Prepared Testimony of

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before the

Pennsylvania House Appropriations Committee

March 5, 2026

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Introduction

Good morning, Chairman Harris, Chairman Struzzi, Chairman Burgos, Chairman Metzgar, Chairwoman Fiedler, Chairman Causer and members of the House Appropriations Committee. My name is Stephen DeFrank, and I have the honor of serving as Chairman of the Pennsylvania Public Utility Commission (PUC or Commission). I am joined today by Vice Chair Kimberly Barrow and Commissioner Kathryn Zerfuss.

I am honored to be here today, to share and discuss utility issues with you, at a time when these issues are at the forefront of national, regional, and state conversations, but also a continual topic of family budget conversations and business owners. We often hear about issues that affect both Main Street and Wall Street, and utility services, from the costs to obtain the commodity through the costs to safely distribute them, have a significant impact on both.

Every Pennsylvanian - every home, every business, every community—depends on the services regulated by the PUC. The electricity that lights our homes and powers our industries. The natural gas that warms our families and fuels manufacturing. The water we drink and the wastewater systems that protect public health. The telecommunications networks that keep us connected. The transportation services that move people and products across the state. These are not abstract concerns—these are fundamental services that affect every aspect of life and economic activity in Pennsylvania.

At the core of our mission, the PUC is responsible for ensuring that essential utility services remain safe, reliable, and affordable for Pennsylvania's residents and businesses. We oversee more than 8,400 entities providing electricity, natural gas, water, wastewater, telecommunications, steam, and transportation services, as well as pipeline safety and public highway-railroad crossings. We are fortunate to have some of the most experienced and respected regulatory professionals in the country working for the PUC. Our engineers, economists, attorneys, and industry specialists do not see this work as just a job – it is a mission. It is a professional and personal commitment to public service.

During the last several years, the Commission has taken on a record number of complex utility rate cases, advanced major consumer protections, enhanced oversight of infrastructure projects, and addressed critical issues like broadband deployment, cybersecurity, and resource adequacy for Pennsylvania's energy grid. Our dedicated staff has handled an unprecedented workload, reviewed thousands of filings, conducted public hearings, resolved consumer complaints, and remained proactive in keeping Pennsylvania's utility systems secure and effective.

Our staff work long hours, often under intense deadlines, because they understand the critical nature of what they do. Whether ensuring that power lines and pipelines are safe, protecting consumers from unfair practices, resolving disputes over broadband deployment, or investigating service failures, their work matters – not just to this Commission, but to every Pennsylvanian.

And our work here in Pennsylvania is not just impactful within our borders. The PUC is widely recognized as a national leader in utility regulation. Other states and federal agencies look to Pennsylvania as a model for best practices in consumer protection, market oversight, and infrastructure safety. The policies we shape and the enforcement actions we take continue to set a high standard across the country.

Today, I look forward to discussing the Commission's budget request for Fiscal Year 2026-27. This request seeks to maximize our agency's resources and enhance our capabilities in all areas in protecting and serving Pennsylvania's residents – including needed infrastructure modernization, new public safety initiatives, and added measures that ensure affordability and promote competition in utility markets.

Executive Summary

- **Budget and Workforce**

  For Fiscal Year 2026-27, the PUC is requesting $104,785,000, including $5,383,000 in federal funds that support motor carrier, rail safety, and pipeline safety activities. The state's share of this budget – $98,102,000 – comes entirely from assessments on regulated utilities, rather than from the state General Fund. These assessments ensure that those benefiting from regulation bear the costs, not Pennsylvania's taxpayers. This requested increase of 2.18% from the current fiscal year is attributed to contractual obligations for salaries and benefits and continuing all current programs at the PUC.

  This funding supports a workforce of 537 employees across 13 bureaus and offices, all focused on regulatory oversight, safety enforcement, consumer protection, and infrastructure investment. The Commission's current complement of 537 employees has increased slightly from our last request but overall has remained stable despite a growing workload.

  The Commission is headquartered in Harrisburg with regional offices in Philadelphia, Pittsburgh, Harmarville, and Scranton. PUC staff is spread among 13 offices and bureaus reporting to the Executive Director and Deputy Executive Director, including Legislative Affairs, Secretary, Administration, Special Assistants, Technical Utility Services, Investigation and Enforcement, Audits, Law, Administrative Law Judge (OALJ), Consumer Services (BCS), Cybersecurity (OCCO), Competitive Market Oversight (OCMO), and Communications.

- **Consumer Protection and Affordability**

  One of the most important roles of the PUC is ensuring that utility services remain affordable and accessible, particularly for low-income households. The Commission continues to review and seek opportunities and build from the steps taken in the last several years towards protecting consumers, achieving efficiencies in utility assistance programs, and strengthening public outreach.

  - <u>Utility Assistance and Affordability</u>

    - In response to the expiration of consumer protection provisions under Chapter 14 of the Public Utility Code, previously codified at 66 Pa.C.S. §§ 1401-1419, the PUC adopted a Statement of Policy to maintain essential safeguards, including winter shut-off moratoriums, medical certification exemptions, and structured payment arrangements. Additionally, in February of this year, the Commission moved forward with a proposed rulemaking to permanently codify these customer protections.

  - The PUC worked with the Pennsylvania Department of Human Services (PA DHS) to streamline enrollment in assistance programs, allowing Low Income Energy Assistance Program (LIHEAP) recipients to share their eligibility information directly with utilities.
  - When it became apparent that LIHEAP funding would be delayed for this winter season, the PUC urged the Pennsylvania Congressional Delegation to secure LIHEAP funding. But the PUC did not just wait and hope that the funding would materialize. Instead, the PUC proactively reached out to Pennsylvania's electric and natural gas distribution companies to request that they refrain from terminating service for LIHEAP-eligible customers during this gap period. Utilities across Pennsylvania agreed, helping ensure that LIHEAP-eligible households remained connected during the gap period.
  - Several major utilities expanded their Customer Assistance Programs (CAPs), offering arrearage forgiveness, discounted rates, and hardship grants to struggling consumers.

- <u>Consumer Engagement and Education</u>
  - The PUC handled over 100,000 consumer calls and initiated over 73,000 customer inquiries, ensuring rapid assistance for those facing billing disputes or service issues.
  - Our "Be Utility Wise" education program and outreach at events like the Pennsylvania Farm Show helped inform thousands of Pennsylvanians about energy efficiency, shopping for electricity and gas, and financial assistance programs.
  - PUC staff supported over 40 in-person public input hearings along with 23 telephonic hearings tied to major rate cases, ensuring that customers were informed and empowered to share their input on rate case proposals.
  - The PUC has added a Digital Director within the Office of Communications to further strengthen the PUC's online and social media engagement and connectivity to customers seeking guidance.

- <u>Rate Cases</u>
    - Coming off the historic number of 31 applications for a rate case increase in 2024, the PUC received 17 rate increase applications by utilities in 2025. A number of these cases remain active and under process.
    - Rate cases are one of the primary ways in which the PUC can economically protect ratepayers while ensuring that jurisdictional utility service remains safe and reliable.
- <u>Net Metering Reform</u>
    - In 2020, the Commonwealth Court overturned the PUC's established limitations on net metering for solar facilities producing up to 3 megawatts of electricity.
    - Since that time, developers have built and are proposing more facilities across the Commonwealth, where they use minimal electric load and produce a high excess of electricity beyond their annual average use.
    - These facilities present a drawback to ratepayers as utilities must purchase the excess generation at a retail rate, versus a more typical wholesale rate. The Commission projects these merchant generators will cost electric customers approximately $700 million annually.
    - The PUC has sought statutory changes to address this issue to insulate customers from these unreasonable costs while still supporting a robust net metering landscape for legitimate end-use electricity customers.

- **Public Safety and Enforcement**

Beyond reliability, the PUC has a critical role in ensuring public safety across multiple sectors.

- Railroad Safety – The PUC inspected over 8,800 public highway-railroad crossings, worked to enhance rail worker safety, and partnered with the Federal Railroad Administration (FRA) to reduce accidents. As part of those accident reduction efforts, at the PUC's most recent Public Meeting on February 19, 2026, the Commissioners voted unanimously to advance a rulemaking process targeted to updating and strengthening the Commission's rail safety requirements.
- Motor Carrier Safety – Nearly 4,500 roadside inspections were conducted to enforce commercial vehicle safety regulations, protecting Pennsylvania's

roads and highways.

- Damage Prevention – The PUC's Damage Prevention Committee reviewed 870 excavation safety cases, issuing training mandates and fines to prevent dangerous strikes to utility infrastructure.

