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August 7, 2025

**VIA ELECTRONIC FILING**

Matthew L. Homsher, Secretary  
Pennsylvania Public Utility Commission  
Commonwealth Keystone Building  
400 North Street  
Harrisburg, PA 17120

RE: Pennsylvania Public Utility Commission v. Citizens' Electric Company of Lewisburg, PA; Docket No. R-2025-3054394; **ANSWER OF KELLY ROAD SOLAR, LLC, LANCASTER AVENUE SOLAR, LLC, AND TWILIGHT RENEWABLES, LLC TO THE JOINT MOTION TO STRIKE OF WELLSBORO ELECTRIC COMPANY AND CITIZENS' ELECTRIC COMPANY OF LEWISBURG, PA**

Dear Secretary Homsher:

Enclosed for filing with the Pennsylvania Public Utility Commission is the Answer of Kelly Road Solar, LLC, Lancaster Avenue Solar, LLC, and Twilight Renewables, LLC's (collectively, the "Solar Projects") to the Joint Motion to Strike of Wellsboro Electric Company and Citizens' Electric Company of Lewisburg, PA in the above-referenced matter. Copies of the Answer have been served in accordance with the attached Certificate of Service.

Thank you for your attention to this matter. If you have any questions, please feel free to contact my office.

Very truly yours,

A handwritten signature in blue ink, appearing to read "Todd S. Stewart", is written over a horizontal line.

Todd S. Stewart  
*Counsel for Kelly Road Solar, LLC, Lancaster Avenue Solar, LLC, and Twilight Renewables, LLC (collectively "Solar Projects")*

TSS/jld

Enclosure

cc: Administrative Law Judge Mary D. Long (via electronic mail – [malong@pa.gov](mailto:malong@pa.gov))  
Per Certificate of Service

## CERTIFICATE OF SERVICE

I hereby certify that I have this day served a true copy of the foregoing document upon the parties, listed below, in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a party).

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Todd S. Stewart

DATED: August 7, 2025

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

|  |   |                           |
|--|---|---------------------------|
| Pennsylvania Public Utility Commission   | : |                           |
|  | : |                           |
| v.                                       | : | Docket No. R-2025-3054392 |
|  | : | R-2025-3054394            |
| Wellsboro Electric Company and Citizens’ | : |                           |
| Electric Company of Lewisburg, PA        | : |                           |

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**ANSWER OF KELLY ROAD SOLAR, LLC,  
LANCASTER AVENUE SOLAR, LLC, AND TWILIGHT RENEWABLES, LLC  
TO THE JOINT MOTION TO STRIKE OF  
WELLSBORO ELECTRIC COMPANY AND  
CITIZENS’ ELECTRIC COMPANY OF LEWISBURG, PA**

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**TO THE HONORABLE ADMINISTRATIVE LAW JUDGE MARY D. LONG:**

AND NOW comes, pursuant to 52 Pa. Code §5.61(b), Kelly Road Solar, LLC, Lancaster Avenue Solar, LLC, and Twilight Renewables, LLC, (collectively, the “Solar Projects”), and hereby files this Answer to the Joint Motion to Strike Portions of Solar Projects’ Statement No. 2, the Direct Testimony of Kevin Lucas (“Motion”) filed by Citizen’ Electric Company of Lewisburg, PA (“Citizens”) and the Wellsboro Electric Company (“Wellsboro”) (collectively, the “Utilities”) in the above-captioned proceeding. In support thereof, the Solar Projects aver as follows:

**ANSWER**

1. Admitted.

2. Admitted.

3. Admitted.

4. Admitted.

5. Admitted.

6. Admitted.

7. Admitted.

8. Admitted.

9. Admitted.

10. Admitted.

11. Admitted.

12. Admitted in part and denied in part. It is admitted that the Solar Projects served the Solar Projects' Statement No. 2 – the Direct Testimony of Kevin Lucas (“St. No. 2”) in the Citizens' Base Rate Case at Docket No. R-2025-3054394 (“Citizens Case”). To the extent alleged, it is denied that Mr. Lucas requested specific and individual relief in the Wellsboro Base Rate Case at Docket No. R-2025-3054392 (“Wellsboro Case”).

