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E-File

June 6, 2025

Matthew Homsher, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor North
P.O. Box 3265
Harrisburg, PA 17120-3265

Re: En Banc Hearing on Interconnection and Tariffs for Large Load Customers
Docket No. M-2025-3054271

Dear Secretary Homsher:

Enclosed for filing please find the Comments of PPL Electric Utilities Corporation in the above-captioned proceeding. These Comments are being filed pursuant to the May 1, 2025 Directed Questions issued by Pennsylvania Public Utility Commission Vice Chair Kimberly Barrow.

Pursuant to 52 Pa. Code § 1.11, the enclosed document is to be deemed filed on June 6, 2025 which is the date it was filed electronically using the Commission's E-filing system.

If you have any questions regarding these Comments, please do not hesitate to contact me.

Respectfully submitted,

Michael J. Shafer

Enclosure

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

En Banc Hearing Concerning Interconnection and Tariffs for Large Load Customers	: : :	Docket No. M-2025-3054271

COMMENTS OF PPL ELECTRIC UTILITIES CORPORATION

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I. BACKGROUND

At the Public Meeting held on March 27, 2025, Chairman Stephen M. DeFrank of the Pennsylvania Public Utility Commission ("Commission") issued a Motion charging Commission staff with organizing an *en banc* hearing to address, among other things, topics related to the interconnection of, and tariffs for, large load customers in Pennsylvania (the "Motion"). The Motion identified that an increasing number of large load customers, specifically including "hyperscale data centers supporting artificial intelligence and other operations" are "forecast to place significant new demand on the electric grid, in both Pennsylvania and the broader PJM [Interconnection L.L.C.] region."[1] The Motion identified 14 topics for which the *en banc* hearing would receive testimony and comments.[2] In addition, it contemplated that the hearing would be comprised of three panels: one panel of electric distribution companies ("EDCs"), one panel of large load customers, and one panel of the Statutory Advocates.[3]

On April 12, 2025, the Pennsylvania Public Utility Commission ("Commission") issued a Secretarial Letter that provided Notice of an *En Banc* Hearing Concerning Interconnection and Tariffs for Large Load Customers at Docket No. M-2025-3054271 ("Secretarial Letter"). In the Secretarial Letter, the Commission indicated that the contemplated *en banc* hearing was to educate and inform the Commission on the prudent design of a large load customer model tariff, and the Commission sought testimony and comments the topics identified in the Motion.[4] The Secretarial Letter further scheduled the hearing to occur on April 24, 2025, with written comments to be

[1] Motion, p. 1.
[2] Motion, p. 2.
[3] Motion, p. 2.
[4] Secretarial Letter, p. 1.

submitted during a 30-day comment period after the conclusion of the hearing, and a 15-day reply comment period to follow the end of the comment period.[5]

On April 24, 2025, the *en banc* hearing was held as scheduled. Joseph B. Lookup, Vice President-Transmission & Distribution Planning and Asset Management, testified as a part of the EDC panel portion of the hearing on behalf of the Company. In addition, Mr. Lookup's written testimony was filed at Docket No. M-2025-3054271.

On May 1, 2025, Vice Chair Kimberly Barrow issued Directed Questions ("VC Directed Questions") to several target audiences, including EDCs and electric transmission utilities. The VC Directed Questions sought additional information from each of the identified target audiences, which could be supplied as a part of any comments submitted in this matter. Six questions were specifically directed at EDCs and electric transmission utilities.[6]

PPL Electric appreciated the opportunity to provide testimony to the Commission regarding the issues identified in the Motion and the Secretarial Letter and appreciates the opportunity to supply the Commission with additional information related to these issues. Pursuant to the Motion and the Secretarial Letter, PPL Electric hereby submits these further Comments in order to provide additional information to the Commission on identified topics of interest.

[5] Secretarial Letter, p. 2.
[6] VC Directed Questions, p. 2.

II. COMMENTS

As a preliminary matter, PPL Electric supports the Comments filed by the Energy Association of Pennsylvania ("EAP") on behalf of its members, which include the Company. PPL Electric offers its own separate comments below to direct attention to matters that are particularly important to the Company.

A. INTRODUCTION

As recognized in the Motion, data centers and their load represent a significant opportunity for Pennsylvania, including job growth, economic development, and bolstering our national security. In addition, these load additions also have the potential to lower rates for all existing customers, while enhancing reliability and rate stability.[7] PPL Electric divides its comments into five parts, in order to provide information in response to each of the topics identified by the Motion, as well as important issues related to those topics.

First, PPL Electric provides specific commentary on the benefits and opportunities, and risks and challenges presented by the projected load growth associated with data center development in Pennsylvania. PPL Electric submits that properly defining both the benefits and opportunities, and risks and challenges associated with this issue is necessary for the Commission to properly understand (a) the options and tools available to the Commission to ensure that interconnection of this substantial influx of load will be conducted in a fair and equitable manner, and (b) which options may or may not be best suited to accomplishing this goal.

Second, PPL Electric discusses resource adequacy considerations that must be evaluated in tandem with the Commission's review and consideration of interconnecting large load growth

[7] Motion, p. 1.

associated with data center development. Importantly, the interconnection of large load customers, like data centers, raises questions regarding impacts on resource adequacy, how to evaluate those impacts, and how the Commission can address resource adequacy issues. PPL Electric fully supports the Commission's evaluation of large load customer growth alongside resource adequacy issues.

Third, after providing information regarding the two aforementioned foundational considerations, PPL Electric provides information responsive to each of the topics identified for comment in the Motion. PPL Electric presents information that is based upon its own recent experiences with large load growth customers requesting interconnections, as well as reviewing the experiences of other utilities in other jurisdictions.

Fourth, PPL Electric provides information responsive to certain of the questions raised in the VC Directed Questions. Specifically, the Company responds to each of the questions directed to EDCs and electric transmission utilities.

And fifth, the Company provides further comments and information regarding matters the Commission should consider as part of its review of whether a model tariff is the best solution to this emergent and rapidly developing issue. PPL Electric submits that a policy statement is better suited to address this issue than a model tariff, but that if a model tariff is to be adopted, it should be non-prescriptive and allow EDCs sufficient flexibility to incorporate provisions pertaining to large load customers into an EDCs existing retail electric tariff.