- **Reliability and Infrastructure Investment**

Ensuring reliable electric, gas, water, and telecommunications service requires continuous investment in aging infrastructure and a proactive regulatory approach. Safety, affordability, and reliability of utility service must coexist, and the delicate balance of these obligations cannot be viewed in a vacuum. The delicate balance is exemplified in the reality that gas utilities must ensure the integrity of their distribution systems to avoid dangers to public safety and electric utilities must be ready to repair and replace infrastructure damaged by unpredictable weather events. New challenges are now imposed by the growth of data center development and the attendant impact it could have upon consumers is at the heart of discussions on energy affordability and reliability, in Pennsylvania, among the PJM Interconnection (PJM) member states, and nationally. The PUC stands ready to address these challenges.

- Electric Grid Reliability
    - The PUC has continued in its proactive approach to develop a model tariff for large-load customers, including data centers and other high demand electric users. Building from the testimony the PUC gathered during an April 2025 hearing on large-load issues, in November, the Commission published a Tentative Order proposing a model tariff for Large Load Customers and inviting public comments for a period ending on December 22, 2025. The Commission is now carefully considering all submitted comments as it works to develop a model tariff to provide the framework necessary to help ensure that large energy users can connect to the grid efficiently and responsibly while also protecting existing ratepayers, preventing cost-shifts, and supporting long-term reliability.
    - The PUC engaged in continued and vigorous advocacy before the Federal Energy Regulatory Commission (FERC), seeking to ensure that PJM's market design, resource adequacy, transmission planning and transmission rates are structured to the benefit of Pennsylvania and to protect Commonwealth ratepayers from unwarranted costs.
    - The PUC advanced a rulemaking aimed at modernizing the PUC's electric interconnection regulations; building on prior distributed energy proceedings; and seeking an updated, comprehensive framework for new load, existing load upgrades and emerging technologies.
    - The PUC adopted an Act 129 Phase V Implementation Plan, the next phase of the state energy efficiency program which guides efforts by

major electric distribution companies to reduce energy consumption and demand through May 31, 2031.

    - The PUC issued a post-storm analysis and report on the April 2025 storms that impacted utility service in Western Pennsylvania. The report examined electric utilities' preparation and response, and it also outlined key recommendations to strengthen future storm planning, coordination, and system resilience statewide.

- Pipeline Safety and Gas Infrastructure

    - In September of 2025 the Commission finalized a plan to accelerate the identification, removal and replacement of older plastic piping and components in the state's natural gas distribution systems. This initiative is patterned after Pennsylvania's successful ongoing efforts to eliminate other at-risk materials such as cast-iron pipe from natural gas utility systems.

- **Cybersecurity and Emergency Preparedness**

With increasing cyber threats targeting critical infrastructure, the PUC has expanded oversight and preparedness measures.

- All utilities are required to develop and maintain a cyber security and physical security plan, an emergency response plan and a business continuity plan to protect the Commonwealth's infrastructure and ensure safe, continuous and reliable utility service. Utilities must also annually certify their compliance with plan requirements, and the PUC may inspect the utility's facilities to assess compliance and performance.

- The PUC anticipates issuing a Notice of Proposed Rulemaking in the second quarter of this year as part of its continued effort to update and refine existing cyber regulations to ensure they align with modern security threats, including cloud-based vulnerabilities and AI-driven risks.

- The PA Black Sky Steering Committee partnered with the State Police, the Pennsylvania Emergency Management Agency (PEMA), the Pennsylvania Department of Environmental Protection (DEP), and other government entities to conduct a statewide cybersecurity exercise testing Pennsylvania's response to a large-scale, long-duration outage scenario.

- **Telecommunications and Broadband**

The PUC is working to eliminate barriers to broadband expansion and hold providers accountable for service quality.

- The Commission reviewed annual rate filings made by every incumbent local exchange carrier pursuant to Chapter 30 of the Public Utility Code, 66 Pa.C.S. §§ 3001-3019, to ensure that rates for basic local exchange services remain just and reasonable and consistent with law.

- In 2025, the PUC the Commission established the Pennsylvania Rapid Broadband Assessment Team to review requests for expedited treatment of pole attachment disputes. Since then, one (1) request for expedited treatment has been submitted and resolved through confidential mediation.
- In November 2025, the Commission adopted additional new Federal Communication Commission's (FCC) regulations providing for cooperation between attachers, such as broadband, cable, and Internet service providers, and utilities. Adoption of the FCC regulations was intended to promote faster attachment timelines, new timelines for large requests and improvements to the contractor approval process.

PUC Overview and Mission

As stated earlier, the Commission regulates more than 8,400 entities, including in-state services for electricity; natural gas; telecommunications and broadband (availability and speed in accordance with Pennsylvania statutory standards); water and wastewater collection and disposal; steam; transportation of passengers and property by motor carrier, truck, taxicab and transportation network companies (TNCs); pipeline transportation of natural gas and hazardous materials; and public highway-railroad crossings.

The supervision and regulation of these public utilities in Pennsylvania includes establishing just and reasonable rates; providing for adequate, efficient, safe service and facilities; conducting audits, inspections and investigations; providing consumer services; and ensuring the enforcement of, and compliance with, public utility law and regulations.

The PUC is requesting $104,785,000 for the 2026-27 budget year, which includes $5,383,000 in potential federal funds, used to regulate motor carrier, rail safety and pipeline safety activities. The increase in requested state funds is largely driven by contractual salary and benefit increases. Of the total amount requested, the state's share is $98,102,000. The Commission receives its state funding from the assessments of jurisdictional public utilities based on their reported revenues from intrastate operations and the Commission's costs to regulate the various utility groups.

In addition, the PUC assesses natural gas and hazardous liquids pipeline operators under Act 127 of 2011, the Gas and Hazardous Liquids Pipelines Act, and collects fees from electric generation suppliers (EGS) and natural gas suppliers (NGS) for the PUC's oversight of these entities under Act 155 of 2014. The Commission also receives $1,000,000 for the duties related to administering Act 13 (the Unconventional Gas Well Impact Fee Law).

As the Commission continues its focus on ensuring safe, reliable, and reasonably priced utility services, it is also essential to recognize that the landscape of utility regulation is evolving, demanding a forward-thinking approach to regulation and operations. To meet these challenges, the PUC has embarked on *PAPUC Forward*, a five-year strategic plan designed to enhance the agency's effectiveness, modernize operations, and strengthen our workforce. This initiative serves as a critical framework for how the Commission's dedicated employees will continue fulfilling our mission in the years ahead.

PAPUC Forward is a comprehensive operational strategy that reflects input from agency staff, Commissioners, and external stakeholders. The plan is built around five key strategic focus areas:

- **People & Culture** – Investing in staff development and recruitment to ensure the PUC maintains a skilled workforce capable of addressing Pennsylvania's evolving utility landscape.

- **Project Management Capability** – Establishing a structured framework to enhance project execution, increase efficiency, and support strategic initiatives.

- **Process & Operational Excellence** – Implementing an "Innovation Engine" to drive efficiency and effectiveness; standardize and evolve operations for common and consistent execution; and refine the Commission's operating model and roles and responsibilities.

- **Technology Modernization** – Upgrading systems and tools to equip staff with the resources needed for effective oversight, consumer protection, and regulatory compliance.

- **Communication** – Enhancing transparency and outreach to both internal and external stakeholders, streamlining consumer education efforts, and strengthening engagement with Pennsylvania's ratepayers.

Each of these focus areas is directly tied to the work performed by the Commission's employees, demonstrating the agency's commitment to improving services while maximizing operational efficiency. Whether it is modernizing technology to enhance regulatory oversight, fostering a workplace culture that attracts and retains top-tier talent, or streamlining processes to improve response times for consumer inquiries, *PAPUC Forward* ensures that every aspect of the Commission's work is aligned with best practices in state utility regulation.

As the PUC presents its budget request for the 2026-27 fiscal year, *PAPUC Forward* continues to provide a roadmap for how the Commission will use its resources to strengthen oversight, improve consumer protection, and enhance operational efficiency. This plan reflects our ongoing commitment to anticipating and addressing Pennsylvania's rapidly evolving utility needs, ensuring that our regulatory efforts remain proactive, effective, and responsive to the public interest.

Coming off an unprecedented number of rate case filings in 2024, in 2025 more than 33,500 filings were received by the PUC, including 17 individual rate cases, compared to the typical seven to nine rate cases per year, along with a record number of formal rate complaints.

In response to this increased workload, the Commission's staff responded with exceptional efficiency:

- Nearly 11,000 documents were served by the Secretary's Bureau.

- 661 evidentiary hearings and 64 public input hearings were conducted by the OALJ while 325 cases were resolved by mediation.

- 863 Orders and Final Orders were served, along with 469 Initial and Recommended Decisions from OALJ and nearly 6,500 Secretarial Letters and other documents.

- The PUC also received and fielded more than 452 Right-to-Know (RTK) requests.

Consumer inquiries and complaints also received a high degree of attention during 2025, with BCS responding to more than 112,000 customer contacts and resolving over 73,000 customer inquiries.

