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May 29, 2025

VIA ELECTRONIC FILING

Mathew Homsher, Secretary
Commonwealth Keystone Building,
400 North Street, 2nd Floor,
P.O. Box 3265,
Harrisburg, PA 17105-3265

Re: TotalEnergies Distributed Generation USA, LLC v. PPL Electric Utilities Corporation, Docket No. C-2024-3051475

Dear Secretary Homsher:

Attached for filing on behalf of PPL Electric Utilities Corporation ("PPL" or the "Company") is the Main Brief and associated Appendices A through C for the above-referenced proceeding. Copies will be provided as indicated on the Certificate of Service.

Respectfully submitted,

Alice A. Wade

AAW
Attachment

cc: Certificate of Service
The Honorable Steven K. Haas (*via email w/ attachments*)
The Honorable F. Joseph Brady (*via email w/ attachments*)

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing has been served upon the following persons, in the manner indicated, in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant).

VIA E-MAIL

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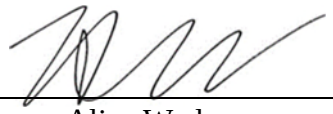
Dated: May 29, 2025



Alice Wade

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

TotalEnergies Distributed Generation USA, LLC,	:	
Complainants,	:	
v.	:	Docket No. C-2024-3051475
PPL Electric Utilities Corporation,	:	
Respondent.	:	

MAIN BRIEF OF
PPL ELECTRIC UTILITIES CORPORATION

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Dated: May 29, 2025

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I. INTRODUCTION

On September 30, 2024, PPL Electric Utilities Corporation ("PPL Electric" or the "Company") was served with the above-captioned Formal Complaint filed by TotalEnergies Distributed Generation USA, LLC ("Complainant" or "TotalEnergies") with the Pennsylvania Public Utility Commission ("Commission"), concerning the Company's deposit requirement for interconnection applicants.

As explained in this Main Brief, the Complainants failed to sustain their burden of proof that PPL Electric's deposit requirement is unreasonable in violation of Section 1501 of the Public Utility Code or an illegal rate as contemplated by Section 1305 of the Public Utility Code. Thus, Administrative Law Judges (collectively the "ALJs") Steven K. Haas and F. Joseph Brady and the Commission should dismiss the Complaint in its entirety with prejudice.

II. STATEMENT OF THE CASE

On September 30, 2024, the Complainant filed a Formal Complaint ("Complaint") against PPL Electric related to the Company's deposit requirement under the customer-generator interconnection approval process, which the Complainant alleges is unreasonable and violates 66 Pa. C.S. §§ 1305 and 1501.

The same day, TotalEnergies filed a petition for interim emergency relief with the Commission which was docketed at P-2024-3051440. The petition requested that PPL Electric be barred from making a deposit non-refundable pending the disposition of the Complaint. The emergency petition was granted by order issued on October 15, 2024.

On October 21, 2024, PPL Electric filed an Answer to the Complainant, maintaining that its deposit requirement is lawful because PPL Electric is permitted to charge interconnection applicants for the costs to study, engineer, design, and construct the distribution system upgrades

necessary to facilitate the alternative energy systems interconnection and the deposit is used to cover those costs.

On October 22, 2024, the parties filed a joint letter setting forth their agreement that PPL Electric would not require non-refundable deposits from TotalEnergies during the pendency of the Complaint.

On November 14, 2024, the Commission entered an opinion and order in the Petition proceeding adopting the parties' agreement and deeming the Petition and material question moot.

On January 13, 2025, a Call-In Telephone hearing Conference Notice was issued setting a prehearing conference for January 30, 2025 at 1:30 p.m. before ALJs Haas and Brady. This notice was reserved on January 28, 2025.

On January 30, 2025, the prehearing took place as scheduled with ALJ Brady presiding.

On February 3, 2025, the ALJs issued a Scheduling Order in the Complaint proceeding.

On February 25, 2025, TotalEnergies filed the direct testimony of Christopher Elias, sponsoring Exhibits CE-1, CE-2, and CE-3.

On March 27, 2025, PPL Electric filed the direct testimony of Gregory Olsen sponsoring PPL Electric Exhibits GO-1, GO-2, GO-3, and GO-4.

On April 14, 2025 TotalEnergies filed the Rebuttal testimony of Christopher Elias and Exhibit CE-1.

On April 28, 2025, PPL Electric filed the appearance of Anthony Kanagy, Esq. in the Complaint proceeding.

On Tuesday April 29, 2025, a telephonic hearing convened as scheduled in the Complaint proceeding.

III. QUESTIONS PRESENTED

1. Whether the Complainants failed to sustain their burden of proof that PPL Electric's deposit requirement for interconnection applicants was unreasonable service under Section 1501 of the Public Utility Code.

