PENNSYLVANIA
PUBLIC UTILITY COMMISSION
Harrisburg, PA 17120

Public Meeting held June 18, 2026

Commissioners Present:

Stephen M. DeFrank, Chairman
Kimberly Barrow, Vice Chair
Kathryn L. Zerfuss
John F. Coleman, Jr., Concurring in result only
Ralph V. Yanora

TotalEnergies Distributed Generation USA, LLC C-2024-3051475

v.

PPL Electric Utilities Corporation

OPINION AND ORDER

BY THE COMMISSION:

Before the Pennsylvania Public Utility Commission (Commission) for consideration and disposition are the Exceptions filed by PPL Electric Utilities Corporation (PPL, Respondent, or Company) on October 2, 2025, to the Initial Decision (I.D.) of Administrative Law Judges (ALJs) Steven K. Haas and F. Joseph Brady, issued on September 12, 2025. On October 13, 2025, TotalEnergies Distributed Generation USA, LLC (TotalEnergies or Complainant) filed Replies to Exceptions. For the reasons discussed below, we shall deny PPL's Exceptions, adopt the Initial Decision of ALJs Haas and Brady, and sustain the Complaint, consistent with this Opinion and Order.

In this case, TotalEnergies, as a solar electric customer-generator, sought the necessary interconnection with the facilities of PPL, as an electric distribution company (EDC) for the excess electricity produced by TotalEnergies to be introduced to PPL's distribution system. A dispute arose regarding the interconnection application process. Because this case involves a dispute arising under the Commission's regulatory oversight of the process for the necessary systems interconnection between customer-generators and EDCs, our analysis and disposition of PPL's Exceptions and TotalEnergies' Replies thereto, is rendered against the backdrop of the relevant statutory and regulatory provision governing such interconnection. *See* Alternative Energy Portfolio Standards Act of 2004 (AEPS Act or Act), 73 P.S. §§ 1648.1, *et seq*.; 52 Pa. Code §§ 75.1 *et seq*.

As discussed more fully below, because we conclude that PPL's conduct of demanding a deposit, whether refundable or not, constitutes a demand for payment of an unlawful rate, and PPL's process for handling applications for interconnection, which PPL unilaterally implemented without Commission approval, did not comply with the Commission's regulatory process for interconnection applications, we shall deny PPL's Exceptions and adopt the ALJs' Initial Decision, sustaining TotalEnergies' Complaint, consistent with the discussion in this Opinion and Order.

I. Background

A. AEPS Act and Commission AEPS Regulations

The instant Complaint arises from a dispute regarding a request to interconnect under the Commission's Regulations implementing the AEPS Act. Generally, the AEPS Act was passed in 2004, in response to the Pennsylvania General Assembly's recognition of the need for environmentally cleaner alternatives to fossil fuel energy production. *Hommrich v. Commonwealth*, 231 A.3d 1027 (Pa. Cmwlth. 2020).

The recognized purpose of the AEPS Act is to encourage the development of energy generated from renewable and environmentally beneficial sources. The AEPS Act incentivizes alternative energy producers to generate energy utilizing one of the approved alternative energy production methods, such as wind and solar power, and sell any excess energy not used to the EDCs. After the AEPS Act's enactment, the Commission adopted regulations implementing the Act. 52 Pa. Code §§ 75.1 *et seq*. These AEPS Regulations pertain to the broad array of technical issues involved with the AEPS Act, including net metering, interconnection, and portfolio standard provisions of the AEPS Act.

B. Commission Regulations Governing Interconnection at 52 Pa. Code Subchapter C §§ 75.21-75.51 (Interconnection Standards)

Relevant to the present matter, the Commission oversight of the interconnection required between alternative energy producers, *i.e.*, customer-generators, and the EDCs are set forth at 52 Pa. Code §§ 75.21–75.51. The Regulations establish defined terms and govern the process for the customer-generators to request the physical interconnection between the customer-generators' systems and the EDC's system.

In this case, TotalEnergies' request is reviewed under the standards set forth for a "Level 3 interconnection review" at Section 75.39 of the Commission's Regulations. 52 Pa. Code § 75.39. It is important to note that Section 75.39(a) of the Commission's Regulations specifically mandates EDCs to "adopt the Level 3 interconnection review procedure *in this section*." 52 Pa. Code § 75.39(a)(emphasis added).

As a general matter, interconnection with a customer-generator requires that the EDC complete the necessary system upgrades for the purpose of receiving energy from the alternative energy supplier. As such, the costs for the EDC's system upgrades required for interconnection requested by a customer-generator as the "interconnection

customer" defined under Section 75.22, are to be borne by the customer-generator. *See* 52 Pa. Code § 75.22 (Definitions) and 66 Pa.C.S. § 2807(b) (The EDC "shall not have an obligation to install nonstandard facilities…for the purpose of receiving energy from the energy supplier unless the energy supplier or its customer pays the full cost of these facilities.").