13. Admitted.

14. Admitted in part and denied in part. Namely, it is admitted that St. No. 2 referred to Wellsboro and Citizens, collectively, as “Utilities.” However, it is denied that Mr. Lucas submitted testimony directed at the Wellsboro Case *vis a vis* the Citizens' Case. Rather, the comparisons and figures cited by Mr. Lucas were illustrative to compare the Utilities' net-metering “Billing Demand” proposals as they are almost precisely the same.

15. Paragraph 15 is a legal conclusion to which no responsive pleading is necessary. To the extent a response is necessary, the Solar Projects deny the Utilities' legal conclusions.

16. Paragraph 16 is a legal conclusion to which no responsive pleading is necessary. To the extent a response is necessary, the Solar Projects deny the Utilities' legal conclusions.

In further response, the Solar Projects note that 66 Pa. C.S. § 332(b), governing admissibility of evidence in Commission proceedings, states that “[a]ny oral or documentary evidence may be received, but the commission shall as a matter of policy provide for the exclusion of irrelevant, immaterial or unduly repetitious evidence.”

17. Paragraph 17 is a legal conclusion to which no responsive pleading is necessary. To the extent a response is necessary, the Solar Projects deny the Utilities' legal conclusions.

In further response, the Commission is a Commonwealth agency and is therefore governed by the Commonwealth's Administrative Agency Law. Section 505 of the Administrative Agency Law, 2 Pa. C.S. § 505, provides: “Commonwealth agencies shall not be bound by technical rules of evidence at agency hearings, and all relevant evidence of reasonably probative value may be received.” The Commission has held that “if the evidence is relevant to the issues before the agency and of reasonable probative value, the agency may receive it... Evidence is relevant if it tends to establish facts in issue.” *Schmukler v. PPL Electric Utilities Corp.*, No. C-2017-2621285, 2018 WL 4185440, at \*13 (Aug. 16, 2018) (citing *LeRoi v. Pa. State Civil Service Commission*, 382 A.2d 1260 (Pa. Cmwlth. 1978))(internal citations omitted). Therefore, the Commission need not strictly follow 225 Pa. Code Rule 401 when determining the admissibility of evidence.

18. Paragraph 18 is a legal conclusion to which no responsive pleading is necessary. To the extent a response is necessary, the Solar Projects deny the Utilities' legal conclusions.

19. Paragraph 19 is a legal conclusion to which no responsive pleading is necessary. To the extent a response is necessary, the Solar Projects deny the Utilities' legal conclusions.

In further response, the Solar Projects note again that Rule 401 is not the applicable standard for determining admissibility of evidence in Commission proceedings. Instead, the more lenient standard set forth in Section 505 of the Administrative Agency Law should be applied and interpreted broadly to admit any and all evidence that bears on the issues before the Commission, provided that it is not unduly prejudicial or duplicative. Mr. Lucas' testimony is neither prejudicial nor duplicative.

20. Denied. Many of the averments in Paragraph 20 are legal conclusions to which no responsive pleading is required. To the extent a response is necessary, the Solar Projects deny the Utilities' legal conclusions.

In further response, the Solar Projects note that the Initial Decision Denying Petition to Intervene ("ID") of the Honorable Administrative Law Judge Mary D. Long (hereinafter, the "ALJ") issued on July 7, 2025, explained that:

...[I]f the tariff provision in Citizens' Electric rate filing violates the AEPS Act, so would the tariff provision in Wellsboro Electric's rate filing. It is my view that although Solar Projects has only intervened in the Citizens' Electric rate case, it still adequately represents Joint Solar Advocates' legal challenge set forth in their Joint Petition.

ID, at p. 8.

The ALJ decision recognized the significant amount of overlap in issues before the Commission in the Citizens' and Wellsboro Cases. Mr. Lucas's testimony discussing and analyzing these similarities is both relevant and material to the adjudication of the Citizens' Case.