The Law Bureau regularly represented the Commission with 17 appeals completed in 2025, with 40 more pending before Commonwealth Court and 3 pending before the Pennsylvania Supreme Court.

The Bureau of Audits released 36 reports covering 89 years of adjustment clauses. In addition, Audits reviewed and approved approximately 355 adjustment clause filings.

The PUC's Safety Divisions conducted more than 2,700 electric and pipeline safety inspections and responded to 171 electric safety investigations and 20 pipeline-related incidents. The Rail Safety Section completed 1,315 inspections and addressed 70 reported incidents involving trains and vehicles or pedestrians. The Motor Carrier Safety Section conducted 360 safety fitness reviews on carriers, more than 1,600 Federal New Entrant Safety Audits and more than 4,500 roadside inspections of commercial motor vehicles.

The Commission's continued efforts to encourage electronic filing (eFiling) aid the speedy processing of documents, with approximately 60% of all filings now being submitted electronically – 24,130 eFilings, compared to 9,330 filings submitted by mail.

The Commission received 452 RTK requests in 2025, compared to 163 in 2024. The Law Bureau defended 10 appeals before the Pennsylvania Office of Open Records (OOR), with the OOR consistently citing the strength of the affidavits submitted by Commission employees and the extensive effort of Commission staff to conduct a "good faith" search to every RTK request. Data compiled over the last five years shows a significant upward trend in both individual and form requests.

Additionally, the Commission continues to enhance access to historical records by digitizing older microfilm and paper materials, with more than 10 million pages of information now available online to the public.

Consumer Protection & Assistance Programs

One of the PUC's most fundamental responsibilities is ensuring that Pennsylvania utility consumers – households, businesses, and communities – have fair and reasonable access to essential services, with clear safeguards in place to prevent undue hardship, especially for the most vulnerable populations.

In December 2024, as the statutory provisions of Chapter 14 of the Public Utility Code approached expiration, the PUC took decisive action to provide continuity and stability for consumers by adopting a Statement of Policy to reaffirm essential consumer safeguards. This proactive step ensured consistency concerning key protections—including winter shut-off moratoriums, structured payment arrangements, and medical certification exemptions.

At the PUC's most recent Public Meeting, held on February 19, 2026, the PUC took additional action to provide increased stability and assurance to customers and the regulated community by approving a Notice of Proposed Rulemaking to formally incorporate key consumer protections into its regulations. The PUC's efforts target amendments and additions to Chapter 56 of its regulations, 52 Pa. Code Chapter 56, to incorporate consumer protection provisions that have guided residential utility service standards for years. The proposed updates are intended to promote uniform application across the Commonwealth, reduce administrative confusion, and ensure that consumers and utilities alike can rely on a consistent regulatory structure.

As lawmakers continue to deliberate the future of Chapter 14 in 2026, the PUC shares the legislature's concern for ensuring that utility-related consumer protections are both effective and sustainable. The Commission's efforts have been guided by two key priorities: preventing service disruptions for vulnerable consumers and ensuring consistency in the regulatory framework governing utility billing, collections, and dispute resolution.

These protections are not just policies – they represent the work of PUC staff in every division, from consumer services' representatives who handle thousands of customer inquiries, to legal and enforcement teams that ensure utilities comply with regulations, to regulatory analysts who assess affordability trends and program effectiveness. The PUC's workforce plays a vital role in protecting utility customers and ensuring fairness in the marketplace.

As the Commission continues its dialogue with the General Assembly in the coming months, we stand ready to collaborate on solutions that uphold Pennsylvania's strong tradition of consumer protections while addressing the evolving needs of the Commonwealth.

Continuing on the topic of consumer assistance, as part of a collaborative project with the PA DHS aimed at reducing barriers for at-risk households, consumers applying for heating assistance from LIHEAP are asked if they would like to share LIHEAP income and household information with public utilities who receive the LIHEAP grant. The LIHEAP data sharing is designed to allow low-income consumers to enroll or recertify in energy public utility universal service programs without having to submit a new application or proof of income-eligibility to the public utility. To facilitate the process, on June 13, 2024, the PUC issued an Order requiring utilities to confirm their participation in LIHEAP data sharing and to outline how they plan to use this information for enrolling eligible customers. Since then, all major electric distribution companies (EDCs) and natural gas distribution companies (NGDCs) have signed this agreement. Synergizing the application process is critical, as we note that during the 2024-25 heating season, approximately 46,000 electric and natural gas customers avoided service terminations through receipt of LIHEAP grants, helping households maintain essential heating service and avoid unsafe alternatives.

Informal consumer complaints make up a large volume of incoming daily contacts to the PUC. During the past year, BCS handled approximately 112,737 consumer contacts and 73,285 total complaints, which is a slightly lower figure than 2024. The majority of the complaint volume to BCS in 2025 were requests for payment arrangements, with just under 40,000 requests opened.

In addition to addressing in-bound inquiries, the Commission is dedicated to education and outreach. The PUC's consumer educators reached hundreds of front-line community partners and utility customers through many in-person and virtual educational events, including the PUC's annual "Be Utility Wise" and "Be Wise" consumer-education conferences. The "Be Utility Wise" program champions the cause of energy insecurity, striving to enhance consumer understanding of various utility issues, including affordability, reliability, comfort, transportation, infrastructure, and health.

Consumer education was also showcased by the PUC's presence at the annual Pennsylvania Farm Show in early January 2026, and this was the second year for the PUC participating in the weeklong event. More than 50 PUC staff volunteered for the week, including Commissioners, the Executive Director, Bureau Directors, Communications, BCS and other Bureau staff.

Advancing Universal Service

Ensuring that low-income households have access to essential utility services remains a core priority of the Commission, and significant steps have been taken to improve the coordination, accessibility, and effectiveness of universal service programs across the Commonwealth. These efforts are designed to streamline enrollment, enhance consumer protections, and ensure that vulnerable Pennsylvanians can maintain essential utility services.

As part of its ongoing statewide review of universal service programs, the PUC established the Universal Service Working Group (USWG) in August 2023, bringing together utilities, consumer advocates, and other stakeholders to identify ways to enhance program coordination and reduce barriers to enrollment. The USWG subgroups explored key aspects of universal service improvement, including:

- Developing a Common Application Form (CAF) – A standardized application that would simplify the enrollment process for eligible consumers.
- Creating a Universal Service Website – A centralized online resource to assist customers in understanding and applying for assistance programs.
- Preparing for LIHEAP Data Sharing – Facilitating the automatic enrollment of eligible low-income households in utility assistance programs using federal LIHEAP recipient data.

On August 22, 2024, the PUC issued an Order adopting a slightly modified version of the CAF and encouraged utilities to use it to simplify and standardize the application process for low-income assistance programs—and on November 21, 2024, Pittsburgh Water became the first water utility to adopt the CAF, marking an important expansion of universal service coordination beyond energy utilities, with other water utilities following suit in 2025.

In 2025 the Commission has continued discussions on the development of a statewide website that would serve as a one-stop resource for consumers seeking assistance programs.

The Commission's work on universal service program improvements builds upon a broad commitment to affordability, access, and consumer protection. These recent actions demonstrate how collaboration between utilities, advocates, and state agencies can lead to tangible improvements that help Pennsylvanians stay connected to essential services.

As these initiatives move forward, the PUC will continue working with the General Assembly, stakeholders, and regulated utilities to advance policies that ensure low-income customers have a clear and efficient path to assistance while strengthening transparency, accessibility, and program accountability.

Utility Terminations

With the end of Pennsylvania's seasonal winter termination moratorium approaching on March 31, 2026, the Commission is once again emphasizing the importance of direct communication between consumers and utilities to discuss options that can help households remain connected to utility services.

At this point, the best action any consumer with a past-due bill can take is to call their public utility's customer service hotline and ask for information about their assistance programs designed to make energy bills more affordable. Utilities understand the assistance programs available in their communities for income-qualified consumers—including utility-run Customer Assistance Programs, national programs like LIHEAP and various hardship fund programs operated by utilities and nonprofit organizations.

Utilities also can help enroll consumers in assistance programs, guide them to other available resources, and discuss new payment plan options to address overdue balances and help consumers move forward. Each major utility has a team of representatives trained to help consumers explore the many options that may be available and connect those families with the necessary resources. If a consumer is unable to resolve an issue or obtain needed information from the utility, they may contact BCS toll free at 1-800-692-7380.

Additionally, the PUC notes that consumers may also contact Pennsylvania's "211" system (Dial 211 or visit www.pa211.org) for information and resources in their communities to help with utilities, housing, food, employment and more. If, after calling the utility, consumers are not satisfied with the assistance provided, they can contact BCS.