The process for determining the costs to be paid by the interconnection-customer associated with a Level 3 interconnection request is governed by the Regulations and arrived at after: (1) a series of interconnection study agreements, provided in advance of completion of the necessary interconnection studies; (2) a sequencing of studies— interconnection feasibility study, interconnection system impact study, and an interconnection facilities study (IFS);[1] and (3) the execution of a standard small generator interconnection agreement (ICA). The study agreements and ICA *must* be approved by the Commission. 52 Pa. Code §§ 75.22 (defining "standard small generator interconnection agreement" as "[a] set of standard forms of interconnection agreements approved by the Commission which is applicable to interconnection requests pertaining to a small generating facilities") and 75.39(c)(7), (d)(3), and (e)(5).

This step-by step interconnection application process is summarized as follows:

- **Interconnection Request**- First, the interconnection review process is initiated by the interconnection customer known as the customer-generator, submitting an interconnection request. *See* 52 Pa. Code § 75.22 ("Interconnection request" defined as "[a]n interconnection customer's request … requesting the interconnection of a new small generator facility, or to increase the capacity or operating characteristics of an existing small generator facility that is interconnected with

the EDC's electric distribution system"). *See also* 52 Pa. Code § 75.32.

- **Interconnection Request Assigned "queue position"**- Next, once an interconnection request is complete the EDC shall assign the request a "queue position." 52 Pa. Code § 75.39(b)(3). The "queue position" of an application for interconnection is important as it establishes the order in which the EDC will complete the system modifications necessary for each application for interconnection.

- **Mutual Waiver of the Technical Studies Required or Mutual Agreement in Advance of Conducting Studies-** The parties may mutually agree to waive the otherwise required technical studies associated with interconnection. However, where the parties do not mutually agree to waive the technical studies, *i.e.,* the series of three technical studies including: (1) interconnection feasibility study; (2) interconnection system impact study, and (3) the interconnection facilities study (IFS), the parties must then reach a mutual agreement prior to the EDC conducting each of those studies, which must include agreement as to an outline of the scope of the study to be performed and a nonbinding good faith estimate of the cost to perform the study. 52 Pa. Code § 75.39(b)(1)-(7).

- For example, upon agreement of the parties that an interconnection feasibility study shall be performed, the EDC shall provide the interconnection customer with a Commission-approved "interconnection feasibility study agreement" outlining the scope of the study and a nonbinding good faith estimate of the costs to perform the study. 52 Pa. Code § 75.39(b)(5).

- If the studies are required to be performed, the final study to be conducted in the series of three is the interconnection facilities study (IFS). *See* 52 Pa. Code § 75.39(b)-(e); *See also* 52 Pa. Code § 75.22 (defining "Interconnection Facilities Study" as "[a] study conducted by the EDC or a third party consultant for the interconnection customer to determine a list of facilities (including EDC's interconnection facilities and required distribution upgrades

to the electric distribution system as identified in the interconnection system impact study), the cost of those facilities, and the time required to interconnect the small generator facility with the EDC's electric distribution system").

- Under Section 75.39(e)(4), upon receipt of the IFS from the EDC, the interconnection customer may agree to pay for the facilities and upgrades identified in the IFS, whereafter the EDC must provide the customer with the standard interconnection agreement (ICA) or the customer may file a dispute regarding interconnection under Section 75.51. 52 Pa. Code §§ 75.39(e)(4) and 75.51.

Specifically, the Commission's Regulations contemplate that the EDC and the interconnection customer will reach a voluntary agreement on the technical upgrades necessary to complete the interconnection, as follows:

- Execution of a Commission-approved "interconnection facilities study agreement" (IFS agreement) provided by the EDC to the interconnection customer under 52 Pa. Code § 75.39(e)(5) (which includes an outline of the scope of the IFS and a nonbinding good faith estimate of the cost to perform the IFS under 52 Pa. Code § 75.39(e)(1));

- Completion of the IFS under 52 Pa. Code § 75.39(e)(4); and

- Agreement of the interconnection customer *to pay for the interconnection facilities and upgrades identified in the completed IFS* provided by the EDC to the interconnection customer under 52 Pa. Code § 75.39(e)(4).

Critically, it is only "[u]pon completion of the [IFS], and with the agreement of the interconnection customer to pay for the interconnection facilities and distribution upgrades identified in the [IFS]," that "the EDC shall provide the interconnection customer with a [standard interconnection agreement (ICA)] within 5 business days." 52 Pa. Code § 75.39(e)(4). Therefore, absent agreement otherwise, it is only after the

execution of the ICA that payment obligations for upgrade costs are triggered. *See* 52 Pa. Code § 75.39(e)(4).