The Solar Projects believe that Mr. Lucas's comparisons and analyses of the Citizens' proposal – as compared to the Wellsboro proposal – are compliant with applicable law and with

the thrust of both the ID and the Second Prehearing Order issued on June 5, 2025 (“Second Prehearing Order”). Mr. Lucas’s opinions and analysis with respect to the proposed Citizens’ and Wellsboro “Demand Billing” definitions, which are essentially identical, “tends to establish facts in issue,” including the mechanics of the proposals and the Utilities’ rationale supporting their proposals. Therefore, this testimony is relevant. Indeed, comparisons of utility programs in utility base rate cases are routinely made throughout rate case testimony and briefing. Further, the testimony is of reasonable probative value to determining the potential downstream effects of approving the Citizens’ proposal, because the Utilities’ net-metering and “Billing Demand” proposals are so similar that approval of one will likely mean approval of both, which could have cumulatively catastrophic effects on customers that pursue net metering in the Utilities’ service territories and the broader solar market in Pennsylvania. This issue is clearly relevant and material to the adjudication of the Citizens’ Case, to which the Solar Projects are a party.

The Solar Projects also contest the Utilities’ argument that by “requir[ing] the parties to develop independent evidentiary records for each Rate Case docket,” the ALJ meant that any mention of the Wellsboro proposal is prohibited in the evidentiary record of the Citizens’ Case. In fact, the Initial Decision supports the notion that the Solar Projects can and should raise concerns about both proposals in the Citizens’ docket, which is why the Joint Solar Advocates’ petition to intervene was denied. ID, at p. 8. Further, no other non-utility party submitted testimony relevant to the Utilities’ net-metering “Billing Demand” proposals in either the Citizens’ Case or Wellsboro Case, so granting the Utilities’ request to strike the majority of Mr. Lucas’s testimony will deny the Solar Projects, and by extension the members of both Solar Energy Industry Association (“SEIA”) and the Coalition for Community Solar Access (“CCSA”), the opportunity to adequately represent their legal challenge in either case. Such result would directly conflict with ALJ’s

determination as set forth in the Initial Decision that the interests of SEIA's and CCSA's members be represented by the Solar Projects in this proceeding.

21. Admitted in part and denied in part. The Solar Projects admit that Mr. Lucas is employed by SEIA and that Mr. Lucas sponsored St. No. 2 on behalf of the Solar Projects. The Utilities' request that portions of Mr. Lucas's testimony be struck is a request for relief to which no responsive pleading is necessary. To the extent a response is necessary, the Solar Projects deny that portions Mr. Lucas's testimony should be struck.

The Solar Projects further note that the Commission has held that "it is within the discretion of the ALJ to make a determination as to the weight to be given to the evidence introduced without having to strike the evidence." *Pennsylvania Pub. Util. Comm'n v. Continental Telephone Co. of Pennsylvania*, 60 Pa. P.U.C. 218 (Oct. 10, 1985). Therefore, the Commission should deny the Utilities' request to strike the majority of Mr. Lucas's testimony, of which only a portion of which discusses the Wellsboro proposal, and instead allow the ALJ to determine how much weight to afford his analysis in the context of the entire record.

22. Paragraph 22 of the Motion is a legal conclusion to which no responsive pleading is necessary. To the extent necessary, the Solar Projects deny the Utilities' legal conclusion.

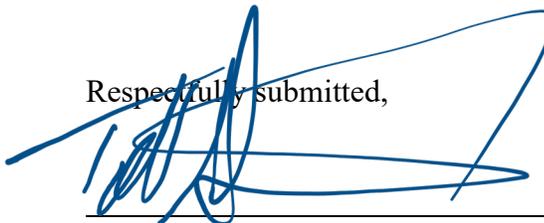
In further response, the Solar Projects maintain that the Motion to Strike fails and should be denied for all of the reasons discussed herein. Nevertheless, if the ALJ grants the Motion to Strike, in the interests of promoting administrative efficiency to address the Utilities' concerns, the Solar Projects attached a revised St. No. 2 – Direct Testimony of Kevin Lucas to this Answer. The revised St. No. 2 is responsive to the Utilities' concerns regarding testimony allegedly only applicable to Wellsboro. Solar Projects' St. No. 2 (Revised) is appended hereto as **Appendix A**.

A redlined version of Solar Projects' St. No. 2 (Revised) is appended hereto as **Appendix B**.<sup>1</sup> The Exhibits associated with Solar Projects' St. No. 2 remain the same as were originally submitted on July 15, 2025.