Rate Case Filings in 2025

During 2024, the Commission experienced an unprecedented volume of rate case activity, with 31 individual rate cases filed by utilities across the water, wastewater, electric, and natural gas sectors. This record number of filings – combined with associated complaints filed by consumers and stakeholders – resulted in an extraordinary workload for Commission staff across multiple bureaus.

While not setting an historic number, 2025 nevertheless saw 17 individual rate cases filed by utilities across the water, wastewater, electric, natural gas, and steam sectors.

Unlike other regulatory proceedings, utilities – not the PUC – control the timing of rate case filings, and statutory requirements impose a strict timeframe for the Commission to thoroughly investigate each case, evaluate the justifications for proposed rate increases, and determine fair and reasonable rates for consumers. Each filing must be carefully analyzed within a tight review window, requiring detailed financial and operational assessments, public input hearings, and legal proceedings before a final decision is reached. In 2025, our staff supported 43 in-person public input hearings on rate cases across the state and held another 23 telephonic input hearings.

While each utility had unique factors driving its rate request, common themes across the filings included:

- Aging infrastructure and the need for capital investments to maintain and improve service reliability.
- Increased operating costs, including fuel, materials, and labor expenses.
- Inflation and increased interest rates.
- Utility programs aimed at enhancing system resiliency, meeting environmental and safety regulations, and expanding affordability initiatives for low-income consumers.

Despite the complexity and volume of these cases, the PUC's decisions overwhelmingly resulted in significantly lower rate increases than originally requested by utilities. These decisions also included:

- Mandates for improved service reliability and infrastructure investments to ensure safe and dependable utility service for Pennsylvania residents and businesses.
- Enhancements to affordability programs, ensuring that low-income customers receive additional support to manage utility costs.
- New consumer protections and operational improvements to hold utilities accountable for responsive and high-quality service.

The Commission's work in 2025 reflects its ongoing commitment to balancing the financial needs of utilities with the interests of Pennsylvania consumers, ensuring that rates remain just and reasonable while promoting reliability, affordability, and long-term sustainability in the state's utility sector.

Utility Audits & Financial Accountability

During the past year, the PUC Financial Audits team released 36 reports covering 89 years' worth of adjustment clauses and reviewed and approved approximately 335 adjustment clause filings.

Management Audit staff released four Management Audits and two Management Efficiency

Investigation reports in Calendar Year 2025.

Recommendations included in the Management Audits & Management Efficiency Investigations identified $3.27 million in projected annual savings and $1.25 million in one-time savings by identifying efficiencies for utilities, including potential improvements in operations, service reliability and safety programs.

Utility Reliability Challenges & System Resilience

Ensuring resilient and reliable utility service is a top priority for the Commission. As extreme weather events become more frequent, and as the state's energy infrastructure ages, proactive planning, system modernization, and emergency preparedness are critical to safeguarding Pennsylvania's electric, natural gas, water, and communications systems. The Commission continues to advance robust initiatives to improve system reliability, strengthen emergency response efforts, and enhance coordination among utilities, state agencies, and local governments.

The PUC's latest Electric Service Reliability Report highlights several key challenges facing Pennsylvania's EDCs, including:

- There were 57 reportable electric outage events in 2025; this number is down from 71 in 2024.
- Vegetation continues to pose the greatest threat to reliability due to storm activity. While many EDCs have increased vegetation management plans, many large trees or other vegetation sits outside utility right of ways, on private property.

While advanced grid technologies such as automated smart reclosers and self-healing grid systems have helped reduce the total number of consumers affected by outages, those who do lose power often experience longer restoration times due to the complexity of modern distribution systems.

Recognizing these challenges, the PUC has emphasized the importance of infrastructure investments and enhanced vegetation management to reduce outage impacts. Nine of Pennsylvania's 11 EDCs have active Long-Term Infrastructure Improvement Plans (LTIIPs) aimed at upgrading aging equipment, replacing poles and transformers, and enhancing system resilience. However, the Commission has noted that vegetation management is not currently an eligible category for purposes of Distribution System Improvement Charge (DSIC) funding, creating hurdles for utilities working to mitigate tree-related outages.

As Pennsylvania's energy landscape evolves, collaborative efforts between utilities, regulators, and policymakers will remain essential to ensuring a more resilient and reliable electric grid.

In addition to ensuring day-to-day service reliability, the PUC has placed significant emphasis on large-scale emergency preparedness to prepare for and mitigate catastrophic service disruptions. The Commission leads and participates in statewide emergency exercises, bringing together utilities, state agencies, and first responders to develop and test response plans for extreme outage scenarios.

The Pennsylvania Black Sky Steering Committee (BSSC) – a collaborative effort among the PUC, PEMA, the Governor's Office of Homeland Security, and critical infrastructure operators – focuses on planning for prolonged, widespread power outages that could result from cyberattacks, extreme weather, or coordinated physical attacks on critical infrastructure.

In May 2025, the BSSC met to discuss the outcomes of the BSSC communications exercise; delivered a presentation from the Electric Infrastructure Security (EIS) Council regarding the Energy Sector Web initiative; and discussed black sky communication methods and considerations for the future. Also in 2025, PEMA, in partnership with the Commission, organized a primary, alternate, contingency, alternate (PACE) survey for the BSSC membership. This year the BSSC will focus on the survey results and advance its black sky communications planning.

By engaging in ongoing Black Sky preparedness initiatives, Pennsylvania is better equipped to handle large-scale utility disruptions, ensuring that utilities and emergency responders can communicate effectively and restore services as quickly as possible in the event of a major catastrophe.

The reliability of Pennsylvania's natural gas system is critical, particularly during cold weather months when heating demand is highest. In May 2025, the PUC partnered with Columbia Gas along with federal, state, and local emergency management agencies to conduct the seventh annual "Operation Blue Flame" natural gas emergency exercise. The exercise highlighted the importance of interagency coordination and identified areas where response planning can be improved, reinforcing the critical need for emergency preparedness measures to protect consumers and ensure continuity of service.

The PUC remains committed to ensuring strong system reliability and emergency preparedness across Pennsylvania's electric, natural gas, and water utility sectors. By working to address vegetation-related outages, strengthening grid resilience, enforcing reliability standards, and enhancing emergency response coordination, the Commission is working to ensure that Pennsylvania's utility infrastructure can withstand modern challenges and recover quickly from disruptions.

The PUC will continue working with state and federal partners, utility companies, and local governments to advance emergency preparedness, infrastructure investment, and regulatory oversight—ensuring that Pennsylvanians receive safe, reliable, and resilient utility service in the face of evolving threats and challenges.

- **April 29, 2025, Western Pennsylvania Storm**
    - A severe thunderstorm system moved through Western Pennsylvania on April 29, 2025. The storm produced record wind gusts and overall affected 679,000 electric customers in the Duquesne Light Company, West Penn Power, and Penelec service territories.

- The PUC issued a post-storm report on the Western Pennsylvania based area storm from April 2025. The report examined electric utilities' preparation and response and also outlined key recommendations to strengthen future storm planning, coordination, and system resilience statewide

Pipeline & Natural Gas Safety

Ensuring the safe and reliable delivery of natural gas is one of the PUC's most critical responsibilities, and the Commission remains steadfast in its commitment to proactively identifying and addressing risks within Pennsylvania's natural gas infrastructure. Through a series of strategic initiatives, the PUC is advancing policies that accelerate the replacement of aging pipelines, enhance regulatory oversight, and implement groundbreaking safety measures to protect the public.

Each day, the PUC's Pipeline Safety Division protects millions of Pennsylvanians and safeguards our communities in their work ranging from inspecting and monitoring pipelines to working with operators and first responders. The PUC's Pipeline Safety Division was recently recognized for its excellence, in the U.S. Department of Hazardous Materials Safety Administration (PHMSA)'s 2025 assessment, which evaluates the Pipeline Safety Division's procedures, records, and performance during field inspections with observations completed by a PHMSA auditor. The assessment concluded with the Pipeline Safety Division receiving a perfect score of 100 out of 100 points. Additionally, the Hazardous Liquid Pipeline Safety Program received a perfect score of 96 out of 96 points in the Program Review Evaluation. Finally, both divisions received a perfect 50 out 50 score in PHMSA's Progress Report Review, reflecting their hard work, professionalism, and commitment.

PHMSA's evaluation of the Pipeline Safety Division also highlighted the significant progress in the removal of high-risk pipeline materials, including over 100 miles of cast and wrought iron and 330 miles of bare steel removed by Pennsylvania operators in 2024. But, the Commission's work continues, with a major focus on the replacement of high-risk cast iron and unprotected bare steel pipelines, which remain among the most significant contributors to gas leaks and safety concerns. As of early last year, Pennsylvania's natural gas distribution operators maintained 1,990 miles of cast iron and wrought iron pipeline and 4,584 miles of bare steel pipeline, with an additional 143,935 bare steel service lines providing gas to homes and businesses and over 12,895 services replaced in 2025. While significant progress has been made in reducing these risks, the PUC continues to push for the full replacement of these materials to eliminate preventable gas leaks, improve reliability, and enhance public safety.