   Suggested answer: *in the affirmative.*

2. Whether the Complainants failed to sustain their burden of proof that PPL Electric's deposit requitement is an illegal rate.

   Suggested answer: *in the affirmative.*

IV. LEGAL STANDARDS

A. BURDEN OF PROOF

Under Section 332(a) of the Public Utility Code, 66 Pa. C.S. § 332(a), "the proponent of a rule or order has the burden of proof." It is well-established that "[a] litigant's burden of proof before administrative tribunals as well as before most civil proceedings is satisfied by establishing a preponderance of evidence which is substantial and legally credible." *Samuel J. Lansberry, Inc. v. Pa. PUC*, 578 A.2d 600, 602 (Pa. Cmwlth. 1990). The preponderance of evidence standard requires proof by a greater weight of the evidence. *Commonwealth v. Williams*, 557 Pa. 207, 732 A.2d 1167 (1999). This standard is satisfied by presenting evidence more convincing, by even the smallest amount, than that presented by another party. *Brown v. Commonwealth*, 940 A.2d 610, 614 n.14 (Pa. Cmwlth. 2008). However, to establish a *prima facie* case, more is required than a mere trace of evidence or a suspicion of the existence of a fact sought to be established. *Lyft, Inc. v. Pa. PUC*, 145 A.3d 1235, 1240 (Pa. Cmwlth. 2016) (citing *Norfolk and Western Ry. v. Pa. PUC*, 413 A.2d 1037 (Pa. 1980)). Mere bald assertions, personal opinions, or perceptions, when unsubstantiated by facts, do not constitute evidence. *Pa. Bureau of Corrections v. City of Pittsburgh*, 532 A.2d 12 (Pa. 1987).

If the party seeking a rule or order from the Commission sets forth a *prima facie* case, then the burden shifts to the opponent. *MacDonald v. Pa. R.R. Co.*, 348 Pa. 558, 36 A.2d 492 (1944). Establishing a *prima facie* case requires either evidence sufficient to make a finding of fact permissible or evidence to create a presumption against an opponent which, if not met, results in an obligatory decision for the proponent. Once a *prima facie* case has been established, if contrary evidence is not presented, there is no requirement that the party seeking a rule or order from the Commission must produce additional evidence to sustain its burden of proof. *See Replogle v. Pa. Elec. Co.*, 54 Pa. PUC 528, 1980 Pa. PUC LEXIS 20 (Order entered Oct. 9, 1980); *see also Dist. of Columbia's Appeal*, 21 A.2d 883 (Pa. 1941); *Application of Pennsylvania-American Water Co. for Approval of the Right To Offer, Render, Furnish or Supply Water Serv. to the Pub. in Additional Portions of Mahoning Twp., Lawrence Cnty., Pa.*, Docket No. A-212285F0148, 2008 Pa. PUC LEXIS 874 (Order entered Oct. 29, 2008).

In addition, any finding of fact necessary to support an adjudication of the Commission must be based upon substantial evidence. *Met-Ed Indus. Users Grp. v. Pa. PUC*, 960 A.2d 189, 193 n.2 (Pa. Cmwlth. 2008) (citing 2 Pa.C.S. § 704). Substantial evidence is such relevant evidence as a reasonable mind might accept as adequate to support a conclusion. *Borough of E. McKeesport v. Special/Temporary Civil Serv. Comm'n*, 942 A.2d 274, 281 n.9 (Pa. Cmwlth. 2008) (citation omitted). Although substantial evidence must be "more than a scintilla and must do more than create a suspicion of the existence of the fact to be established," *Kyu Son Yi v. State Bd. of Veterinary Med.*, 960 A.2d 864, 874 (Pa. Cmwlth. 2008) (citation omitted), the "presence of conflicting evidence in the record does not mean that substantial evidence is lacking." *Allied Mech. and Elec., Inc. v. Pa. Prevailing Wage Appeals Bd.*, 923 A.2d 1220, 1228 (Pa. Cmwlth. 2007) (citation omitted).

B. APPLICABLE LEGAL STANDARDS

Section 701 of the Public Utility Code provides that "any person . . . having an interest in the subject matter . . . may complain in writing, setting forth any act or thing done or omitted to be done by any public utility in violation, or claimed violation, of any law which the commission has jurisdiction to administer, or of any regulation or order of the commission." 66 Pa. C.S. § 701. Therefore, a complainant must generally demonstrate that the public utility violated the Public Utility Code or a Commission regulation or order.

