



June 2, 2025

Pennsylvania Public Utility Commission
400 North Street
Keystone Bldg.
Harrisburg, PA 17120

To the Pennsylvania Public Utility Commission Chairman and Commissioners,

Please accept these comments on behalf of PennFuture and its members who receive their electricity from public utilities and have a direct stake in the PA Public Utility Commission's decision on how it manages new, large load customers. PennFuture is a statewide environmental organization that advocates for an equitable, job-creating state economy by advancing clean air, pure water, and climate change solutions through legal advocacy, policy engagement, and empowering all Pennsylvanians. This comment is in response to the PUC En Banc Hearing on Interconnection and Tariffs for Large Load Customers at **Docket No. M-2025-3054271**.

Beginning this June, Pennsylvanians will experience the economic impact of a national phenomenon—the proliferation of large load customers called data centers. As major technology companies and others search for access to electricity, utilities will compete to attract their business, under the auspices that meeting the pressing energy needs of this rapidly expanding industry is critical. The Commission must resist this false sense of urgency that will lead utilities to shift their focus away from serving the needs of everyday Pennsylvanians to that of serving a select few wealthy, energy-hungry companies. Such a shift—if unmitigated—would directly result in ballooning prices for existing ratepayers, as well as increasing challenges to reforming inefficient utility practices and extraneous infrastructure investments.

The current rate structure is not prepared to balance costs of the large load demand of data center facilities and the economic realities of existing ratepayers, who will carry the costs associated with the additional distribution and transmission infrastructure required for these facilities. The expansion of data center development could potentially reverse the current ratepaying model. Instead of existing ratepayers' bills being determined by the average cost of providing electricity to similar ratepayers, these large load customers could pay reduced, individualized rates that are customized for their consumption and business, leaving everyday Pennsylvanians to fill in the gap.

Additionally, the Commission must anticipate the potential for stranded assets and their economic impact on existing ratepayers. If utilities' projected data center growth fails to come to fruition, and the Commission fails to prepare by updating how cost is spread across ratepayer classes, existing Pennsylvania ratepayers could shoulder the economic burden of the additional

transmission constructed to serve anticipated data center development. As the Commission considers how to address service to data centers and other large load customers, it must remember to prioritize the public’s interests including maintaining reliability and reasonable rates.

Due to the scope and intensity of their energy demands and the speed of their proliferation, data centers are especially unique customers that will have significant impacts on existing Pennsylvania ratepayers. Consequently, PennFuture recommends that the Commission fully recognize that data center electricity costs are not isolated from those of other consumers and will raise the prices for everyday Pennsylvanians.

Accordingly, PennFuture offers the following proactive systematic changes for the Commission to consider to effectively address the numerous significant economic risks posed by this expanding industry:

1. In alignment with its consumer protection mandate, the Commission should shift data centers away from special contracts in favor of a tariff that standardizes terms and conditions for future data center customers. This standardized tariff should consider the utility’s costs and revenue in their entirety, thus establishing a comprehensive and consistent approach to this burgeoning industry. If enacted, a “race-to-the-bottom competition” would be avoided, and existing ratepayers would be safeguarded from subsidizing the new energy-intensive customers.¹
 - a. Because they are reviewed through open dockets, tariffs offer the additional benefits of increased transparency; public review of proposals, rates; and public participation in rate cases involving data centers.²
 - b. A state-regulated tariff for data centers should require the data center company—not existing ratepayers—to pay for necessary infrastructure upgrades. The contract must require the company to cover the cost of these upgrades even if the operation fails to launch or “uses less energy than would be required under the state-regulated tariff to pay for the upgrades over the time.”³
2. The Commission should upgrade cost allocation formulas to assure that existing ratepayers will not subsidize regional infrastructure that is specifically designed to serve the needs of a select few wealthy data center companies.
 - a. The Commission has the opportunity to shape and approve the utilities’ methods for distributing the costs of transmission and distribution upgrades to existing ratepayers once PJM determines how those costs are spread across the region. It is

¹ Martin and Peskoe, “Extracting Profits from the Public: How Utility Ratepayers Are Paying For Big Tech’s Power,” March 2025, Harvard Law School Environmental & Energy Law Program, 23.

² Martin and Peskoe, “Extracting Profits from the Public: How Utility Ratepayers Are Paying For Big Tech’s Power,” 23-24.

³ Martin and Peskoe, “Extracting Profits from the Public: How Utility Ratepayers Are Paying For Big Tech’s Power,” 17.

imperative that the Commission not assume that all existing ratepayers will proportionally benefit from said infrastructure investments.

3. In the interest of fairness, transparency, and consumer protection, the Commission should require utilities to provide more frequent demand forecasts. Utilities should not be able to withhold potential data centers' location and power demands to gain economic competitive advantage.⁴
 - a. These forecast demands should be filed on a monthly or quarterly basis and should include new data center customers at any stage of development.
4. The Commission should ensure that data center customers finance feasibility studies for each project to identify the infrastructure upgrades necessary to serve them.
 - a. Any costs associated with infrastructure upgrades must be covered by the data center companies.
 - b. Upgrades may include the acquisition or construction of new power generation.
 - 1) It is worth noting that renewable energy can be constructed much more cheaply and more quickly than traditional fossil fuel facilities. Consequently, it is vital for the Commission to review finance feasibility studies of the construction of new power generation specifically because of the push to build new gas-fired power plants to supply data centers with the massive amounts of energy that they require. Wealthy, energy-intensive data center companies should show their work regardless of the energy source of their power so that the Commission and existing ratepayers can understand the economic costs associated with this expanding industry.
5. The Commission should implement a flexibility mandate in order to defer infrastructure upgrades necessary for new data centers.
 - a. Under this mandate, utilities must modify their tariffs and classify data center loads as “interruptible customers”. This term refers to customers whose power can be turned off under prescribed circumstances.
 - b. Additionally, utilities must modify interconnection procedures to designate data centers as “controllable loads” that are required to reduce power consumption under prescribed conditions. These strategies could defer the immediate need for costly infrastructure upgrades to serve new data centers.⁵
6. Similarly, rate structures must ensure that data centers cannot shift their costs through demand charges. Meaning, when these facilities shift to their own power generation during peak periods, they should not be able to avoid demand charges.

⁴ Martin and Peskoe, “Extracting Profits from the Public: How Utility Ratepayers Are Paying For Big Tech’s Power,” 29.

⁵ Martin and Peskoe, “Extracting Profits from the Public: How Utility Ratepayers Are Paying For Big Tech’s Power,” 30.

- a. These changes in rate charges would prevent these facilities from shifting the costs of an “overbuilt system to the public.”⁶

In the face of data center expansion across the Commonwealth, it is vital that the Commission uphold its duty to regulate the prices that utilities charge the general public for electricity service and prioritize the needs of society. Should this Commission fail, and utilities shift their focus to serving the demands of a few wealthy, energy-intensive companies, Pennsylvanians will be forced to pay the high cost of supplying electricity to these energy-hungry data centers. The Commission must be proactive and allocate the costs of higher electricity prices to data centers. If the status quo persists, projects beneficial to everyday Pennsylvanians will remain underfunded, and inefficient utility practices will endure.⁷

Respectfully submitted,

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⁶ Martin and Peskoe, “Extracting Profits from the Public: How Utility Ratepayers Are Paying For Big Tech’s Power,” 19.

⁷ Martin and Peskoe, “Extracting Profits from the Public: How Utility Ratepayers Are Paying For Big Tech’s Power,” 33.