B. DEFINING THE APPLICABLE BENEFITS, OPPORTUNITIES, CHALLENGES AND RISKS ASSOCIATED WITH LARGE LOAD GROWTH DUE TO DATA CENTER DEVELOPMENT

PPL Electric believes that the development of data centers and their potential load growth present opportunities for Pennsylvania to reap significant economic benefits, to result in improvements to the reliability of the transmission and distribution systems, and to ultimately

lower transmission costs for other customers. PPL Electric expects that, over the next five to six years, the interconnection of data centers can be expected to more than double the Company's current system summer peak load of 7.5 gigawatts ("GW"). Indeed, PPL Electric currently has over 11 GW of requests to interconnect new load due to data center development, which are in advanced stages[8], with 10.9 GW anticipated to be online by 2034.

One of the primary benefits of the development of these data centers is economic development in the Commonwealth. The Pennsylvania Legislature recognized this opportunity by establishing the Computer Data Center Equipment Exemption Program in 2021 with minimum investment and job creation requirements. Furthermore, between 2017 and 2023, the data center industry has dramatically increased its contribution to national employment by 60%, growing from 2.9 million jobs in 2017 to 4.7 million jobs in 2023.[9] Over this same period, the data center industry increased its contribution to national labor income by 93%, growing from $209 billion in 2017 to $404 billion in 2023.[10] This rapid growth has also contributed significant tax revenue to governments at the federal, state, and local levels. Here, the data industry's total contributions to federal, state, and local government revenues through taxes increased from $66.2 billion in 2017 to $162.7 billion in 2023, which represents a 146% increase.[11] As reported, the development of just one new, incremental high-load customers to be interconnected to PPL Electric's system is anticipated to result in 900 permanent jobs.[12]

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[8] The data centers in advanced stages represent projects that have signed agreements with developers and costs being incurred are reimbursable by the developers if they do not move forward with the projects.
[9] *See Economic Contributions of Data Centers in the United States: 2017-2023*, PwC (February 2025), p. 5, available for download at https://www.centerofyourdigitalworld.org/impact-study-confirm ("*Data Center Coalition Report*").
[10] *Data Center Coalition Report*, p. 5.
[11] *Data Center Coalition Report*, p. 5.
[12] *See* "Northeast Pennsylvania is a hot spot for potential data centers", by Bill O'Boyle, April 5, 2025, https://www.timesleader.com/news/1691625/northeast-pennsylvania-is-a-hot-spot-for-potential-data-centers.

More specific to Pennsylvania, the *Data Center Coalition Report* shows:

> 1. The data center industry's total annual employment contribution in Pennsylvania (without the cross-state spillover effect) increased from 94,740 jobs in 2022 to 99,150 jobs in 2023, a 5 percent increase. Including the cross-state spillover effects, the data center industry's total annual employment contribution in Pennsylvania was 146,940 jobs and 153,950 jobs in 2022 and 2023, respectively.
>
> 2. The industry's total annual labor income contribution in Pennsylvania (without the cross-state spillover effect) increased from $7.8 billion in 2022 to $8.3 billion in 2023, a 7 percent increase. Including the cross-state spillover effects, the data center industry's total annual labor income contribution in Pennsylvania was $11.9 billion and $12.7 billion in 2022 and 2023, respectively.
>
> 3. The industry's total annual GDP contribution (without the cross-state spillover effect) in Pennsylvania increased from $13.3 billion in 2022 to $14.4 billion in 2023, a 9 percent increase. Including the cross-state spillover effects, the data center industry's total annual GDP contribution in Pennsylvania was $19.6 billion and $21.2 billion in 2022 and 2023, respectively.
>
> 4. The latest government spending data suggest that the data center industry's total state and local tax contribution (without cross-state spillover effects) of $1.3 billion in Pennsylvania in 2022 was sufficient to fund nearly all provision and support of parks and recreational facilities and activities in the state (including playgrounds, public beaches, swimming pools, tennis courts, museums, zoos, etc.).[13]

Data center growth will also prompt additional upgrades to the transmission system to maintain and improve system reliability as these large load users are connected. PPL Electric has already invested significantly in the reliability and resiliency of its transmission system to better serve its customers. This investment, and the resulting available capacity on the system, is one of many reasons that PPL Electric's service territory can support large load economic development.

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[13] *Data Center Coalition Report*, p. 73.

Where needed, upgrades to infrastructure to interconnect new large load customers can also have the benefit of improving reliability of service for other customers.

Finally, interconnecting these large load customers is anticipated to have significant positive impacts on the transmission rates of all other PPL Electric customers. As explained in Mr. Lookup's testimony:

> Through PPL Electric's FERC formula rate it recovers an appropriate revenue requirement to cover the investment in and cost of operating the transmission system. These costs are allocated to individual customers based on a customer's contribution to the system peak. It is anticipated that large load customers will make up a significant portion of PPL Electric's system peak once interconnected. What this means from a practical perspective is that PPL Electric will generally receive the same amount of revenue from transmission rates, but an increasingly larger portion of that revenue will be received from large load customers thereby reducing other customers' portion. In real terms the Company estimates that the first gigawatt of interconnected load will reduce other customers' transmission costs by 10%.[14]

While each additional GW of interconnected load will reduce transmission costs for other customers by a declining percentage, the positive overall bill impacts of bringing this load online should be considered by the Commission as it designs policy aimed at interconnection of these customers.

While there are clear grid and customer benefits associated with the interconnection of large load growth customers, these interconnections will require the construction of incremental facilities to connect these customers with the grid. The Company shares the Commission's desire to protect ratepayers against the risks of costs becoming stranded if projected loads for a given large load customer do not materialize. However, PPL Electric submits that this risk is limited to

[14] Lookup Testimony, p. 1.

the costs of interconnection that are placed into rates. Costs not placed into rates—but are instead directly allocated to the large load customer via an electric service agreement—are not passed onto other customers and, therefore, would not be subject to the risk of becoming stranded. This is the practice that PPL Electric currently utilizes for its large load customers.

In weighing these factors, PPL Electric submits that the Commission should strike a balance between incentivizing data center investment in Pennsylvania and protecting ratepayers, as a part of any consideration of developing a model tariff. PPL Electric notes that large load customers, such as data centers, heavily invest to build their site and bring their operations to Pennsylvania. They also invest heavily in customer-owned equipment to interconnect to the grid. Furthermore, these customers will (and should) be subject to contribution in aid of construction ("CIAC") payments related to the costs of extending utility facilities to interconnect them to the grid that are only needed to serve the interconnecting customer. PPL Electric therefore submits that the Commission should endeavor to balance consideration of these already incurred customer costs against imposing additional costs/guarantees upon large load customers that would dis-incentivize their construction in Pennsylvania and, therefore, cause Pennsylvania to potentially lose out on the rates and reliability benefits this load could achieve, in addition to economic development benefits.