**REQUEST FOR RELIEF**

WHEREFORE, for the foregoing reasons, Kelly Road Solar, LLC, Lancaster Avenue Solar, LLC, and Twilight Renewables, LLC, respectfully request that the Honorable Administrative Law Judge Mary D. Long deny the Joint Motion to Strike filed by Citizens' Electric Company of Lewisburg, PA and the Wellsboro Electric Company. If the Motion to Strike is granted, the Kelly Road Solar, LLC, Lancaster Avenue Solar, LLC, and Twilight Renewables, LLC, submit Solar Projects' Statement No. 2 – Direct Testimony of Kevin Lucas (Revised) concurrently with this Answer.

Respectfully submitted,



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*Counsel for Kelly Road Solar, LLC,  
Lancaster Avenue Solar, LLC and Twilight  
Renewables, LLC (collectively "Solar  
Projects")*

DATED: August 7, 2025

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<sup>1</sup> The Solar Projects note that the ALJ permitted the Utilities to resubmit Joint Statement No. 2 to conform with the Commission's 52 Pa. Code § 5.412 more than two (2) months after the Utilities' Direct Testimony was first submitted. *See* Second Prehearing Order, at p. 5. Thus, the Solar Projects believe it is equitable to permit them the same opportunity that was provided to the Utilities.

# **APPENDIX A**

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission :  
 :  
v. :  
 : Docket No. R-2025-3054394  
Citizens' Electric Company of Lewisburg, PA :  
 :

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**DIRECT TESTIMONY  
OF KEVIN LUCAS ON BEHALF OF  
KELLY ROAD SOLAR, LLC, LANCASTER AVENUE SOLAR, LLC,  
AND TWILIGHT RENEWABLES, LLC**

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Solar Projects' Statement No. 2  
July 15, 2025

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1 **I. INTRODUCTION AND QUALIFICATIONS**

2 **Q1. Please state for the record your name, position, and business address.**

3 A1. My name is Kevin Lucas. I am the Vice President of Policy Analysis at the Solar Energy  
4 Industries Association (“SEIA”). My business address is 1425 K St. NW #1000,  
5 Washington, DC 20005.

6 **Q2. Please summarize your business and educational background.**

7 A2. I began my employment at SEIA in April 2017 as the Director of Rate Design and since  
8 January 2024 have been Vice President of Policy Analysis. SEIA is leading the  
9 transformation to a clean energy economy. SEIA works with its 1,200 member companies  
10 and other strategic partners to fight for policies that create jobs in every community and  
11 shape fair market rules that promote competition and the growth of reliable, low-cost solar  
12 power. Founded in 1974, SEIA is a national trade association building a comprehensive  
13 vision for the Solar+ Decade through research, education, and advocacy.

14 During my time at SEIA, I have developed testimony in rate cases on rate design  
15 and cost allocation; in integrated resource plans on resource selection and portfolio  
16 analysis; worked on net energy metering, virtual power plant, and distributed generation  
17 compensation mechanisms; and performed a variety of analyses for internal and external  
18 stakeholders.

19 Before I joined SEIA, I was Vice President of Research for the Alliance to Save  
20 Energy (“Alliance”) from 2016 to 2017, a DC-based nonprofit focused on promoting  
21 technology-neutral, bipartisan policy solutions for energy efficiency in the built  
22 environment. In my role at the Alliance, I co-led the Alliance’s Rate Design Initiative, a  
23 working group that consisted of a broad array of utility companies and energy efficiency  
24 products and service providers that sought mutually beneficial rate design solutions.  
25 Additionally, I performed general analysis and research related to state and federal policies

1 that impacted energy efficiency (such as building codes and appliance standards) and  
2 domestic and international forecasts of energy productivity.

3 Prior to my work with the Alliance, I was Division Director of Policy, Planning,  
4 and Analysis at the Maryland Energy Administration, the state energy office of Maryland,  
5 where I worked between 2010 and 2015. In that role, I oversaw policy development and  
6 implementation in areas such as renewable energy, energy efficiency, and greenhouse gas  
7 reductions. I developed and presented before the Maryland General Assembly bill analyses  
8 and testimony on energy and environmental matters and developed and presented  
9 testimony before the Maryland Public Service Commission on numerous regulatory  
10 matters.