In the event of any dispute regarding interconnection, the Commission's Regulations provide that the parties may initiate a complaint proceeding or an alternative dispute resolution (ADR) authorized by the Commission. 52 Pa. Code § 75.51(b). Pursuit of a dispute regarding interconnection may not impact the interconnection customer's interconnection request or position in the EDC's interconnection queue. 52 Pa. Code § 75.51(b).

C. Policy Statement on Interconnection Application Fees

When processing a request for interconnection, an EDC may collect application fees and fees associated with the technical studies. The Policy Statement[2] governing such fees is memorialized at 52 Pa. Code §§ 69.2101-2104 and sets forth a series of standard fees for interconnection applications, reviews of generating facilities, and completion of the interconnection pursuant to the Commission's Regulations at 52 Pa. Code §§ 75.21 – 75.51. The established fee structures and fees deemed appropriate for use by EDCs when processing Level 3 interconnection applications filed under 52 Pa. Code § 75.39 states:

> (3) *Level 3 applications*. Base fee of $350 plus $2 per kW of the nameplate capacity rating of the customer-generator's facility, plus the cost of any feasibility studies, system impact studies or facilities studies required under § 75.39 (relating to Level 3 interconnection review). Costs for engineering work done as part of a feasibility study, system impact study or facilities study should not exceed $100 per hour. *If the electric distribution company must install facilities to accommodate the interconnection of the customer-generator*

facility, the cost of the facilities shall be the responsibility of the customer-generator…

52 Pa. Code § 69.2104(3)(emphasis added). Section § 69.2102 of the Policy Statement requires an EDC that wishes to deviate from the standard fees set forth in the Policy Statement to file for Commission approval and make an evidentiary showing that such deviation is appropriate. 52 Pa. Code § 69.2102.

It is important to note that while an EDC can require payment of certain application and study fees and the costs of facilities and upgrades to accommodate the interconnection of the customer-generator facility, those fees and costs must be tied to a defined stage of the interconnection process set forth in the Regulations and subject to the agreement of the customer-generator where specified. *See* 52 Pa. Code § 75.39.

In addition, the Level 3 interconnection application and study fees are distinct from the costs of the facilities and upgrades to accommodate interconnection of the customer-generator facility, which are estimated in the IFS and agreed upon in an executed ICA. *See* 52 Pa. Code § 75.39(e)(4),(g), and (h), as discussed, *infra*. In other words, prior to the execution of an ICA, the EDC is limited to collecting an application fee and study fees as these correspond to defined study stages in the interconnection process.

II. History of the Proceeding

On September 30, 2024, TotalEnergies filed a Formal Complaint (Complaint) against PPL challenging the Company's imposition of a new process, without Commission approval, for the customer-generator interconnection application process (referred to by PPL as "the PPL Distribution Interconnection Impact Review" (hereinafter referred to as "PPL's IIR")). Complaint at 2-3. TotalEnergies alleged that,

rather than follow the interconnection application processes set forth in the Commission's Regulations at 52 Pa. Code §§ 75.21–75.51 (governing customer-generator interconnection applications), PPL refuses to process customer-generator applications for interconnection until after the Company "has conducted a study of the anticipated cost of system upgrades/additions to accommodate a proposed project" and "demands a non-refundable deposit of 25% of the estimated amount [set forth in PPL's IIR] be paid within 45 days or the project is rejected." *Id*. at 3. TotalEnergies further alleged that PPL's deposit requirement is unreasonable and violates the Commission's Regulations and the Public Utility Code (Code). *Id*.

TotalEnergies requested that PPL be required to cease and desist permanently from demanding or imposing its non-refundable deposit requirement on customer-generators seeking interconnection in its service territory until the Company seeks and obtains Commission approval. Complaint at 7.

Also on September 30, 2024, TotalEnergies filed a Petition for Interim Emergency Relief (Petition) with the Commission, at Docket No. P-2024-3051440. I.D. at 2. In its Petition, TotalEnergies requested that the Commission issue an emergency order staying the application of PPL's IIR process and specifically, the Company's requirement of a 25% non-refundable deposit to secure a position in the interconnection queue, *i.e.*, the waiting list for interconnection projects in order that the application was received and approved, and to be able to continue the interconnection process until the Commission has an opportunity to adjudicate the legality of PPL's deposit requirement. Petition at 3, 5.

On October 2, 2024, a Telephonic Emergency Hearing Notice was issued scheduling an initial telephonic emergency hearing for October 8, 2024 before ALJs Haas and Brady.

On October 7, 2024, PPL filed an Answer to TotalEnergies' Petition averring that TotalEnergies' request for interim emergency relief should be denied.

The emergency evidentiary hearing convened on October 8, 2024, as scheduled. I.D. at 2.