In striking this balance, the Commission should be guided by the fact that large load customers have the same rights to interconnect and obtain service as other customers. As explained in Mr. Lookup's testimony, "[u]ltimately, data centers are retail customers, and provisions, at some point, will need to be incorporated into an [EDC's] existing retail tariff."[15] EDCs also have an

[15] Lookup Testimony, p. 3.

obligation to provide service to customers in a non-discriminatory manner. While it is appropriate for the Commission to guard against cost shifting and cross-subsidization, PPL Electric submits that it is not appropriate for the Commission to treat issues around large load customers as either new or novel simply due to the size of their loads and their end use. PPL Electric agrees with comments provided by Google that "Creating novel rate classes based on a customer's specific industry or end-use of electricity rather than based on metrics associated with electric system usage such as peak demand, is discriminatory ratemaking and undermines the fundamental obligation of utilities to serve all customers fairly and equitably."[16] Rather, this discussion can and should be guided by traditional principles applicable to the assignment of cost responsibility to a customer that requests to interconnect and obtain service. .

C. RESOURCE ADEQUACY CONSIDERATIONS

1. Large load interconnections will have an impact on resource adequacy

The anticipated load growth associated with data center development in Pennsylvania will have significant impacts upon the adequacy of generation sources that supply the region. As noted in PPL Electric's January 9, 2025, Comments in Technical Conference on Resource Adequacy in Pennsylvania, Docket No. M-2024-3051988 ("PPL RA Comments"):

> Data centers, which house servers that are heavily relied upon for AI, are a main driver for new capacity. "According to McKinsey analysis, the United States is expected to be the fastest growing market for data centers, growing from 25 gigawatts ("GW") of demand in 2024 to more than 80 GW of demand in 2030." For Pennsylvania specifically, the Electric Power Research Institute ("EPRI") conducted an analysis showing that data centers could account for 3.78% to 7.49% of all electric consumption in the Commonwealth by 2030, up from 3.16% in 2023. While those differences may appear small, 3.16% of electric consumption in 2023 equals 4,590,240 MWh/year, while 7.49% of electric

[16] Google Comments, p. 6.

> consumption in 2023 equals 12,187,850 MWh/year. This is the equivalent of 563 MW and 1496 MW of nuclear capacity, respectively, and 878 MW and 2330 MW of combined cycle natural gas capacity, respectively. These figures further demonstrate the massive growth in Pennsylvania's electric demand that is on the horizon.[17]

Without further action to address existing generation capacity constraints, PPL Electric submits that there will either be reliability curtailments, or moratoriums on new load additions. Neither of these options are attractive as they will stunt economic growth in the Commonwealth and the Country. The Company supports the Commission considering resource adequacy concerns as it develops its policies around large load interconnections.

2. PPL Electric supports evaluating current Pennsylvania laws to address resource adequacy, as a part of the Commission's consideration of issues related to large load interconnection and tariffs

In order to address these resource adequacy issues, PPL Electric supports Commission consideration of EDC investment in generation, up to and including ownership and operation, as a flexible and appropriate tool for the Commonwealth to support system reliability and economic growth and reduce price volatility. Although this would require legislative changes, it does not necessitate a full rollback of the Competition Act or regulation of existing merchant-owned generation plants. The adoption of HB 1272 is an example of one such option, which PPL Electric fully supports.[18]

PPL Electric also notes that, to the extent that the Commission is considering "bring your own generation scenarios" that would require or mandate a large user to bring their own generation, appropriate enabling legislation would be required. Other "bring your own generation scenarios"

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[17] PPL RA Comments, p. 3.

[18] General Assembly of Pa., Section of 2025, House Bill No. 1272, Printer's No. 1425, *available at*: https://www.palegis.us/legislation/bills/text/PDF/2025/0/HB1272/PN1425.

could also work to address these. For example, long-term bilateral contracts with a new large load user for new build generation could provide the customer cost certainty and alleviate some of the concern that the additional new load will have a negative impact on existing generation capacity reserves.

3. The Commission must address issues associated with resource adequacy with the laws currently in effect

Absent legislative authority, however, the PUC cannot require large load customers (or any other customers, for that matter) to bring their own generation as a condition of interconnection. Any model tariff or other regulatory requirement that may be considered by the PUC must be in accordance with the Public Utility Code and, in particular, the Competition Act.[19] However, the Commission can encourage large load customers to bring their own generation and provide the reasons why it would be beneficial in a policy statement.

D. PPL ELECTRIC'S RESPONSES TO SPECIFIC QUESTIONS/TOPICS FROM THE MOTION

1. What is the appropriate mega-watt ("MW") size designation(s) for large load tariffs?

PPL Electric submits that as the Commission considers whether large load tariffs should apply to a specific MW size or sizes, it should remain more focused on limiting customer risk of stranded costs from load not materializing rather than the size of the load. The Commission should also understand and appreciate that there are diverse sizes and characteristics of data centers – in other words, one size does not fit all. In PPL Electric's experience, the size of the customer's load does not necessarily indicate whether system upgrades will be socialized through rate base.

[19] *See* 66 Pa. C.S. § 2801, *et seq.* ("Competition Act").

Rather, this consideration involves a case-by-case, equipment level review of whether the system upgrades will result in:

- Added system reliability;
- Increased capacity/lower congestion;
- Improved asset condition of existing facilities;
- Service to multiple transmission customers and/or retail feeders;
- Increased resiliency and operational flexibility; and/or
- Expanded capacity for new generation flow and interconnections.

If the Commission were to focus specifically on load size, without considering this additional information, it risks creating a regime that imposes minimum load guarantees for a project because the size of the anticipated load is above the size designation, even though the project may have zero, or minimal socialized upgrades. Such a scenario could likely have a chilling effect on data center development. Alternatively, the Commission could determine that no minimum load guarantees for a project are necessary because the size of anticipated load is below the size designation, even though the project primarily involves socialized upgrades that could be reflected in rates. Such a scenario may fail to adequately protect ratepayers against the risk of stranded costs.

PPL Electric submits that its current approach to establishing minimum load guarantees avoids each of these scenarios and is a better approach than focusing solely on a size designation. Currently, the Company does not evaluate projects based on MW size alone. Rather, the distinction is whether there will be upgrade costs that are placed into rates and socialized by other customers. On a customer-by-customer basis, PPL Electric sets each customer's guarantee based upon the amount of costs placed into transmission rates, load ramp schedules, and the monthly

revenues projected to be received by the Company. Practically speaking, only the very large customers who require upgrades to the bulk electric system will need to provide a minimum load guarantee. However, there is no brightline MW limit to distinguish these types of large loads, and PPL Electric's approach avoids the need to try to establish such a brightline. PPL Electric believes that this approach strikes the right balance of encouraging data center growth while adequately protecting other customers from the risk of the load not materializing.