Section 1501 of the Public Utility Code states, in pertinent part, that:

> Every public utility shall furnish and maintain adequate, efficient, safe, and reasonable service and facilities, and shall make all such repairs, changes, alterations, substitutions, extensions, and improvements in or to such service and facilities as shall be necessary or proper for the accommodation, convenience, and safety of its patrons, employees, and the public. Such service also shall be reasonably continuous and without unreasonable interruptions or delay. Such service and facilities shall be in conformity with the regulations and orders of the commission. Subject to the provisions of this part and the regulations or orders of the commission, every public utility may have reasonable rules and regulations governing the conditions under which it shall be required to render service . . .

Id. § 1501. The Commission has exclusive jurisdiction to adjudicate "issues involving the reasonableness, adequacy, and sufficiency" of a public utility's facilities and services. *See Elkin v. Bell of Pa.*, 420 A.2d 371, 374 (Pa. 1980) (citations omitted).

The standard set forth in Section 1501 is reasonable, not perfect service. As noted by the Commission, "neither the Public Utility Code nor the Commission's regulations require public utilities to provide constantly flawless service." *Beaty v. Verizon Pa. Inc.*, Docket No. C-2012-2300642, 2012 Pa. PUC LEXIS 1870, at *12 (Initial Decision Oct. 12, 2012), *adopted as modified*, Docket No. C-2012-2300642 (Order Entered July 16, 2013).

Furthermore, Section 1305 of the Public Utility Code provides that:

> No public utility shall require the payment of rates in advance, or the making of minimum payments, ready to serve charges, or deposits to secure future payments of rates, except as the commission, by regulation or order, may permit. Any deposit made by any domestic consumer, under the provisions of this section or under any repealed statute supplied by this part, shall be returned with any interest due thereon to the consumer making such deposit when he shall have paid undisputed bills for service over a period of 12 consecutive months.

66 Pa. C.S. § 1305.

The Alternative Energy Portfolio Standards ("AEPS") Act of 2004, 73 P.S. §§ 1648.1-1648.8, became effective in February 2005, and has since been revised by Act 35 of 2007 (effective July 2007) and Act 129 of 2008 (effective November 2008). The AEPS Act enables customer-generators to interconnect their generating facilities with the distribution systems of EDCs, like PPL Electric. See 73 P.S. § 1648.5.

The AEPS Act directed the Commission to "develop the technical and net metering interconnection rules for customer-generators to operate renewable onsite generators in parallel with the electric utility grid." *See* 73 P.S. § 1648.5. Pursuant to this directive, the Commission promulgated regulations that govern the interconnection and net metering of customer-generators' facilities. *See* 52 Pa. Code, Ch. 75.

V. SUMMARY OF ARGUMENT

The Complainant failed to sustain their burden of proof that PPL Electric's deposit requirement violates Sections 1501 and 1305 of the Public Utility Code. Beginning on January 1, 2024, PPL Electric began requiring a deposit of interconnection applicants equivalent to 25% of the estimated cost of the project. The Complainant's claim that this (1) constitutes unreasonable service and (2) that collecting a deposit at the juncture in the process that PPL Electric expects to begin incurring costs is an illegal rate.

PPL Electric's deposit requirement is reasonable to ensure that interconnection applicants pay for interconnection costs. The Complainant's testimony does not dispute that interconnection applicants are required to pay the costs associated with system upgrades needed for interconnecting their projects. Its issue is with what it characterizes as the timing and amount of the deposit. PPL Electric's witnesses thoroughly rebutted their claims demonstrating the reasonableness of the timing and amount of the deposit. The deposit seeks to cover costs PPL Electric incurs between the Interconnection Impact Review ("IIR") and construction and is not due until after the IIR is completed. These are costs for which, pursuant to regulation, TotalEnergies will be ultimately responsible. The Company's Distribution Interconnection Tariff & Rules Supervising Engineer, Gregory Olsen, testified about the interconnection process and the reasoning behind the Company's decision to instate the deposit requirement, emphasizing the risk to PPL Electric's ratepayers and others in the interconnection queue in the absence of such a requirement.

Second, the Complainant's Section 1305 claim should be denied. PPL Electric is authorized by the Commission's interconnection regulations to require that Level 3 interconnection applications pay for the system upgrades associated with interconnecting their projects safety and reliably to PPL Electric's distribution system. Again, the Complainant does not dispute that it must pay these costs, it merely want to insulate itself from losses associated with work PPL Electric performs on projects that may eventually be withdrawn. The deposit covers costs that PPL Electric incurs after the IIR, but before construction.

Further, the deposit is refundable as to those portions of the deposit not yet spent at the time of a project's withdrawal. The deposit is only nonrefundable as to the spent portions of the deposit.

For these reasons, and as explained in more detail herein, the Complainant failed to sustain its burden of proof, and the ALJ and the Commission should dismiss the Complaint with prejudice.