On October 15, 2024, the ALJs issued an Interim Emergency Order granting TotalEnergies' Petition and certifying the grant of relief by Interim Emergency Order to the Commission as a material question requiring interlocutory review. I.D. at 2.

On October 21, 2024, PPL filed an Answer to the Complaint averring that its deposit requirement is lawful because the Company is permitted to charge interconnection applicants for the costs to study, engineer, design, and construct the distribution system upgrades necessary to facilitate the alternative energy systems' interconnection. Answer at 1.

On October 22, 2024, TotalEnergies and PPL filed a Joint Letter with the Commission providing that "[PPL] agreed that all deposit payments made by TotalEnergies or its subsidiaries, in furtherance of interconnection applications on the PPL Electric system, will be expressly refundable pending the outcome of the underlying Complaint case and that such deposits will remain refundable unless the Commission in its ruling on the Complaint case declares that such deposits shall be non-refundable." Joint Letter at 1-2; *see* I.D. at 2.

On November 14, 2024, the Commission entered an Opinion and Order in the Emergency Petition proceeding adopting the Parties' agreement as stated in the Joint Letter and deeming the Petition and certified material question moot. I.D. at 2.

On January 13, 2025, a Call-In Telephone Prehearing Conference Notice was issued setting a Prehearing Conference for January 30, 2025 before ALJs Haas and Brady. I.D. at 2.

On January 30, 2025, the prehearing conference was convened as scheduled, at which time a litigation schedule was established. Evidentiary hearings were scheduled for April 29-30, 2025. I.D. at 2.

On February 25, 2025, TotalEnergies submitted the direct testimony of Mr. Christopher Elias, who sponsored Exhibits CE-1, CE-2, and CE-3. On March 27, 2025, PPL submitted the direct testimony of Mr. Gregory Olsen, who sponsored Exhibits GO-1, GO-2, GO-3, and GO-4. On April 17, 2025, TotalEnergies submitted the rebuttal testimony of Mr. Elias and Exhibit CE-4-R. I.D. at 3.

On April 29, 2025, a telephonic hearing was convened as scheduled in the Complaint proceeding. During the hearing, the submitted testimony and exhibits were admitted. The hearing scheduled for April 30, 2025 was canceled. I.D. at 3.

On May 5, 2025, the hearing transcript and exhibits were filed with the Commission. I.D. at 3.

Both Parties filed Main Briefs on May 29, 2025 and Reply Briefs on June 11, 2025. The record in this case closed on June 11, 2025. I.D. at 3.

On September 12, 2025, the Commission issued the Initial Decision of ALJs Haas and Brady, wherein the ALJs sustained the Complaint of TotalEnergies, finding, *inter alia*, that PPL's deposit requirement based upon the Company's IIR constituted an unlawful rate.

As previously noted, PPL filed Exceptions on October 2, 2025. On October 13, 2025, TotalEnergies filed Replies to Exceptions.

III. Discussion

As a preliminary matter, we note that any issue or Exception that we do not specifically address has been duly considered and will be denied without further discussion. It is well settled that we are not required to consider, expressly or at length, each contention or argument raised by the Parties. *Consolidated Rail Corporation v. Pa. PUC*, 625 A.2d 741 (Pa. Cmwlth. 1993); *see also*, *generally*, *Univ. of Pa. v. Pa. PUC*, 485 A.2d 1217 (Pa. Cmwlth. 1984).

A. Legal Standards

1. Burden of Proof

As the proponent of a rule or order, the Complainant in this proceeding bears the burden of proof pursuant to Section 332(a) of the Code. 66 Pa.C.S. § 332(a). To establish a sufficient case and satisfy the burden of proof, the Complainant must show that the Respondent is responsible or accountable for the problem described in the Complaint. *Patterson v. The Bell Telephone Company of Pennsylvania*, 72 Pa. P.U.C. 196 (1990). Such a showing must be by a preponderance of the evidence. *Samuel J. Lansberry, Inc. v. Pa. PUC*, 578 A.2d 600 (Pa. Cmwlth. 1990), *alloc. denied*, 529 Pa. 654, 602 A.2d 863 (1992). That is, the Complainant's evidence must be more convincing, by even the smallest amount, than that presented by Respondent. *Se-Ling Hosiery, Inc. v. Margulies*, 364 Pa. 45, 70 A.2d 854 (1950).

In addition, the decision of the Commission must be supported by substantial evidence. 2 Pa.C.S. § 704. "Substantial evidence" is such relevant evidence

that a reasonable mind might accept as adequate to support a conclusion. More is required than a mere trace of evidence or a suspicion of the existence of a fact sought to be established. *Norfolk & Western Ry. Co. v. Pa. PUC*, 489 Pa. 109, 413 A.2d 1037 (1980); *Erie Resistor Corp. v. Unemployment Comp. Bd. of Review*, 166 A.2d 96 (Pa. Super. 1961); and *Murphy v. Comm., Dept. of Public Welfare, White Haven Center*, 480 A.2d 382 (Pa. Cmwlth. 1984).