11 I received a Master's degree in Business Administration from the Kenan-Flagler  
12 Business School at the University of North Carolina, Chapel Hill, with a concentration in  
13 Sustainable Enterprise and Entrepreneurship in 2009. I also received a Bachelor of Science  
14 in Mechanical Engineering, *cum laude*, from Princeton University in 1998.

15 **Q3. Have you testified previously before the Pennsylvania Public Utility Commission**  
16 **(“Commission”)?**

17 A3. No, I have not.

18 **Q4. Have you testified previously before other state utility commissions?**

19 A4. Yes. I have submitted testimony in rate cases, integrated resource plans (“IRP”), utility  
20 merger proceedings, and renewable portfolio and energy efficiency resource standards  
21 before the Arizona Corporation Commission, the Colorado Public Utilities Commission,  
22 the Georgia Public Service Commission, the Illinois Commerce Commission, the  
23 Maryland Public Service Commission, the Michigan Public Service Commission, the  
24 Public Utility Commission of Nevada, the North Carolina Utilities Commission, the Public

1 Service Commission of South Carolina, the Public Utility Commission of Texas, and the  
2 Virginia State Corporation Commission. My complete CV is attached to my testimony.<sup>1</sup>

3 **Q5. On whose behalf are you submitting testimony?**

4 A5. My testimony is provided on behalf of Kelly Road Solar, LLC, Lancaster Avenue Solar,  
5 LLC, and Twilight Renewables, LLC (collectively, the "Solar Projects").

6 **Q6. What is the purpose of your testimony?**

7 A6. I review the application of Citizens' Electric Company of Lewisburg, PA ("Citizens" or  
8 the "Company") in this proceeding. The primary focus of my testimony is the implication  
9 of Citizens' proposal to change the way small commercial customer-generators would be  
10 assigned the GSSR-1 and GSSR-2 rate schedules. I review some of the discovery responses  
11 that shed further light on the mechanics of their proposals and the potential impact on their  
12 customers.

13 **Q7. Please summarize your findings.**

14 A7. I find the Company's proposal to introduce a new concept of Billing Demand based on  
15 hypothetical power flows is deeply flawed and recommend that it be rejected. The proposal  
16 to charge customers based not on their actual use of the system but based on hypothetical,  
17 idealized use of the system results in unreasonable and unjust rates. Further, the use of  
18 Billing Demand could increase the distribution bills of customer-generators more than if  
19 they had never installed solar, despite potentially lowering their peak demand during times  
20 of higher grid stress. And despite all these negative outcomes, Citizens' proposes to apply  
21 this definition to all existing and soon-to-be customer-generators, with no legacy customer  
22 treatment.

23 I also question the viability of the Company's proposal to shift from a kilowatt hour  
24 ("kWh")-based net metering rubric to a dollar-based net billing rubric for generation  
25 compensation for larger customers. It appears the proposal directly contradicts the

---

<sup>1</sup> Attachment KL-1, Kevin M. Lucas CV.

1 underlying Pennsylvania net metering statute both by bifurcating the netting and  
2 compensation treatment of generation from distribution and transmission, and by shifting  
3 to a net billing construct. While the attorneys in this case will address the legal implications  
4 of Citizens' proposal, I find that the policy implications of this shift are also troubling as  
5 they would require medium-sized businesses to take default service under a much more  
6 complex tariff that could have significant adverse impacts on their businesses.

7 **Q8. Please summarize your recommendations.**

8 A8. I recommend the Commission reject Citizens' proposal related to Billing Demand and its  
9 use in charging and classifying customers for electricity service. I further recommend the  
10 Commission determine whether the proposed shift to a net billing structure for generation  
11 compensation comports with Pennsylvania law, but even if it technically does, reject it  
12 based on policy reasons.

13 **II. CITIZENS' "BILLING DEMAND" PROPOSAL IS HIGHLY UNUSUAL,**  
14 **INAPPROPRIATE, AND FLAWED AND SHOULD BE REJECTED**

15 **Q9. What is the purpose of this section of your testimony?**

16 A9. In this section of testimony, I provide an overview of Citizens' Billing Demand proposal.  
17 I discuss several reasons why the definition is flawed and examine its impact on several  
18 customer-generators' scenarios. I respond to the Company's assertion that the Billing  
19 Demand definition is needed to avoid cost shifts to other customers. Finally, I discuss why  
20 the expansion of the Billing Demand concept from a different default service docket into  
21 distribution ratemaking is inappropriate and why Citizens' new netting proposal may  
22 conflict with Pennsylvania law.

