPL Statement in Support of Non-Unanimous Settlement at 88-89.

⁷²¹ *Id.*, pp. 2-3.

⁷²² *Id.*, pp. 4-5.

⁷²³ *Id.*, p. 5.

⁷²⁴ CAUSE-PA St. 1-SR, p. 48.

Ultimately, under the Settlement, the Company shall revise the definition of “tenant” as specified on pages 2-3 of PPL Electric St. No. 14-R and as further modified on page 48, lines 16-26 of CAUSE-PA St. 1-SR and revise Rule 5(E)(1) as set forth on pages 4-5 of PPL Electric St. No. 14-R.⁷²⁵ By incorporating these revisions, the Settlement will help clarify the intent and application of PPL Electric’s Retail Tariff and ultimately resolve the concerns about these issues raised in the proceeding. Thus, these provisions are reasonable and in the public interest and should be approved. PPL Statement in Support of Non-Unanimous Settlement at 89.

CAUSE-PA is supportive of the provisions contained in Paragraph 122 of the proposed Settlement, which would implement important revisions to PPL’s proposed definition of “tenant”. Further, CAUSE-PA asserts that these proposed Settlement provisions are reasonable and in the public interest. PPL’s proposed revisions to the definition of “tenant” contained in its tariff is squarely in line with CAUSE-PA recommendations and helps to clarify the rights and protections available to tenants who are served by PPL. While CAUSE-PA recommendations related to PPL’s tariff language were not adopted in their entirety, CAUSE-PA asserts that the provisions contained in Paragraph 122 are reasonable given the many varied interests of the Settlement parties, and should be approved. CAUSE-PA Statement in Support of Non-Unanimous Settlement at 56-57.

CAUSE-PA further notes that in its proposed Rule 5, PPL sought to change how it would allow redistribution of services from master-meter to non-utility owned sub-meters by allowing submetering where it “is neither feasible nor practical from a financial, technical, engineering, and/or any other valid reason.”⁷²⁶ Under the Company’s initial proposal, the master meter would have been required to be designed so

⁷²⁵ Settlement ¶ 122.

⁷²⁶ See PPL Electric Exhibit GEO-1 at 32, Proposed Electric Pa. P.U.C. No. 202, Original Page No. 10.

that it would not achieve a notable reduction in consumption of electricity by tenants in the building than if the tenant units had individual electric meters within the building with efficient heat controls.”⁷²⁷ CAUSE-PA raised concerns that PPL’s tariff restricts submetering to where master-metered units are designed to use the same amount of electricity or more than if the units were individually metered.⁷²⁸ This hampers energy efficiency and conservation efforts.⁷²⁹ Mr. Cicero also explained that submetering, because it facilitates resale of electric services to tenants, has a host of negative consequences.⁷³⁰ CAUSE-PA Statement in Support of Non-Unanimous Settlement at 58.

To address these concerns, CAUSE-PA recommended that PPL be required to revise Tariff Rule 5(E), as outlined on page 121 of Mr. Cicero’s direct testimony, to better ensure that allowable submetering would promote energy efficiency/conversation, would not limit important consumer protections, and would create benefits for customers without permitting re-billing for services.⁷³¹ CAUSE-PA Statement in Support of Non-Unanimous Settlement at 58-59.

PPL also clarified through the course of this proceeding that it intends to fully comply with the provisions of the Discontinuance of Service to Lease Premises Act (DSLPA).⁷³² PPL indicates that it will allow tenants “the option to pay the most recent submetered bill to maintain services” – and that it would rely on a landlord or tenant to provide the amount of that bill that would be paid to maintain service to the building

⁷²⁷ *Id.*

⁷²⁸ CAUSE-PA St. 1, pp. 120-121.

⁷²⁹ *Id.*

⁷³⁰ CAUSE-PA St. 1, p. 120.

⁷³¹ CAUSE-PA St. 1, p. 122.

⁷³² Section 1527(b), Chapter 15 of the Public Utility Code, provides in relevant part that: “A public utility shall not terminate service or shall promptly resume service previously terminated if it receives from the tenants an amount equal to the bill for the affected account of the landlord ratepayer for the billing month preceding the notice to the tenants.” 66 Pa.C.S. § 1527(b).

under the DSLPA, and that (if the tenant paid such amount) the service would remain on for the entire building.⁷³³ CAUSE-PA is supportive of this approach, as it comports with the provisions of the DSLPA and is protective of submetered tenants.⁷³⁴ Paragraph 122 of the proposed Settlement provides for the revisions to Rule 5(E)(1), helps to address Mr. Cicero’s concerns while balancing the other parties’ positions in this matter by providing that exceptions to the Rule will not “result in a notable increase in consumption but is designed to allow the master metered customer to either maintain or reduce consumption.” The revisions to Rule 5(E)(4) are also in line with Mr. Cicero’s recommendations and PPL’s rebuttal position as they provide that “Tenants who are served by a master meter retain all rights under 66 Pa. C.S. § 1521 et seq., the Discontinuance of Service to Leased Premises Act [DSPLA] regardless of whether the Landlord Ratepayer has sub metered the location pursuant to the terms of this tariff” – and based on their past 30 days of submetered usage. These revisions to PPL’s tariff proposals help to clarify important protections for submetered tenants, while not hampering energy efficiency and usage reduction efforts for these tenants. CAUSE-PA submits that these provisions are reasonable and should be approved. CAUSE-PA Statement in Support of Non-Unanimous Settlement at 59.

6. Small Business Payment Arrangements

Various parties raised concerns about affordability in this proceeding.⁷³⁵ As noted in the Company’s rebuttal testimony, PPL Electric takes its statutory duty to provide safe, reliable, adequate, and efficient electric service at reasonable rates seriously.⁷³⁶ To that end, PPL Electric strives to be judicious with its O&M and capital expenditures, recognizing the downstream impact the incurrence of those costs has on

⁷³³ CAUSE-PA St. 1, p. 122.

⁷³⁴ *Id.*, pp. 11-23.

⁷³⁵ *See, e.g.*, OCA St. 8, pp. 7-40; OCA St. 9, pp. 2-8; CAUSE-PA St. 1, pp. 4-6, 31-48; EJA St. No. 1, pp. 8-18.

⁷³⁶ PPL Electric St. No. 1-R, p. 9.

customers' rates.⁷³⁷ Furthermore, PPL Electric offers a series of customer assistance programs under its USECP and Act 129 EE&C Plan that are designed to help customers reduce their energy usage and bills.⁷³⁸ PPL Statement in Support of Non-Unanimous Settlement at 89-90.

To help address affordability for small business customers specifically, the Settlement provides that the Company will add a Rule 9(I) to its Retail Tariff, through its compliance filing, that provides PPL Electric with the discretion to enter into a flexible payment arrangement of up to 6 months with Rate GS-1 and GS-3 customers under terms acceptable to the Company.⁷³⁹ The Company also will prepare proactive customer communications regarding small business payment arrangements upon the filing of the compliance tariff.⁷⁴⁰ PPL avers that these provisions will help address affordability concerns for small business customers, while providing the Company with flexibility to work with individual customers to develop payment arrangements that work best for them and PPL Electric. Therefore, PPL maintains that these provisions are reasonable and in the public interest and should be approved. PPL Statement in Support of Non-Unanimous Settlement at 90.

Through discovery, OSBA confirmed that PPL has a small business payment plan in place. However, that plan was not in the Company's tariff. OSBA notes that the Joint Petition proposes that PPL will "add a Rule 9(I) that provides PPL Electric with the discretion to enter into a flexible payment arrangement of up to 6 months with Rate GS-1 and GS-3 customers under terms acceptable to the Company. OSBA Statement in Support of Non-Unanimous Settlement at 5.

⁷³⁷ *Id.*

⁷³⁸ *Id.*

⁷³⁹ Settlement ¶ 121.

⁷⁴⁰ Settlement Appx. G.

7. Customer Transformation Equipment Under Rate LP-5

In its direct testimony, EI expressed concerns related to the provision in the Company's LP-5 tariff regarding the construction and maintenance of LP-5 customers' transformation equipment.⁷⁴¹ EI argued that the provision would allow large customers to take service at distribution voltages while avoiding payment of commensurate distribution rates, and recommended that the Commission direct the Company to strike this provision from its LP-5 tariff.⁷⁴² PPL Statement in Support of Non-Unanimous Settlement at 90.

In rebuttal, PPL Electric argued that its proposal involves directly assigning these costs to the customer taking service from the substation.⁷⁴³ There will be no recovery from other customers, and this is the same type of direct assignment these witnesses have advocated for in the recovery of system upgrade costs for interconnections.⁷⁴⁴ Therefore, the Company maintained that its proposal should be approved because there has not been any showing that it will involve any cross-subsidization with other customers.⁷⁴⁵ PPL Statement in Support of Non-Unanimous Settlement at 90-91.

Under the Settlement, the Company shall modify the proposed paragraph headed "CUSTOMER TRANSFORMATION EQUIPMENT" in Rate Schedule LP-5 to apply to customers with a peak demand of less than 50 MW and facilities for which the Commission has approved an exemption under Paragraph 91(b)(ii).⁷⁴⁶ The Company will include provisions in its agreement with the customer that ensure that no costs associated

⁷⁴¹ EI St. No. 1, pp. 37-38.

⁷⁴² *Id.*, p. 38.

⁷⁴³ PPL Electric St. No. 16-R, p. 27.

⁷⁴⁴ *Id.*

⁷⁴⁵ *Id.*

⁷⁴⁶ Settlement ¶ 122.

with owning, operating, and maintaining the customer transformation equipment will be recovered from other customers.⁷⁴⁷ This provides the necessary clarification and specificity to address EI's concerns, protects existing customers, and allows the Company to include customer transformation equipment provisions in Rate LP-5. Accordingly, these provisions are reasonable and in the public interest and should be approved. PPL Statement in Support of Non-Unanimous Settlement at 91.

EI witness Nelson, summarized PPL's original proposal, which would have allowed the Company to construct, own, operate, and/or maintain LP-5 customers' transformation equipment at terms and rates determined between the Company and the LP-5 customer, essentially allowing the Company to build equipment and lease it back to the customer outside of base rates.⁷⁴⁸ Mr. Nelson identified that the original proposal had the potential to allow large customers to take service at distribution voltages but avoid paying commensurate distribution rates⁷⁴⁹ and recommended that this term be stricken, with allowance for grandfathering of existing contracts.⁷⁵⁰ EI Statement in Support of Non-Unanimous Settlement at 10.

EI was concerned that, by allowing the Company to own and operate customer substations, the proposed Settlement could allow large customers to take service at distribution voltages but avoid paying commensurate distribution rates. However, because the Settlement contains provisions to protect against shifting of customer substation-related costs, and considering the Settlement as a whole, EI asserts that that it reflects a reasonable compromise on this issue and is in the public interest. EI Statement in Support of Non-Unanimous Settlement at 10.

⁷⁴⁷ *Id.*

⁷⁴⁸ EI St. 1, pp. 37-38.

⁷⁴⁹ *Id.*, p. 38.

⁷⁵⁰ *Id.*, p. 39.

N. SUPPLIER TARIFF

As part of its initial filing, PPL Electric proposed to adopt a new Supplier Tariff, Tariff – Electric Pa. P.U.C. No. 2S.⁷⁵¹ Both clean and blackline versions of the proposed Supplier Tariff are provided in PPL Electric Exhibit LN-1.⁷⁵² The Company explained that its current Supplier Tariff initially became effective back on August 27, 1998, during the advent of retail electric supply market.⁷⁵³ Although some provisions have been modified since that time, the Supplier Tariff is well overdue for an update to address current policies and procedures governing PPL Electric’s interaction with and charges to EGSs and other issues.⁷⁵⁴ The Company also explained that as part of updating its Supplier Tariff, PPL Electric benchmarked its existing Supplier Tariff against its Pennsylvania peer EDCs, particularly FirstEnergy Pennsylvania Electric Company (“FE PA”) given that FE PA’s and PPL Electric’s service territories share significant boundaries.⁷⁵⁵ Many of the proposed changes are consistent with FE PA’s Supplier Tariff, so they should not be new to EGSs operating in Pennsylvania.⁷⁵⁶ PPL Statement in Support of Non-Unanimous Settlement at 91-92.

RESA was the only party that raised any issues with the Company’s proposed Supplier Tariff. RESA argued that the Company’s changes to the Supplier Tariff are not appropriately raised in a base rate proceeding and that the Commission should reject the Company’s Supplier Tariff as a result.⁷⁵⁷ However, if the Commission does consider the proposal, then RESA asked that the Commission reject: (1) the proposal to assess EGSs the Electronic Data Interchange (“EDI”) and Data Universal

⁷⁵¹ PPL Electric St. No. 18, p. 15.

⁷⁵² *Id.*

⁷⁵³ *Id.*, pp. 15-16.

⁷⁵⁴ *Id.*, p. 16.

⁷⁵⁵ PPL Electric St. No. 18-R, p. 64.

⁷⁵⁶ *Id.*

⁷⁵⁷ RESA St. No. 1, p. 6.

Numbering System (“DUNS”) testing costs that are currently passed onto ratepayers through base rates; (2) the proposed credit requirements for suppliers; (3) the proposed rule defining “Standard Rates” and limiting the amount per quarter an EGS is permitted to submit; and (4) any new proposal to require EGSs to provide written authorization as a pre-condition to receiving the information necessary to serve their customers.⁷⁵⁸ PPL Statement in Support of Non-Unanimous Settlement at 92.

In rebuttal, PPL Electric disputed RESA’s position that the Supplier Tariff should not be addressed in this proceeding.⁷⁵⁹ Among other reasons, PPL Electric observed that the Commission has approved changes to supplier tariffs in other base rate cases, that RESA and other parties had months to review the proposed Supplier Tariff and engage in discovery about the provisions set forth therein, that it has been decades since the Company revised its Supplier Tariff, and that the proposed changes to the recovery of EDI and DUNS testing fees must be addressed as part of a base rate case, so that its FPFTY claim could be adjusted downward to remove those costs from base rates.⁷⁶⁰ PPL Statement in Support of Non-Unanimous Settlement at 92-93.

The Company also disagreed with RESA’s arguments concerning PPL Electric’s proposal to recover of EDI transaction and DUNS testing fees from EGSs.⁷⁶¹ PPL Electric argued that well-established principles of cost causation support the direct assignment of costs to the entities who cause the incurrence of such costs, which, in this case, are the EGSs.⁷⁶² For example, PPL Electric is forced to incur a one-time full DUNS testing fee of \$4,867.20 to set up a new EGS and a one-time abbreviated DUNS testing fee of \$2,215.98 when an existing EGS requests to set up a new DUNS number.⁷⁶³ In

⁷⁵⁸ *Id.*, pp. 3-5.

⁷⁵⁹ PPL Electric St. No. 18-R, pp. 63-65.

⁷⁶⁰ *Id.*

⁷⁶¹ *Id.*, pp. 68-71.

⁷⁶² *Id.*, p. 68.

⁷⁶³ *Id.*, pp. 68-69.

both cases, PPL Electric only incurs those costs when the EGS requests the testing.⁷⁶⁴ Similarly, the EDI transaction fees that PPL Electric proposes to assess EGSs include the cancel/rebill transactions initiated by the EGS.⁷⁶⁵ PPL Electric would not bill the EGSs for any cancel/rebill transactions that are initiated by the Company.⁷⁶⁶ As a result, PPL Electric’s proposal would directly assign, on an individual EGS basis, the specific costs of the EDI transactions and DUNS testing that they caused the Company to incur.⁷⁶⁷ PPL Statement in Support of Non-Unanimous Settlement at 93.

As for the Company’s proposed credit requirements, the Company defended its proposal but nevertheless stated that it would be willing to amend its Supplier Tariff as part of this compliance filing to specify that the credit requirements apply to the EGSs that are not participating in the POR Program.⁷⁶⁸ PPL Electric also stated that it would be willing to reduce the required credit amount to \$50,000, which matches the credit amount for the West Penn Rate District in FE PA’s Supplier Tariff.⁷⁶⁹ PPL Statement in Support of Non-Unanimous Settlement at 93-94.