VI. ARGUMENT

A. BACKGROUND

1. The Overview of the Interconnection Process

As discussed in PPL Electric's direct testimony, the Commission's regulations provide four different levels of review for interconnection applications. (PPL St. No. 1 p. 3.) PPL Electric's process follows these regulations. (PPL St. No. 1, p. 3.) Each of TotalEnergies' projects in the Company's interconnection queue fall under the level 3 review process. (PPL St. No. 1, p. 5.) This process is used when

> (a) the small generation facility has a nameplate capacity of 2 MW or less; and (b) the facility did not qualify under the Level 1 or Level 2 review procedures or was reviewed under one of those review procedures but was not approved for interconnection. Additionally, the Company uses the Level 3 review process when the small generator facility: (a) has an electric nameplate capacity of 5 MW or less; (b) is less than 5 MW and not certified; or (c) is less than 5 MW and noninverter based. The Level 3 review process also is utilized when the interconnection request was considered but not approved under a Level 2 or Level 4 review if the interconnection customer submits a new interconnection request for consideration under Level 3.

(PPL St. No. 1, p. 4.), *See* 52 Pa. Code §§ 75.34(3), 75.39.

When an interconnection application is submitted, PPL Electric evaluates whether the request is complete. (PPL St. No. 1, p. 4.) If a request is found to be incomplete, the applicant is informed and the missing materials identified. (PPL St. No. 1, p. 4.) Once it is determined a request is complete, the applicant pays an application fee and PPL Electric's engineers approve the applicant's one-line diagrams. (PPL St. No. 1, p. 4.) The applicant's project is then placed in the interconnection queue, with its position determined by the date and time that PPL Electric received

all of the following: a valid interconnection request, the applicable interconnection application fee, and the approved one-line diagram. (PPL St. No. 1, p. 4.)

After the requisite approvals and fees, the Company begins the IIR process. (PPL St. No. 1, p. 6.) As discussed in PPL Electric's direct testimony"

> The IIR process is when PPL Electric's engineers model the impact of the proposed project on the Company's distribution system based on the project's design, location, and size. The Company will perform several load flow and power flow analyses to determine how the distribution system will respond to the project's interconnection. Then, based on the results of those analyses, PPL Electric accurately scopes the system reinforcements, if any, that are required to safely and reliability interconnect the project.

(PPL St. 1, No. 5) This process is an interconnection facilities study, as contemplated by the Commission's regulations. 52 Pa. Code § 75.22.[1]

It estimates "the cost of equipment, engineering, procurement and construction work, including overheads, needed, including overheads, needed to implement the conclusions of the interconnection feasibility study and the interconnection system impact study to interconnect the small generator facility"[2] and identifies, "(1) "[t]he electrical switching configuration of the equipment, including transformer, switchgear, meters and other station equipment"; (2) "[t]he nature and estimated cost of the EDC's interconnection facilities and distribution upgrades necessary to accomplish the interconnection"; and (3) "[a]n estimate of the time required to complete the construction and installation of the facilities."[3] It, therefore, contains all the elements of an interconnection facilities study. (PPL St. No. 1, p. 7) This is particularly important because

[1] 52 Pa. Code § 75.22 (Defining an interconnection facilities study as, "[a] study conducted by the EDC or a third party consultant for the interconnection customer to determine a list of facilities (including EDC's interconnection facilities and required distribution upgrades to the electric distribution system as identified in the interconnection system impact study), the cost of those facilities, and the time required to interconnect the small generator facility with the EDC's electric distribution system.").

[2] 52 Pa. Code § 75.39(e)(2).

[3] 52 Pa. Code § 75.39(e)(2)(i)-(iii).

an interconnection applicant must agree to pay for the interconnection facilities and distribution upgrades identified in the interconnection facilities study. (PPL St. No. 1, p. 8.) *See* 52 Pa. Code § 75.39(e)(4).

PPL Electric's review process complies with the applicable laws and regulations.

2. Overview of the Deposit Requirement

On January 1, 2024, PPL Electric instated a 25% deposit requirement for projects seeking to interconnect with PPL Electric's distribution system. (PPL St. No. 1, p. 10.) This change was posted to PPL Electric's website and a mass email notification was sent to known developers on December 4, 2023, roughly a month before the deposit requirement took effect. (Tr. at 35-36.) In recent years, there has been an influx of Level 3 interconnection applications. (PPL St. No. 1, p. 10.) The interconnection queue was inundated with projects that were not completed. (PPL St. No. 1, p. 10.)

This deposit requirement is designed to protect ratepayers from bearing the costs of unnecessary system reinforcements in the event that a project cancels after the Company has committed time, resources, and costs to the project. (PPL St. No. 1, p. 10.) PPL seeks to encourage "shovel-ready" projects in the queue, that is, projects that are ready to move forward. (PPL St. No. 1, p. 10.)