2. What are the appropriate deposits or financial securities that should be obtained from large load customers in order for them to interconnect to the grid?

For similar reasons as those described in Section D.1 above, PPL Electric submits that any deposits or financial security required of large load customers should be tied to the amount of risk for other customers, i.e., the socialized upgrade costs that will be recovered in transmission rates. In addition, the Commission should consider that (1) large load customers are required to upgrade on their side of the meter and (2) large load customers pay a CIAC up front for upgrades that PPL Electric determines are their responsibility. As a result, even if a deposit is not specifically required, that does not mean that these customers are not paying something or are not "on the hook" financially. Accordingly, the Commission should allow EDCs to maintain flexibility in the amount of security to account for these project/customer-specific facts. Furthermore, there should be flexibility in security instrument type depending on the creditworthiness of the customer.[20]

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[20] A recent example of this type of built in flexibility comes from a case in Indiana involving the Indiana Michigan Power Company (I&M"). The Indiana Utility Regulatory Commission ("IURC") recently approved a settlement agreement amending I&M's tariff to address the connection of data centers and other large loads to the grid. The amended tariff provisions include "Collateral Requirements" that vary based on the creditworthiness of the large load customer, which is evaluated based on two factors: (1) credit ratings from S&P and Moody's; and (2) the customer's liquidity as compared to the tariff's collateral requirement calculation. If required, the collateral can be provided in the form of a guarantee from the ultimate parent or corporate affiliate of the large load customer, a standby irrevocable letter of credit, and/or cash. *See In the Matter of the Verified Petition of Indiana Michigan Power Company for*

3. What is the appropriate method to calculate a CIAC for a large load customer of this nature?

PPL Electric submits that the Company's current process appropriately calculates CIAC for customers. Specifically, PPL Electric starts with the assumption that the customer pays for all interconnection costs. From there, PPL Electric utilizes a case-by-case determination of whether each specific upgrade provides reliability benefits to the grid as a whole or if it only benefits the new customer. It is only after it is determined that there will be broader reliability benefits from the system upgrades that some costs will be shifted to rates. PPL Electric provided examples of broader reliability benefits that would justify socializing the cost of an upgrade in rates in Section D.1, above. If, however, the upgrade will not result in these reliability benefits, it remains the responsibility of the customer and will be included in the CIAC. This is consistent with established cost causation principles and does not require additional guidance from the Commission.

4. What, if any, minimum contract terms should be implemented to interconnect large load customers?

PPL Electric again submits that, in answering this question, the Commission should recognize that each large load customer project will be different. Each project will have a different risk profile and flexibility in agreement terms should be permitted. Therefore, any minimum contract terms that the Commission considers should be designed to focus on the risks to other customers related to socialized costs.

Importantly, PPL Electric notes that Pennsylvania is not a vertically integrated state. In a vertically integrated state, the utility may have a need to either build or contract for new generation, which presents more risk to other customers over a longer period of time. These circumstances

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Approval of Modifications to its Industrial Power Tariff – Tariff I.P., Cause No. 46097 (Approved Feb. 19, 2025), Attachment A.

are likely to be subject to an additional generation regulatory review (e.g., a Certificate of Public Convenience and Necessity petition) and may justify longer minimum contract terms.

However, in Pennsylvania it is only the cost of transmission upgrades that benefit other customers and that would be socialized in rates. Thus, any minimum terms deemed necessary by the Commission as part of a model tariff should be set to ensure that the addition of new load justifies the socialized investment in the transmission system.

Furthermore, when considering minimum terms, the Commission must balance setting minimum terms to protect other customers from the risk of stranded costs against the benefits that new large load customer interconnections will have on system reliability and lowered transmission rates (as discussed above). Minimum terms that are too long or restrictive could dissuade these large load customers from coming to Pennsylvania, and these benefits from being achieved. This would negatively impact local communities and the Commonwealth as a whole.

5. What, if any, are the maximum time limits that should be imposed to complete interconnection studies and agreements large load customer interconnections?

PPL Electric submits that interconnection studies and agreements should not have a maximum time limit imposed for completion. Fundamentally, an EDC needs adequate time to study the request, so that it can determine that the interconnection will not diminish the safety or reliability of its service.[21] As each request is different, and each has different levels of complexity, establishing a maximum time limit may undermine an EDC's ability to adequately assess the request, especially if it is particularly complex. In addition, PPL Electric notes that the customer has obligations to provide timely and accurate information so that the interconnection study and

[21] *See* 66 Pa.C.S. § 1501.

agreement can be completed. Maximum time limits that do not consider scenarios where a customer does not timely provide accurate information would frustrate the ability of the EDC to complete the study and agreement.

That being said, PPL Electric understands that timely interconnection is important to large load customers. The Company has developed a rapid response process and typically evaluates large load customer interconnection requests in a timely manner. PPL Electric can provide a high-level summary of the scope, schedule, and budget for necessary system upgrades within 5-10 business days of the request. Thereafter, the Company provides its initial project feasibility report within 45-60 business days. Provided that the customer wants to continue with the project, PPL Electric is typically able to complete engineering and start construction within 6-12 months of the project feasibility study. Additionally, the Company has a dedicated team to work with large load customers to assist them through the interconnection process. PPL Electric prioritizes quickly interconnecting new customers; however, a rigid review deadline does not account for delays that may be outside of the EDC's control.

6. What, if any, are the appropriate fees or expenses that can be imposed for interconnection studies for large load customers?

Interconnection studies can involve detailed and complex engineering analyses with high costs. As the interconnection request is initiated by the customer, and the customer's needs and facilities must be analyzed, PPL Electric submits that the customer should be responsible for actual costs to study its request. The Company uses the deposit to cover engineering and design costs, as well as to allow PPL Electric to begin initiating the work and ordering long-lead equipment necessary for the project. PPL Electric has not encountered a situation where a large load customer has taken issue with paying for the actual costs to study the interconnection request.

7. What role and consideration should be given to load ramping schedules?

Ultimately the large load customer decides what its load ramping schedule will be, and this dynamic does not lend itself to a prescriptive tariff provision. A given customer's load ramping schedule is one of the case-by-case considerations that should be accounted for as the Commission addresses these issues. So, while load ramp schedules are something that should be included in any agreement, they may differ based on a variety of factors. In PPL Electric's experience, it is highly likely that customers will have load ramp schedules. Provided that the customer agrees to take service long enough to cover the cost of socialized upgrades, load ramping can be adequately addressed on a case-by-case basis through an agreement with the customer. In this regard, PPL Electric requires minimum payments, which provide certainty in revenues from service for a specific project even if the customer is delayed in meeting or does not meet specific timings with respect to their load ramp schedule.