Additionally, PPL Electric incorporated certain modifications in its rebuttal case to address RESA’s concerns, such as withdrawing Rule 3.1(f) regarding the setting of “Standard Rates,” agreeing to clarify language in its Load Data Supply Charge section to align it with Rule 5.3.3 of the Supplier Tariff about the provision of customer-specific information, including a definition of “Bill Ready,” and adding a “Rate Ready” billing scenario in the Competitive Billing Specifications Rider.⁷⁷⁰ PPL Statement in Support of Non-Unanimous Settlement at 94.

⁷⁶⁴ *Id.*, p. 68.

⁷⁶⁵ *Id.*, p. 69.

⁷⁶⁶ *Id.*

⁷⁶⁷ *Id.*

⁷⁶⁸ *Id.*, pp. 71-72.

⁷⁶⁹ *Id.*, p. 72.

⁷⁷⁰ *Id.*, pp. 72-76.

Under the Settlement, the Company has agreed to make several modifications to its Supplier Tariff to address RESA’s concerns and reach a compromise on the disputed issues.⁷⁷¹ Specifically, as part of its compliance Supplier Tariff filing, PPL Electric shall make the following modifications: (a) remove Rule 3.1(f) and renumber subsequent provisions accordingly; (b) clarify the Load Data Supply Charge section as stated on page 73 of PPL Electric St. No. 18-R; (c) include the definition of “Bill Ready” as set forth on page 75 of PPL Electric St. No. 18-R; (d) revise the Competitive Billing Specifications Rider to address a Rate Ready billing scenario as specified on page 76 of PPL Electric St. No. 18-R; (e) delete the credit requirements detailed in Rule 4.14; (f) revise Rule 4.18 to remove the recovery of “EDI Transaction Fees” from the Coordination Service Charges; (g) revise Rule 4.18 to institute a January 1, 2027 effective date for the inclusion of “DUNS Testing Fees” in the Coordination Service Charges; and (h) update the rate classes in Rule 12.9 for the Purchase of Receivables (“POR”) Program to reflect the relevant rate classes approved in this proceeding.⁷⁷² The Settlement further provides that all EGSs currently registered and operating in its service territory will be allowed to continue service on an uninterrupted basis regardless of the changes to Rule 3.1 (and subsections thereof) of the Supplier Tariff until January 1, 2028.⁷⁷³ The EGSs currently registered and operating in the Company’s service territory will need to provide the information and materials required under Rule 3.1 (and subsections thereof) no later than January 1, 2028 to continue operating in PPL Electric’s service territory.⁷⁷⁴ PPL Electric also agrees that EGSs can satisfy applicable requirements under Rule 3.1 (and subsections thereof) through affiliates.⁷⁷⁵ The Company will communicate the requirements under Rule 3.1 to all EGSs currently registered in the Company’s service territory within 60 days of the entry

⁷⁷¹ Settlement ¶ 123.

⁷⁷² *Id.*

⁷⁷³ *Id.*

⁷⁷⁴ *Id.*

⁷⁷⁵ *Id.*

date of the Commission's Final Order in this proceeding.⁷⁷⁶ PPL Statement in Support of Non-Unanimous Settlement at 94-95.

PPL maintains that, collectively, these provisions are designed to provide clarity to the interpretation and implementation of the new Supplier Tariff, set forth clear parameters regarding the application of the Supplier Tariff's requirements to existing EGSs, and enable PPL Electric to finalize and adopt an overdue update to its Supplier Tariff. Moreover, the Joint Petitioners reached a compromise on the Company's proposal to charge EGSs for the EDI transaction and DUNS testing fees, by providing for the recovery of the DUNS testing fees (subject to the provisions in the Settlement) and withdrawing the Company's proposal to recover the EDI transaction fees. On balance, these provisions reflect a reasonable resolution to the issues raised concerning the Supplier Tariff. Thus, PPL submits that the Settlement provisions are reasonable and in the public interest and should be approved without modification. PPL Statement in Support of Non-Unanimous Settlement at 95.

RESA believes that the Settlement is a reasonable compromise of the concerns it raised in this proceeding. While RESA continues to maintain that the scope of changes as proposed by PPL would have been better addressed outside of a base rate case proceeding, the parties worked in good faith to reach a resolution of the specific concerns addressed by RESA witness Lacey. The Settlement includes a complete withdrawal of PPL's initial proposal to revise EGS credit requirements and the novel proposal to assess the on-going costs of PPL's EDI transactions to EGSs. As a compromise, the Settlement does retain PPL's initial proposal to assess EGSs the costs of PPL's DUNS Testing fees effective January 1, 2027. While RESA continues to object to the assessment of utility operational costs such as these to EGSs, on balance and in the context of this full Settlement, RESA supports it as a reasonable compromise for this

⁷⁷⁶ *Id.*

proceeding. Taken together, all the agreed to revisions of the Supplier Tariff in consideration of the concerns raised by RESA witness Lacey should be adopted as in the public interest because they address operational and cost concerns of EGSs that ultimately impact the decisions of EGSs about the types of competitive products and services they can offer to consumers in PPL’s service territory. RESA Statement in Support of Non-Unanimous Settlement at 11-12.

O. BEHIND-THE-METER NON-EXPORTING BATTERY ENERGY

In its direct testimony, Convergent argued that PPL Electric’s current approach for the interconnection of non-exporting behind-the-meter (“BTM”) battery energy storage systems (“BESS”) is unjust and unreasonable because the Company: (1) has not established rules applicable to this class of resource; and (2) applies requirements developed for generation resources in lieu of such rules.⁷⁷⁷ To address its concerns, Convergent proposed that PPL Electric be required to develop and seek Commission approval of interconnection rules specific to non-exporting BTM BESS.⁷⁷⁸ PPL Statement in Support of Non-Unanimous Settlement at 95-96.

PPL Electric disagreed with Convergent’s characterizations of the Company’s interconnection process, asserting that its PPL Distribution Energy Storage Interconnection Policy and Guidance provides clear technical standards and expectations for an interconnection application for a BTM BESS to the Company’s distribution system.⁷⁷⁹ PPL Electric also argued that it is appropriate to treat and classify BTM BESS as a generation source because BESS units can be electrically coupled with characteristics that are nearly indistinguishable from traditional generation resources in

⁷⁷⁷ Convergent St. No. 1, p. 5.

⁷⁷⁸ *Id.*

⁷⁷⁹ PPL Electric St. No. 14-R, p. 9.

terms of electrical physics and their interaction with the utility system.⁷⁸⁰

Notwithstanding, PPL Electric stated that it remains committed to reviewing its existing interconnection rules and standards to determine whether enhancements are warranted.⁷⁸¹

This review will focus on refining the specific provisions applicable to non-exporting BTM BESS installations, with the objective of establishing clear, equitable, and cost-effective requirements that uphold the safe and reliable operation of the electric grid.⁷⁸²

PPL Statement in Support of Non-Unanimous Settlement at 96.

Under the Settlement, the Joint Petitioners have reached a reasonable compromise on Convergent's issues and recommendations. The Settlement provides that PPL Electric will review within 120 days of the entry date of the Commission's Final Order any behind-the-meter non-exporting battery energy storage projects currently being reviewed for interconnection behind a customer's meter to determine if the requirements being imposed are in line with industry best practices and available studies.⁷⁸³ This provision establishes a process by which the Company will benchmark its requirements with industry best practices and available studies, while being mindful of the time necessary for PPL Electric to conduct that review. Thus, this provision is reasonable and in the public interest and should be approved. PPL Statement in Support of Non-Unanimous Settlement at 96.

Convergent asserts that, as a result of the Joint Petition, a number of important and potentially contentious issues have been resolved expeditiously and amicably, thereby lessening the costs and burdens that would have been incurred to litigate these matters to conclusion. Also, the Joint Petition reflects compromises on various positions presented without prejudice to any position any Joint Petitioner may

⁷⁸⁰ *Id.*, pp. 9-10.

⁷⁸¹ *Id.*, p. 11.

⁷⁸² *Id.*

⁷⁸³ Settlement ¶ 124.

have advanced so far in this proceeding. Moreover, the Joint Petition furthers Convergent’s efforts as a battery storage developer seeking to work with PPL Electric customers to support projects that will assist customers in controlling their energy costs and providing reliability benefits. Lastly, the Joint Petition is a step toward increased transparency into PPL Electric’s interconnection process and improving alignment with best practices and available studies, to the benefit of PPL Electric customers. For these reasons, Convergent submits that the Joint Petition is in the public interest. Convergent Statement in Support of Non-Unanimous Settlement at 4.

P. OBJECTION TO THE NON-UNANIMOUS SETTLEMENT

4. CGC’s Position

CGC’s members develop and operate distributed solar generation facilities that participate in Pennsylvania’s net-metering framework as customer-generators.⁷⁸⁴ These projects were developed and financed in reliance on the regulatory framework established by the Commission and the statutory structure enacted by the General Assembly, including the Alternative Energy Portfolio Standards Act (“AEPS Act”), 73 P.S. §§ 1648.1–1648.8. Under that framework, customer-generators interconnect as retail customers and receive compensation for excess generation pursuant to the AEPS Act. CGC Objections at 1.

CGC first avers that the Settlement conflicts with the Commission’s existing regulatory definition of MRPL. Commission regulations define MRPL by

⁷⁸⁴ The Alternative Energy Portfolio Standards Act defines “customer-generator” as “[a] nonutility owner or operator of a net metered distributed generation system with a nameplate capacity of not greater than 50 kilowatts if installed at a residential service or not larger than 3,000 kilowatts at other customer service locations...” 73 P.S. § 1648.2.

reference to a customer’s Peak Load Contribution (“PLC”) under the PJM Interconnection system, thereby adopting a demand-based metric that measures a customer’s contribution to system peak demand. The proposal to incorporate exported generation into that construct departs from this demand-based framework and is not a permissible application of the existing definition. Using exported generation as a basis for reclassification and reduced compensation would undermine the AEPS Act. Specifically, PPL Electric proposes to define MRPL as a customer’s “net demand contribution impact to the Company’s default service procurement activity, as determined upon the net power flow from or into the Company’s distribution system.”⁷⁸⁵ Under that formulation, exported generation would be incorporated into the MRPL calculation and could affect customer classification even where the customer’s actual demand on the system remains unchanged.⁷⁸⁶ CGC Objections at 4-6.

CGC further avers that the proposal conflicts with the Commission’s regulation, which defines MRPL as “[t]he highest level of demand for a particular customer, based on the PJM Interconnection, LLC, ‘Peak Load Contribution Standard,’ or its equivalent, and as may be further defined by the EDC tariff in a particular service territory,”⁷⁸⁷ and by tying MRPL to PJM’s PLC construct, the regulation adopts a demand-based metric measuring a customer’s contribution to system peak demand. It does not authorize treating exported generation as demand or substituting generation output for customer load.⁷⁸⁸ Neither the Commission’s regulations nor the PJM “Peak Load Contribution Standard” authorizes the incorporation of generation exports into that demand-based metric. Because MRPL is defined by Commission regulation as a demand-based construct, it cannot be interpreted to incorporate generation exports or net power flows as proposed by the Company. CGC submits that the Commission’s regulation

⁷⁸⁵ See PPL Electric Tariff No. 202, Original Page No. 5C (Definitions).

⁷⁸⁶ CGC’s Objections to the Joint Petition-MRPL- pp. 5,6.

⁷⁸⁷ 52 Pa. Code § 54.182 (defining Maximum Registered Peak Load).

⁷⁸⁸ CGC’s Objections to the Joint Petition-MRPL, p. 6.

defines MRPL in terms of customer “demand.” In electric utility usage, “load” refers to electricity required to serve customer demand on the system, not electricity supplied to the system. That understanding is reinforced by the regulation’s incorporation of PJM’s Peak Load Contribution construct, which measures contribution to system peak demand during PJM coincident peak intervals. The MRPL regulation therefore reflects a demand-based construct, not one based on exported generation. CGC Objections at 6-7.

CGC argues that PPL Electric relies on the final clause of the regulation stating that MRPL may be “further defined by the EDC tariff in a particular service territory.” That language does not authorize an EDC to replace the Commission’s demand-based definition with a different methodology based on net exports or generation output.⁷⁸⁹ The phrase “as may be further defined by the EDC tariff” does not grant authority to alter the fundamental nature of the underlying metric. The Commission’s regulation ties MRPL to the PJM Peak Load Contribution construct, which measures customer demand. Any further definition must, therefore, remain within that demand-based framework. Incorporating exported generation, i.e., energy flowing from the customer to the system, does not define how demand is measured; it introduces a different concept altogether. That is not further definition; it is substitution. CGC Objections at 7.

CGC further asserts that PPL Electric’s interpretation is not supported by the PJM methodology incorporated by the regulation. The PJM PLC construct measures a load-serving entity’s share of system peak demand based on customer load during the PJM system’s five coincident peak hours.⁷⁹⁰ Nothing in the PJM PLC framework treats exported generation as demand or permits generation output to be substituted for load in

⁷⁸⁹ 52 Pa. Code § 54.182.

⁷⁹⁰ See PJM Manual 18: PJM Capacity Market, § (Capacity Obligation – Peak Load Contribution); PJM Manual 19: Load Forecasting and Analysis (describing calculation of coincident peak load).

calculating peak load contribution. The tariff clause on which PPL Electric relies therefore cannot reasonably be read to authorize departure from the Commission's demand-based regulatory framework. Changes of that nature cannot be addressed through tariff revisions proposed by an individual utility in a rate proceeding. Even if the Commission were to consider whether the definition of MRPL could be modified, such a change would raise significant concerns under the AEPS Act. CGC Objections at 8.

The AEPS Act establishes a framework under which customer-generators are entitled to receive full retail value for excess generation, reflecting a policy determination by the General Assembly to encourage distributed generation.⁷⁹¹ Redefining MRPL to incorporate exports or generation would fundamentally alter the treatment of those same customer-generators by using their production as a basis for reclassification and reduced compensation. Such a shift would not merely clarify an existing regulatory term but would instead represent a substantive change to the net metering framework that cannot be accomplished through the settlement presented here. CGC argues that Pennsylvania administrative law requires that tariff provisions conform to governing statutes and Commission regulations. Although tariffs establish the rates, terms, and conditions of service, they cannot be used to depart from or substitute for regulatory standards established by the Commission.⁷⁹² CGC Objections at 9.

CGC next argues that the settlement conflicts with the statutory framework governing customer-generators under Pennsylvania law. The AEPS Act establishes the structure under which customer-generators interconnect to the distribution system and receive compensation for excess generation. The settlement's MRPL provisions undermine that framework by redefining how customer load is measured and applied in a

⁷⁹¹ *Dauphin Cnty. Indus. Dev. Auth.*, 123 A.3d at 1131.

⁷⁹² *Id.* at p. 9. ;See 66 Pa. C.S. § 1303

manner not contemplated by the AEPS Act or the Commission’s implementing regulations. CGC Objections at 4-5, 9.

The AEPS Act defines a “customer-generator” as “[a] nonutility owner or operator of a distributed generation system that operates in parallel with the electric distribution system and is intended to offset part or all of the customer’s electricity requirements.”⁷⁹³ The statute further provides that when a customer-generator produces electricity in excess of its consumption during a billing period, the electric distribution company must credit that excess generation against the customer’s retail electric bill, and directs that “[e]xcess generation from net-metered customer-generators shall receive full retail value for all energy produced on an annual basis.”⁷⁹⁴ Moreover, the Act also recognizes that electric distribution companies may incur costs in providing these credits and identifies the Public Utility Code’s automatic adjustment mechanisms as the means for recovering those costs under 66 Pa. C.S. § 1307 as a cost of generation supply under 66 Pa. C.S. § 2807.⁷⁹⁵ That provision is a cost-recovery mechanism; it does not convert net-metering credits into default service procurement costs or authorize reclassification of customer-generator exports as supply resources. The Commission’s implementing regulations reflect the same structure. Excess generation is credited against the customer’s retail electricity consumption through the customer’s bill, with remaining credits carried forward.⁷⁹⁶ Under that framework, customer-generators participate as retail customers taking service under Commission-approved tariffs, not as wholesale suppliers in PJM markets. CGC’s Objections at 9-10.

CGC submits that the Commonwealth Court has likewise recognized that the AEPS Act reflects a legislative policy determination regarding customer-generator

⁷⁹³ 73 P.S. § 1648.2.

⁷⁹⁴ *Id.*

⁷⁹⁵ *See* 73 P.S. § 1648.3(a)(3)(ii).