Within 45 days of receiving the completed IIR from the Company, the applicant must return a Notification of Customer Intent ("NoCI") and a deposit equal to 25% of the cost estimate provided in the IIR. (PPL St. No. 1, p. 9.) After PPL Electric receives the NoCI and deposit, it begins detailed engineering for the reinforcements identified in the IIR. (PPL St. No. 1, p. 10.) Once the detailed engineering is complete, PPL Electric issues a final invoice. (PPL St. No. 1, p 10.) This invoice is based on the difference between the final cost of the IIR's scoped reinforcements and the initial invoice. (PPL St. No. 1, p. 10.)

The deposit covers costs incurred between the IIR and construction. (PPL St. No. 1, p. 10.) These costs include detailed engineering and deposits that must be paid under vendor agreements to order long lead time equipment for the identified system reinforcements. (PPL St. No. 1, p. 11.) After ordering, this long lead time equipment can take up to 2 years to receive. (PPL St. No. 1, p. 11.) If this equipment arrives, the 25% deposit is applied to the costs of the equipment. (PPL St. No. 1, p. 11.) If a project cancels before portions of the deposit are spent, PPL Electric will return the deposit. (PPL St. No. 1, p. 12.) To the extent portions of the deposit have been spent, PPL Electric will make efforts to determine if it can reuse the ordered equipment. (PPL St. No. 1, p. 12.) If the equipment can be reused, the portion of the deposit spent on that equipment will also be refunded. (PPL St. No. 1, p. 11-12.) PPL Electric will only retain those portions of the deposit that are spent and cannot be reappropriated. (PPL St. No. 1, p. 12.) Further, if an item identified in the IIR is ultimately not needed for the project, PPL Electric will bear those costs. (PPL St. No. 1, p. 13.) However, to PPL Electric's knowledge, this has never occurred. (PPL St. No. 1, p. 13.)

This deposit requirement minimizes the risk from failed interconnection projects to PPL Electric's ratepayers, while applicants bear only the risk associated with costs actually spent on their projects.

3. Overview of TEDGUSA Projects in Queue

As of the writing of this brief, TotalEnergies has 8 projects currently in PPL Electric's interconnection queue.[4] (Tr. at 17.) There are a total of 24 projects TotalEnergies 8 projects in the interconnection queue. (PPL St. No. 1, p. 18.) Each of these projects propose new points of interconnection with PPL Electric's system. (PPL St. No. 1, p. 19) Withdrawal of these projects could cause downstream projects to bear increased interconnection costs. (PPL St. No. 1, p. 19.)

[4] TotalEnergies has withdrawn the projects designated Hawley 1 Phase 1 and Hawley 1 Phase 2 from the queue.

B. PPL ELECTRIC'S DEPOSIT REQUIREMENT IS REASONABLE

1. The Deposit Requirement Prevents Unreasonable and Unwarranted Costs Associated with Abandoned Projects Accruing to Ratepayers

As an electric distribution company ("EDC"), PPL Electric has a statutory duty to provide safe, reliable, and reasonable service to its electric customers. *See* 66 Pa. C.S. § 1501. TotalEnergies argues that the deposit requirement PPL Electric instated places unreasonable risks on developers. (TEDGUSA St. No. 1, p. 5.) While TotalEnergies does not dispute that they are ultimately responsible for the cost of upgrades needed to interconnect their projects with PPL's distribution system, they argue that the deposit requirement, and specifically its non-refundability, put an "unwarranted and unnecessary imposition of risk on project developers." (TEDGUSA St. No. 1, p. 5.) Even when considering PPL Electric's statements committing to returning unspent portions of the deposit, TotalEnergies maintains that the risk is unreasonable to developers. (TEDGUSA St. No. 1-R, pp. 2-3.) The deposit requirement is reasonable, however, for two reasons: first, because it is only required after PPL Electric completes the engineering study and expects to begin incurring costs associated with the project and second because without the deposit requirement, the risk that TotalEnergies is concerned about incurring incident to its own projects will instead unreasonably accrue to PPL Electric's ratepayers.

As discussed in paragraph IV(A)(1) , *supra*, the deposit is only required after the IIR, the interconnection facilities study contemplated by the Commission's interconnection regulations, takes place. The deposit is designed to cover costs incurred by PPL Electric between the IIR and construction. (PPL St. No. 1, p. 10.) Witness Elias admits that TotalEnergies, "would like these projects to be up and running efficiently, quickly, and . . . with all parties exercising prudence about the timing of the capital investments." (Tr. at 21.) He conceded that in order to ensure the

projects go forward, that PPL Electric would have to do work and is likely to incur costs because of that work. (Tr. at 21.)