The PUC estimates that full replacement of these materials will cost between $13 billion and $16 billion, a necessary investment to prevent safety hazards and ensure system integrity. The Commission continues to support and oversee utility-led replacement programs and advocates for the use of the DSIC to accelerate the timeline of this critical infrastructure work while balancing cost impacts on ratepayers.

While significant progress has been made in replacing cast iron and bare steel, the PUC is also taking strong steps to address emerging safety risks associated with older plastic pipelines. First-generation plastic piping, installed between the 1960s and 1980s, has been found to be susceptible to brittle-like cracking, leading to an increased risk of leaks and failures. Recognizing the importance of preemptively addressing this issue, the Commission launched a new policy initiative in 2024 to propose the accelerated identification and removal of at-risk plastic pipe, including three primary components:

- Comprehensive Data Collection: The PUC has reissued a formal data request to all natural gas utilities, requiring full disclosure of first-generation plastic materials in their systems.

- Expanding Replacement Plans: The PUC proposes directing utilities to amend their current infrastructure replacement plans to include at-risk plastic materials under DSIC programs, allowing for expedited removal and replacement.

- Mandatory Pipeline Replacement Plans for Smaller Utilities: For natural gas utilities that do not currently have a DSIC in place, it is proposed that they be required to submit Pipeline Replacement Plans to the Commission for approval, ensuring that all high-risk materials—including plastic, cast iron, and bare steel—are prioritized based on safety concerns.

These efforts build on Pennsylvania's strong track record of infrastructure modernization and reinforce the PUC's role in ensuring safe, proactive management of natural gas distribution systems across the Commonwealth.

The Pipeline Safety Division has continued to play an integral role in investigating jurisdictional incidents. During 2025, the Pipeline Safety Division investigated 10 jurisdictional incidents at gas facilities. While the Pipeline Safety Division's investigative role is critical, incident prevention is paramount. To that end, the PUC remains steadfast in its commitment to empowering utilities to efficiently identify and replace at-risk pipeline.

The PUC's efforts to remove at-risk pipe have not only continued, but they have expanded to include the recognition that older plastic pipe installed in the 1960s and early 1980s may be prone to brittle-like cracking and should be identified and prioritized for replacement. In September of 2025, the PUC entered a Final Order requiring all natural gas distribution public utilities to begin an accounting of the various types of plastic pipelines and components within their distribution systems so that at-risk pipes can be better prioritized for replacement. Through these coordinated infrastructure replacement efforts, policy-driven safety initiatives, and direct consumer protection measures, the PUC is taking clear and decisive action to modernize Pennsylvania's natural gas distribution systems, enhance pipeline safety, and prevent future tragedies.

- By accelerating the removal of cast iron, bare steel, and first-generation plastic pipes, the PUC is eliminating high-risk materials and strengthening the integrity of Pennsylvania's gas infrastructure.

- By leveraging DSIC programs and federal funding opportunities, the Commission is ensuring that infrastructure improvements can be made quickly and cost-effectively while maintaining regulatory oversight.

- By introducing innovative safety programs like methane detectors, the PUC is proactively protecting consumers and reducing the likelihood of future gas-related incidents.

The Commission remains fully committed to working with the General Assembly, regulated utilities, and federal partners to continue improving public safety, modernizing infrastructure, and ensuring Pennsylvania residents have access to safe and reliable natural gas service. These efforts reflect the collective expertise and dedication of the PUC's staff, whose regulatory oversight and policy leadership drive meaningful improvements that benefit all Pennsylvanians.

Enhancing Damage Prevention Efforts

Last year, the Commission's Damage Prevention Committee (DPC) reviewed 975 cases during 11 meetings, resulting in the approval of 3,804 violations for non-compliant excavation and facility protection practices. As a result, 1,354 underground facility owners, excavators, and project owners were directed to attend One Call training to improve compliance with Pennsylvania's One Call Law. Additionally, the DPC fined stakeholders $2,882,350 and collected $2,714,853 (including administrative penalties) in 2025. DPC fines for the past two fiscal years have covered the full budget of the DPC, thereby eliminating any assessment on utilities for the operations of the DPC.

The DPC has attained greater educational compliance in 2025, increasing to 81% in 2025, which is significantly higher than the 55.7% compliance in 2024 and 37% compliance in 2023. The greater compliance is most likely due to the imposition of a $100/day administrative penalty, which was authorized under Act 127. A total of $1,171,160 in administrative penalties have been levied since the implementation of the $100/day penalty. This total is comprised of $992,460 for failure to pay violations in a timely manner and $178,700 for failure to take education within the time required.

With thousands of underground utility hits reported each year, the PA One Call system remains one of the most effective tools for preventing service disruptions, costly repairs, and dangerous strikes of utility infrastructure. The Commission appreciates the General Assembly's dedication to ensuring that excavators, utility owners, and project managers adhere to the highest safety standards.

Railroad Safety & Crossing Oversight

As part of its broader mission to ensure the safety, reliability, and efficiency of Pennsylvania's transportation infrastructure, the PUC remains dedicated to advancing rail safety initiatives. With rail movements of commodities and intermodal shipments continuing to rise across the Commonwealth, the PUC's Rail Safety Section plays a critical role in protecting communities, rail workers, and the traveling public. Through targeted inspections, infrastructure oversight, and regulatory enforcement, the PUC works in partnership with the FRA and other stakeholders to reduce accidents and enhance operational safety.

The PUC currently maintains a complement of 10 highly trained railroad safety inspectors (RRSI) covering critical disciplines, including track integrity, operating practices, hazardous materials, motive power and equipment (MP&E), and signals & train control (S&TC). These inspectors conduct field assessments to ensure railroads meet federal and state safety regulations, directly contributing to safer rail operations throughout the state.

The ability to maintain a fully staffed and experienced inspection team is essential to sustaining the Commission's ability to oversee rail operations and prevent accidents. The PUC remains committed to hiring and retaining qualified personnel, recognizing that a robust inspector workforce is key to ensuring the safety of Pennsylvania's growing rail network.

The Rail Safety Section actively worked to fill vacancies, although recruitment challenges persist due to salary competitiveness. We are working with the Administration to address this issue.

The PUC partners with the FRA under the National Inspection Plan (NIP) to identify safety "hot spots" and proactively direct inspection resources where they are needed most. By analyzing accident data and violation trends, inspectors can prioritize high-risk rail segments, leading to targeted enforcement actions that enhance safety.

- In recent years, train accidents in Pennsylvania have decreased by nearly 25%, demonstrating the success of data-driven safety efforts.
- The primary causes of train accidents remain human factors and defective track conditions. Common safety risks include improperly aligned switches, failure to apply brakes, obstructed track views, and fatigued personnel.
- The PUC's track safety inspectors collaborate with the FRA to conduct Automated Track Inspection Program (ATIP) reviews, using specialized FRA geometry cars to detect track irregularities before they result in accidents.

The PUC's participation in the Risk Reduction Plan (RRP) further underscores its commitment to accident prevention. This FRA-led initiative encourages railroads to develop stronger safety cultures, implement new technologies, and reduce workplace injuries. In Pennsylvania, the PUC Rail Safety Section has engaged in pilot projects aimed at improving rail worker safety protocols while maintaining strict compliance oversight.

Additionally, the PUC holds exclusive jurisdiction over the safety of Pennsylvania's public highway-rail crossings, overseeing approximately 8,800 crossings statewide. These crossings include:

- 1,700 below-grade crossings, where a railroad bridge passes over a public highway.
- 1,500 above-grade crossings, where a highway bridge crosses over a railroad.

- 5,600 at-grade crossings, where public highways directly intersect with rail lines.

The PUC's authority under Section 2702 of the Public Utility Code, , 66 Pa.C.S. § 2702, allows the Commission to determine how crossings are constructed, altered, or maintained to prevent accidents and enhance public safety. In 2024, the Rail Safety Section handled 172 proceedings related to crossing improvements, ensuring that vital safety enhancements were addressed in a timely manner.

Moreover, the PUC's railroad bridge inspection program continues to provide critical oversight of aging infrastructure. The Commission collaborates with PennDOT and railroad owners to monitor bridge conditions, address public complaints, and ensure compliance with federal bridge safety regulations.

Several century-old railroad and highway bridges remain under review for necessary maintenance or replacement, reinforcing the Commission's role in preventing infrastructure-related rail accidents.

Beyond inspections and enforcement, the PUC is committed to educating the public on railroad safety. Through its Operation Lifesaver partnership, the Commission raises awareness about the dangers of highway-rail crossings and railroad trespassing.