⁷⁹⁶ 52 Pa. Code § 75.13(d).

exports and the compensation mechanism applicable to them. In *Dauphin County Industrial Development Authority*, the court rejected the argument that rate-impact concerns justified altering that statutory framework and held that the Commission’s duty to ensure just and reasonable rates does not authorize it to disregard other statutory directives.⁷⁹⁷ CGC argues that by redefining MRPL to incorporate “net power flow from or into the Company’s distribution system” and implying that metric is related to default service procurement activity, PPL Electric’s proposal conflates customer-generator exports as an input to a procurement-related classification framework. CGC avers that the evidentiary record does not support that linkage. During cross-examination, Company witness Andrew Castanaro acknowledged that the credits associated with customer-generator exports arise from the statutory net-metering framework and are not the result of wholesale electricity transactions or participation in energy or capacity markets. CGC’s Objections at 10-11.

Moreover, the record confirms that customer-generators do not participate in or function as wholesale supply resources within PJM markets or the Company’s default service procurement processes. PPL witness Castanaro acknowledged that customer-generators taking service under PPL Electric’s net-metering tariff do not register with PJM as load-serving entities, are not required to be PJM members, do not assume PJM capacity or energy procurement obligations, do not enter into default service contracts with PPL Electric, and do not participate in the Company’s wholesale procurement process.⁷⁹⁸

CGC argued that these admissions confirm that customer-generators do not bid electricity into PJM markets, do not participate in wholesale procurement

⁷⁹⁷ *Dauphin Cnty. Indus. Dev. Auth.* 123 A.3d at 1135-36; *see also Popowsky v. Pa. PUC*, 910 A.2d 38, 53 (Pa. 2006).

⁷⁹⁸ Tr. at 1030-1031.

mechanisms, and do not function as supply resources for default service customers.⁷⁹⁹ Nor does the record demonstrate that their exports affect or are incorporated into the Company's default service procurement obligations.

CGC's third argument is that the Settlement effectively operates as retroactive ratemaking. Although framed as prospective, the settlement operates with a retroactive effect. CGC members developed, financed, and advanced distributed generation projects through the interconnection process in reliance on the regulatory framework in place at the time of those investments. By conditioning eligibility for existing rate treatment on the timing of interconnection outcomes, many of which are driven by utility-controlled processes, the settlement attaches new regulatory consequences to prior development decisions and capital commitments. CGC's Objections at 5, 13.

CGC asserts that Pennsylvania law recognizes a fundamental principle of public utility regulation: Ratemaking is *prospective* in nature.⁸⁰⁰ The Commonwealth Court has repeatedly emphasized that ratemaking is a prospective process designed to establish rates for future service rather than to adjust past economic outcomes.⁸⁰¹ Pennsylvania law applies a strong presumption against retroactive changes that alter the legal consequences of prior transactions. The Statutory Construction Act provides that “[n]o statute shall be construed to be retroactive unless clearly and manifestly so intended by the General Assembly.”⁸⁰² A law operates retroactively when it “relates back to and

⁷⁹⁹ *Id.* at 1030.

⁸⁰⁰ *Columbia Gas v. Pa. PUC*, 613 A.2d 74, 76 (Pa. Cmwlth.1992).

⁸⁰¹ *See Popowsky v. Pa. PUC*, 695 A.2d 448, 451 (Pa. Cmwlth. 1997); *Popowsky v. Pa. PUC*, 642 A.2d 648 (Pa. Cmwlth. 1994) (allowing retroactive ratemaking would render the “test year” method meaningless and violate the principle that customers who use power should pay for its production, rather than shifting costs to future ratepayers).

⁸⁰² 1 Pa. C.S. § 1926.

gives a previous transaction a legal effect different from that which it had under the law in effect when it transpired.”⁸⁰³ Courts have therefore emphasized that statutory or regulatory changes affecting substantive rights or contractual expectations are presumed to apply prospectively unless the legislature clearly provides otherwise.⁸⁰⁴ These principles apply equally to public utility tariffs. Under Pennsylvania law, approved tariffs have the force and effect of law and establish the legal rights and obligations governing the relationship between utilities and customers.⁸⁰⁵ CGC Objections at 13.

CGC argues that the MRPL settlement provision would produce retroactive effect because pursuant to the settlement term sheet, only a limited number of existing projects would qualify for grandfathered treatment under the current GSC-1 customer-generator rate classification, and that treatment would be subject to an aggregate cap of 140 MW. Once that cap is reached, additional projects that are developed under the existing customer-generator regulatory framework would instead be moved into the GSC-2 classification, where compensation for exported generation is materially reduced. CGC Objections at 14.

CGC next argues that the MRPL provisions are unsupported by substantial evidence in the record. CGC maintains that the record contains no cost-of-service analysis, class cost allocation study, or system impact analysis demonstrating that the proposed reinterpretation of MRPL is necessary to ensure just and reasonable rates. CGC Objections at 5, 15.

⁸⁰³ *R & P Servs., Inc. v. Pa. Dep't. of Rev.*, 541 A.2d 432, 434 (Pa. Cmwlth. 1988).

⁸⁰⁴ *See Stroback v. Camaioni*, 674 A.2d 257, 261-62 (Pa. Super. 1996) (asserting a law is retroactive if it changes the legal effect of past transactions); *Brangs v. Brangs*, 595 A.2d 115, 118 (Pa. Super. 1991) (expressing substantive statutory changes are presumed to apply prospectively, particularly where retroactive application would disturb vested rights or contractual obligations).

⁸⁰⁵ *See, e.g., Popowsky*, 910 A.2d at 53 (asserting tariffs approved by the Commission establish the legal framework governing utility rates and services).

CGC believes that the Company's proposal reallocates cost responsibility among customer classes based on MRPL, which rests on an assumption that the affected class imposes distinct costs on the system. Yet the Company did not quantify those costs, did not analyze whether customer-generators materially affect default service procurement obligations, and did not perform any cost-of-service analysis to support differential treatment. Absent such evidence, the proposed classification lacks a rational, cost-based justification. PPL witness Castanaro acknowledged that the Company did not conduct empirical studies evaluating the actual system impacts of the distributed generation facilities affected by the MRPL proposal and instead relied on forward-looking modeling assumptions.⁸⁰⁶ While such models may be offered as evidence, they cannot substitute for proof.⁸⁰⁷ Pennsylvania courts have repeatedly held that ratemaking must be grounded in evidence of actual costs and cost causation, not speculation or unsupported assumptions.⁸⁰⁸ CGC Objections at 16.

Additionally, CGC argues that the MRPL proposal affects the classification of customer-generator facilities by determining whether they remain in GSC-1 or are moved into GSC-2, where compensation for exported generation is reduced. The Commission, therefore, cannot evaluate whether the resulting classification structure is just and reasonable without evidence demonstrating the cost impacts associated with those customers' participation in the system. CGC argues that the record contains no such analysis. Instead, the Company relied on forward-looking modeling built on assumed inputs rather than empirical analysis of existing system costs. CGC Objections at 17.

⁸⁰⁶ Tr. at 1003-04 (Mar. 9, 2026).

⁸⁰⁷ See *FirstEnergy Pa. Elec. Co. v. Pa. PUC*, 349 A.3d 165 (Pa. 2026).

⁸⁰⁸ See *Barasch*, 562 A.2d at 418 n. 11; *Popowsky*, 642 A.2d at 650 n. 4.

CGC further submits that customer-generators also finance substantial upgrades to PPL Electric's distribution system through the interconnection process. As PPL Electric witness Olsen explained, distributed generation developers must fund engineering studies and distribution system upgrades required for safe and reliable interconnection.⁸⁰⁹ Once installed, those facilities become part of PPL Electric's distribution system and remain utility property. The result is that customer-generators fund infrastructure improvements that increase the capacity and capability of PPL Electric's system while the utility retains ownership of the assets.⁸¹⁰ CGC Objections at 17.

Additionally, CGC takes the position that the Company's MRPL proposal does not account for those contributions. During cross-examination, PPL witness Castanaro acknowledged that PPL Electric did not quantify the infrastructure upgrade payments made by customer-generators when developing the MRPL proposal.⁸¹¹ Nor did the Company evaluate the interconnection engineering studies that identify the distribution system reinforcements required to interconnect distributed generation facilities.⁸¹² Instead, the Company relied on forward-looking modeling assumptions rather than empirical analysis of system costs or impacts. CGC Objections at 17-18.

CGC submits that the burden has not been satisfied here. The record contains no comprehensive cost-of-service analysis, class cost allocation study, system impact analysis, or other quantitative evidence demonstrating that the proposed MRPL definition appropriately assigns costs among customer classes.⁸¹³ CGC Objections at 15, 18.

⁸⁰⁹ See PPL Electric St. No. 14-R (Olsen), at 15:1-11; PPL Electric St. No. 14 (Olsen), at 12.

⁸¹⁰ *Id.*

⁸¹¹ Tr. at 1044.

⁸¹² See PPL Electric St. No. 14-R (Olsen), p. 15; Tr. at 1038-39.

⁸¹³ See 66 Pa. C.S. §§ 1301, 1303.

Finally, CGC avers that even if the Commission were to conclude that the proposed MRPL construct is permissible, the resulting tariff would still violate the Public Utility Code by creating unreasonable discrimination among similarly situated customer-generators. CGC believes that the settlement draws an arbitrary distinction based solely on the timing of interconnection and an administratively imposed capacity cap, rather than any difference in cost causation or system impact.

CGC notes that Pennsylvania law requires that public utility rates and rate classifications be just, reasonable, and non-discriminatory.⁸¹⁴ Section 1304 specifically provides that a public utility may not “make or grant any unreasonable preference or advantage to any person, corporation, or municipal corporation, or subject any person, corporation, or municipal corporation to any unreasonable prejudice or disadvantage.”⁸¹⁵ Pennsylvania courts have consistently recognized that while utilities may establish reasonable rate classifications, those classifications must be supported by legitimate distinctions grounded in the evidentiary record and may not arbitrarily treat similarly situated customers differently.⁸¹⁶ CGC Objections at 18.

CGC submits that the settlement would create a discriminatory structure. Under the settlement term sheet, only a limited subset of customer-generator projects may remain in GSC-1, subject to an aggregate cap of 140 MW.⁸¹⁷ Once that cap is reached, otherwise identical customer-generator facilities would be assigned to GSC-2, where compensation for exported generation is materially reduced. The result is

⁸¹⁴ 66 Pa. C.S. §§ 1301, 1304.

⁸¹⁵ 66 Pa. C.S. § 1304.

⁸¹⁶ See *Barasch*, 562 A.2d at 418; *Popowsky*, 695 A.2d at 454; and *Popowsky*, 642 A.2d at 651.

⁸¹⁷ See PPL Electric St. No. 15-SSRJ (Castanaro) at 2-3 (describing the settlement provision establishing a 140 MW grandfathering limit for Rate GSC-1 customer-generators).

materially different rate treatment for customer-generator facilities operating under the same statutory and regulatory framework based solely on whether they fall within the limited pool allowed to remain under the existing tariff structure. Moreover, nothing in the record demonstrates that this distinction is supported by legitimate cost-based differences among the affected projects. To the contrary, the projects affected by the settlement are similarly situated customer-generator facilities developed under the AEPS Act and the Commission's net-metering regulations. Nor does the record contain any analysis demonstrating that projects exceeding the 140 MW threshold impose materially different costs on the system than those within the grandfathered category, or that projects assigned to GSC-2 differ in any meaningful operational or cost-causation sense from those remaining in GSC-1. The 140 MW cap does not distinguish among customer-generators based on operational characteristics, cost causation, or system impact. Instead, it differentiates solely based on timing within the interconnection queue; a process controlled by the Company itself. As a result, similarly situated customer-generators may receive materially different rate treatment based not on any relevant distinction, but on administrative sequencing. That outcome is not the product of reasoned classification; it is arbitrary and not allowed, as the classification must have a reasonable basis.⁸¹⁸ CGC Objections at 19.

5. PDMP's Position

PDMP submits that the Commission's obligation to protect ratepayers from discriminatory rates is not supported by the proposed settlement. Specifically, the AEPS Act requires the entire set of customer generators to be paid full retail value for their generation and the division of customer generators, in the Settlement, into subclasses is not supported by the AEPS Act, which applies uniformly to all customer-generators,

⁸¹⁸ *Peoples Natural Gas Co. v. Pa. PUC*, 409 A. 2d 446, 455 (Pa. Cmwlth. 1979).

regardless of when their projects were energized or when in the future they come on line. In addition, PDMP argues that this settlement will create more regulatory injustice than it purports to correct. With no factual basis for the conjecture that the settlement saves ratepayers from harm, deviation from the AEPS Act by creating non-uniform rules for customer generators violates the section of the Public Utility Code cited to override the AEPS Act's thoughtful incentives for deployment of distributed generation capacity in the face of generation shortages. PDMP Opposition at 2-3.

PDMP avers that the settlement on the MRPL issue is based on false assumptions arising from testimony that fails to tell the whole story about the rate impact of net metering. The first assertion is the notion that excess generation is “banked” until the end of the year, creating the notion that the kilowatt hours produced by customer generators are not immediately consumed by those non-generator customers closest to the customer generator.⁸¹⁹ It also is true that those customers are charged for the electricity that they consume, at rates determined by their rate class, and that the electricity they consumed is not included in the supply requirements for default service suppliers.⁸²⁰ What that means is that all of the electricity that is produced by customer-generators is being metered and consumed by other customers, recorded on their bills, and charged monthly.⁸²¹ But customer-generators are not paid monthly. Rather, their excess generation is accumulated each month, and they are paid at the end of the year, with funds that PPL receives throughout the year from the customers who consumed the energy and paid PPL.⁸²² It matters not whether the customer who consumed the energy is residential, or industrial or commercial, except that the default service rates do differ, there is no free energy, as PPL's witness made clear at the hearing.⁸²³ The EDC keeps the

⁸¹⁹ At the March 9, 2026 hearing, PPL's witness admitted that this is what happens-there is no “banking” of generation. Tr. at 1058-1061.

⁸²⁰ Tr. at 1058-1061.

⁸²¹ Tr. at 1058-1061.

⁸²² 52 Pa. Code § 75.13(d).

⁸²³ Tr at 1061.

funds during the year and their shareholders enjoy the time value of the money that should be paid to the customer-generators monthly.⁸²⁴ PDMP's Opposition at 3-4.

PDMP notes that PPL and others have stated that the cashout for the small business rate class is going to grow based upon the amount of no-load generation that will be installed on their system if nothing is done, as if that were a horrible thing.⁸²⁵ PDMP avers that a growing cashout is a logical result of more customer-generators on the system and is not a problem. Rather, it is precisely what the AEPS Act encourages. PPL will have collected the cash from all the customers who consumed the energy (at the customer's appropriate price to compare). That most of the customer-generators are in the small business rate class is not an issue either. PPL collects the payment for excess generation, through regular utility bills, from customers in all rate classes and there is no reason to be concerned about cross subsidies. If it were true that the small business class were required to pay all of the cashouts and not be compensated with funds from other customers in other rate classes that used and paid for that energy, that would violate 66 Pa. C.S. § 2807(e)(7), which prohibits cross subsidization between rate classes. If the GS-3 and/or LP-4 rate classes were forced to face increased rates to pay for free electricity for other customers, that would be cross subsidization. However, as witness Castanaro made clear, there is no free electricity, so we know that is not happening.⁸²⁶

PDMP further notes that PPL interchangeably claims that because it procures energy at wholesale rates and sells it at retail, and for customer-generators the sales price to the customer-generator is essentially retail, that customers are paying a premium for the electricity from customer-generators. Paying for the energy at retail is what the AEPS Act requires. Moreover, many of the "extras" for which PPL would compensate a wholesale supplier, and which account for the difference between

⁸²⁴ 52 Pa. Code § 75.13(d).

⁸²⁵ PDMP's Opposition to MRPL, pp. 3, 4.

⁸²⁶ Tr. at 1061.

wholesale and retail, are not needed because the energy originates on PPL's distribution system, so those things are not part of the equation. PPL's net metering expense will rise, because it will be buying more energy from customer-generators, not because the price being paid to customer-generators is increasing. And neither PPL nor its customers will need to pay more. Nowhere in its testimony does PPL say otherwise. There is no looming disaster. The AEPS Act is functioning as intended and there is no emergency or looming cataclysm that supports the need for the MRPL proposal in the first instance. What this means is that the MRPL proposal is a solution in search of a problem and in light of the devastating harm it will cause PDMP members and other customer-generators, it is a solution that they do not need and cannot afford. PDMP avers that, for these reasons alone, the MRPL proposal and the Settlement that purports to resolve it should be rejected.

