

**PENNSYLVANIA PUBLIC UTILITY COMMISSION
HARRISBURG, PENNSYLVANIA 17120**

**Pennsylvania Public Utility
Commission, et al.**

v.

**FirstEnergy Pennsylvania
Electric Company**

**Public Meeting held November 21, 2024
3047068-OSA**

Docket No. R-2024-3047068, et al.

STATEMENT OF CHAIRMAN STEPHEN M. DeFRANK

Before the Commission is the general rate increase filing made by FirstEnergy Pennsylvania Electric Company (FirstEnergy). This is the first rate case filed by FirstEnergy since the Commission approved the consolidation of its four separate operating companies into one legal entity.¹ Now, the names of those former operating companies represent rate districts throughout the Commonwealth consolidated underneath the FirstEnergy umbrella.

FirstEnergy filed the instant rate proceeding on April 2, 2024. That filing sought an overall increase in annual revenues of \$503.8 million, or 34%, for its approximately two million customers. The proposed increase by rate district, along with the applicable number of customers, is summarized below.

Rate District	Initially Proposed Distribution Rate Increase		Customer Count
	\$ (million)	% (Percent)	
Met-Ed	146.33	31%	590,000
Penelec	132.96	28%	589,000
Penn Power	54.76	43%	171,000
West Penn	169.78	40%	739,000
Total	503.8	34%	2,089,000

On September 13, 2024, FirstEnergy, on behalf of all signatories, filed a Petition for Joint Settlement. The signatories to the Settlement include FirstEnergy, the Commission's Bureau of Investigation and Enforcement, the Office of Consumer Advocate, the Office of Small Business Advocate, the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania, Walmart Inc., Large Industrial Users, UWUA Local 102, IBEW Local 459, and IBEW Local 777. The settlement includes the following annual increases by rate district.

Rate District	Settled Distribution Rate Increase	
	\$ (million)	% (Percent)
Met-Ed	39.60	8.3%
Penelec	57.69	12.1%
Penn Power	24.98	19%
West Penn	102.73	24%
Total	225	15%

¹ See Docket No: A-2023-3038771

Consequently, the instant Settlement reduces the overall revenue increase for FirstEnergy from \$503.8 million to \$225 million, or a reduction of over 55%. Further, the Settlement includes a number of terms which I believe are in the public interest. These terms include, but are not limited to, the following:

- FirstEnergy will stay-out from filing another rate case until the second quarter of 2026 at the earliest.
- FirstEnergy will make the following revisions to its Hardship Fund administration:
 - o Increase its annual shareholder matching contribution to \$500,000 annually.
 - o Increase its annual shareholder matching over routine levels in the amount of \$2 million annually for a three-year period starting 2025.
 - o Increase max grants to \$600.
- FirstEnergy will provide a one-time bill credit of \$13.6 million spread amongst its four rate districts.
- FirstEnergy will increase its Low-Income Usage Reduction Program, or LIURP, budget proportional to the increase in distribution rates.
- FirstEnergy will implement a process whereby it will leverage Low-Income Home Energy Assistance Program, or LIHEAP, data from the Department of Human Services to meaningfully improve enrollment and retention in its Universal Service Programs, simplify paperwork, and reduce duplicative administrative costs.
- FirstEnergy will initiate work with interested stakeholders to develop an electric vehicle distribution rate for public facing chargers.
- FirstEnergy commits to the following terms related to reliability:
 - o Will increase its internal field hires such that it will replace the prior year's attrition level plus 10%.
 - o Will review its distribution systems for opportunities to selectively underground parts of its network.
 - o Commits to improving its System Average Interruption Duration Index (SAIDI) metrics by 3.5% after three years.
 - o Commits to improving its System Average Interruption Frequency Index (SAIFI) metrics by 2.5% after three years.

I also note the estimated overall bill results from the Settlement, taking into account projections for the cost of generation and transmission, which the Commission does not have economic regulatory authority over.

Rate District	Estimated Residential Customer Bill @ 1,000 kWh				
	Current Bill	Bill Under Proposed Rates		Bill Under Settled Rates	
	\$ Total	\$ Total	% Increase	\$ Total	% Increase
Met-Ed	187.70	205.00	9.20%	191.19	1.90%
Penelec	200.96	220.75	9.80%	209.29	4.10%
Penn Power	180.59	201.88	11.80%	188.72	4.50%
West Penn	156.36	172.98	10.60%	166.07	6.20%

FirstEnergy's last rate case was decided by the Commission in January of 2017.² Given the investments made and time-period elapsed since FirstEnergy's last rate case, I believe the rate

² See Docket R-2016-2537349

proposals along with the various terms outlined above constitute a fair and reasonable outcome that warrants my vote of approval.

Finally, I would like to take the time to commend all the active parties in this proceeding, and the Commission Staff involved, for their diligent work in navigating a complex docket to a prudent outcome. This filing essentially involves four separate rate cases, and that detail is not lost on me.

November 21, 2024

Date

A handwritten signature in blue ink, appearing to read "Stephen M. DeFrank", written over a horizontal line.

Stephen M. DeFrank
Chairman