Upon the presentation by the Complainant of evidence sufficient to initially satisfy the burden of proof, the burden of going forward with the evidence to rebut the evidence of the Complainant shifts to the Respondent. If the evidence presented by the Respondent is of co-equal value or "weight," the burden of proof has not been satisfied. The Complainant now has to provide some additional evidence to rebut that of the Respondent. *Burleson v. Pa. PUC,* 443 A.2d 1373 (Pa. Cmwlth. 1982), *aff'd*, 501 Pa. 433, 461 A.2d 1234 (1983).

While the burden of going forward with the evidence may shift back and forth during a proceeding, the burden of proof never shifts. The burden of proof always remains on the party seeking affirmative relief from the Commission. *Milkie v. Pa. PUC*, 768 A.2d 1217 (Pa. Cmwlth. 2001).

B. Initial Decision

ALJs Haas and Brady made eighteen (18) Findings of Fact and reached twelve (12) Conclusions of Law. I.D. at 3-7, 14-16. The Findings of Fact and Conclusions of Law are incorporated herein by reference and are adopted without comment unless they are either expressly or by necessary implication rejected or modified by this Opinion and Order. As discussed below, the ALJs recommended that the Complaint of TotalEnergies be sustained.

At the outset, the ALJs noted PPL's argument that, despite the written contract language in PPL's IIR providing for a non-refundable deposit, PPL now argues the deposit is refundable as to unspent portions. The ALJs concluded that such argument is immaterial to this proceeding. I.D. at 9. The ALJs pointed to the contract language at issue in PPL's IIR and PPL's website instructions, which require and explain that a non-refundable payment must be made. *Id*. at 10 (citing PPL Exhs. GO-1 at 5, GO-3 at 2). According to the ALJs, a plain reading of the contract language in PPL's IIR is clear and unambiguous that the deposit is non-refundable. Therefore, the ALJs explained that their analysis and conclusions are based on their finding that the deposit requirement is non-refundable in its entirety. I.D. at 10.

Next, the ALJs determined that the non-refundable deposit constitutes a rate as defined in the Code, noting that it is clearly compensation being demanded by PPL for interconnection services. I.D. at 11 (citing 66 Pa.C.S. § 102). In addition, the ALJs found that the non-refundable deposit violates Section 1302 of the Code, as it is not included in the Company's tariff and is prohibited by Section 1305 of the Code. I.D. at 11 (citing 66 Pa.C.S. § 1302).

In addition, the ALJs noted that both TotalEnergies and PPL agree that the Company is entitled to recover fees for interconnection applications, as well any actual costs incurred installing any facilities to accommodate the interconnection of the customer-generator facility under 52 Pa. Code §§ 69.2104(3) and 75.39(e)(4). I.D. at 11.

The ALJs further rejected PPL's argument that because these Regulations are silent as to when the costs will be collected, the Company is permitted to exercise "managerial discretion" to implement its deposit requirement. I.D. at 11-12. The ALJs noted that PPL did not provide any legal authority for its position. The ALJs concluded that Section 1305 of the Code, 66 Pa.C.S. § 1305, which requires Commission approval in advance of charging a deposit, prohibits PPL from requiring its deposit as there are no

Commission regulations or orders permitting PPL to charge the deposit in advance. *Id*. at 12.

Further, the ALJs noted that TotalEnergies and PPL both made arguments as to the reasonableness of the deposit requirement pursuant to Section 1301 of the Code, 66 Pa.C.S. § 1301. I.D. at 12. The ALJs thereby stated that because they previously determined that the deposit violates Section 1302 of the Code and is prohibited by Section 1305 of the Code, "it automatically follows that it is not in conformity with the regulations." *Id*. at 13. As such, the ALJs concluded that under Section 1301 of the Code, the deposit cannot be considered just and reasonable. *Id*.

Of important note, the ALJs stated that there is no dispute that PPL is authorized to recover from developers the actual costs incurred for interconnection and notes that the Initial Decision does not alter a customer-generator's payment obligation of such costs to PPL. Rather, the ALJs' concluded that, in the facts of this case, PPL's demand for payment associated with the deposit constitutes a rate and is therefore required to be approved by the Commission as an amendment to the Company's approved tariff, prior to being demanded by the Company. Moreover, the ALJs noted that the case demonstrates exactly why a deposit requirement like PPL's should be included in the Company's tariff so that such requirement can be properly considered by the Commission, the public, and any other affected parties. I.D. at 13.