PDMP avers that PDMP members operate anaerobic digesters as a tool to reduce the odor and change the character of the manure produced by cows to a useful product instead of a liability. A byproduct of the digester is methane gas which is then burned in a generator that produces electricity and heat, which is used in the dairy for space heating and hot water, while the excess electricity is sold to PPL through the net metering process. Dairy Farmers with digesters are NOT the no-load customer-generators that PPL and others pillory in their testimony in this case. Nonetheless, the Settlement is not sufficient to protect the investments made in digesters and to ensure the viability of the dairy farms into the next generations. PDMP Opposition at 6.

While PDMP appreciates that the parties agreed to grandfather even the small number of customer-generators that it does, the provision is limited to 140 MW AC of generation. That small size means that there will be no chance for digesters not already installed to participate under the current rules, which means that there will be no more digesters built in the PPL service territory. Not only is the number of MW under the Cap too small, the duration of the grandfathering at 10 years is too short. Schrack

Farms is not an outlier in the fact that it has been operated by ten or more generations of the same family. Dairy farmers have a much longer time reference when it comes to the viability of investments and limiting it to 10 years will impact farms' ability to recoup the investments they may have made in the last 10 years. As Mr. Harbach testified, they recently invested over a million dollars on a new generator. Ten years will not be enough time on their slim margins to recover that investment. The timeline must be elongated so that farms are able to recover their investments made before PPL proposed its radical MRPL program. PDMP Opposition at 6-7.

Apart from the too-short length of time that the grandfathering will endure, the qualifications for being able to grandfather in the first place are far too restrictive. As witness Rensch testified, there are other digester projects on the cusp of beginning construction.⁸²⁷ It is not clear if they will qualify under the 140 MW cap. Not only will the investments to date not be recoverable, but the financing arrangements for those projects are likely to be negatively impacted in a manner so that none are built. The prospect of projects that employ technology that has been endorsed and encouraged by the Governor and the General Assembly, not being able to be constructed will harm the farms and communities that will lose the benefits those digesters would have provided. PDMP Opposition at 7.

The timeline also impacts farms with existing digesters because of the fact that digesters are, in a sense, machines that require repair and replacement, and to the extent that a digester that may need extensive work within the ten year grandfathering period, it could well lose its grandfathered status if PPL were to consider its upgraded status as a new project, which based on history it is likely to do. Without assurances that maintenance or upgrades will not rescind grandfathered status, there is too much uncertainty in the Settlement to allow the PDMP to endorse it. PDMP Opposition at 7.

⁸²⁷ PDMP Statement No. 2, p. 5.

PDMP further argued that the Enhanced GSC-2 period is too short. PDMP digester operators live, by necessity, with a more elongated period of return than many businesses. As such, the farm very well could be unable to recover invested capital under the enhanced GSC-2 period.⁸²⁸ While the rates are substantially higher than the PTC initially proposed by PPL, the benefit is too short to provide the sort of rate stability that will allow the digesters to operate on the positive side of the ledger year over year.

Lastly, PDMP argued that the Settlement is not in the public interest and must be either revised or rejected. According to PDMP, PDMP members made investments in anaerobic digesters that involve a very large percentage of their capital and which cause significant operating costs year after year. The record is likewise clear that farms with digesters provide many tangible benefits over their fellow dairy farms without digesters. It also is clear that such projects were encouraged by the Commonwealth, as a solution to the aforementioned problems with manure disposal. Finally, it also is clear that while digesters are not the “no-load” generators attacked by PPL and others, they are bound to suffer the same fate, when there is no evidence of any actual or impending harm to any customer by following the requirements of the AEPS Act.

PDMP argues that the Settlement makes no attempt to accommodate customer-generators that are very different in many respects from others, and which, in addition to providing needed energy for the local grid, provide a host of other environmental benefits that enhance their local communities as well as waterways all over the Commonwealth. The Settlement fails utterly in this regard and in so doing, is not acceptable to the PDMP, which stands firm on its conclusion that the Settlement is not in the public interest and that there is a complete and utter failure on the part of PPL

⁸²⁸ Enhanced GSC-2 is used to denote structural changes to the GSC-2 components that will produce, in the present period, a GS-3 rate of \$ 0.096 per kWh and an LP-4 rate of \$ 0.126 per kWh.

and the Settling parties to prove that the Settlement is in the public interest. For that reason and all the reasons in this objection and in PDMP's testimony, the Settlement should be rejected as not in the public interest

6. Disposition

We recommend that the Commission approve the MRPL issue as proposed by the Joint Petitioners. This provision of the Settlement represents a reasonable compromise of the parties' positions on the MRPL, especially considering that: (1) most of the parties that presented testimony on the MRPL, namely PPL Electric, OCA, OSBA, CAUSE-PA, JSA, and Walmart, have agreed to and support the Settlement; and (2) JSA, Dimension, and Walmart, all of whom were staunch opponents to the Company's proposal, support the Settlement.⁸²⁹

First and foremost, the MRPL issue as proposed by the Joint Petitioners is supported by Commission precedent. Recent Commission and Commonwealth Court decisions support approving the MRPL as modified by the Settlement and rejecting any claims that the proposal violates the AEPS Act, Public Utility Code, or Commission regulations. The Commission first approved a substantially similar proposal in UGI Utilities, Inc. - Electric Division's ("UGI Electric") most recent Default Service Plan ("DSP") proceeding. UGI Electric's proposal, termed the Supply Peak Load Impact ("SPLI") proposal, is similar to PPL Electric's as-filed MRPL proposal. As the Commission summarized in its decision approving the SPLI:

UGI proposed to determine a customer's SPLI based upon the customer's net demand contribution impact to the Company's default service procurement activity, as determined upon the net power flow from, or into, the Company's distribution system. UGI stated that customers with a SPLI below 100 kW

⁸²⁹ Settlement, pp. 1-2.

will be classified as GSR-1 customers, while customers with a SPLI that is greater than or equal to 100 kW will be classified as GSR-2 customers. The Company stated that this approach would include reviewing net metering customer-generators based upon their net SPLI. The Company added that both a non-residential customer with a peak demand of 100 kW or above, and a non-residential customer-generator with a peak injection into the Company's distribution grid of 100 kW or above, will be classified as GSR-2 customers because both have respective SPLIs of 100 kW or above. UGI St. 2 at 27-28; OCA St. 1-R at 7-8. According to the Company, this proposal prudently groups large customer-generators with large load customers for default service purposes and avoids disparate impacts on small customers. UGI M.B. at 2.^[830]

The Commission approved the SPLI proposal and rejected the solar developer's arguments that the SPLI should be denied, and on March 13, 2026, the Commonwealth Court issued an unreported opinion affirming the Commission's decision.⁸³¹

Also, we find persuasive the Company's reliance on the decision in *UGI DSP V*, where the Commission approved a proposal by Citizens' Electric Company of Lewisburg ("*Citizens' Electric*"), that is similar to PPL Electric's MRPL in Citizens' Electric's 2025 Rate Case.⁸³² In *Citizen's Electric*, the Commission cited Section 2807(e)(7) of the Public Utility Code and explained that the statute "prohibits a utility from charging default service rates to one class that subsidize the costs for other customer classes."⁸³³ "Citizens' proposed new definition for Billing Demand," which is similar to

⁸³⁰ *Petition of UGI Utils., Inc. – Elec. Div. for Approval of a Default Serv. Plan for the Period of June 1, 2025, through May 31, 2029*, 2025 Pa. PUC LEXIS 68, at *26 (Order entered Feb. 20, 2025) ("*UGI DSP V*"), *affirmed sub nom., Penn Renewables, LLC v. Pa. PUC*, 2026 Pa. Commw. Unpub. LEXIS 104 (Pa. Cmwlth. 2026) ("*Penn Renewables*").

⁸³¹ *See UGI DSP V*, at *34-42; *Penn Renewables*, at *10-20.

⁸³² *See Pa. PUC v. Citizens' Electric Co.*, Docket Nos. R-2025-3054394, *et al.*, pp. 68-76 (Order entered Jan. 15, 2026) ("*Citizens' Electric*").

⁸³³ *Id.*, p. 71.

PPL Electric's MRPL proposal, "offers a solution to the subsidization issue posed by large customer-generators."⁸³⁴ These decisions by the Commission and Commonwealth Court are persuasive that PPL Electric's MRPL is consistent with applicable law.

We further note that since Walmart has planned solar generation projects in PPL Electric's service territory, the Settlement terms providing improved compensation under Rate GSC-2 are vital towards Walmart being able to move forward with such projects. Additionally, the Company's commitment not to change the structural components of Rate GSC-2 for a period of 15 years provides the necessary stability for customer-generators to move forward with solar projects.

Moreover, we find that PPL Electric demonstrated that the MRPL is necessary to properly classify these projects for purposes of default service and mitigate the rate impact that the projects' net metering compensation has on Small C&I customers' default service rates. Although the Company initially opposed any grandfathering in the litigation, the Settlement provides a reasonable process that permits existing and certain projects to remain in Rate GSC-1, while mitigating the potential rate impact that other grandfathering proposals would have. As noted in PPL Electric's surrejoinder testimony, the 140-MW Cap would cover the capacity of existing Rate GSC-1 customer-generators as of the date of the Company's rate case filing (i.e., approximately 15.5 MW) along with the amount of capacity of Rate GSC-1 customer-generators' projects that have been placed into service after the rate case filing, or are in the interconnection queue and slated to be placed in service by September 30, 2026 (i.e., approximately 124.5 MW).⁸³⁵

⁸³⁴ *Id.*

⁸³⁵ PPL Electric St. No. 15-SSRJ, p. 3.

We were also persuaded by PPL's assertion that the Settlement helps address concerns about the financial impact of the MRPL proposal on projects that are not grandfathered and are reclassified to Rate GSC-2. In its sur-surrejoinder testimony, PPL Electric observed that the MRPL proposal, as modified by the Joint Stipulation and Settlement, would provide current Rate GSC-2 cash out rates for Rate GS-3 and Rate LP-4 customer-generators of \$0.09601 per kWh and \$0.12646 per kWh, respectively.⁸³⁶ The Company stated that the inclusion of the capacity component, line loss, and a gross-up for GRT adds \$0.02062 per kWh and \$0.01897 per kWh to the GSC-2 cash out rates for GS-3 and LP-4 customer-generators, respectively.⁸³⁷ Comparatively, the Company's current rate for cash-out, the Small C&I PTC is \$0.12681 per kWh.⁸³⁸ That is a difference of \$0.0308 per kWh for Rate GS-3 customer-generators and a mere \$0.00035 per kWh for Rate LP-4 customer-generators.⁸³⁹ As such, the Rate GSC-2 changes that would result from the Settlement are projected to significantly reduce the financial impact of the Company's proposal on projects that would be classified as Rate GSC-2.

We believe that the Settlement produces a reasonable and equitable outcome that addresses concerns regarding the impact of large customer-generators on the Rate GSC-1 PTC, while providing for grandfathering of existing and other projects up to a cap of 140 MW and changing the Rate GSC-2 rate components used to calculate the annual cash-out of banked excess generation, which address opponents' concerns about the impact of the proposal on existing projects and projects in the interconnection queue.

Moreover, the proposed MRPL methodology will classify customers into their appropriate rate class based on their impact to the distribution system, in furtherance

⁸³⁶ *Id.*, pp. 3-4.

⁸³⁷ *Id.*, p. 4.

⁸³⁸ *Id.*, p. 4.

⁸³⁹ *Id.*, p. 4.

of least cost procurement.⁸⁴⁰ The terms also provide customer generators with notice and concessions by PPL that will ensure a smoother transition to GSC-1 from GSC-2. Further, the change in methodology will likely result in more affordable rates for residential consumers. Additionally, customer generators excluded from GS-1 by these grandfathering terms and capacity caps can seek classification in the larger commercial classes. The compensation rates for customer generators in these larger commercial classes are reasonable, while offering protection for GS-1 small business customers.⁸⁴¹

Moreover, we note that during cross-examination of CGC witness Sharfman during the March 9, 2026 evidentiary hearing, Mr. Sharfman acknowledged that although he was aware of the Joint Petition, he had not reviewed it, nor was he aware of any of specifics contained within the settlement.⁸⁴² In light of Mr. Sharfman's admission, we find his testimony on the MRPL issue to be less than convincing.

As for the PDMP, we note that PDMP witness Harbach agreed under cross-examination during the March 9, 2026, evidentiary hearing that his system would be grandfathered into the Settlement. Accordingly, we agree with PPL⁸⁴³ that any adverse impact that the Company's original MRPL proposal would have on his system, along with any similarly situated existing anaerobic digesters already connected to the Company's distribution system, is effectively resolved through the modifications to the MRPL under the Settlement.

For all of the forgoing reasons, we find that the Company's MRPL proposal, as modified by the Settlement, is just and reasonable and fully comports with

⁸⁴⁰ OCA St. 6, p. 3.

⁸⁴¹ Settlement ¶¶ 102, 105.

⁸⁴² Tr. 1074-75.

⁸⁴³ PPL Statement in Support at 76.

the AEPS Act,⁸⁴⁴ the Public Utility Code, the Commission's regulations, and importantly, Commission precedent.

Q. RECOMMENDATION

We find the proposed Non-Unanimous Settlement to be reasonable and in the public interest. We therefore recommend approval without modification. The Non-Unanimous Settlement represents a just and fair compromise of the serious issues raised in this proceeding. After substantial evidence and discovery, the settling parties have reached a reasoned accord on a broad array of issues resulting in just and reasonable rates for electric service rendered by PPL.

In reviewing the terms of the Non-Unanimous Settlement and the accompanying Statements in Support, the Non-Unanimous Settlement provides sufficient information to support the conclusion that the revenue requirement, revenue allocation, rate design, and other settlement terms are in the public interest. The downward adjustment to the proposed revenue requirement, the two-year rate case stay-out, the increase in the maximum CAP credit limits and the smaller increase to the fixed customer charge, along with all of the other terms and conditions of the Non-Unanimous Settlement together represent a fair and reasonable compromise. The reduction to the revenue requirement and the smaller increase to the fixed customer charge are particularly important to residential ratepayers who offered testimony during the public input hearings regarding affordability of service. Moreover, the Termination of Service Procedures, Medical Certificates, Confirmed Low-Income Customers, Maximum CAP Credits, LIURP, as well as the other CAP-related sections of the Non-Unanimous Settlement will provide important and necessary aid to low-income households as well as

⁸⁴⁴ 73 P.S. §§ 1648.1-1648.8.

provide consumers with the ability to reduce their monthly bills by reducing their consumption.

A number of residential ratepayers raised concerns at public input hearings about data centers and the resulting increased costs they may have on ratepayers. We note that under the Non-Unanimous Settlement, PPL will create a new LP 6 rate class for data center customers pursuant to which data centers will pay for infrastructure upgrades they cause.

Also of note is that the Non-Unanimous Settlement finds support from a broad range of parties with diverse interests. Each party represents a variety of interests. PPL advocates on behalf of its corporate interests. The OCA is tasked with advocacy on behalf of Pennsylvania consumers in matters before the Commission.⁸⁴⁵ The OSBA represents the interests of the Commonwealth's small businesses.⁸⁴⁶ I&E is tasked with balancing these various interests and concerns on behalf of the general public interest. Each of these public advocates maintains that the interests of their respective constituencies have been adequately protected, and they further represent that the terms of the Non-Unanimous Settlement are in the public interest.

Other interests were also represented, and they too support the Non-Unanimous Settlement. These interests include public interest groups representing low-income customers (CAUSE-PA, CEO), governmental customers (DOD/FEA), industrial customers (PPLICA), environmental advocates (EDF, EJA, SEF, EI), energy generators/suppliers (Dimension, JSA, RESA), energy storage developers (Convergent), retail business owners (Walmart), and a customer-Complainant, Eric Joseph Epstein.

⁸⁴⁵ Section 904-A of the Administrative Code of 1929, Act of April 9, 1929, P.L. 177, as amended, 71 P.S. § 309-1.

⁸⁴⁶ Section 399.45 of the Small Business Advocate Act, Act of December 21, 1988, P.L. 1871, 73 P.S. § 399.45.