23 **A. Billing Demand Proposal Overview**

24 **Q10. Please explain the Billing Demand Proposal advanced by Citizens'.**

1 A10. Citizens' proposes to introduce a new Billing Demand definition for use in both distribution  
2 rates and for classifying customers into the Default Service Generation Supply Service  
3 Rate ("GSSR") schedules. Billing Demand is defined as follows:

4 Billing Demand shall reflect the Customer's use of the distribution  
5 system, which will be the greater of Gross Generator Rating  
6 (kW(AC)) as stated in the generator interconnection application or  
7 the maximum demand of the customer during any 15-minute period  
8 during the current month.<sup>2</sup>

9 For customers with distributed generation ("DG"), the Company proposes to use  
10 the larger of the net demand (e.g., native load less self-consumed DG energy) and the  
11 maximum DG generator rating, even if the latter is not actually attained in a given month.  
12 Moreover, the construction of the proposal means that the maximum DG generator rating  
13 will act as a permanent, 100% demand ratchet for the customer regardless of how their  
14 usage changes over time.

15 The Company also proposes to use this new Billing Demand definition to assign  
16 non-residential customers to different distribution and Default Service rates. Citizens'  
17 proposes to base the non-residential tariff break points on the Billing Demand of a  
18 customer, rather than on their actual net usage of the grid. The proposed breakpoints and  
19 rates of the Utility's tariffs are shown below in Table 1.<sup>3</sup>

---

<sup>2</sup> Citizens' Statement No. 4, Direct Testimony and Exhibits of Nathan Johnson at 18. ("Johnson Direct").

<sup>3</sup> Citizens' Tab D, Supplement 172 ("Citizens' Tariff").

| <b>Table 1 – Non-Residential Customer Tariff Break Points</b> |              |               |                           |
|---|--------------|---------------|---------------------------|
|   | <b>Small</b> | <b>Medium</b> | <b>Large</b>              |
| <b>Citizens'</b>  | <b>GLP-1</b> |               | <b>GLP-3</b>              |
| Demand Limits   |              |               | >= 50 kW                  |
| Customer Charge   | \$21.00      |               | \$100.00                  |
| \$/kW   | \$4.52       |               | \$6.91                    |
| \$/kWh Flat   | \$0.01164    |               |                           |
| \$/kWh per kW   |              |               | \$0.01221 up to 30 kWh/kW |
| \$/kWh additional   |              |               | \$0.00133                 |

1           The Billing Demand will also be used to assign customers into either GSSR-1 or  
2           GSSR-2. Customers with a Billing Demand under 400 kilowatt (“kW”) will be assigned  
3           to the GSSR-1 tariff, while those 400 kW or more will be assigned to the GSSR-2 tariff.<sup>4</sup>

4   **Q11. What arguments are advanced to support this change?**

5   A11. Generally, the Company argues:

- 6           • Customers should pay for their use of the distribution system, and this use is best  
7           measured by either power flow from the utility to the customer or by the maximum  
8           amount of power a customer could generate.<sup>5</sup>
- 9           • There is not a meaningful difference in planning or utility operations depending on  
10           whether a customer imports power from the grid or a customer exports power to the  
11           grid.<sup>6</sup>
- 12           • The Commission’s decision in the recent UGI Utilities, Inc. – Electric Division  
13           (“UGI”) Default Service Plan proceeding should be extended beyond the power supply  
14           context and be used to determine distribution rates.<sup>7</sup>

15   **Q12. Do you agree with the Company on these points?**

16   A12. No, I do not. As a primary matter, the Company’s testimony on these points is very thin,  
17           with only a handful of paragraphs dedicated to what would be a seismic shift away from  
18           evidence-based cost of service ratemaking principles to impose rate design changes that  
19           would have outsized adverse impacts on certain customers. Utilities have the burden of  
20           proof in rate cases to show that the rates proposed are just and reasonable,<sup>8</sup> and the lack of

<sup>4</sup> Citizens’ Tariff, GSSR-1 Rider, GSSR-2 Rider.