8. Should large load customers be subject to exit or early termination fees if the projected load fails to materialize?

PPL Electric believes that, if the Commission is inclined to consider exit or early termination fees, these fees should be focused on protecting other customers from the risk of socialized costs becoming stranded. These fees should not be designed to be punitive, because a large load customer may exit or terminate early due to a variety of circumstances, some of which may be beyond its control. Punitive fees that are not commensurate with an EDC's risk of stranded costs could discourage data center growth. PPL Electric designed its termination fee to equal the amount of socialized costs to interconnect the large load customer less revenues received from the large load customer. Any termination fee that PPL Electric receives would be applied to reduce total plant in service, effectively removing the socialized upgrade costs from customer rates. This is determined on a case-by-case basis depending on the cost of the socialized upgrades to connect

a particular customer. This adequately protects other customers from stranded asset risk while not over securing the large load customer's obligation to take service.

9. Should there be a distinction in tariff design for firm service vs. interruptible service to large load customers?

It has not been PPL Electric's experience that large load customers are interested in interruptible service. If there was interest, an interruptible rate could have potential benefits. Specifically, successful implementation of interruptible service could decrease the amount of system upgrades needed, possibly reducing the costs that would otherwise be socialized in rates and also help address resource adequacy concerns. Provided that the tariff design focuses on mitigating stranded asset risk for other customers, a large load tariff should be able to accommodate either firm or interruptible service. However, just like the Commission is without jurisdiction to require a customer to bring its own generation, it similarly lacks the authority to require a customer to take an interruptible rate, even if this rate option were to exist in the tariff.

10. How should the Commission address large load customers bringing primary or back-up generation, and prudent standby rates?

As explained above, PPL Electric submits that, while the Commission can consider these issues, it cannot require customers to bring their own generation under the Public Utility Code. However, the Commission could consider designing standby rates that balance providing an attractive rate structure for large load customers against the risk of shifting costs to other customers. On this point, the Commission should understand that regardless of whether a large load customer elects standby service or not, the system will still need to be built to accommodate the customer's entire load, unless the customer agrees to interruptible service. Given the size of the load, the system will need to be robust enough to serve the customer if the behind the meter generation ("BTMG") goes offline. BTMG may also allow the customer to peak shave and avoid paying some transmission and distribution costs. Therefore, any standby rate needs to be designed

to address these circumstances, so that the large load customer is paying an appropriate amount for its cost of service.

11. How can the Commission maintain transparent cost structures for interconnection of large load customers?

As noted throughout these Comments, many of the characteristics of data centers are individual to certain projects – as a result, a one size fits all approach is ill advised. Instead of drafting an overly prescriptive model tariff, PPL Electric recommends that the Commission consider issuing guidelines through a policy statement to provide transparency to customers, stakeholders, and large load customers. Pursuing a model tariff would implement a "one size fits all" approach that, as explained above, is counter to the customer- and project-specific nature of these large load interconnections. Given the project-to-project differences that PPL Electric anticipates will occur, the Company believes it is reasonable for customers to expect transparency, but it is not reasonable (nor should it be the Commission's goal) for customers to expect every project will involve the same level of costs.

Additionally, EDCs have unique retail tariffs that set customer classes and rate schedules based on the needs of its specific service territory. As an example, some EDCs may differ in the proportion of rate recovery between distribution and transmission rates. Likewise, EDCs have different methodologies in determining and allocating a specific customer's contribution to system peaks. Having a model tariff that all EDCs must adopt without modification will likely not account for the differences between existing EDC retail tariffs. This could create ambiguities and unintended results in applying tariff provisions arising out of inserting a model tariff that does not consider how it will interact with pre-existing tariff provisions.

Incorporating large load customer provisions into an EDC's existing retail tariff can also provide the public needed transparency to demonstrate that there are adequate safeguards against

stranded asset risk. The EDC's methodology of determining which upgrades are socialized, the percentage amount of a minimum load guarantee, and the size of early termination fees can be included in a publicly available tariff. However, customer specific usage information would be able to remain confidential. This appropriately balances the public's need for transparency with investments needed to interconnect large load customers, with the privacy concerns of individual large load customers.

Relatedly, PPL Electric submits that whether the Commission implements a model tariff or policy statement guidance, the Commission should provide deference to an EDC's protection standards. PPL Electric is ultimately responsible for ensuring that its system is safe and reliable.[22] This means that PPL Electric should be able to control the protection standards applicable to its system, in order for it to best manage the risks that come with this responsibility. If PPL Electric is acting reasonably, it should not be susceptible to challenges that its protection standards are too conservative.

12. What, if any, optionality should be allowed for interconnecting large load customers to directly make system upgrades?

PPL Electric is opposed to providing the option for large load customers to directly make system upgrades. In addition, PPL Electric emphasizes that an EDC already has the contractors and expertise to make system upgrades required to interconnect a large load customer, whereas the customer may not. This means that the EDC can typically complete the upgrades more efficiently than the customer and avoid some of the possible pitfalls that customers directly completing system upgrades may present.

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[22] 66 Pa.C.S. § 1501.

With respect to those pitfalls, an apt comparison can be made to PPL Electric's experience with constructing transmission facilities to interconnect wholesale independent power producers ("IPP") to the grid. It has been PPL Electric's experience that, if the entity building the system upgrades does not own those upgrades in the long term, then there may be an incentive to pay less attention to details. Examples of these issues include aggressive landowner negotiations, accepting property with title defects not acceptable to the Company, and construction practices that are inconsistent with the Company's standards. In addition, where an entity other than the EDC constructs the system upgrades, they may not take the same care in dealing with landowners because they do not have the long-term obligation to maintain the right-of-way. Those dealings also present a risk to the EDC that its regulatory reputation could degrade due to the actions of the upgrade owner. PPL Electric anticipates that similar issues to these experiences with interconnecting IPPs will likely result from customers directly completing system upgrades to interconnect large loads.

Finally, it is unclear to PPL Electric whether large load customers like data centers desire to or have the expertise to directly make system upgrades to interconnect. It has been PPL Electric's experience that these customers are looking for a one-stop shop for utility interconnection and are not looking to oversee system upgrades independent of the utility.

13. Should there be expedited interconnection processes for large load customers choosing to build their own system upgrades?