These parties, in a collaborative effort, have reached an agreement on a broad array of issues, demonstrating that the Non-Unanimous Settlement is in the public interest and should be approved.

Resolution of this proceeding by negotiated settlement removes the uncertainties of litigation. In addition, all parties will benefit by the reduction in rate case expense and the conservation of resources made possible by adoption of the proposed Non-Unanimous Settlement in lieu of litigation. The Acceptance of the Non-Unanimous Settlement will negate the need for the filing of exceptions and reply exceptions, and potential appeals. These savings in rate case expense serve the interests of PPL and its ratepayers, as well as the parties themselves.

As to the non-settling parties,⁸⁴⁷ CGC, PDMP, Mr. Bhattacharyya, Ms. Junaid, Ms. Kimmel-Smith, Mr. Gadomski, Mr. Graham and Ms. Johnson, were each provided a copy of the Joint Petition for Non-Unanimous Settlement of All Issues and offered an opportunity to comment or object to its terms.⁸⁴⁸ Aside from CGC and PDMP who did submit written Objections to the Non-Unanimous Settlement and whose Objections have already been addressed, none of the consumer Complainants responded.

⁸⁴⁷ We did not learn of the Complaint of Kenneth Johnson at Docket C-2026-3061118 until March 20, 2026, the date that comments or objections to the Non-Unanimous Settlement were due. We do note that this Complainant shares an address with Complainant Wendy S. Johnson, who was provided a copy of the Non-Unanimous Settlement and given an opportunity to comment or object.

Additionally, we did not learn of the Complaint of Diane Cheer at Docket C-2026-3061706 until April 10, 2026, the date that this Complaint was added to the Commission's electronic docketing system.

⁸⁴⁸ On March 23, 2026, a Complaint was filed by Mary Bainbridge at Docket C-2026-3061424, which was after the date that comments or objections to the Non-Unanimous Settlement were due. "A person filing a complaint during the suspension of a proposed general rate increase shall take the record of the suspended rate proceeding as it stands at the time of the complaint's filing." 52 Pa.Code § 5.32(b).

Inasmuch as their due process rights have been fully protected, their formal Complaints can be dismissed for lack of prosecution.⁸⁴⁹

For all of the foregoing reasons, we find the terms embodied in the Joint Petition for Non-Unanimous Settlement of All Issues are both just and reasonable and its approval is in the public interest. We recommend the Commission approve the Non-Unanimous Settlement without modification.

IX. VICE CHAIR BARROW'S OCTOBER 23, 2025 STATEMENT

Vice Chair Barrow issued a Statement on October 23, 2025, in which she voted to approve the suspension and investigation of the filing at this docket pursuant to 66 Pa. C.S. § 1308(d). Additionally, Vice Chair Barrow urged the parties to take a critical look at, inter alia, the following issues:

- Extended Stay Out;
- Capital Structure;
- Tracking Capital from Parent Company;
- Customer Service Issues & Impact on ROE;
- Cost Allocation; and
- Universal Service.

Moreover, we reminded the parties of the need to address these issues at Paragraph 11 of our Prehearing Order #1.⁸⁵⁰ Several of the active parties went into considerable detail describing how the parties considered these identified issues throughout the course of this

⁸⁴⁹ See, *Schneider v. Pa. PUC*, 83 Pa.Cmwlth. 306, 479 A.2d 10 (1984) (Commission is required to provide due process to the parties; when parties are afforded notice and an opportunity to be heard, Commission requirement to provide due process is satisfied).

⁸⁵⁰ Paragraph 11 of Prehearing Order #1 provided “[t]hat the active Parties are reminded to address in this proceeding the issues identified in the Statement of Vice Chair Kimberly Barrow dated October 23, 2025.”

proceeding. The active parties maintain, and we agree, that they considered each of these issues during this proceeding, and when reaching Settlement.

In general, I&E maintains that these issues were investigated by I&E in this proceeding. Specifically, I&E witness Drew Breuning discussed PPL Electric's upward-trending financial position in the 10 years since its last rate case filing in his critique of the Company's proposed cost of equity.⁸⁵¹ I&E Breuning also made recommendations opposing PPL Electric's proposed capital structure and ROE.⁸⁵² I&E is satisfied that factors such as the Company's capital structure, ROE, and potential rate shock to customers given the length of time between rate case filings were appropriately considered when determining the agreed-upon revenue increase. While I&E did not submit testimony discussing all issues raised in Vice Chair Barrow's Statement, I&E finds that these issues were fully investigated in discovery and addressed in the parties' testimony and that the Settlement reaches a full and fair resolution of these issues. I&E Statement in Support of Non-Unanimous Settlement at 15.

EJA notes that it submitted expert testimony from its witness Karl R. Rábago analyzing and considering several of these issues, including a detailed analysis of PPL Electric's capital structure, including its debt-equity ratio and return on equity,⁸⁵³ analysis of cost allocation issues in connection with large load customers,⁸⁵⁴ as well as analysis of universal service issues in connection with large load customers.⁸⁵⁵ EJA notes that the Joint Petition provides expanded protections for ratepayers from inequitable allocation of interconnection costs from large load customers, and also provides for the

⁸⁵¹ I&E Statement No. 3, pp. 54-55.

⁸⁵² I&E Statement No. 3, pp. 6, 15-19, 31, 55-56; I&E Statement No. 3-SR, pp. 2, 6, 26-28.

⁸⁵³ EJA, St. No. 1 (corrected), pp. 19-31; EJA, St. No. 1-SR, pp. 24-31.

⁸⁵⁴ EJA, St. No. 1 (corrected), pp. 71-79; EJA, St. No. 1-SR, pp. 35-40.

⁸⁵⁵ EJA, St. No. 1 (corrected), pp. 17-18; EJA, St. No. 1-SR, pp. 7-10.

allocation of \$11 million in USR costs to LP-6 customers starting 2027. EJA Statement in Support of Non-Unanimous Settlement at 6-7.

Walmart believes that the issues outlined by Vice Chair Barrow in her October 23, 2025 Statement were adequately evaluated and considered by the parties throughout the course of this proceeding and during development of the Settlement. As such, Walmart generally agrees with the Settlement's responses to each of the issues raised by Vice Chair Barrow. Walmart Statement in Support of Non-Unanimous Settlement at 7.

Several of the parties provided more issue-specific responses to the Vice Chair's Statement, which are addressed below.

A. Extended Stay Out

PPL Electric Witness Martin testified that the Company strives to be judicious with its O&M and capital expenditures, recognizing the downstream impact the incurrence of those costs has on customers' rates.⁸⁵⁶ Even with the proposed base rate increase, PPL Electric would have some of the lowest electric distribution rates among the major EDCs.⁸⁵⁷ Also, over the last decade, during which the Company has not sought any base rate increase, PPL Electric has utilized all available tools in consideration of customer affordability.⁸⁵⁸ In the face of reliability concerns, the Company has increased its LTIIP spending and was approved for a waiver of its DSIC cap.⁸⁵⁹ This gave the Company the opportunity to make significant reliability investments and mitigate rate shock for customers, while also continuing to maintain consumer protections with a price

⁸⁵⁶ PPL Electric St. No. 1-R, p. 9.

⁸⁵⁷ *Id.*

⁸⁵⁸ *Id.*, p. 10.

⁸⁵⁹ *Id.*

cap.⁸⁶⁰ This serves as evidence that the Company has explored and utilized available options before seeking the instant base distribution rate increase.⁸⁶¹ PPL Statement in Support of Non-Unanimous Settlement at 97-98.

PPL further avers that the Settlement provides for a reduced revenue requirement than the one requested by PPL Electric as well as a two-year rate case stay-out.⁸⁶² The Settlement also addresses the allocation of the revenue increase among the Company's customer classes, with the average bill impacts in Appendix C of the Settlement.⁸⁶³ The Settlement also contains several provisions designed to address affordability concerns, including the waiver of reconnection fees, increases in the maximum CAP credit limits, and a \$1.5 million increase in the Company's annual LIURP budget.⁸⁶⁴ As a whole, PPL believes that the Settlement reasonably balances the Company's need for rate relief with the impact of the revenue increase on customers' bills. PPL Statement in Support of Non-Unanimous Settlement at 98.

The OCA notes that the stay-out contained in the Settlement is a reasonable compromise between the parties, especially given that PPL's previous rate case was filed over a decade ago. The OCA submits that the stay-out is an important component of the Settlement, is responsive to Vice Chair Barrow's concern, and is in the public interest as it shields PPL's customers from a further immediate rate increase. OCA Statement in Support of Non-Unanimous Settlement at 75.

In consideration of the extended stay-out, CAUSE-PA averred that PPL's customers – particularly its low-income customers – already face profound rate

⁸⁶⁰ *Id.*

⁸⁶¹ *Id.*

⁸⁶² *See* Settlement Section III.A.

⁸⁶³ *See* Amended Appendix C filed on April 1, 2026.

⁸⁶⁴ *See* Settlement Section III.F.

unaffordability at present rates, and any increase in monthly bills will cause increased economic hardships to the many low-income families who are struggling to afford basic necessities each month.⁸⁶⁵ CAUSE-PA agreed to the revenue increase set forth in this proposed Settlement as a result of a variety of factors, including the mitigation measures set forth throughout the proposed Settlement – including several reforms to PPL’s universal service programs, to better assist PPL’s customers. CAUSE-PA also continues to be cognizant that fully litigating this proceeding may have resulted in an outcome that was more detrimental to consumers than that provided for in the proposed Settlement. Recent Commission decisions on fully litigated cases have resulted in inconsistent outcomes on customer service and low-income issues and have awarded ROEs that are materially higher than the effective ROE that results from this case. CAUSE-PA believes that the tradeoff of issues that resulted from settlement in this case produced better all-around outcomes than what the Commission would have decided in a fully litigated case. CAUSE-PA Statement in Support of Non-Unanimous Settlement at 61-62.

B. Capital Structure

Vice Chair Barrow raised concerns about the Company’s claimed capital structure and ROE in the “Capital Structure” section of her Statement.⁸⁶⁶ The parties engaged in extensive discovery and presented multiple rounds of in-depth testimony about the Company’s and other parties’ proposed capital structure and ROE. Although the Settlement does not specify a capital structure or ROE that was used to determine the agreed-upon revenue increase, the Settlement provides that the Joint Petitioners’ positions on these issues were duly considered when determining the agreed-upon increase in the Company’s revenue requirement.⁸⁶⁷ PPL avers that the Joint Petitioners devoted a significant amount of time and effort to investigating and litigating these issues in this

⁸⁶⁵ CAUSE-PA St. 1, pp. 35-36; 38-44.

⁸⁶⁶ Settlement ¶ 142.

⁸⁶⁷ Settlement ¶ 143.

case and drew upon their extensive experience in rate case proceedings in negotiating the Settlement and evaluating their positions. Given the fact that every party that presented testimony on these issues reached agreement on the overall revenue requirement, PPL submits that the Settlement should be approved without modification. PPL Statement in Support of Non-Unanimous Settlement at 98-99.

In accordance with Vice Chair Barrow's statement, the OCA advocated for an imputed capital structure of 58% debt and 42% equity. The OCA notes that it considered PPL's capital structure in this proceeding in response to Vice Chair Barrow's statement and took capital structure into account when negotiating the Settlement regarding PPL's revenue requirement. Moreover, regarding ROE, the OCA argued for an evidence-based ROE based on sound ratemaking, in accordance with Vice Chair Barrow's statement. The OCA took this into account when negotiating the settlement regarding PPL's revenue requirement, and the OCA believes that the overall result is within the range of litigated outcomes. The OCA submits that it considered PPL's Capital structure in this proceeding in response to Vice Chair Barrow's statement. OCA Statement in Support of Non-Unanimous Settlement at 80-82.

CAUSE-PA notes that it has carefully examined how PPL's capital structure, including its requested ROE impacted PPL's overall revenue request, and how this revenue request, in turn, impacted rates and monthly bills for PPL's customers.⁸⁶⁸ Mr. Cicero expressed particular concern that PPL's requested rate of return of 8.56%, including its requested ROE of 11.3%,⁸⁶⁹ at its highly skewed capital structure which comprises of 56.05% equity and 43.95% long term debt⁸⁷⁰ would create a wealth transfer from PPL's customers to its shareholders, would exacerbate the affordability challenges

⁸⁶⁸ CAUSE-PA St. 1, pp. 14-21.

⁸⁶⁹ PPL Volume VII, Fully Projected Future 1, Exhibit B-7; PPL Exhibit Fully Projected Future 1 B-8, page 1 of 1. CAUSE-PA St. 1, pp. 6-7.

⁸⁷⁰ PPL St. No. 9, p. 3, Volume VII, Fully Projected Future 1, Exhibit B-7.

that PPL’s customers are already facing, and would needlessly enrich PPL’s shareholders at the expense of its customers.⁸⁷¹ CAUSE-PA continues to oppose PPL’s attempts at extractive economics as its proposals are excessive and profoundly undercut the ability of PPL’s customers to access affordable rates.⁸⁷² Notwithstanding its strong position, CAUSE-PA asserts that the revenue requirement in the proposed Settlement represents a meaningful reduction to PPL’s initial proposals, inclusive of the ROE which would be produced as a result of these increases. While imperfect, CAUSE-PA estimates that the effective ROE that results from the authorized revenue requirement is no higher than 9.4%, which is materially lower than that sought by the Company and what has historically been awarded by the Commission. CAUSE-PA Statement in Support of Non-Uniform Settlement at 63.

C. Tracking Capital from Parent Company

Vice Chair Barrow asked parties to “critically review these transactions between PPL and its parents/affiliates in this investigation.”⁸⁷³ As stated in the Settlement, the parties investigated the Company’s transactions with its affiliates, including the services provided by PPL Services Corporation to PPL Electric and the allocation of PPL Services Corporation’s costs among its affiliates.⁸⁷⁴ Parties also examined the Joint Venture announced by PPL Corporation and Blackstone Infrastructure and raised issues concerning the appropriate protections against potential conflicts of interest.⁸⁷⁵ PPL Statement in Support of Non-Uniform Settlement at 99.

⁸⁷¹ CAUSE-PA St. 1, pp. 19-20.

⁸⁷² *Id.*, pp. 14-15.

⁸⁷³ Settlement ¶ 145.

⁸⁷⁴ Settlement ¶ 146.

⁸⁷⁵ *Id.*

PPL Electric avers that it presented substantial testimony as part of its rebuttal case about the joint venture and the protections in place to protect against any potential conflicts of interest.⁸⁷⁶ As the Company explained, the Company has robust protections to guard against conflicts of interest with affiliates.⁸⁷⁷ PPL Electric continues to be managed separately from the joint venture with appropriate structural protections that have historically and continue to be in place, including bankruptcy protections, separate credit ratings, capital structure requirements under stand-alone credit facility agreements, collateral requirements under debt financing agreements and independence of board of directors.⁸⁷⁸ These structural protections have been in place, including when PPL Corporation had a subsidiary in Pennsylvania that owned generation assets and provided electric generation supply service.⁸⁷⁹ Also, PPL Electric and any affiliates operating in Pennsylvania have, and will continue to comply with, all applicable laws and regulations, including, but not limited to, the Electricity Generation Customer Choice and Competition Act,⁸⁸⁰ Chapter 54 of the Commission’s regulations,⁸⁸¹ and the FERC Standards of Conduct.⁸⁸² PPL Statement in Support of Non-Unanimous Settlement at 99-100.

OCA witness Garrett testified that PPL witness Nelson deviated from empirical ratemaking by using the proxy group companies’ subsidiaries to conceal the cheap debt that parent companies funnel to their subsidiaries under the guise that it is “equity.”⁸⁸³ Mr. Garrett accounted for PPL’s low-debt deviation by imputing to PPL the proxy group capital structure.⁸⁸⁴ This correction accurately reflects PPL’s risk and

⁸⁷⁶ See PPL Electric St. No. 5-R, pp. 32-34.

⁸⁷⁷ *Id.*, p. 32.

⁸⁷⁸ *Id.*

⁸⁷⁹ *Id.*

⁸⁸⁰ 66 Pa. C.S. § 2801, et seq.

⁸⁸¹ 52 Pa. Code §§ 54.1, et seq.

⁸⁸² 18 C.F.R. § 358.1, et seq.; PPL Electric St. No. 5-R, p. 32.