- In 2025, Pennsylvania recorded 73 train-related accidents, including:
    - 37 motor vehicle incidents resulting in 15 injuries and three fatalities at public rail crossings.
    - 36 pedestrian/trespasser incidents, leading to 28 fatalities and 10 injuries.

Rail safety education remains a critical component of accident prevention, and the PUC continues to collaborate with law enforcement, schools, and local governments to improve public awareness and encourage safer behaviors around rail lines.

Despite ongoing progress, rail safety challenges remain a priority for the Commission. Many of Pennsylvania's rail bridges and crossings require modernization to meet 21st-century safety standards. The PUC will work with state and federal partners to prioritize high-risk crossings and secure funding for critical infrastructure improvements.

As mentioned earlier, in the interest of protecting public safety, reducing incidents, and recognizing advancements, at the PUC's most recent Public Meeting on February 19, 2026, all five Commissioners voted to advance a rulemaking to update and strengthen the Commission's rail safety requirements. The PUC looks forward to hearing the feedback of all stakeholders as part of this process.

The PUC remains steadfast in its mission to enhance rail safety across Pennsylvania, ensuring that train movements, rail infrastructure, and public crossings are managed with the highest standards of oversight and enforcement. This is a shared priority between the PUC and the General Assembly, as both entities work together to reduce accidents, improve safety regulations, and invest in the future of Pennsylvania's rail system.

Other Safety Issues

Beyond its critical oversight of rail and pipeline safety, the Commission remains fully committed to a comprehensive approach to public safety across multiple sectors, including electric infrastructure, damage prevention to underground utility facilities, and motor carrier enforcement. Through rigorous inspections, proactive enforcement, and strong collaboration with stakeholders, the PUC continues to protect residents, utility workers, and businesses from hazards that could disrupt services or put lives at risk.

The PUC's Safety Divisions conducted nearly 2,700 electric and pipeline safety field inspections last year, ensuring compliance with regulatory standards and identifying risks before they escalate into serious incidents. The Commission's Pipeline Safety Division responded to and completed 20 incident and complaint investigations, while the Electric Safety Division handled approximately 171 unplanned investigations involving utility infrastructure issues.

The Pipeline Safety Division conducted 107 inspections in 2025 related to mark-out verifications, ensuring that utility lines were properly identified before excavation. Additionally, the Division conducted 52 inspections of reported underground facility damage, which included investigating incidents of damaged gas lines and hazardous liquid pipelines, and had 115 complaint investigations. By enforcing damage prevention requirements and conducting daily construction site inspections, the Commission plays a key role in reducing excavation-related damage to underground utilities, and preventing dangerous gas leaks, power outages, and service disruptions that could impact homes, businesses, and essential services.

The PUC's Motor Carrier Enforcement Division remains committed to ensuring the safety of commercial motor vehicles operating in Pennsylvania. Through targeted safety audits, compliance checks, and enforcement actions, the Commission works to prevent unsafe vehicles and unqualified operators from endangering Pennsylvania's roads.

- PUC inspectors completed 360 safety fitness reviews last year, evaluating the compliance of motor carriers with state and federal safety regulations.

- The Division conducted 1,637 Federal New Entrant Safety Audits, ensuring that new motor carriers met the necessary safety requirements before operating in the Commonwealth.

- 4,666 roadside inspections were conducted, identifying safety violations, vehicle defects, and driver non-compliance that could pose risks to public safety.

Through these aggressive enforcement efforts, the PUC is improving roadway safety, reducing commercial vehicle-related accidents, and ensuring that motor carriers operate in compliance with Pennsylvania's safety laws.

Public safety remains one of the most critical shared priorities between the PUC and the General Assembly. As part of the Commission's broader mission, inspections, enforcement actions, and damage prevention initiatives all play a role in strengthening Pennsylvania's infrastructure, protecting consumers, and ensuring a safe and reliable utility network.

The PUC remains committed to working alongside lawmakers, industry stakeholders, and federal partners to expand safety initiatives, enhance regulatory oversight, and further reduce risks across Pennsylvania's energy, transportation, and utility sectors. Through continued investment in modernizing safety programs, enforcing compliance, and improving public education efforts, the Commission is ensuring the highest level of safety for residents, workers, and businesses across the Commonwealth.

Resource Adequacy & Competitive Energy Markets

The Commission continues to monitor and address critical issues in the state's electricity sector, ensuring that electricity remains reliable, competitive, and accessible to consumers as an essential service. The Commission is actively engaged in assessing resource adequacy, supporting the continued development of Pennsylvania's competitive electricity markets, and enforcing strict oversight of electric generation and natural gas suppliers to protect consumers from misleading or deceptive practices.

- The issue of electric resource adequacy gained increased attention following the July 2024 capacity auction conducted by PJM – the regional grid operator for Pennsylvania and much of the Mid-Atlantic and Midwest. PJM's July 2024 auction resulted in a nearly tenfold increase in capacity pricing for the 12-month period beginning June 2025. The primary drivers of these cost increases include:
- Projected electric load growth, particularly from data centers supporting artificial intelligence (AI) applications, which could account for 16% of total electricity demand by 2039—up from 4% today.
- Increased adoption of electric vehicles (EVs) and electrification of heating systems, adding to future demand growth.
- The retirement of traditional generation units and the growing use of intermittent renewable energy resources, which require a balanced mix of capacity solutions to maintain reliability.

At the outset, the PUC recognized the emerging challenges posed by these developments; therefore, at its Public Meeting of March 27, 2025, the PUC voted to convene a public hearing exploring the growing impact of large-scale electric customers — including data centers and other high-energy users — on the state's electric grid. In advance of the hearing, the PUC sought testimony from participants including utilities, large load customers, generators, consumer advocates, and other experts on topics including:

- Whether utilities should play a more direct role in securing new generation resources.
- The potential use of long-term power purchase agreements (PPAs) to support new generation development and grid stability.
- The need for large-load users, such as data centers, to provide their own backup generation rather than relying solely on the grid.
- The role of energy storage, demand response, and energy efficiency in balancing supply and demand.

- Regulatory and policy barriers that may slow new generation and transmission development, including lags in PJM's process for interconnecting new generation resources, local permitting challenges, environmental policies, and supply chain constraints.

Building from the testimony the PUC gathered during an April 2025 hearing on large-load issues, in November, the Commission published a Tentative Order proposing a model tariff for Large Load Customers and inviting public comments for a period ending on December 22, 2025. The Commission is now carefully considering all submitted comments as it works to develop a model tariff to provide the framework necessary to help ensure that large energy users can connect to the grid efficiently and responsibly while also protecting existing ratepayers, preventing cost-shifts, and supporting long-term reliability.

Additionally, at its December 4, 2025 Public Meeting, the PUC voted to approve the hiring of an electric resource adequacy consultant who will perform certain functions necessary to culminate in a final report on generation resources and load growth. The final report will be invaluable to the PUC and to all impacted stakeholders as we work to ensure that utility customers have access to reliable and affordable service irrespective of large load user growth. The Commission is committed to ensuring that Pennsylvania's electric grid remains reliable and resilient in the face of an evolving technological landscape.

Turning to matters regarding competitive energy markets, the Commission continues to closely monitor competitive market developments to ensure that Pennsylvania consumers benefit from fair pricing, transparency, and robust supplier competition.

The PUC remains vigilant in enforcing consumer protection rules to ensure that EGSs and NGSs engage in fair and transparent marketing practices.

In an effort to better inform customers of retail shopping options, and to make information more accessible, the PUC team used analytics and a website audit to refresh and redesign the PAPowerSwitch and PAGasSwitch websites in 2025. The websites have improved and updated FAQs, and better filtering mechanisms to allow users to gain information that is better tailored to their needs by avoiding offers that are limited only to "new customers." Additionally, both websites now have a translation dropdown menu where users can select one of 17 different languages. This is similar to pa.gov websites. The redesigned websites saw increased traffic on both the electric and natural gas fronts, as the total users of PAPowerSwitch for 2025 surpassed the total users for the last five years and the total users of PAGasSwitch for 2025 surpassed the total users for the last three years.

During 2025, the number of electric customers with competitive EGSs dropped 5.1%. The percentage of the total load with EGSs also fell nearly 1%. The PUC's final electric switching report for December 2025 shows 25.2% of customers with EGSs – with 63.9% of the total load shopping with an EGSs. In the gas realm, The PUC's most recent natural gas switching report (through September 2025) shows 12.6% of natural gas customers with an NGS – with 85.4% of the total load shopping.

With respect to electric prices, it is undeniable that wholesale electric prices increased significantly in 2025 compared to 2024. Data provided by PJM's market monitor (Monitoring Analytics) illustrated the 47.4% increase in wholesale power costs in 2025 compared to 2024, with the primary driver being the cost of the energy component. This increase is in part being caused by an increase in natural gas pricing – the primary fuel source used to generate electricity in the PJM market. In 2024, natural gas wholesale prices were generally below $3, and I note that Henry Hub's natural gas spot prices were $4.26 in December of 2025 and have risen to $7.72 as of January 2026.