As explained above, PPL Electric does not believe that there should be an expedited interconnection process for large load customers as the Company is opposed to large load customers directly building their own system upgrades. Given the latency of the market and the issues that are still emerging, an expedited process risks rushing EDCs to complete

interconnections to the detriment of their customers and their system – especially if customers are not meeting the technical or other requirements of the Company's system.

Furthermore, it is unclear if an option to build would go any faster as many of the variables that cause delays are not within the EDC's control. For instance, supply chain issues could delay receipt of equipment to complete system upgrades. Right-of-way acquisition negotiations could delay securing a site to construct the point of interconnection and interconnecting facilities. Other permitting and approval processes that would operate outside of an expedited process (e.g., obtaining a NPDES permit) may simply not move at the same pace. Importantly, providing the customer the option to directly build system upgrades does not mitigate any of these factors; it simply shifts which entity may experience delays outside of its control.

Finally, PPL Electric notes that it is willing to take equipment from a customer to complete system upgrades if the customer can source the equipment faster than the Company. Typically, this is not the case because PPL Electric has established vendor relationships for much of the necessary equipment. The equipment would also need to meet all of the Company's sourcing and technical standards for this to be acceptable, and PPL Electric would still need to install the equipment. However, it is an option that PPL Electric is willing to consider if it can decrease the time to complete the interconnection.

14. Are there any best practices from other jurisdictions that the Commission should learn from?

Based on PPL Electric's review of other states that are examining data center interconnections, PPL Electric has the following observations which may provide the Commission with additional guidance.

First, the states that are examining this issue remain in the nascent stages of doing so. In the examples noted below, some states have addressed the issue in specific cases, others have

issued new advisory rules, and others remain at the technical conference/investigatory stage. Therefore, PPL Electric submits that while the Commission can look to other states for guidance as to issues that it may want to consider, it is too early for the Commission to explicitly rely on "lessons learned" from other states, where the development of these issues remains in the early stages.

Second, each state that is examining this issue is focused on the same goal that PPL Electric has explained should be front of mind with the Commission – limiting stranded cost risks from large load interconnections to other customers. However, how states account for such risks can vary. For example:

- As noted above, the IURC recently approved a settlement agreement amending I&M's tariff to address the connection of data centers and other large loads to the grid, which approved tariff provisions that provided the utility flexibility to establish customer specific collateral requirements to mitigate stranded cost risks.[23]
- The issue of stranded asset risks was a focus in the Colorado Public Utilities Commission's review and consideration the Public Service Company of Colorado's application to implement a non-standard economic development rate customer service agreement for a large load customer.[24]
- The Idaho Public Utilities Commission analyzed the risks of Idaho Power Company's application for approval of an electric service agreement applicable to

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[23] *See In the Matter of the Verified Petition of Indiana Michigan Power Company for Approval of Modifications to its Industrial Power Tariff – Tariff I.P.*, Cause No. 46097 (Approved Feb. 19, 2025), Attachment A.

[24] IN THE MATTER OF APPLICATION OF PUBLIC SERVICE COMPANY OF COLORADO FOR APPROVAL OF A NON-STANDARD EDR CONTRACT, AND FOR DETERMINATION NO CPCN IS NEEDED FOR CUSTOMER-FUNDED TRANSMISSION FACILITIES, Colo. PUC Decision No. R24-0168; Proceeding No. 23A-0330E, 2024 COLO. PUC LEXIS 143 (Mar. 18, 2024).

a large load customer, which would be the utility's "largest customer with a large impact to the Company's system and cost structure, increasing the overall risk to customers."[25]

- The Georgia Public Service Commission approved rules that were designed to provide utilities the ability craft customer-specific terms and conditions to address cost shifting and stranded asset risks.[26]
- Oregon has initiated an investigation into new load connection costs, when Portland General Electric Company sought to revise its tariff rules related to customer attachments to facilities and line extensions where new large load was being interconnected, which "introduce[d] several new policies intended to mitigate stranded asset and excess demand risks…[and] some cost allocation issues.[27]
- The Virginia State Corporation Commission held a commissioner-led technical conference to explore current and anticipated future challenges presented by providing electric service to large-use, hyperscale customers, including issues related to the costs, benefits, and risks of such customers.[28]

Third, while each state may have a focus on this same goal, PPL Electric notes that each state may have distinct levels of risk. More specifically, utilities in vertically integrated states that need to build new generation must include the stranded asset risk associated with constructing new

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[25] IN THE MATTER OF IDAHO POWER COMPANY'S APPLICATION FOR APPROVAL OF SPECIAL CONTRACT AND TARIFF SCHEDULE 33 TO PROVIDE ELECTRIC SERVICE TO BRISBIE, LLC'S DATA CENTER FACILITY, ID PUC Case No. IPC-E-21-42; Order No. 35777, 2023 IDA. PUC LEXIS 36 (May 11, 2023).
[26] https://psc.ga.gov/site/assets/files/8617/media_advisory_data_centers_rule_1-23-2025.pdf.
[27] In the Matter of PORTLAND GENERAL ELECTRIC COMPANY, Investigation into New Load Connection Costs, OR PUC No. UE 430; Order No. 25-091, 2025 ORE. PUC LEXIS 93 (March 6, 2025).
[28] *See* VSCC Case No. PUR-2024-00144, Technical Conference held December 16, 2024.

generation. Based upon these observations, PPL Electric submits that, while the Commission can look to other jurisdictions for high-level policy principles and examples that are under consideration or that have been recently implemented to address these issues, it should proceed cautiously as the approaches taken by other states remain in the nascent stage and have not been in place long enough to be evaluated for specific lessons learned. However, the Commission, like other states, should develop policies specific to the needs of the Commonwealth, which, at this point, is to continue to encourage the development and interconnection of these customers.

E. PPL ELECTRIC'S RESPONSES TO SPECIFIC VC DIRECTED QUESTIONS TARGETED EDCS AND ELECTRIC TRANSMISSION UTILITIES

1. How should costs be allocated when a data center triggers a major upgrade—should it be directly assigned, shared by the EDC, or spread across the TO zone, and under what criteria? Should existing methods be re-examined for these customers? Should they be re-examined for all customers?

PPL Electric refers to and incorporates its Comments in Sections B and D.3, above. As previously explained, if a system upgrade to interconnect only benefits the large load customer, PPL Electric directly assigns those costs to the customer and collects a CIAC. If the upgrade to interconnect benefits customers other than the large load customer, then those costs should be socialized according to established cost causation principles. This is not dissimilar to how PPL Electric treats other customers with smaller loads. Moreover, as explained in PPL Electric's Comments in Section B, above, large load customers should not be treated differently than other large customers solely because of the size of their load.