⁸⁸³ OCA St. 3SR, p. 11.

⁸⁸⁴ OCA St. 3, p. 54.

proportionately lower return on equity. OCA Statement in Support of Non-Unanimous Settlement at 82.

OCA witness Garrett identified that PPL witness Nelson used the proxy group companies' subsidiaries to conceal the cheap debt that parent companies funnel to their subsidiaries under the guise that it is "equity."⁸⁸⁵ This is the kind of cost-shifting manipulation that Vice Chair Barrow specifically requested the parties to review. The OCA took this into account when negotiating the Settlement regarding PPL's revenue requirement, and the overall result is within the range of litigated outcomes. Thus, the OCA considered PPL's Capital structure in this proceeding in response to Vice Chair Barrow's statement. OCA Statement in Support of Non-Unanimous Settlement at 83.

EI witness Nelson, submitted testimony on the Joint Venture between PPL Corporation and Blackstone Infrastructure to build natural gas plants in Pennsylvania to power new data centers in the state. In this testimony, he raised issues concerning potential conflicts of interest associated with the Joint Venture.⁸⁸⁶ Mr. Nelson explained that two types of conflict concerns could result under PPL's original proposal. First, the Joint Venture could create an incentive for PPL Electric to socialize costs triggered by large load customers, which would improve the Joint Venture's business prospects vis-a-vis such customers.⁸⁸⁷ Second, it could create an incentive for PPL Electric to preference the Joint Venture generation projects in the interconnection process.⁸⁸⁸ This latter potential conflict exists regardless of the extent to which PPL socializes the costs of Joint Venture-supported customer interconnections, as speed to power is often an overriding

⁸⁸⁵ *Id.*, p. 11.

⁸⁸⁶ EI St. 1, pp. 18-19; 46.

⁸⁸⁷ *Id.*, p. 46.

⁸⁸⁸ *Id.*, p. 49.

priority for data centers.⁸⁸⁹ EI Statement in Support of Non-Unanimous Settlement at 10-11.

EI notes that the proposed Settlement does not address the Joint Venture. However, it mitigates EI's immediate concerns about the potential cost-socialization conflict by requiring all LP-6 customers to bear the incremental delivery costs associated with serving them. As Mr. Nelson explained in testimony, "Directly assigning and securing payment of all such costs removes the need for PPL Electric to exercise discretion about whether and when to allocate costs to JV-supported large load customers."⁸⁹⁰ PPL Electric witness Johnson averred that existing safeguards, such as the FERC Standards of Conduct, will protect against the latter potential conflict regarding interconnection preference.⁸⁹¹ When considering the Settlement as a whole, and in light of the Commission's ongoing authority to monitor for potential conflicts and direct appropriate utility action—which the Settlement does not affect—EI believes that the Settlement reflects a reasonable compromise on these issues. EI Statement in Support of Non-Unanimous Settlement at 11.

Mr. Epstein notes that he discussed with the Company and submitted information requests relating to PPL's relationship with Blackstone Infrastructure. Mr. Epstein further notes that PPL stipulated that "Parties also examined the joint venture and announced by PPL Corporation and Blackstone Infrastructure and raised issues concerning the appropriate protections against potential conflicts of interest," Eric Joseph Epstein Statement in Support of Non-Unanimous Settlement at 7

⁸⁸⁹ *Id.*, p. 49.

⁸⁹⁰ *Id.*, p. 50.

⁸⁹¹ PPL Statement 5-R, p. 32.

D. Customer Service Issues and Impact on ROE

Vice Chair Barrow asked the parties to address the connection between customer service performance and the Company's requested ROE.⁸⁹² As the Settlement observes, the parties engaged in extensive discovery about PPL Electric's customer service and presented a significant amount of testimony and exhibits on the matter.⁸⁹³ Also, the Settlement addresses issues and proposals raised by parties about the Company's customer service. Furthermore, the Company's claimed ROE was fully investigated as part of this proceeding, and the parties' competing positions on ROE and customer service were duly considered when reaching agreement on the overall revenue requirement.⁸⁹⁴ PPL Statement in Support of Non-Unanimous Settlement at 100.

OCA witness Alexander made several recommendations to improve PPL's customer service.⁸⁹⁵ The OCA submits that there are several important customer service provisions in the Settlement that are aimed at improving PPL's customer service. The OCA agrees with Vice Chair Barrow's perspective on customer service issues impacting the ROE and took PPL's customer service into account in arriving at the Settlement. OCA Statement in Support of Non-Unanimous Settlement at 84.

While CAUSE-PA did not take a specific position in this proceeding related to PPL's billing issues between December 2022-April 2023, it did set forth specific recommendations to improve PPL's customer service operations and ensure economically vulnerable consumers are connected to assistance to address affordability concerns.⁸⁹⁶ CAUSE-PA Statement in Support of Non-Unanimous Settlement at 64.

⁸⁹² Settlement ¶ 148.

⁸⁹³ Settlement ¶ 149.

⁸⁹⁴ Settlement ¶ 151.

⁸⁹⁵ See OCA St. 7SR, pp. 16-18.

⁸⁹⁶ See also Pennsylvania Public Utility Commission, Bureau of Investigation and Enforcement v. PPL Electric Utilities Corporation Docket No. M-2023-3038060

RESA notes that Vice Chair Barrow’s statement highlighted the system-wide customer billing issues that resulted due to the failure of PPL’s meter data collection system and that the parties were asked to consider this as part of the ROE requested by PPL. Although RESA did not take a position on the ROE requested by PPL, RESA witness Lacey did present written direct testimony about how the disruption in PPL’s system negatively impacted EGSs and their customers.⁸⁹⁷ Mr. Lacey also explained how a recent upgrade by PECO Energy Company of its Customer Information System presented numerous challenges negatively impacting EGS operations which flowed through to shopping customers.⁸⁹⁸ PPL agreed to address RESA’s concerns about system upgrades, and RESA supports the Settlement’s approach as a reasonable resolution of the issue. However, in consideration of Vice Chair Barrow’s statement, RESA urges the Commission to keep in mind that utility IT upgrades can have significant negative impacts beyond just distribution and default service customers and these impacts need to be carefully considered as well. Further, while “after the fact” consequences such as a reduced ROE and/or fines or penalties are an important tool available to the Commission, proactive measures should also be identified and put in place to mitigate the need to rely on enforcement and penalty actions. RESA Statement in Support of Non-Unanimous Settlement at 12-13.

Consideration of customer service issues was of particular importance to Convergent. As explained by Convergent in its testimony in this proceeding, clear rules

(where CAUSE-PA set forth extensive Comments dated February 28, 2024, related to this billing dispute).

⁸⁹⁷ RESA St. No. 1, p. 13.

⁸⁹⁸ *Id.*, pp. 13-14. Upon consideration of a more recent Bureau of Audits’ Management Efficiency Investigation of PECO, Chairman Stephen DeFrank highlighted the observation of the Bureau of Audits of multiple PECO inquiries where customers did not receive their bills regularly. *PECO Energy Company Management Efficiency Investigation Evaluating the Implementation of Selected Recommendations from the 2022 Management and Operations Audit*, Docket No. D-2025-3053971, Statement of Chairman Stephen M. DeFrank dated March 12, 2026.

for the interconnection of Non-Exporting Battery Energy Storage projects that align with industry best practices will reduce customer confusion and support investment in battery projects that could help address resource adequacy and customer reliability concerns. A driving factor behind the construction of behind-the-meter projects is to help customers control/subsidize their own energy costs. Non-Exporting Battery Storage projects are separate and unique from storage projects that interconnect to PPL Electric’s grid with the intent to export. As such, Convergent continues to believe that behind-the-meter storage systems that do not export to the PPL Electric grid should have interconnection protocols tailored to their specific position. While Convergent believes that more work on these issues is necessary in the Commission’s upcoming interconnection docket at Docket No. L-2025-3059032, Convergent views the terms of this Joint Petition as a valuable step forward in the interim to confirm PPL’s approach to Non-Exporting Battery Energy Storage projects, with the objective of seeking alignment with industry best practices. Convergent Statement in Support of Non-Unanimous Settlement at 5.

E. Cost Allocation

Vice Chair Barrow also raised concerns about cost allocation in the face of “new ordinary customer loads” as well as “city-sized loads” that are being interconnected with the distribution system, questioning if “[s]ome of our methods may be outdated, with sophisticated customers able to avoid consumption in a few peak hours to avoid their entire contribution.”⁸⁹⁹ Revenue allocation was a significant issue that the parties presented testimony on and made recommendations regarding. The Settlement recognizes that the parties devoted a significant amount of time and attention to these issues concerning the appropriate allocation of costs for large load interconnections.⁹⁰⁰ The Settlement provides several terms and conditions that are designed to address those

⁸⁹⁹ Settlement ¶ 152.

⁹⁰⁰ Settlement ¶ 153.

issues with large load interconnections.⁹⁰¹ As for Vice Chair Barrow's concerns about peak shaving, the Settlement would approve PPL Electric's new Rule 6 for standby charges, as modified by the Settlement.⁹⁰² PPL Statement in Support of Non-Unanimous Settlement at 100-101.

The OCA avers that the Settlement addresses cost allocation and the impact of electrification on the PPL's system in several ways. The proposed revenue allocation presented in Appendix B represents a reasonable resolution of the proposals presented by the parties. In particular, the revenue allocation reflects a compromise of the OCA and PPL's positions in the case but also represents a reflection of a reasonable compromise of the spectrum of potential litigation results. The revenue allocation under the Settlement is weighted 80% to PPL's ACOSS and 20% to OCA's ACOSS, while adopting PPLICA's proposal to limit the increase to Rates RTS and LP-4 to 1.3 times the system average increase.⁹⁰³ The allocation will better move the classes towards the system average as shown in Appendix B of the Settlement. OCA Statement in Support of Non-Unanimous Settlement at 84-85.

The OCA further avers that the proposed rate design and customer charge increases adopted better reflect the Company's customer cost components and, as discussed by OCA witness Johnson, provide clearer price signals and energy conservation incentives. Additionally, the development of the Rate LP-6 tariff and the provisions for large loads will provide for important consumer protections and help ensure PPL's recovery from large load customers of the cost impacts caused by large loads customers. OCA Statement in Support of Non-Unanimous Settlement at 85.

⁹⁰¹ See Settlement Section III.I.

⁹⁰² See Settlement Section III.M.

⁹⁰³ Settlement App. B.

Lastly, the OCA believes that the Electric Vehicle pilot program provisions will better align with the Company's Phase V EE&C Plan and provides for important modifications to pilot the impact of an EV rebate program to address peak demand. The reporting provisions and evaluation proposed as a part of the Settlement will also help to better understand how the pilot program provides benefits to ratepayers and EV customers. OCA Statement in Support of Non-Unanimous Settlement at 85.

CAUSE-PA notes that, through the course of this proceeding, it examined how PPL's proposals related to the interconnection of large load customers would improperly shift costs related to these customers to PPL's other ratepayers without PPL clearly demonstrating that ratepayers would see tangible benefits as a result of PPL's proposals.⁹⁰⁴ While not fully addressing customer harm as a result of these large load customers, CAUSE-PA avers that the proposed Settlement provides several important improvements to PPL's proposals related to these customers, and is reasonable given the totality of considerations in this matter. CAUSE-PA Statement in Support of Non-Unanimous Settlement at 64-65.

Issues surrounding large load interconnection were a major focal point of PPLICA's testimony in this proceeding. PPLICA specifically expressed concern that PPL has not explained nor quantified how it would determine which interconnection costs would be paid for by large load customers and which would be socialized. The Settlement proposes a collection of provisions designed to protect existing customers from the costs and risks associated with new large load interconnections and elicits a commitment from PPL to submit ESAs to the Commission for transparency. PPLICA Statement in Support of Non-Unanimous Settlement at 17.

⁹⁰⁴ CAUSE-PA St. 2, pp. 14-15.

F. Universal Service

Lastly, Vice Chair Barrow asked the parties, in the “Universal Service” section of her Statement, to address whether large load customers “should be allocated a share of the universal services charges, currently only charged to the residential rate class.”⁹⁰⁵ As noted in the Settlement, this issue was fully investigated by the parties in this proceeding.⁹⁰⁶ Ultimately, the Joint Petitioners agreed to allocate \$11 million of USR costs annually to the new LP-6 rate class through a non-bypassable customer charge.⁹⁰⁷ Therefore, PPL submits that the Settlement directly addresses Vice Chair Barrow’s concern about the potential impact of these large load customers on the USR costs currently borne by residential customers. PPL Statement in Support of Non-Unanimous Settlement at 101.

OSBA asserts that in this proceeding, PPL and the OSBA have opposed any proposals to allocate universal service costs to all rate classes. COVID-19 did a great deal of damage to small businesses across the Commonwealth, including putting many completely out of business. Inflation over the last few years has also taken a toll on the Commonwealth’s small businesses. Making matters worse, the customer-generators, getting reimbursed at the price to compare, are causing the electric supply rates for small businesses to dramatically increase. At this juncture, without some form of relief, such as what is proposed in the Joint Petition, placing universal service costs on the Commonwealth’s small businesses may be their death knell. To address this issue, the Joint Petition proposes that PPL allocate \$11 million of universal service costs annually to the new LP-6 class. Specifically, PPL will propose an increased allocation of costs to the LP-6 class in its next filed rate case or will explain why it has not proposed to increase this allocation. The OSBA submits that this is a just and reasonable solution to

⁹⁰⁵ Settlement ¶ 156.

⁹⁰⁶ Settlement ¶ 157.

⁹⁰⁷ Settlement ¶ 96.

help fund the residential-only universal service costs. This is also a much better solution than putting additional charges onto the Commonwealth's small businesses. OSBA Statement in Support of Non-Unanimous Settlement at 5-6.

CAUSE-PA extensively investigated the impacts of large load customers in this proceeding, including these customers impacts on the costs associated with PPL's universal service programs. As previously noted, Paragraph 96 of the proposed Settlement provides for direct assignment of \$11 million annually in universal service costs to the new LP-6 rate class. CAUSE-PA asserts that direct assignment of these costs helps to address the increase in customers costs which have resulted from large load customers, including the influx of data centers, which have also swelled PPL's USR costs. CAUSE-PA Statement in Support of Non-Unanimous Settlement at 65.

For all of the foregoing reasons, the active parties maintain that the issues identified by Vice Chair Barrow were considered throughout the course of this proceeding, as well as when they entered into the Joint Petition for Non-Unanimous Settlement of All Issues.

X. CONCLUSIONS OF LAW

1. The Commission has jurisdiction over the subject matter and the parties to this proceeding. 66 Pa.C.S. §§ 501, *et seq.*; 66 Pa.C.S. § 1308(d).
2. Rates charged by public utilities must be just and reasonable and cannot result in unreasonable rate discrimination. 66 Pa.C.S. §§ 1301, 1304.
3. A public utility seeking a general rate increase has the burden of proof to establish the justness and reasonableness of every element of the rate increase request. 66 Pa.C.S. § 315(a).

4. A public utility, in proving that its proposed rates are just and reasonable, does not have the burden to defend affirmatively claims made in its filing that no other party has questioned. *Allegheny Ctr. Assocs. v. Pa. PUC*, 570 A.2d 149 (Pa. Cmwlth. 1990).

5. Settlements must be in the public interest. *Pa. PUC v. Windstream Pennsylvania, LLC*, Docket No. M-2012-2227108, 2012 Pa. PUC LEXIS 1535 (Opinion and Order entered Sept. 27, 2012); *Pa. PUC v. C.S. Water and Sewer Assoc.*, Docket No. R-881147, 74 Pa. PUC 767 (Opinion entered Jul. 22, 1991).

6. The Commission’s policy permits parties to enter “partial” or “non-unanimous” settlements. *See* 52 Pa. Code §§ 69.401, 69.406, 5.232.

7. As with full settlements, the terms and conditions of partial settlements must be reasonable and in the public interest. *Pa. PUC v. City of Bethlehem – Water Department*, Docket No. R-2020-3020256, 2021 Pa. PUC LEXIS 116 (April 15, 2021).

8. The Commission has approved non-unanimous settlements as being just and reasonable and in the public interest and has not rejected or disfavored settlements because they are non-unanimous. *City of Bethlehem Water; Pa. PUC v. Pike County Light and Power Company – Electric*, Docket No. R-2020-3022135 (Recommended Decision May 5, 2021; Order entered June 23, 2021); *Pa. PUC v. Pennsylvania-American Water Company*, Docket No. R-2020-3019369 (Order entered Feb. 25, 2021).