It is clear that at this juncture in the process, costs related to work on a project must be borne by someone. With those costs inevitably come a measure of risk. In this case, TotalEnergies seeks to shift that risk to PPL Electric and its ratepayers. This is unreasonable. It is reasonable that developers bear the financial risks associated with the failure of their own projects, not the ratepayers. If a risk is deemed unnecessary or the cost too high once the estimate is received, the developer can make the choice not to go forward with the project. It should not be the role of the ratepayer to insulate TotalEnergies from the risks associated with projects it chooses to develop.

Witness Elias, in his direct testimony, claims the deposit requirement is harmful because projects fail for reasons outside of TotalEnergies control. (TEDGUSA St. No. 1, p. 7.) He testifies that if a project fails after a deposit is made, there is no way to recover the money lost by, for example, suing a government entity for not granting a permit. (TEDGUSA St. No. 1, p. 7.)

Business ventures carry inherent risk. TotalEnergies is essentially arguing here that to the extent there is risk it should accrue not to the customer developing the project, but to PPL Electric and, consequently, PPL Electric's other ratepayers. That is unreasonable. The deposit is reasonable.

2. The Deposit Requirement is Refundable As to Those Funds Not Committed to the Project

Further and as discussed herein, the deposit is refundable as to those funds unspent at the time of the withdrawal of a project. Even in cases where funds have been spent, PPL Electric will make an effort to repurpose any equipment already purchased with the deposit and, if it can, it will return those funds.

Witness Elias contends, however, that this continues to be an unreasonable risk for customer developers. (TEDGUSA St. No. 1-R, p. 3.) While Witness Elias admits that he is not conceptually opposed to deposits, he demurs from making a categorical statement about what kinds of deposits he opposes and supports. (TEDGUSA St. No. 1-R, p. 20.) Given PPL Electric's clarification regarding its position and the extent of the deposit's refundability, his concerns should be resolved.

PPL Electric, too, may be required to pay deposits for long-lead time equipment incident to these projects. Deposit requirements are hardly unusual. To the extent such deposits are refundable or equipment is not received, PPL Electric will in turn refund the unspent portions of the deposit to interconnection applicants. The only portions of the deposit that are not refundable are those that are already spent. Thus, the portion of the deposit that is nonrefundable, is the portion of the deposit that was spent on work or equipment for an applicant's project.

It is reasonable to expect an applicant to cover the costs that PPL Electric commits to its projects. While it is unfortunate that a project might have to be withdrawn due to the failure of an applicant to secure a municipal permit after work has begun on the project, it is not reasonable to for PPL Electric's ratepayers to bear the risks of those project failures, especially since these risks are foreseeable to the applicant. Witness Elias admits that in his experience with TotalEnergies, roughly 50% of projects do not make it to construction. (PPL St. No. 1, p. 19.) These known risks should inform the applicant about whether it is prudent to move forward with a project. The applicant could also mitigate project risks by applying for interconnection only after municipal permits and approvals are obtained.

It is reasonable that applicants bear the costs associated with these risks. It is unreasonable that ratepayers should the costs associated with these risks. PPL Electric has taken what reasonable

steps it can to mitigate risk to the applicants in this case by agreeing to refund the unspent portions of the deposit.

3. The Margin of Error in the Deposit Calculation is Reasonable

The Complainant contends that the deposit is unreasonable because it is a "high-level estimate" with "a fairly high margin of error." (TEDGUSA St. No. 1, p. 5.) While PPL Electric does state that the margin of error is plus or minus 50%, as Witness Olsen testified, in the vast majority of cases, the costs do not vary significantly from the original estimates. (PPL St. No. 1, p. 14.) This margin of error informs the applicant of the possibility, not probability, of a large change so they can plan appropriately and not be surprised by unexpected costs. (PPL St. No. 1, p. 15.)

In context, the margin of error is reasonable. It would be unreasonable to determine a narrower margin of error if there is even a possibility that some projects might fall outside it. PPL Electric is seeking to be transparent with applicants so they are well informed about potential risks.

C. PPL ELECTRIC'S DEPOSIT REQUIREMENT IS NOT AN ILLEGAL RATE

Complainants also contend that the deposit requirement is an illegal rate not in compliance with the AEPS Act and barred by section 1305 of the Public Utility Code, which provides,

> No public utility shall require the payment of rates in advance, or the making of minimum payments, ready to serve charges, or deposits to secure future payments of rates, except as the commission, by regulation or order, may permit. Any deposit made by any domestic consumer, under the provisions of this section or under any repealed statute supplied by this part, shall be returned with any interest due thereon to the consumer making such deposit when he shall have paid undisputed bills for service over a period of 12 consecutive months.

66 Pa. C.S. § 1305. This deposit, however, complies with the AEPS Act and is taken in accordance with Commissions regulations.