In conclusion, the ALJs found PPL's non-refundable deposit constitutes a rate as defined by Section 102 of the Code and therefore must be included in PPL's Commission-approved tariff pursuant to Section 1302. Further, the ALJs found that because there are no Commission regulations or orders authorizing the Company to charge the deposit in advance, the deposit is prohibited by Section 1305 of the Code. Therefore, the ALJs concluded the deposit cannot be considered just and reasonable under Section 1301 because it does not conform with the Regulations. I.D. at 13.

Accordingly, the ALJs sustained the Complaint of TotalEnergies and prohibited PPL from demanding or imposing the deposit requirements on customer-generators unless and until the Company obtains Commission approval. I.D. at 13-14. In addition, the ALJs noted that because PPL agreed to not charge the non-refundable deposit pending the outcome of the instant Complaint proceeding, they did not recommend a civil penalty be levied against PPL. *Id*. at 14, n.1.

C. Exceptions and Replies to Exceptions

1. Exceptions

As previously noted, PPL filed Exceptions to the Initial Decision. In its first Exception, PPL argues that the Initial Decision incorrectly determined that the Company's deposit is non-refundable and overlooked testimony regarding the "refundability" of the deposit. Exc. at 3-4. In support, PPL points to its direct testimony that "PPL Electric will only retain those portions of the deposit that are spent and cannot be reappropriated." *Id*. at 4 (citing PPL St. 1 at 12). PPL argues that the Initial Decision's reliance on the language in the PPL's IIR providing that the deposit is non-refundable should be rejected. Exc. at 4. According to PPL, "[i]t is indisputable that PPL Electric ever required a non-refundable deposit with respect to the unspent portions." *Id*. (citing PPL St. 1 at 12). PPL's position is that despite the clear language of PPL's IIR describing the deposit as "non-refundable," PPL's asserted practice of refunding any unused portion of the deposit- renders the deposit, in effect, refundable. As such, PPL contends that the Commission should reverse and modify the Initial Decision with respect to this issue. Exc. at 4.

In its second Exception, PPL argues that the Initial Decision incorrectly determined that the Company's deposit constitutes an unlawful rate. Exc. at 4. In support, PPL contends that the Commission's Regulations governing the interconnection

and net metering of customer-generators' facilities and PPL's Tariff authorize full recovery of all charges associated with interconnection. *Id*. at 5. As such, PPL asserts that it is authorized to require that Level 3 interconnection applications, like those submitted by TotalEnergies, pay toward the costs of distribution system upgrades necessary to interconnect their projects. *Id*. at 5-6.

In addition, PPL asserts that the Company should be permitted to charge a deposit following completion of the interconnection facilities study, which PPL likens to PPL's IIR. Exc. at 6. PPL explains that once the Company receives the completed interconnection application, the applicant pays the application fee and the Company's engineers approve the applicant's "one-line diagrams." *Id*. (citing PPL St. 1 at 4). PPL further explains that the project is then placed in an interconnection queue and the Company then moves on to PPL's IIR process. *Id*. PPL equates PPL's IIR to what would otherwise be the final technical study contemplated by the Commission's Regulations, the interconnection facilities study. Exc. at 6. PPL notes its testimony explaining that PPL's IIR process is when the Company's engineers "model the impact of the proposed project on the Company's distribution system based on the project's design, location, and size." *Id*. at 6-7 (citing PPL St. 1 at 5). According to PPL, PPL's IIR process "produces an estimate on which the costs identified in the IIR and the deposit are based." Exc. at 7 (citing PPL M.B. at 9-10).

PPL goes on to explain that, once completed, PPL's IIR is sent to the developer, together with a demand for payment of the required deposit from the developer within 45 days of the developer's receipt of PPL's IIR. Exc. at 6 (citing PPL St. 1 at 9). PPL notes that while the deposit is intended to cover the costs incurred between the estimate made in PPL's IIR and construction, a considerable amount of work has already been completed on the project by the time the deposit is submitted. Exc. at 6 (citing PPL St. 1 at 10).

According to PPL, the deposit requirement provides "significant benefits to ratepayers" as it protects them from bearing the costs associated with projects that are abandoned after PPL has already begun expending resources on them. Exc. at 7 (citing PPL St. 1 at 10). In support, PPL points to the testimony of TotalEnergies' witness, Mr. Elias, who testified that roughly half of TotalEnergies' projects will become "non-viable." Exc. at 7 (citing TotalEnergies St. 1-R at 10). PPL characterizes these interconnection applications as speculative in nature due to their significant cancellation rate. According to the Company, due to their speculative nature, there is added collection risk if a project is canceled before completion. Therefore, PPL concludes that it is appropriate to require the deposit before investing time and money into an interconnection application that may ultimately be cancelled. Exc. at 7.