9. The standards for approving the terms of non-unanimous settlements are the same as those for deciding a fully contested case, *i.e.*, the parties to the non-

unanimous settlement must demonstrate that the proposed settlement is supported by substantial evidence and that the rates agreed to are just and reasonable and in conformity with the Commission's orders and regulations. 66 Pa C.S. § 1301; *Pa. PUC v. Pike County Light and Power Company – Electric*, Docket No. R-2020-3022135 (Recommended Decision May 5, 2021; Order entered June 23, 2021).

10. When evaluating a non-unanimous settlement, the Commission will also consider the due process afforded to non-settling parties, such as whether the non-settling parties were provided an opportunity to object to the settlement and to present their positions on the issues, and the range of interests represented in the non-unanimous settlement. *Pa. PUC v. City of Bethlehem – Water Department*, 2021 Pa. PUC LEXIS 116.

11. The Joint Petition for Non-Unanimous Settlement of All Issues is in the public interest and is supported by substantial evidence.

XI. ORDER

THEREFORE,

IT IS RECOMMENDED:

1. That the Joint Petition for Non-Unanimous Settlement of All Issues, including attachments, as well as Amended Appendix C, filed on March 13, 2026 and April 1, 2026 respectively, by PPL Electric Utilities Corporation, the Bureau of Investigation and Enforcement, the Office of Small Business Advocate, the Office of Small Business Advocate, the Commission on Economic Opportunity, the Coalition for

Affordable Utility Services and Energy Efficiency in Pennsylvania, Convergent Energy and Power LP, Dimension PA 1 LLC, the U.S. Department of Defense and all other Federal Executive Agencies, Eric Joseph Epstein, the Environmental Intervenors, the Energy Justice Advocates, the Joint Solar Advocates, PP&L Industrial Customer Alliance, the Retail Energy Supply Association, the Sustainable Energy Fund, and Walmart be admitted into the record of this proceeding.

2. That the rates, terms and conditions contained in the Joint Petition for Non-Unanimous Settlement of All Issues, including attachments, filed on March 13, 2026, by PPL Electric Utilities Corporation, the Bureau of Investigation and Enforcement, the Office of Small Business Advocate, the Office of Small Business Advocate, the Commission on Economic Opportunity, the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania, Convergent Energy and Power LP, Dimension PA 1 LLC, the U.S. Department of Defense and all other Federal Executive Agencies, Eric Joseph Epstein, the Environmental Intervenors, the Energy Justice Advocates, the Joint Solar Advocates, PP&L Industrial Customer Alliance, the Retail Energy Supply Association, the Sustainable Energy Fund, and Walmart be approved in its entirety without modification.

3. That PPL Electric Utilities Corporation be permitted to file a tariff supplement incorporating the terms of the Joint Petition for Non-Unanimous Settlement of All Issues and changes to rates, rules and regulations as set forth in the Joint Petition for Non-Unanimous Settlement of All Issues to become effective upon at least one day's notice after entry of the Commission's Order approving the Joint Petition for Non-Unanimous Settlement of All Issues, for service rendered on and after July 1, 2026, which tariff supplement increases PPL Utilities Corporation's rates as to permit an annual increase in base rate operating revenues of not more than \$275 million.

4. That the following Complaints consolidated with the Commission's Investigation at R-2025-3057164 be deemed satisfied: the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania at Docket No. C-2025-3057844; the Office of Small Business Advocate at Docket No. C-2025-3057889; the Office of Consumer Advocate at Docket No. C-2025-3058130; the PP&L Industrial Customer Alliance at Docket No. C-2025-3058271; Convergent Energy and Power LP at Docket No. C-2025-3058300; and the Solar Energy Industries Association and the Coalition for Community Solar Access at Docket No. C-2025-3058251.

5. That the following Complaints consolidated with the Commission's Investigation at R-2025-3057164 be dismissed: Brad and Jennifer Wooley at Docket No. C-2025-3057946; Rik Bhattacharyya at Docket No. C-2025-3058846; Safiya Junaid at Docket No. C-2025-3058982; Stacey Kimmel-Smith at Docket No. C-2025-3059151; John Gadomski at Docket No. C-2025-3059330; Thatcher Graham at Docket No. C-2026-3060429; Wendy Johnson at Docket No. C-2026-3061012; Kenneth S. Johnson at C-2026-3061118; Mary Bainbridge at C-2026-3061424 and Diane Cheer at C-2026-3061706.

6. That the Commission's investigation at Docket No. R-2025-3057164 and the formal Complaints at Docket Nos. C-2025-3057844, C-2025-3057889, C-2025-3058130, C-2025-3058271, C-2025-3058300; C-2025-3058251, C-2025-3057946. C-2025-3058846, C-2025-3058982, C-2025-3059151, C-2025-3059330, C-2026-3060429, C-2026-3061012, C-2026-3061118, C-2026-3061424 and C-2026-3061706 be marked closed.

Date: April 17, 2026

/s/
Christopher P. Pell
Deputy Chief Administrative Law Judge

/s/
Barbara Shadie Nause
Administrative Law Judge

APPENDIX

List of Admitted Party Testimony and Exhibits

Pa. PUC et al v. PPL R-2025-3057164

PPL ELECTRIC UTILITIES CORPORATION

PPL Electric's Base Rate Case Filing – filed on September 30, 2025, which consisted of:

- a) Volume 1, which contained Part I - Summary of Filing & Part II - Primary Statements (Exhibit Regs. §§ 53.52-53.53).
- b) Volume II, which contained Part III - Rate of Return (Exhibit Regs. § 53.53).
- c) Volume III, which contained Part IV - Rate Structure and Cost Allocation (Exhibit Regs. § 53.53).
- d) Volume IV, which contained Part V - Plant and Depreciation Supporting Data & Part VI – Unadjusted Comparative Balance Sheets and Operating Income Statements (Exhibit Regs. § 53.53).
- e) Volume V, which contained Exhibit Historic 1.
- f) Volume VI, which contained Exhibit Future 1.
- g) Volume VII – Exhibit Fully Projected Future 1.
- h) Volume VIII, which contained the following:
 - PPL Electric Statement No. 1 – Direct Testimony of Christine M. Martin.
 - PPL Electric Statement No. 2 – Direct Testimony of Dennis A. Urban, Jr, including PPL Electric Exhibits DAU-1 and DAU-2.
 - PPL Electric Statement No. 3 – Direct Testimony of Christopher Garrett.
 - PPL Electric Statement No. 4 – Direct Testimony of Charles R. Schram, including PPL Electric Exhibits CRS-1 and CRS-2.
 - PPL Electric Statement No. 5 – Direct Testimony of Bethany L. Johnson.
 - PPL Electric Statement No. 6 – Direct Testimony of Daniel S. Dane.
 - PPL Electric Statement No. 7 – Direct Testimony of Bickey Rimal.
 - PPL Electric Statement No. 8 – Direct Testimony of Steven W. Wishart, including PPL Electric Exhibit SWW-1.
 - PPL Electric Statement No. 9 – Direct Testimony of Julissa Burgos.

- PPL Electric Statement No. 10 – Direct Testimony of Jennifer E. Nelson, including PPL Electric Exhibits JEN-1 through JEN-9.
 - PPL Electric Statement No. 11 – Direct Testimony of John J. Spanos.
- i) Volume IX, which contained the following:
- PPL Electric Statement No. 12 – Direct Testimony of Andrew Elmore, including PPL Electric Exhibits AE-1 and AE-2.
(1) Note: Errata filed February 16, 2026.
 - PPL Electric Statement No. 13 – Direct Testimony of Katelyn Arnold, including PPL Electric Exhibit KEA-1.
 - PPL Electric Statement No. 14 – Direct Testimony of Gregory Olsen.
 - PPL Electric Statement No. 15 – Direct Testimony of Andrew Castanaro, including PPL Electric Exhibits AC-1 through AC3.
 - PPL Electric Statement No. 16 – Direct Testimony of Joseph Lookup.
 - PPL Electric Statement No. 17 – Direct Testimony of Nicole Howell.
 - PPL Electric Statement No. 18 – Direct Testimony of Lisa Norden.
 - PPL Electric Statement No. 19 – Direct Testimony of Daniel Johnson.
 - PPL Electric Statement No. 20 – Direct Testimony of James Conrad.
 - PPL Electric Statement No. 21 – Direct Testimony of Jason Hunt.
 - PPL Electric Statement No. 22 – Direct Testimony of Sharon Leskowsky.
- j) Volume X, which contained the following:
- PPL Electric Exhibit BR-1 (Cost Allocation Study).
- k) Volume XI, which contained the following:
- PPL Electric Exhibit BR-2 (Distribution Functionalization & Classification Studies).
- l) Volume XII, which contained the following:
- PPL Electric Exhibits GEO-1 and GEO-2 (Retail Tariff and List of Retail Tariff Changes).
- m) Volume XIII, which contained the following:
- PPL Electric Exhibits LN-1 and LN-2 (Supplier Tariff and List of Supplier Tariff Changes).
- n) Volume XIV, which contained the following:
- PPL Electric Exhibit JJS-1 (Depreciation Study Related to Electric Plant as of June 30, 2025).

- o) Volume XV, which contained the following:
 - PPL Electric Exhibit JJS-2 (Depreciation Study Related to Electric Plant as of June 30, 2026).
- p) Volume XVI, which contained the following:
 - PPL Electric Exhibit JJS-3 (Depreciation Study Related to Electric Plant as of June 30, 2027).
- q) Volume XVII, which contained the following:
 - PPL Electric Exhibits JB-1 through JB-4.

Rebuttal Testimony

- a) PPL Electric St. No. 1-R – Rebuttal Testimony of Christine M. Martin.
 - Note: Errata filed January 30, 2026.
- b) PPL Electric St. No. 2-R – Rebuttal Testimony of Dennis A. Urban, Jr., including PPL Electric Exhibits DAU-1R through DAU-9R.
 - 1)
- c) PPL Electric St. No. 4-R – Rebuttal Testimony of Charles R. Schram.
- d) PPL Electric St. No. 5-R – Rebuttal Testimony of Bethany L. Johnson – PUBLIC and CONFIDENTIAL Versions, including PPL Electric Exhibits BLJ-1R, BLJ-2R, BLJ-3R (CONFIDENTIAL), BLJ-4R, and PPL Electric Rebuttal Exhibit No. 1.
- e) PPL Electric St. No. 6-R – Rebuttal Testimony of Daniel S. Dane, including PPL Electric Exhibits DSD-1R through DSD-3R.
- f) PPL Electric St. No. 7-R – Rebuttal Testimony of Bickey Rimal, including PPL Electric Exhibits BR-1R through BR-3R.
- g) PPL Electric St. No. 8-R – Rebuttal Testimony of Steven Wishart, including PPL Electric Exhibits SWW-1R through SWW-3R.
- h) PPL Electric St. No. 9-R – Rebuttal Testimony of Julissa Burgos.
- i) PPL Electric St. No. 10-R – Rebuttal Testimony of Jennifer E. Nelson, including PPL Electric Exhibits JEN-1R through JEN-17R.
- j) PPL Electric St. No. 11-R – Rebuttal Testimony of John J. Spanos.

- k) PPL Electric St. No. 12-R – Rebuttal Testimony of Andrew W. Elmore.
 - Note: Errata filed February 16, 2026.
- l) PPL Electric St. No. 13-R – Rebuttal Testimony of Katelyn Arnold, including PPL Electric Exhibits KEA-1R through KEA-4R.
 - Note: Errata filed on February 6, 2026.
- m) PPL Electric St. No. 14-R – Rebuttal Testimony of Gregory Olsen, including PPL Electric Exhibits GEO-1R and GEO-2R.
- n) PPL Electric St. No. 15-R – Rebuttal Testimony of Andrew Castanaro – PUBLIC and HIGHLY CONFIDENTIAL Versions, including PPL Electric Exhibits AC-1R, AC-2R, AC-3R (HIGHLY CONFIDENTIAL) and AC-4R (HIGHLY CONFIDENTIAL).
- o) PPL Electric St. No. 16-R – Rebuttal Testimony of Joseph Lookup, including PPL Electric Exhibit JL-1R.
 - Note: Errata filed January 30, 2026.
- p) PPL Electric St. No. 17-R – Rebuttal Testimony of Nicole Howell.
- q) PPL Electric St. No. 18-R – Rebuttal Testimony of Lisa Norden, including PPL Electric Exhibits LN-1R through LN-14R, LN-15R (CONFIDENTIAL), and LN-16R.
- r) PPL Electric St. No. 19-R – Rebuttal Testimony of Daniel Johnson.
- s) PPL Electric St. No. 20-R – Rebuttal Testimony of James Conrad, including PPL Electric Exhibit JC-1R through JC-6R.
- t) PPL Electric St. No. 21-R – Rebuttal Testimony of Jason Hunt.
- u) PPL Electric St. No. 22-R – Rebuttal Testimony of Sharon Leskowsky – PUBLIC and CONFIDENTIAL Versions, including PPL Electric Exhibit SL-1R.
- v) PPL Electric St. No. 23-R – Rebuttal Testimony of Vincent Poplaski.

Surrebuttal Testimony

- a) PPL Electric Statement No. 7-SR – Surrebuttal Testimony of Bickey Rimal.
- b) PPL Electric Statement No. 8-SR – Surrebuttal Testimony of Steven Wishart.

- c) PPL Electric Statement No. 14-SR – Surrebuttal Testimony of Gregory Olsen.
- d) PPL Electric Statement No. 15-SR – Surrebuttal Testimony of Andrew Castanaro, including PPL Electric Exhibits AC 1SR and AC-2SR.
- e) PPL Electric Statement No. 16-SR – Surrebuttal Testimony of Joseph Lookup.
- f) PPL Electric Statement No. 18-SR – Surrebuttal Testimony of Lisa Norden, including PPL Electric Exhibit LN-1SR.
- g) PPL Electric Statement No. 20-SR – Surrebuttal Testimony of James Conrad.

Rejoinder Testimony

- a) PPL Electric St. No. 1-RJ – Rejoinder Testimony of Christine M. Martin.
- b) PPL Electric St. No. 2-RJ – Rejoinder Testimony of Dennis A. Urban, Jr., including PPL Electric Exhibit DAU-1RJ.
- c) PPL Electric St. No. 5-RJ – Rejoinder Testimony of Bethany L. Johnson.
- d) PPL Electric St. No. 6-RJ – Rejoinder Testimony of Daniel S. Dane, including PPL Electric Exhibit DSD-1RJ.
- e) PPL Electric St. No. 7-RJ – Rejoinder Testimony of Bickey Rimal.
- f) PPL Electric St. No. 8-RJ – Rejoinder Testimony of Steven W. Wishart.
 - Note: Errata filed February 16, 2026.
- g) PPL Electric St. No. 10-RJ – Rejoinder Testimony of Jennifer E. Nelson.
- h) PPL Electric St. No. 11-RJ – Rejoinder Testimony of John J. Spanos.
- i) PPL Electric St. No. 13-RJ – Rejoinder Testimony of Katelyn Arnold, including PPL Electric Exhibit KEA-1RJ.
- j) PPL Electric St. No. 14-RJ – Rejoinder Testimony of Gregory Olsen.
- k) PPL Electric St. No. 15-RJ – Rejoinder Testimony of Andrew Castanaro, including PPL Electric Exhibits AC-1RJ through AC-6RJ.

- l) PPL Electric St. No. 16-RJ – Rejoinder Testimony of Joseph Lookup, including PPL Electric Exhibit JL-1RJ and PPL Electric Exhibit JL-2RJ (HIGHLY CONFIDENTIAL).
- m) PPL Electric St. No. 18-RJ – Rejoinder Testimony of Lisa Norden.
- n) PPL Electric St. No. 21-RJ – Rejoinder Testimony of Jason Hunt.
- o) PPL Electric St. No. 22-RJ – Rejoinder Testimony of Sharon Leskowsky.
- p) PPL Electric St. No. 23-RJ – Rejoinder Testimony of Vincent Poplaski – PUBLIC and CONFIDENTIAL Versions.

Sur-Surrejoinder Testimony

- a.) PPL Electric St. No. 15-SSRJ – Sur-Surrejoinder Testimony of Andrew Castanaro, including PPL Electric Exhibit AC-1SSRJ.