The Alternative Energy Portfolio Standards ("AEPS") Act of 2004, 73 P.S. §§ 1648.1-1648.8, became effective in February 2005, and has since been revised by Act 35 of 2007 (effective July 2007) and Act 129 of 2008 (effective November 2008). The AEPS Act enables customer-generators to interconnect their generating facilities with the distribution systems of EDCs, like PPL Electric. *See* 73 P.S. § 1648.5.

The AEPS Act directed the Commission to "develop the technical and net metering interconnection rules for customer-generators to operate renewable onsite generators in parallel with the electric utility grid." *See* 73 P.S. § 1648.5. Pursuant to this directive, the Commission promulgated regulations that govern the interconnection and net metering of customer-generators' facilities. *See* 52 Pa. Code, Ch. 75. It is by these regulations that PPL Electric is expressly authorized to require that Level 3 interconnection applications pay toward the costs of distribution system upgrades necessary to interconnect their projects. *See* 52 Pa. Code § 75.39(e)(4).

As discussed in PPL Electric's direct testimony, this aligns with the requirement that customers seeking to interconnect with an electric utility's distribution system pay contributions in aid of construction ("CIACs") toward the cost of facilities that are needed to interconnect them consistent with and subject to the line extension provisions of the utility's tariff. *See, e.g., Kossman v. Pa. PUC,* 694 A.2d 1147, 1151-53 (Pa. Cmwlth. 1997); *Popowsky v. Pa. PUC,* 910 A.2d 38, 52-56 (Pa. 2006).

While the regulation is silent as to when the costs will be collected, utilities are permitted to exercise managerial discretion. That such decisions may inconvenience a customer is not in itself unreasonable. *Pennsylvania Tel. Corp. v. Pennsylvania Public Utility Com.,* 153 Pa. Super. 316, 325 (1943) ("A rule or a method is not unreasonable merely because it results in some inconvenience to a class entitled to service."). Here, PPL Electric has used its managerial

discretion to implement a reasonable deposit requirement incident to costs it is expressly authorized to collect, in a way that minimizes the risk to the ratepayer and limits the risk to the customer generator to those only that money spent on their project that cannot be repurposed. This is a reasonable compromise, limiting the liability to customer-generators of a failed project by ensuring they ultimately are responsible for no more that what has been committed in service of system upgrades required incident to the project. Such costs are, pursuance to the Commission's regulation, to be borne by the applicant. *See* 52 Pa. Code § 75.39(e)(4). This is not an illegal rate.

Based on the foregoing, the Complainants failed to sustain their burden of proof that PPL Electric's deposit requirement for Level 3 interconnection applicants was unreasonable nor that it constitutes an illegal rate.

VII. CONCLUSION

WHEREFORE, PPL Electric Utilities Corporation respectfully requests that Administrative Law Judges Steven K. Haas and F. Joseph Brady and the Pennsylvania Public Utility Commission deny the Formal Complaint of TotalEnergies Distributed Generation USA, LLC in its entirety and with prejudice.

Respectfully submitted,

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Dated: May 29, 2025

Attorneys for PPL Electric Utilities Corp.

PPL ELECTRIC
APPENDIX A

Appendix A – Proposed Findings of Fact

1. TotalEnergies Distributed Generation USA, LLC ("TotalEnergies" or "Complainant") filed a Formal Complaint ("Complaint") against PPL Electric alleging that the deposit required of interconnection applicants is unreasonable and violates 66 Pa. C.S. §§ 1301 and 1501 and seeking that the Commission enjoin PPL Electric from requiring non-refundable deposits as part of this process.

2. TotalEnergies has 8 projects currently in PPL Electric's interconnection queue. (Tr. at 17.)

3. Each of TotalEnergies projects in the Company's interconnection queue fall under the level 3 review process. (PPL St. No. 1, p. 5.)

4. Each of these projects propose new points of interconnection with PPL Electric's system. (PPL St. No. 1, p. 19)

5. Upon receipt of a complete request and an interconnection application, the applicant's project is then placed in the interconnection queue, with its position determined by the date and time that PPL Electric received all of the following: a valid interconnection request, the applicable interconnection application fee, and the approved one-line diagram. (PPL St. No. 1, p. 4.)

6. The Company begins its interconnection facilities study, the Interconnection Impact Review ("IIR"), after the requisite approvals and fees. (PPL St. No. 1, p. 6.)

7. The IIR estimates the costs and improvement involved with safety and reliably interconnecting the applicant. (PPL St. No. 1, p. 7)

8. Within 45 days of receiving the completed IIR from the Company, the applicant must return a Notification of Customer Intent ("NoCI") and a deposit equal to 25% of the cost estimate provided in the IIR. (PPL St. No. 1, p. 9.)

9. The deposit covers costs incurred between the IIR and construction, including detailed engineering and deposits paid to vendors for long lead-time equipment. (PPL St. No. 1, p. 10-11.)