The Commission continues to remind all suppliers of their obligations under Chapter 111 of the Commission's regulations, 52 Pa. Code Chapter 111, which governs Marketing and Sales Practices for the Retail Residential Energy Market. Key supplier requirements emphasized in the Commission's guidance include:

- Full transparency when contacting potential customers, including clearly identifying the supplier and stating the purpose of the call.
- Prohibiting misleading statements such as "urgent matters concerning your electricity bill" or "discount/refund opportunities" that could confuse consumers.
- Strict compliance with state and federal "Do Not Call" list laws, which prohibit suppliers from contacting customers who have opted out of solicitation.

Additionally, the Commission continues its ongoing enforcement efforts through investigations and penalties against suppliers found to be violating Pennsylvania's consumer protection rules to ensure accountability and to protect consumers.

As Pennsylvania's electricity landscape continues to evolve, the PUC remains focused on ensuring resource adequacy through continued engagement with PJM, utilities, and stakeholders to address emerging grid reliability challenges; fostering a competitive electricity market that provides affordable and transparent options for consumers; and enforcing strict supplier oversight to ensure that Pennsylvanians are protected from deceptive marketing and unfair business practices.

The Commission looks forward to working with the General Assembly, industry partners, and consumer advocates to ensure that Pennsylvania's electricity market remains reliable, competitive, and consumer friendly.

Telecommunications and Broadband Developments

The Commission continues its work to expand broadband deployment, resolve telecommunications service issues, and oversee the evolving landscape of the industry. With increasing reliance on high-speed internet and reliable telephone service, particularly in rural and underserved areas, the Commission is taking proactive steps to ensure that infrastructure development moves forward efficiently, service standards are upheld, and consumer protections remain strong.

One of the major barriers to broadband expansion in Pennsylvania has been delays in securing access to utility poles—a key factor in deploying fiber-optic networks and other broadband infrastructure, particularly in rural areas. To address this issue, in September 2024, the PUC adopted new federal pole attachment regulations designed to accelerate resolution of any disputes between broadband providers and pole owners.

The new regulations include two key provisions:

- Transparency in Pole Inspections – Pole owners must now share recent inspection reports with broadband providers seeking to attach to their poles. This measure reduces redundancy, avoids wasteful spending, and speeds up the deployment process.
- Accelerated Dispute Resolution – Under the new framework, disputes over pole attachments must be resolved more quickly, significantly cutting down the delays that previously stalled broadband expansion efforts.

Additionally, the PUC strongly encourages the use of its mediation unit as an alternative to formal complaints, helping to streamline pole attachment disputes. These actions reinforce Pennsylvania's commitment to ensuring broadband expansion reaches unserved and underserved communities as quickly and efficiently as possible.

Since approving the federal pole attachment regulations, the Commission has also taken strides to improve the efficiency of the dispute resolution process. In 2025, the PUC established the Pennsylvania Rapid Broadband Assessment Team to review requests for expedited treatment of pole attachment disputes. Since then, one (1) request for expedited treatment has been submitted and resolved through confidential mediation, and more are anticipated.

The PUC also focused efforts on improving the efficiency of the pole attachment process. In November 2025, the Commission adopted additional new FCC regulations providing for cooperation between attachers, such as broadband, cable, and internet service providers, and utilities. Adoption of the FCC regulations was intended to promote faster attachment timelines, new timelines for large requests and improvements to the contractor approval process.

The PUC is also tasked with reviewing and approving interconnection agreements between incumbent local exchange carriers (ILECs) and competitive local exchange carriers (CLECs).

- Interconnection is critical for access to the public switched telephone network that, in turn, provides access to end-users who purchase service for voice and data service. The Commission also retains jurisdiction over necessary interconnection agreements crucial for the completion of 9-1-1 calls in the Commonwealth.
- During the calendar year ending Dec. 31, 2025, the Commission reviewed and approved three filings which were either interconnection agreements or amendments to existing interconnection agreements. All the interconnection agreements that were filed Calendar Year 2025 were approved without modification.

As telecommunications technology continues to evolve, the PUC remains focused on ensuring that Pennsylvania consumers and businesses have access to high-quality, affordable, and reliable services. The Commission's proactive efforts to accelerate broadband expansion, resolve service disputes, and provide regulatory oversight of major industry changes are critical to maintaining a competitive and consumer-friendly telecommunications market. The PUC looks forward to continued collaboration with the General Assembly, industry stakeholders, and consumer advocates to ensure that Pennsylvania remains at the forefront of broadband expansion and telecommunications service improvements.

Water and Wastewater Issues

Water and wastewater service is an essential public need, and the Commission remains committed to ensuring safe, reliable, and affordable water service for all Pennsylvanians. In recent years, the Commission has taken proactive steps to enhance regulatory oversight, promote infrastructure modernization, and improve affordability for consumers.

The acquisition of municipal water and wastewater systems by investor-owned utilities under Section 1329 of the Public Utility Code, 66 Pa.C.S. § 1329, has been a subject of interest in Pennsylvania. While these transactions can bring increased investment, operational expertise, and infrastructure improvements, they also require careful oversight to ensure that public interests are protected, and ratepayer impacts are fully considered.

In February 2024, in a Final Supplemental Implementation Order, the PUC introduced new procedural "guardrails" to enhance transparency, public awareness, and consistency in evaluating Section 1329 acquisition applications. These procedural steps include:

- Requiring at least two public meetings before a sale agreement is finalized, ensuring that local residents have an opportunity to understand and provide input on proposed acquisitions.
- Mandatory disclosure of potential rate impacts, requiring sellers to provide formal notice to customers about how the transaction could affect their bills.
- Establishing default valuation guidelines, ensuring that appraisals used in the transaction process are consistent and objective.
- Developing a reasonableness review ratio, providing a standardized measure to assess whether the proposed acquisition price aligns with fair market values.

These changes reflect the Commission's commitment to accountability in water and wastewater acquisitions and ensure that ratepayers and local communities are fully informed when these transactions take place.

Between December 2016 and December 2025, 32 Section 1329 applications were submitted for filing with the Commission: 25 wastewater systems and six water systems. The Commission has approved 25 of these applications, adding approximately 117,683 new customers under utility jurisdiction.

In addition to overseeing municipal system acquisitions, the PUC also plays a key role in addressing failing or financially distressed water and wastewater utilities through Section 529 of the Public Utility Code, 66 Pa.C.S. § 529. Section 529 enables the Commission to require a capable utility to acquire and improve a struggling water or wastewater provider, ensuring that customers receive safe and reliable service.

Several ongoing Section 529 investigations highlight the Commission's commitment to protecting customers of distressed systems. These cases underscore the Commission's responsibility to intervene when small water or wastewater systems fail, ensuring that customers receive safe, reliable, and properly managed service. As of December 2025, nine water systems are in receivership, three wastewater systems are in receivership, and one water utility has an active Section 529 proceeding ongoing.

The PUC remains focused on ensuring the removal of lead service lines (LSLs) from Pennsylvania's water systems. In March 2022, the Commission adopted new LSL replacement regulations, expanding utility responsibility for identifying and replacing these aging pipes. Since then, the Commission has actively worked to ensure that water utilities comply with these rules and implement replacement programs that protect public health.

Key updates from 2025 include:

- As of June 2025, pursuant to the Commission's regulations at 52 Pa. Code §§ 65.51-65.62, 28 petitions for approval of lead service line replacement (LSLR) programs were filed with the Commission by water public utilities.

- As of December 2025, the PUC has approved four LSLR programs.

- At the end of 2025, Pittsburgh Water reached a milestone in replacing its 14,000th lead service, and it anticipates full replacement of all residential LSLRs by 2027. Pittsburgh Water's strides in LSLRs have protected public safety and are especially noteworthy, as when Pittsburgh Water became a jurisdictional utility on April 1, 2018, it was subject to a Consent Order and Agreement with DEP, in part to resolve regulatory issues related to lead corrosion issues.

By continuing to prioritize the removal of lead service lines, the Commission is helping to protect public health and ensure that Pennsylvania's drinking water systems remain safe for future generations.

A growing concern in Pennsylvania's water sector is the presence of per- and polyfluoroalkyl substances (PFAS) in drinking water. These synthetic "forever chemicals" are commonly used in industrial applications and firefighting foam and persist in the environment, posing significant health risks.

- In January 2023, DEP set maximum contaminant levels (MCLs) for perfluorooctanoic acid (PFOA) and perfluorooctanesulfonic acid (PFOS), requiring water utilities to implement treatment solutions.
- In April 2024, the U.S. Environmental Protection Agency (EPA) issued its final rule on PFAS limits, setting stricter federal standards that will increase compliance costs for utilities.
- Large utilities have begun installing treatment systems to address PFAS contamination, while smaller water providers may struggle due to the high capital costs of filtration and remediation.