BUREAU OF INVESTIGATION AND ENFORCEMENT

Direct Testimony

- a.) I&E Statement No. 1 – Direct Testimony of Zachari Walker
 - I&E Exhibit No. 1
- b.) I&E Statement No. 2 – Direct Testimony of Christopher Keller
 - I&E Exhibit No. 2
- c.) I&E Statement No. 3 – Direct Testimony of Drew Breuning
 - I&E Exhibit No. 3
- d.) I&E Statement No. 4 – Direct Testimony of Ethan H. Cline
- e.) I&E Statement No. 5 – Direct Testimony of Benedict Tarr
 - I&E Exhibit No. 5

Rebuttal Testimony

- a.) I&E Statement No. 2-R – Rebuttal Testimony of Christopher Keller
 - I&E Exhibit No. 2-R

Surrebuttal Testimony

- a.) I&E Statement No. 1-SR – Surrebuttal Testimony of Zachari Walker
 - I&E Exhibit No. 1-SR
- b.) I&E Statement No. 2-SR – Surrebuttal Testimony of Christopher Keller
 - I&E Exhibit No. 2-SR
- c.) I&E Statement No. 3-SR – Surrebuttal Testimony of Drew Breuning
- d.) I&E Statement No. 4-SR – Surrebuttal Testimony of Ethan H. Cline
- e.) I&E Statement No. 5-SR – Surrebuttal Testimony of Benedict Tarr

Verifications

- a.) Verifications of Zachari Walker, Christopher Keller, Drew Breuning, Ethan H. Cline, and Benedict Tarr

OFFICE OF CONSUMER ADVOCATE

Direct Testimony

- a.) OCA Corrected Statement 1, Direct Testimony of Lafayette K. Morgan, Jr. with Verification
 - Appendix A
 - Exhibits LKM-1 through LKM-20
 - Errata to OCA Statement 1
- b.) OCA Statement 2, Direct Testimony of Grace N. Koenig with Verification
 - Appendix A
 - Exhibits GNK-1 through GNK-7
- c.) OCA Statement 3, Direct Testimony of David J. Garrett with Verification
 - Appendices A, B, C, D, E
 - Exhibits DJG-1 through DJG-32
- d.) OCA Statement 4, Direct Testimony of Clarence L. Johnson with Verification
 - Appendix A
 - Exhibits CJ-1 through CJ-4

- e.) OCA Corrected Statement 5, Public Direct Testimony of Matthew T. Hoyt with Verification
 - Appendix A
 - Errata to OCA Statement 5
- f.) OCA Statement 6, Direct Testimony of Zach Teti with Verification
 - Exhibit ZT-1 and Exhibit ZT-2
- g.) OCA Statement 7, Direct Testimony of Barbara R. Alexander with Verification
 - Exhibits BA-1 through BA-5
- h.) OCA Statement 8, Direct Testimony of Roger Colton with Verification
 - Exhibits RDC-1 through RDC-5
- i.) OCA Statement 9, Direct Testimony of LeeAnn Wise with Verification

Rebuttal Testimony

- a.) OCA Statement 4R, Rebuttal Testimony of Clarence L. Johnson with Verification
- b.) OCA Statement 5R, Rebuttal Testimony of Matthew T. Hoyt with Verification
- c.) OCA Statement 6R, Rebuttal Testimony of Zach Teti with Verification
 - Exhibit ZT-1R
- d.) OCA Statement 7R, Rebuttal Testimony of Barbara R. Alexander with Verification
- e.) OCA Statement 8R, Rebuttal Testimony of Roger Colton with Verification
 - Exhibit RDC-1R

Surrebuttal Testimony

- a.) OCA Statement 1SR, Surrebuttal Testimony of Lafayette K. Morgan with Verification
 - Exhibits LKM-1SR through LKM-20SR
- b.) OCA Statement 2SR, Surrebuttal Testimony of Grace N. Koenig with Verification
 - Exhibits GNK-1SR through GNK-6SR
- c.) OCA Statement 3SR, Surrebuttal Testimony of David J. Garrett with Verification

- d.) OCA Statement 4SR, Surrebuttal Testimony of Clarence L. Johnson with Verification
- Exhibit SR-CJ-1
- e.) OCA Statement 5SR, Surrebuttal Testimony of Matthew T. Hoyt with Verification
- f.) OCA Statement 6SR, Surrebuttal Testimony of Zach Teti with Verification
- Exhibit ZT-1SR
- g.) OCA Statement 7SR, Public Testimony of Barbara R. Alexander with Verification
- Exhibit BA-6
 - Exhibit LN-16
 - Exhibit BA-8
- Confidential Surrebuttal Testimony of Barbara R. Alexander with Verification
- Exhibit BA-6
 - Exhibit BA-7
 - Exhibit LN-16
 - Exhibit BA-8
- h.) OCA Statement 8SR, Surrebuttal Testimony of Roger Colton with Verification

OFFICE OF SMALL BUSINESS ADVOCATES

Direct Testimony

- a.) Direct Testimony and Exhibit of Mark Ewen, labelled OSBA Statement No. 1, and Exhibit IEc-1, with signed Verification of Mark Ewen.

Rebuttal Testimony

- a.) Rebuttal Testimony of Mark Ewen, labelled OSBA Statement No. 1-R, with signed Verification of Mark Ewen.

Surrejoinder Testimony

- a.) Surrejoinder Testimony of Mark Ewen, labelled OSBA Statement No. 1-SRJ, with Verification.

COALITION FOR AFFORDABLE UTILITY SERVICES AND ENERGY EFFICIENCY IN PENNSYLVANIA

Direct Testimony

- a.) Direct Testimony of Patrick M. Cicero, CAUSE-PA Statement 1
 - Appendices A, B, C, D
- b.) Direct Testimony of Ben Havumaki, CAUSE-PA Statement 2
 - Appendices A, B, C, D

Surrebuttal Testimony

- a.) Surrebuttal Testimony of Patrick M. Cicero, CAUSE-PA Statement 1-SR
 - Appendix A-SR: Cited Discovery Responses
- b.) Surrebuttal Testimony of Ben Havumaki, CAUSE-PA Statement 2-SR
 - Appendix A-SR: Cited Discovery Responses

Verifications

- a.) Verifications of Patrick M. Cicero and Ben Havumaki

PP&L INDUSTRIAL CUSTOMER ALLIANCE

Direct Testimony

- a.) Statement No. 1 Direct Testimony and Exhibit of Billie S. LaConte (Highly Confidential), Exhibit (BSL-1), Exhibit, (BSL-2), Exhibit (BSL-3), and Exhibit (BSL-4) (Highly Confidential)

Rebuttal Testimony

- a.) Statement No. 1R Rebuttal Testimony of Billie S. LaConte

Surrebuttal Testimony

- a.) Statement No. 1S Surrebuttal Testimony of Billie S. LaConte

Verifications

- a.) Verification of Billie S. LaConte

Exhibits

- Hearing Exhibit 1
- Hearing Exhibit 2

CONVERGENT ENERGY AND POWER

Direct Testimony

- a.) Convergent Statement No. 1: Direct Testimony and Exhibits of Katie Guerry
- Exhibit KG-1: Katie Guerry Curriculum Vitae
 - Exhibit KG-2: PPL Electric Responses to Convergent I-1, I-2, I-3, I-4, II-1, II-2, II-3, and II-7
 - Exhibit KG-3: PPL Electric Responses to Convergent I-15, I-16, II-8, and II-9

Surrebuttal Testimony

- a.) Convergent Statement No. SR1: Surrebuttal Testimony and Exhibit of Katie Guerry
- Exhibit A: PPL Electric Energy Storage Interconnection Policy and Guidance, Effective February 1, 2023

Verification

- a.) Verification of Katie Guerry

IGS SOLAR

Rebuttal Testimony

- a.) IGS St. No. 1R – Rebuttal Testimony of Kathleen Bolcar Rever with Verification

COMMISSION OF ECONOMIC OPPORTUNITY

Direct Testimony

- a.) CEO Statement No 1., the Direct Testimony of Jennifer Warabak

CUSTOMER GENERATOR COALITION

Direct Testimony

- a.) Direct Testimony of Guy Sharfman
- CGC Exhibit 1.0
 - CGC Exhibit 2.0
 - CGC Exhibit 3.0
 - CGC Exhibit 4.0
 - CGC Exhibit 5.0, restricted to Nos.12, 19 and 20
 - CGC Exhibit 6.0, restricted to Sections 1 and 6

Rebuttal Testimony

- a.) Rebuttal Testimony of Guy Sharfman
- CGC Exhibit No. 1-R
 - CGC Exhibit No. 2-R
 - CGC Exhibit No. 3-R

Surrebuttal Testimony

- a.) Surrebuttal Testimony of Guy Sharfman
- CGC Exhibit No. 1-SR

Sur-Surrejoinder Testimony

- a.) Surrejoinder Testimony of Guy Sharfman

- CGC Exhibit No. 1-SRJ
- CGC Exhibit No. 2-SRJ
- CGC Exhibit No. 3-SRJ

Verification

- a.) Verification of Guy Sharfman

JOINT SOLAR ADVOCATES

Direct Testimony

- a.) Direct Testimony of Kevin M. Lucas, JSA Statement No. 1
- Appendix A – Glossary of Terms
 - KML Exhibit-1 – Lucas CV
 - KML Exhibit-2 – JSA IV-5(e)
 - KML Exhibit-3 – JSA IV-4(b)
 - KML Exhibit-4 – JSA IV-4
 - KML Exhibit-5 – JSA II-8(d)
 - KML Exhibit-6 – JSA I-11(a)
 - KML Exhibit-7 – JSA I-14
 - KML Exhibit-8 – JSA I-15
 - KML Exhibit-9 – JSA I-17
 - KML Exhibit-10 – JSA I-18
 - KML Exhibit-11 – JSA I-20
 - KML Exhibit-12 – JSA II-10
 - KML Exhibit-13 – JSA II-15
 - KML Exhibit-14 – JSA II-16
 - KML Exhibit-15 – JSA II-17
 - KML Exhibit-16 – JSA III-4
 - KML Exhibit-17 – JSA III-12(c-d)
 - KML Exhibit-18 – JSA III-12(a-b)
 - KML Exhibit-19 – JSA III-12(g)(ii)
 - KML Exhibit-20 – JSA V-10(a)
 - KML Exhibit-21 – JSA II-8(d)
 - KML Exhibit-22 – JSA VI-2 Attachment 1 – OCA I-1 Attachment 14 Castanaro
 - KML Exhibit-23 – JSA I-26(j)
 - KML Exhibit-24 – JSA III-15(a)
 - KML Exhibit-25 – JSA III-15

- KML Exhibit-26 – JSA III-16(d)
- KML Exhibit-27 – JSA III-16(c)(1)

b.) Direct Testimony of Justin R. Barnes, JSA Statement No. 2

- Appendix A- Glossary of Terms.
- JRB Exhibit-1 – Justin Barnes Experience and Qualifications
- JRB Exhibit-2 – JSA II-19
- JRB Exhibit-3 – JSA IV-3(b)
- JRB Exhibit-4 – JSA IV-3(b) and (c)
- JRB Exhibit-5 – ComEd IL PJM OATT Attachment M-2
- JRB Exhibit-6 – ComEd IL response to the FERC regarding proposed changes to its PJM OATT Attachment M-2
- JRB Exhibit-7 – JSA II-10 Attachment 1
- JRB Exhibit-8 – Summary of NEM Legacy Rights provisions established in other states
- JRB Exhibit-9 – JSA I-23 Attachment 1
- JRB Exhibit-10 – JSA IV-2(c)
- JRB Exhibit-11 – JSA IV-2(b)

Rebuttal Testimony

a.) Rebuttal Testimony of Kevin M. Lucas, JSA Statement No. 1-R

- KML Exhibit-28, OCA Response to JSA I-2
- KML Exhibit-29, OCA Response to JSA I-3
- KML Exhibit-30, OCA Response to JSA I-4
- KML Exhibit-31, OCA Response to JSA I-11
- KML Exhibit-32, OSBA Response to JSA I-3
- KML Exhibit-33, PPL Response OSBA-I-46
- KML Exhibit-34, CAUSE-PA Response to JSA 1-1
- KML Exhibit-35, CAUSE-PA Response to JSA 1-2
- KML Exhibit-36, CAUSE-PA Response to JSA 1-8

Surrebuttal Testimony

a.) Surrebuttal Testimony of Kevin M. Lucas, JSA Statement No. 1-SR

b.) Surrebuttal Testimony of Justin R. Barnes, JSA Statement No. 2-SR

Verifications

- a.) Verifications of Kevin M. Lucas and Justin R. Barnes

ENVIRONMENTAL INTERVENORS

Direct Testimony

- a.) Direct Testimony of Ron Nelson, EI Statement 1
- Exhibit RN-1: Ron Nelson Curriculum Vitae
 - Exhibit RN-2: Tariff Redlines to LP-5
 - Exhibit RN-3: Compiled Discovery Responses

Surrebuttal Testimony

- a.) Surrebuttal Testimony of Ron Nelson, EI Statement 1-SR
- Exhibit RN-SR-1: CEG Workpaper: Analysis of PPL Supplemental Transmission Projects from RTEP TEAC
 - Exhibit RN-SR-2: Public Discovery Responses Relied Upon Exhibit

Other Exhibits

- EI-PPL-IV-5

Verification

- a.) Verification of Ron Nelson

ENERGY JUSTICE ADVOCATES

Direct Testimony

- a.) EJA St. No. 1, Direct Testimony of Karl R. Rábago (Corrected), and its attached Exhibits KRR-1 through KRR-5.

Surrebuttal Testimony

- a.) EJA St. No. Surrebuttal Testimony of Karl R. Rábago, and its attached Exhibits KRR-SR-1 through KRR-SR-3.

Verification

- a.) Verification of Karl R. Rábago

PROFESSIONAL DAIRY MANAGERS OF PENNSYLVANIA

Direct Testimony

- a.) PDMP Statement No. 1, the Direct Testimony of James Harbach
- b.) PDMP Statement No. 2, the Direct Testimony of Timothy Rensch
 - Exhibit TR-1

Surrebuttal Testimony

- a.) PDMP Statement No. 1-SR, the Surrebuttal Testimony of James Harbach
- b.) PDMP Statement No. 2-SR, the Surrebuttal Testimony of Timothy Rensch

Verifications

- a.) Verifications of James Harbach and Timothy Rensch

RETAIL ENERGY SUPPLY ASSOCIATION

Direct Testimony

- a.) RESA St. No. 1, Direct Testimony of Frank Lacey, Exhibits FL-1 through FL-10K

Rebuttal Testimony

- a.) RESA St. No. 1R, Rebuttal Testimony of Frank Lacey

Surrebuttal Testimony

- a.) RESA St. No. 1SR, Surrebuttal Testimony of Frank Lacey

Verification

- a.) Verification of Frank Lacey

SUSTAINABLE ENERGY FUND

Direct Testimony

- a.) SEF Statement No. 1, Direct Testimony of John M. Costlow
 - SEF Exhibit 1

Rebuttal Testimony

- a.) SEF St. No. 1-R, Rebuttal Testimony of John M. Costlow
 - SEF Exhibit 1-R

Surrebuttal Testimony

- a.) SEF St. No. 1-SR, Surrebuttal Testimony of John M. Costlow
 - SEF Exhibit 1-SR

Verification

- a.) Verification of John M. Costlow

WALMART

Direct Testimony

- a.) Walmart Statement No. 1, Verified Direct Testimony of Matthew T. Lyon
 - Exhibit MTL-1, Witness Qualifications Statement
 - Exhibit MTL-2, Reported Authorized Returns on Equity, Electric Utility Rate Cases Completed, 2023 to Present
 - Exhibit MTL-3, Impact of PPL Electric Corporation's Proposed Increase in ROE vs. National Average ROE for Distribution Only Utilities (9.41%)

Rebuttal Testimony

- a.) Walmart Statement No. 1-R, Verified Rebuttal Testimony of Matthew T. Lyon

Surrebuttal Testimony

- a.) Walmart Statement No. 1-SR, Verified Surrebuttal Testimony of Matthew T. Lyon

Surrejoinder Testimony

- a.) Walmart Statement No. 1-SRJ, Verified Surrejoinder Testimony of Matthew T. Lyon