10. After PPL Electric receives the NoCI and deposit, it begins detailed engineering for the reinforcements identified in the IIR. (PPL St. No. 1, p. 10.)

11. After ordering, this long lead time equipment can take up to 2 years to receive. (PPL St. No. 1, p. 11.)

12. If this equipment arrives, the 25% deposit is applied to the costs of the equipment. (PPL St. No. 1, p. 11.)

13. If a project cancels before portions of the deposit are spent, PPL Electric will return the deposit. (PPL St. No. 1, p. 12.)

14. PPL Electric will only retain those portions of the deposit that are spent and cannot be reappropriated. (PPL St. No. 1, p. 12.)

PPL ELECTRIC
APPENDIX B

Appendix B – Proposed Conclusions of Law

1. Under Section 332(a) of the Pennsylvania Public Utility Code, the proponent of a rule or order has the burden of proof. 66 Pa.C.S. § 332(a). It is well established that "[a] litigant's burden of proof before administrative tribunals as well as before most civil proceedings is satisfied by establishing a preponderance of evidence which is substantial and legally credible." *Samuel J. Lansberry, Inc. v. Pa. PUC*, 578 A.2d 600, 602 (Pa. Cmwlth. 1990).

2. The preponderance of evidence standard requires proof by a greater weight of the evidence. *Commonwealth v. Williams*, 557 Pa. 207, 732 A.2d 1167 (1999). This standard is satisfied by presenting evidence that makes the existence of a contested fact is more likely that its nonexistence. *Brown v. Commonwealth*, 940 A.2d 610, 614 n.14 (Pa. Cmwlth. 2008) (citation omitted).

3. In addition, any finding of fact necessary to support an adjudication of the Commission must be based upon substantial evidence. *Met-Ed Indus. Users Grp. v. Pa. PUC*, 960 A.2d 189, 193 n.2 (Pa. Cmwlth. 2008) (citing 2 Pa.C.S. § 704). 66 Pa. C.S. § 1501.

4. Under Section 1501 of the Public Utility Code, public utilities have a duty, "shall furnish and maintain adequate, efficient, safe, and reasonable service and facilities." 66 Pa. C.S. § 1501.

5. Under Section 1305 of the Public Utility Code, "No public utility shall require the payment of rates in advance, or the making of minimum payments, ready to serve charges, or deposits to secure future payments of rates, except as the commission, by regulation or order, may permit. 66 Pa. C.S. § 1305.

6. The Alternative Energy Portfolio Standards ("AEPS") Act of 2004, 73 P.S. §§ 1648.1-1648.8, became effective in February 2005, and has since been revised by Act 35 of 2007 (effective July 2007) and Act 129 of 2008 (effective November 2008). The AEPS Act enables

customer-generators to interconnect their generating facilities with the distribution systems of EDCs, like PPL Electric. See 73 P.S. § 1648.5.

7. The AEPS Act directed the Commission to "develop the technical and net metering interconnection rules for customer-generators to operate renewable onsite generators in parallel with the electric utility grid." See 73 P.S. § 1648.5. Pursuant to this directive, the Commission promulgated regulations that govern the interconnection and net metering of customer-generators' facilities. See 52 Pa. Code, Ch. 75.

8. An interconnection facilities study is, ""[a] study conducted by the EDC or a third party consultant for the interconnection customer to determine a list of facilities (including EDC's interconnection facilities and required distribution upgrades to the electric distribution system as identified in the interconnection system impact study), the cost of those facilities, and the time required to interconnect the small generator facility with the EDC's electric distribution system." 52 Pa. Code § 75.22.

9. An interconnection applicant must agree to pay for the interconnection facilities and distribution upgrades identified in the interconnection facilities study. See 52 Pa. Code § 75.39(e)(4).

10. PPL Electric's IIR is an interconnection facilities study.

11. Customers seeking to interconnect with an electric utility's distribution system pay contributions in aid of construction ("CIACs") toward the cost of facilities that are needed to interconnect them consistent with and subject to the line extension provisions of the utility's tariff. *See, e.g., Kossman v. Pa. PUC,* 694 A.2d 1147, 1151-53 (Pa. Cmwlth. 1997); *Popowsky v. Pa. PUC,* 910 A.2d 38, 52-56 (Pa. 2006).

12. Utilities are permitted to exercise managerial discretion.

13. TotalEnergies has failed to carry its burden to prove PPL Electric violated the Public Utility Code, the Commission's orders or regulations, or the Company's Commission-approved tariff.

PPL ELECTRIC
APPENDIX C

Appendix C – Proposed Ordering Paragraphs

1. That the Complaint filed by TotalEnergies Distributed Generation USA, LLC at Docket No. C-2024-3051475 is hereby dismissed with prejudice.

2. That PPL Electric's deposit requirement for interconnection applicants is approved.

3. That this matter is marked closed.