In the alternative, PPL argues that should the Commission determine that the Company is not authorized to require the deposit, the Commission can, nevertheless, remedy the issue by entering an Order that approves the deposit. PPL explains that such Commission action would maintain the status quo, minimize disruptions to the current interconnection process, and ensure that the benefits of the deposit requirement continue, while the Company looks into other remedies, such as tariff revisions. Exc. at 8. In addition, PPL footnotes that in its distribution base rate case filed on September 30, 2025, at Docket No. R-2025-3057164, the Company's proposed retail tariff includes a deposit requirement for interconnection applications. *Id*., n.3.

2. Replies to Exceptions[3]

In reply, TotalEnergies argues that PPL's contention that the ALJs erroneously concluded that PPL's IIR demands a non-refundable deposit is without merit.

[3] We note that while TotalEnergies formatted its Reply Exceptions as Replies to PPL's Exceptions Nos. 1-5, PPL only filed two Exceptions (with three subparts to its last Exception).

R. Exc. at 1 (citing Exc. at 3-4). TotalEnergies emphasizes that PPL's IIR plainly states that the Company's deposit is non-refundable. In response to PPL's argument that the ALJs overlooked extensive testimony regarding the refundability of the deposit, TotalEnergies argues that the record clearly demonstrates that despite the Company's testimony, PPL's IIR itself had not changed. R. Exc. at 1. According to TotalEnergies, none of PPL's testimony or arguments can overcome the fact that the plain language of PPL's IIR controls. *Id*. (citing I.D. at 9-10, FOF No. 14).

Second, TotalEnergies contends that PPL's deposit requirement meets the definition of a rate under Section 102 of the Code, 66 Pa.C.S. § 102, and therefore constitutes a rate not approved by the Commission or included in PPL's tariff in violation of Section 1302 of the Code, 66 Pa.C.S. § 1302. R. Exc. at 2 (citing I.D. at 9-12). TotalEnergies challenges PPL's position that it can unilaterally charge a 25% deposit before work commences simply because the Commission's regulations authorize the recovery of interconnection costs and are silent on the timing of the collection of costs. R. Exc. at 2. According to TotalEnergies, this is not the intent of the Regulations and PPL's reasoning fails to provide any legal basis for inferring the authority, from the Regulations, to collect interconnection costs before they are incurred. *Id*. at 2-3.

Third, TotalEnergies emphasizes that authorization to recover the costs of upgrades does not equate to the authority to demand prepayment for these costs before the work is completed. R. Exc. at 3 (citing Exc. at 5-6). TotalEnergies references 52 Pa. Code § 75.39(e)(4), noting that the Regulations only require the customer-generator to agree to pay the costs before proceeding, not to provide advance payment. TotalEnergies notes that the ALJs found the deposit, whether refundable or not, violates Sections 1302 and 1305 of the Code, 66 Pa.C.S. §§ 1302 and 1305. According to TotalEnergies, the deposit requirement is an unapproved rate and a demand for prepayment of a rate and/or deposit in violation of 66 Pa.C.S. §§ 1302 and 1305, respectively. R. Exc. at 3. TotalEnergies asserts that it never disputed the requirement

that a customer-generator must pay for interconnection costs but rather disputes that PPL can demand payment of the costs in advance based on PPL's unilateral determination of the estimated costs in the form of a non-refundable deposit requirement. *Id*. at 4.

Next, TotalEnergies contends that PPL is not authorized to collect costs of interconnection before those costs are incurred. R. Exc. at 4 (citing Exc. at 6-8). TotalEnergies argues that PPL already charges a substantial application fee that is specifically intended to cover the costs incurred up to PPL's IIR. R. Exc. at 4 (citing TotalEnergies St. 1 at 5-6).

According to TotalEnergies, PPL's practice of demanding an upfront deposit payment based upon PPL's IIR is unreasonable and has a chilling effect on project development. TotalEnergies asserts that PPL's IIR is designed to address the actual and often substantial interconnection work that will be performed in the future. R. Exc. at 4 (citing PPL Exh. GO-1). TotalEnergies also asserts that PPL provides no evidence to support the proposition that the deposit is intended to cover the cost of preparing PPL's IIR. R. Exc. at 4. TotalEnergies argues that PPL's IIR is inherently unreasonable as it utilizes a cost estimate with a margin of error of plus or minus 50%. TotalEnergies argues that such a large range of error in a cost estimate is so overly broad as to render the decision whether to continue with a project or abandon almost impossible. TotalEnergies asserts that this uncertainty leads developers, like TotalEnergies, to abandon projects at the point PPL's IIR is issued because they know the magnitude of the costs they may face. *Id*. (citing TotalEnergies St. 1 at 5-6).

Lastly, TotalEnergies opposes PPL's request for the Commission to issue an order permitting the Company to charge a "presumably non-refundable deposit," even though the Company has not requested such an order previously. R. Exc. at 5. TotalEnergies argues that PPL has neither made a timely request for an order authorizing the deposit nor provided a proposed tariff revision. TotalEnergies asserts that raising the

issue now, for the first time in Exceptions, contravenes procedural due process and prejudices TotalEnergies, noting that the record has already been closed. *Id*.