- On May 14, 2025, the EPA announced its intent to extend its compliance deadlines for PFOA and PFOS. The EPA also announced its intent to rescind the regulations and reconsider the regulatory determinations for PFHxS, PFNA, HFPO-DA (GenX chemicals), and the Hazard Index mixture of these three, plus perfluorobutane sulfonic acid (PFBS).

The PUC continues to monitor the financial impact of these regulations, stands ready to evaluate any rescinded regulations once further guidance is available, and remains committed to working with DEP and the Small Water Task Force to assist small and mid-sized utilities in navigating compliance challenges.

The Commission has seen growing participation in customer assistance programs (CAPs) for water and wastewater service, helping to ensure affordability for low-income households. While no law currently requires water utilities to offer universal service programs, many companies have voluntarily implemented assistance initiatives, often through rate case settlements.

Some of the most significant affordability programs include:

- Aqua Pennsylvania's CAP – Offers arrearage forgiveness, discounts on fixed charges and consumption rates, and provided over $6.5 million in discounts to 8,812 customers in 2025.
- PA American Water's "Help to Others" Program – Provides tiered discounts on service charges and hardship fund assistance, benefiting over 24,000 water and wastewater customers in 2025.
- Pittsburgh Water's "PGH2O Cares" Program – Features bill discounts, arrearage forgiveness, and private lead line replacement grants, with over $750,672 in hardship grants disbursed in 2025.

The Commission continues to support and evaluate these affordability initiatives, working with utilities to expand consumer protections and ensure that all Pennsylvanians have access to clean and affordable water services.

We remain deeply committed to ensuring that Pennsylvania's water and wastewater systems remain safe, sustainable, and accessible to all consumers. Whether through strengthened acquisition oversight, intervention in distressed utilities, lead service line replacement, PFAS compliance, or affordability programs, the Commission continues to proactively address challenges and protect public health.

The PUC looks forward to continued collaboration with the General Assembly, utilities, and consumer advocates to ensure that Pennsylvania's water and wastewater infrastructure remains strong, well-regulated, and focused on serving the public good.

Cybersecurity & Infrastructure Protection

As cyber threats grow more sophisticated and frequent, ensuring the security and resilience of Pennsylvania's utility systems has never been more critical. The Commission remains deeply engaged in efforts to protect the state's electric, natural gas, water, wastewater, and telecommunications networks from cyberattacks that could disrupt essential services, threaten public safety, and undermine economic stability.

In April 2025, the PUC issued an Advance Notice of Proposed Rulemaking (ANOPR) on its cybersecurity regulations which date back to 2012. The PUC's Office of Competitive Market Oversight and Law Bureau have been tasked with the review and preparation of recommendations on any changes to the Commission.

Throughout 2025, the Commission worked closely with utilities, state and federal agencies, and industry stakeholders to bolster cybersecurity preparedness. These efforts included regular assessments of utility security practices, collaboration with the Cybersecurity and Infrastructure Security Agency (CISA) and the Department of Homeland Security (DHS), and participation in national cybersecurity initiatives led by the National Association of Regulatory Utility Commissioners (NARUC). In particular, the PUC emphasized the need for small and mid-sized utilities—often operating with limited resources—to implement robust cybersecurity frameworks to protect themselves from emerging threats.

One of the Commission's most important tools for ensuring utility preparedness is the Public Utility Security Planning & Readiness Self-Certification Checklist, an annual requirement for all jurisdictional utilities. Each year, utilities must verify that they have four essential plans in place: a physical security plan, cybersecurity plan, emergency response plan, and business continuity plan. These documents are vital to ensure utilities are prepared to prevent and respond to threats that could impact the delivery of essential services.

The self-certification process was originally established in response to House Resolution 361, which tasked the PUC and PEMA with evaluating utility security protections. Since 2005, these regulations have been instrumental in strengthening Pennsylvania's critical infrastructure. Utilities that fail to submit their self-certifications may face delays in other regulatory matters, reinforcing the importance of compliance.

Recognizing that cybersecurity risks are evolving rapidly, the PUC has also launched a review of its existing cybersecurity regulations to ensure they remain effective in today's threat landscape. The Commission's current framework consists of two key regulatory categories: cyber-attack reporting and self-certification. Cyber-attack reporting requirements, established in 2011, were designed to create a more uniform approach for utilities to disclose security incidents. Meanwhile, the self-certification regulations first implemented in 2005 ensure that utilities maintain comprehensive security and emergency response plans.

Given the pace of technological change, the Commission is now evaluating whether these rules need to be updated to address modern cybersecurity challenges, including new attack methods, digital infrastructure vulnerabilities, and increasing reliance on cloud-based and artificial intelligence-driven systems. To guide this effort, the PUC is engaging with cybersecurity experts, utilities, and state and federal agencies to explore potential enhancements to reporting requirements, risk assessments, and response strategies. The goal is to ensure that Pennsylvania's regulatory framework is aligned with the latest best practices and is capable of addressing emerging cyber threats.

As cyber threats continue to evolve, the PUC remains steadfast in its commitment to protecting Pennsylvania's critical infrastructure. Through rigorous oversight, regulatory modernization, and proactive engagement with industry leaders and government partners, the Commission is working to ensure that utilities across the Commonwealth are resilient, prepared, and capable of safeguarding the essential services that millions of Pennsylvanians rely on every day.

Impact Fees from Natural Gas Drilling

Last year, the Commission successfully distributed more than $164.5 million in natural gas drilling impact fees to local governments and agencies across Pennsylvania, with a total of over $2.88 billion in collections and distributions over the past 14 years.

County and municipal governments directly affected by drilling will receive a total of $86,493,259 for the 2024 reporting year. Additionally, $57,662,173 will be transferred to the Marcellus Legacy Fund, which provides financial support for environmental, highway, water and sewer projects, rehabilitation of greenways and other projects throughout the state. Also, $20,473,068 will be distributed to state agencies and county conservation districts/state conservation commission, as specified by Act 13.

The distributions for individual municipalities and other details regarding the impact fee distribution are available online, on the PUC's interactive Act 13 website, including specifics on funds collected and distributed for each year since 2011.

The next round of impact fee distribution, based on drilling activity reported for 2025 calendar year, will be finalized and announced by the PUC in June of this year. Those funds will be delivered to recipient county and municipal governments, the Legacy Fund, and other receiving agencies in early July 2026.

PUC's Role in National Utility Issues

Given the size and scope of Commission responsibilities, combined with the knowledge and skills of the Commission staff, Pennsylvania exercises a strong voice among regional, national and international utility regulators. We are heavily involved in the Mid-Atlantic Conference of Regulatory Utilities Commissioners (MACRUC), the Organization of PJM States Incorporated (OPSI), and NARUC. Additionally, staff and Commissioners are active in various MACRUC and NARUC committees.

The PUC continues Pennsylvania's long tradition of having a strong voice in national conversations about utility issues, where I sit as Chair to NARUC's Committee on Gas and serve on the Board of Directors; Vice Chair Barrow is on the NARUC Executive Board and Electricity Committee; Commissioner Zerfuss is serving on the Subcommittee on Pipeline

Safety, Vice Chairing the Select Committee on Regulatory and Industry Diversity, co-Vice Chairing the NARUC Natural Gas Resource Planning Task Force, and serving on the Committee on Energy Resources and the Environment; Commissioner Coleman is serving on the NARUC Committee on Telecommunications; and Commissioner Yanora is Co-Vice Chairing NARUC's Committee on Water and serving as a member of the NARUC Committee on Critical Infrastructure.

Additionally, I currently serve as the Vice President of OPSI, which represents all thirteen states within the PJM footprint as well as Washington, D.C. OPSI has placed a concerted focus on PJM market reforms, including pushing for a seasonal capacity market design to help bifurcate the generation dispatch risks between summer and winter. Also, OPSI recently supported the requirement for renewables to bid into the capacity market as well as adding the supply of reliability-must-run plants back into the capacity supply stack. OPSI is actively working on issues related to transmission cost allocation and the reliability backstop auction. OPSI continues to push for improvements that make the PJM marketplace more rationally designed for the interest of its end-use customers, not just the generators and transmission owners.

Conclusion

As Pennsylvania's utility landscape continues to evolve, the PUC remains committed to proactive oversight, strong enforcement, and forward-thinking policy decisions. Our budget request for Fiscal Year 2026-27 reflects the Commission's ongoing efforts to modernize infrastructure, enhance consumer protections, ensure affordability, and strengthen emergency preparedness. We look forward to working alongside the General Assembly, state agencies, and industry partners to ensure that Pennsylvania's utility systems remain resilient, responsive, and ready for the future.

Thank you for the opportunity to present this testimony. We are happy to answer any questions you may have.