2. What tariff design features (e.g., minimum load factor, monthly demand floors) have proven most effective in ensuring reliable forecasts from large-load additions?

Given the latency of the market and the issues that are still emerging, PPL Electric submits that it is too early to tell what specific design feature(s) is most effective. However, it has been

the Company's experience that requiring an early deposit to cover engineering and design costs, as well as to allow PPL Electric to begin initiating the work and ordering long-lead equipment necessary for the project, has been effective in eliminating purely speculative applications. In the coming years, the parties will have better data on which projects actually get built and be able to design load projection policies that more accurately forecast large load customer growth.

3. One hearing commenter suggested that only load under contract should be used in demand forecasts. Do you agree?

PPL Electric agrees that only including load that is under contract (as compared to the number of inquiries) is a reasonable method and notes that it is the method the Company currently uses. In PPL Electric's experience, this method helps insulate against overstating load growth in its forecasts, which increases the risk of the system being overbuilt. If the Company were not following this rule and included the amount of load in inquiries, it would currently be reporting 50GW of load rather than the 11GW that is used in forecasts.[29] In PPL Electric's view, an inquiry without a commitment is too speculative to be included in demand forecasts.

4. How do you assess the risk of early termination, and what role do exit fees and collateral requirements play in mitigating that risk for your infrastructure investments?

PPL Electric refers to and incorporates its Comments in Section D.8, above. As previously explained, the Company currently secures the amount of socialized costs. In the event of an early termination, PPL Electric would use the security for socialized costs to back those costs out of rates. PPL Electric submits this method reasonably protects other non-large load customers from the risks of early termination.

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[29] *See* PPL Corporation, 1st Quarter 2025 Investor Update, April 30, 2025, Slide 7, https://investors.pplweb.com/image/PPL_2025_Q1_Investor_Update_vFINAL.pdf.

5. Would you be willing to trade off speed of interconnection in exchange for greater load flexibility commitments from data centers—and how would you quantify that tradeoff?

PPL Electric refers to and incorporates its Comments in Sections D.5 and D.13, above. As previously explained, the variables that dictate interconnection speed (i.e., supply chain, engineering requirements, ROW acquisition, and permitting) have little to do with flexible or firm commitments from a data center or other large load customer. Furthermore, it has been PPL Electric's current experience that data centers have not been interested in flexible load commitments. So, while it is hypothetically possible that flexible loads would require fewer upgrades, a specific data center customer would have to determine that specific flexibility in load commitments were appropriate for its project. PPL Electric submits that, while there may be unique projects that justify this exchange, such projects will not be the norm.

6. What technical and tariff design features, in your view, stand in the way of facilitating demand response programs for large loads?

PPL Electric refers to and incorporates its Comments in Section D, above. The Company further notes that designing equitable standby rates would, in theory, facilitate demand response ("DR") programs. However, if the Commission does not strike an appropriate balance (as explained above), these features may not be attractive to large load customers, or if they are too attractive could allow large load customers to peak shave in an inequitable manner and shift costs to other customers.

7. Review of and response to the research paper cited in the VC Directed Questions

PPL Electric notes that the VC Directed Questions indicated that "While the hearing was comprehensive, the issue is complex, and Numerous questions were left unanswered" and cited *Extracting Profits from the Public: How Utility Ratepayers Are Paying for Big Tech's Power*, Peskoe, A. and Martin, E. (available at https://eelp.law.harvard.edu/wp-

content/uploads/2025/03/Harvard-ELI-Extracting-Profits-from-the-Public.pdf) ("Research Paper").[30] In the VC Directed Questions, the Vice Chair requests the parties' thoughts on the Research Paper.

Generally speaking, PPL Electric notes that the Research Paper raises several concerns, but many of them are not applicable to Pennsylvania's regulatory scheme. Therefore, PPL Electric submits that the paper does not provide guidance that will be generally helpful to the Commission's considerations regarding Pennsylvania specific policies.

Furthermore, one of the primary concerns outlined in the Research Paper is that utilities may be shifting costs to current customers to attract data center customer load through "special" or "secret" contracts.[31] To be clear, PPL Electric utilizes electric service agreements to serve large load customers, like data centers, under its Commission-approved tariff pursuant to Rate LP-5. While individual customer terms may be confidential, minimum load guarantees and security terms are not. And, as explained in Sections D.1, D.4, and D.11 above, the minimum load guarantees and security terms are the terms that ensure other customers are protected from the risks of costs becoming stranded. Moreover, PPL Electric is committed to memorializing these essential terms in a future tariff update.[32]

Second, the Research Paper raises various concerns about how the costs for interconnecting data centers will be allocated between the data center customer and electric ratepayers.[33] In addition, the Research Paper attempts to argue that if the projected load for a data center fails to

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[30] VC Directed Questions, p. 1.
[31] Research Paper, at pp. 11-14.
[32] Lookup Testimony, p. 2 ("…it is our intent to memorialize large load interconnection rules in the retail tariff at some point in the future…").
[33] Research Paper, pp. 15-16.

materialize, non-data center customers could be at risk of paying for stranded costs.[34] As explained above, PPL Electric believes that ensuring ratepayers are properly insulated from the risks of costs becoming stranded must be a core consideration for the Commission and is one that PPL Electric currently strives to address through provisions of its electric service agreements. However, the Research Paper ignores that there are methods available and in place to ensure proper protection is afforded to ratepayers. Specifically, and as discussed above, PPL Electric's approach confirms that any system upgrades/facilities that solely benefit the data center are directly paid by the data center customer through CIAC. Only costs of specific system upgrades/facilities that benefit other ratepayers will be socialized and placed into rates. This approach ensures that PPL Electric receives revenue from the data center customer to justify the socialized investment, holds the data center customer accountable for costs incurred solely for its benefit, and protects ratepayers from the risk of costs becoming stranded.

The Research Paper also claims that utilities regularly offer reduced rates to attract new data center customers, and that such reduced rates were not publicly available.[35] This does not reflect PPL Electric's experience. PPL Electric does not offer reduced rates for data center customers. Additionally, the Company's experience has been that data center customers are willing to pay existing tariffed rates. Furthermore, the Research Paper's focus on utilities offering reduced rates ignores the fact that other non-data center customers stand to reap substantial benefits from reduced transmission rates due to the interconnection of new data centers, as explained in Section B above.

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[34] Research Paper, pp. 16-17.
[35] *See, e.g.*, Research Paper, p. 13.