TotalEnergies maintains that the existing record does not support PPL's request. Specifically, TotalEnergies contends that PPL failed to present any evidence to support its theory of the potential for customers being left to pay for projects that are abandoned. To the contrary, TotalEnergies asserts that it presented the only evidence of projects being abandoned and that projects are most likely to be abandoned after learning the project costs, which occurs before any work has begun. R. Exc. at 5. Therefore, TotalEnergies requests that the Commission deny PPL's Exceptions, along with the Company's request that its deposit be approved. *Id*. at 6.

IV. Disposition

Based upon our review of the record in this proceeding, we will deny PPL's Exceptions and adopt the Initial Decision, consistent with this Opinion and Order.

In its Exceptions, PPL argues that the ALJs incorrectly determined that the Company's deposit is non-refundable. PPL states that despite the clear language of the Company's IIR describing the deposits as non-refundable, it asserted that in practice it is refunding any unspent portions of deposits. Second, PPL argues that the ALJs incorrectly determined that the deposit constitutes an unlawful rate. The Company contends that it is authorized to require Level 3 interconnection applicants to pay toward the costs of distribution system upgrades necessary to interconnect their project.

PPL's IIR process requiring a mandatory deposit payment as a condition of interconnection constitutes an unlawful rate that was not contained in the Company's Commission-approved tariff at that time nor grounded in a binding Interconnection Agreement. We do not find PPL's testimony to be persuasive, as it demonstrates that

every aspect as to the refundability of the deposit is entirely controlled by PPL and does not render it a refundable deposit. In addition, the refundability of the deposit is irrelevant when determining whether the demand for payment of the deposit is lawful or not. We note that PPL has admitted on the record that it did not request a waiver of the Commission's Regulations related to its implementation of the non-refundable deposit requirement. The Company also clearly notes that the non-refundable deposit is not specifically stated in its tariff. Therefore, we agree with the ALJs' analysis and conclusion that there were no Commission Regulations or orders at that time authorizing PPL to charge its deposit in advance and therefore, PPL's deposit constitutes an unlawful rate.

In conclusion, and as acknowledged repeatedly by the ALJs, as well as TotalEnergies, it is indisputable that the costs of the facilities to accommodate interconnection of the customer-generator are the responsibility of the customer-generator, not the EDC. However, the issue in this case does not turn on whether PPL is authorized to recover the costs incurred for accommodating interconnection, but rather how those costs are arrived at and when the interconnection customer is legally obligated to pay those costs.

In addition, the Commission notes that PPL's pending base rate case Settlement, approved, as modified by the Commission at our June 4, 2026 Public Meeting, does include a deposit requirement for interconnection applications. *See Pa. PUC v. PPL Electric Utilities Corporation*, Docket Nos. R-2025-3057164, *et al*. (Opinion and Order entered June 11, 2026), Joint Petition for Settlement at Appendix H. We take this opportunity to highlight this issue for all other EDCs and ask that they make any tariff supplement filings necessary to ensure all deposit requirements for interconnection applications are properly reflected in their tariffs.

Therefore, based upon our review of the record, Exceptions, and applicable law, we shall deny PPL's Exceptions and adopt the Initial Decision of the ALJs, sustaining the Formal Complaint of TotalEnergies, consistent with this Opinion and Order.

IV. Conclusion

Based upon the foregoing discussion, we shall: (1) deny PPL's Exceptions; (2) sustain TotalEnergies' Formal Complaint; and (3) adopt the Initial Decision, consistent with this Opinion and Order; **THEREFORE,**

IT IS ORDERED:

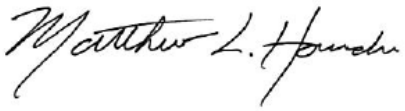
1. That the Exceptions filed by PPL Electric Utilities Corporation on October 2, 2025, to the Initial Decision of Administrative Law Judges Steven K. Haas and F. Joseph Brady, issued September 12, 2025, at Docket No. C-2024-3051475 are denied, consistent with this Opinion and Order.

2. That the Initial Decision of Administrative Law Judges Steven K. Haas and F. Joseph Brady, issued on September 12, 2025, is adopted, consistent with this Opinion and Order.

3. That the Formal Complaint filed by TotalEnergies Distributed Generation USA, LLC against PPL Electric Utilities Corporation, on September 30, 2024, at Docket No. C-2024-3051475, is sustained, consistent with this Opinion and Order.

4. That this proceeding at Docket No. C-2024-3051475 be marked closed.

BY THE COMMISSION,



Matthew L. Homsher
Secretary

(SEAL)

ORDER ADOPTED: June 18, 2026

ORDER ENTERED: July 1, 2026