Fourth, the Research Paper takes issue with "co-location" proposals, whereby generators contract with new data centers to connect directly to an existing power plant behind its point of interconnection to the utility's system (i.e., behind the meter).[36] On this point, PPL Electric notes that the paper raises some valid concerns. PPL Electric does not support the co-location of data centers behind the meter of electric generation plants where the end use load is not a customer of the EDC. These plants typically cannot operate without being connected to the grid and, therefore, co-location in an effort to avoid direct connection with a utility nevertheless requires the utility to consider and attempt to manage the impacts of this load on the grid. Moreover, PPL Electric agrees with the Research Paper that co-located data centers are indirectly benefiting from the grid and should be required to pay their fair share.[37] Lastly, PPL Electric notes that the Research Paper's argument against co-located load is inconsistent with its recommendation for energy parks. Research Paper, pp. 27-29. In particular, while the paper asserts that "[a] fool-proof way to insulate utility ratepayers from data center energy costs is to isolate a data center energy park from the utility-owned network,"[38] for the same reason that it may not be possible for a generating unit to operate disconnected from the grid, it may not be possible for data center energy park to do so. Furthermore, such an energy park would lack redundancies necessary to provide the reliable source of power that data centers seek out.

Fifth, the Research Paper claims that state regulators should only allow new data centers to take service if they commit to "flexible operations," i.e., interruptible service.[39] This proposal should not and cannot be implemented in Pennsylvania. As explained in Section B, above, data

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[36] Research Paper, pp. 19- 21.
[37] Research Paper, p. 20.
[38] Research Paper, p. 28.
[39] Research Paper, p. 30.

center customers should be treated the same as other large load customers. Failure to do so would likely constitute unlawfully discriminatory treatment in violation of the Public Utility Code.[40] The Commission lacks the authority to require customers, regardless of their load type, to commit to interruptible service and, therefore, cannot impose this requirement on data center customers.[41] Rather, as explained in Section D.9, above, PPL Electric submits the better path is to allow utilities to serve customers how they want to be served (i.e., firm service), and find an equitable way to do so through the imposition of CIACs, minimum load guarantees, and exit/early termination fees when appropriate.

In summary, the Research Paper raises a host of concerns that, in PPL Electric's view, are generally not applicable to data center growth in Pennsylvania or can be adequately addressed by the Commission adopting policies similar to those that PPL Electric already has in place.

F. MODEL TARIFF CONSIDERATIONS

PPL Electric supports the Commission's inquiry around general standards and issues related to data center customers and welcomes general policy guidance from the Commission on this topic. On balance, PPL Electric does not oppose the concept of a model tariff, so long as it allows flexibility for a utility to address particular needs associated with specific large load customers and large load projects.

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[40] 66 Pa.C.S. § 1304.

[41] The decision to take interruptible service is fundamentally at the choice of a customer, based upon their analysis and acceptance of certain risks associated with the curtailment of service. Indeed, the Public Utility Code contains no provision that would authorize the Commission to force any customer, let alone a specific subset of customers, to be served on an interruptible basis. And, historically, the Commission has found reason to limit the availability of this service, where such service was ultimately detrimental to the utility and the public interest. *Pa. PUC, et al. v. Pennsylvania Power and Light Company, Lehigh Valley Power Committee*, Docket Nos. R-00943081; R-00943081C002 (Order dated Feb. 15, 1995). Moreover, PPL Electric notes that such a requirement would be inconsistent with the Commission's promotion of customer choice, which has allowed customers to choose between firm and interruptible service for purposes of electric generation supply. *See also* 66 Pa.C.S. § 2804(2) (allowing customers to choose between firm and interruptible service for purposes of electric generation supply).

Mr. Lookup's testimony at the *en banc* hearing succinctly explained:

> Pursuing a model tariff that acts as a one-size-fits all regulatory regime may be too restrictive, which hinders innovation and flexibility when designing demand response or interruptible load provisions.
>
> …
>
> Ultimately, data centers are retail customers, and provisions, at some point, will need to be incorporated into an Electric Distribution Company's ("EDC") existing retail tariff. Due to the speed at which data centers wish to interconnect in Pennsylvania and the quickly changing environment resulting from this load growth, PPL Electric encourages the Commission to allow for flexibility in EDC tariff development to both support this growth while protecting customers.[42]

As explained in Section D.1, above, the specific facts and circumstances surrounding any large load customer interconnection (data center customer or otherwise) can vary significantly from case to case. A prescriptive model tariff, such as the Distribution System Improvement Charge, would eliminate the ability of a utility to address unique circumstances that may arise for a specific large load customer. It would also hinder EDCs ability to integrate large load tariff provisions into existing retail tariffs.

Ultimately, PPL Electric believes that these customers can, fit into broadly applicable rate schedules in its retail electric distribution tariff. Allowing for these customers to be fit into an EDC's tariff allows for different EDCs that may have unique attributes associated with their specific rate classes to determine which rate class large load customers best align with. On the other hand, an overly restrictive and prescriptive model tariff would not allow for large load

[42] Lookup Testimony, p. 3.

customers to be incorporated into EDC tariffs as effectively, which could lead to difficulties in interpreting and administering the tariff.

As an example, PPL Electric's existing LP-5 rate schedule is applicable to all customers taking service at or above 69 kV. These customers pay a flat distribution customer charge, with the bulk of their charges being collected through transmission rates. Other EDCs may have distinct factors in distinguishing between rate classes, and may have different rate structures between distribution and transmission charges. Given these differences between EDC tariffs, it may not be possible to insert a model tariff into an existing EDC tariff without the EDC making significant revisions to accommodate the model tariff.

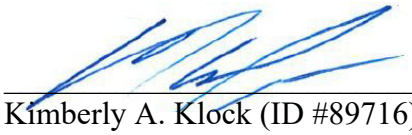
Finally, as PPL Electric has mentioned throughout these Comments, this area is new and rapidly evolving. The process for developing an appropriate a model tariff will take considerable time and effort and may result in a model tariff based upon considerations that no longer reflect the evolving facts and circumstances surrounding this issue. However, an EDC would be able to more efficiently and more effectively seek a change of its large load tariff provisions to address this issue in the first instance and, to the extent facts and circumstances changing warrant, in future updates to its tariff based upon experience gained.

For these reasons, and the reasons explained above, PPL Electric submits that the Commission should focus upon adopting a policy statement to provide guidance to EDCs, instead of implementing a potentially inflexible and overly prescriptive model tariff.

III. CONCLUSION

PPL Electric appreciates the opportunity to provide these Comments and respectfully requests that the Commission take these Comments into consideration when developing any proposals related to interconnection and tariff design for large load customers in Pennsylvania.

Respectfully submitted,



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