<sup>5</sup> Johnson Direct at 17.

<sup>6</sup> *Id.*

<sup>7</sup> *Id.* at 17-18 (discussing *Petition of UGI Utilities, Inc. – Electric Division for Approval of a Default Service Plan for the Period of June 1, 2025 through May 31, 2029, Docket No. P-2004-3049343, et al.*).

<sup>8</sup> See 66 Pa. C.S. § 315(a).

1 detail in Citizens' filing is very problematic. Taken in total, the proposal advanced by the  
 2 Company is quite radical, and such an extreme proposal would need equivalent levels of  
 3 support for the Commission to be able to approve it. That has simply not been provided in  
 4 this case.

5 Moreover, each point contains a problematic jump in logic that is outside traditional  
 6 ratemaking practices. The Company proposes to bill customers not based on their actual  
 7 demand levels, but on the potential power their generation systems could place on the  
 8 system even if that value is never attained. It also transfers the Commission's settlement  
 9 approval regarding power supply rates to its distribution rates, despite the dramatically  
 10 different regulatory structure that governs these two different areas. I will discuss each of  
 11 these issues in turn.

## 12 **B. The Company's Proposed Billing Demand Definition is Flawed and Punitive**

### 13 **Q13. What are the issues with the Company's Billing Demand definition?**

14 A13. There are three major issues with the proposed definition. First, Citizens' proposes to apply  
 15 the new definition to existing customers with no legacy customer or project treatment (*i.e.*,  
 16 grandfathering). Second, it is not based on a customer's actual use of the distribution  
 17 system. Third, it can assign customers to a larger distribution customer class rate or a  
 18 substantially more complex power supply rate independent of actual usage. The first issue  
 19 alone is highly problematic, but when coupled with the second and third, it results in a  
 20 discriminatory rate that penalizes customers who have or plan to install on-site generating  
 21 systems to participate in net metering, or behind-the-meter DG ("BTM DG") systems.

### 22 **Q14. Does the Company propose to exempt any customers that currently operate BTM DG 23 systems from the new Billing Demand definition?**

24 A14. No. The Company's proposal contains no legacy customer treatment of any kind, meaning  
 25 that any customer who has already installed or is in the process of installing a BTM DG  
 26 system will immediately be subject to the new definition. This may come with a mandatory

1 change in the customer's distribution rate schedule and default service rate structure. As I  
2 will discuss below, there are several major differences between the Company's small  
3 commercial and large commercial rate schedules that would have sizable bill impacts on  
4 customers, independent of the compensation for their exported solar generation.

5 **Q15. In your experience, do changes related to net metering typically occur on a forward-**  
6 **looking basis?**

7 A15. Yes. In almost all cases when policy makers decide to make changes to net metering  
8 structures, they do so at a future date and exempt existing customers who have either  
9 installed their systems or have reached a certain development milestone such as a signed  
10 interconnection agreement. Subjecting a customer who has already made an investment in  
11 a BTM DG system to structural financial changes that could not have been reasonably  
12 anticipated is, in my view, bad policy. If the Commission decides to approve the  
13 Company's Billing Demand proposal – which I strongly recommend it does not – it should  
14 at a minimum require this change only a prospective basis, starting on a certain future date,  
15 while allowing sufficient time for in-development projects to be completed and placed on  
16 the current tariff regime.

17 **Q16. Turning to the second issue, how does the proposal ignore a customer's actual use of**  
18 **the system?**

19 A16. The Billing Demand definition is based on the larger of two values: (1) the highest average  
20 power usage over any 15-minute period in a month; and (2) the gross generation rating of  
21 a DG system. The former is a conventional method used to determine billing demand for  
22 non-residential customers, and if the Company had based Billing Demand on this value  
23 there would be little concern about its appropriateness. However, by taking the gross  
24 generation rating of a DG system, which is the maximum amount of power that it could  
25 produce independent of load or weather conditions, the Company breaks from convention.

26 The gross generator rating serves as an upper bound on the energy production from  
27 a DG system. It typically only is realized on clear, sunny days during certain months of

1 the year, and then only for a portion of the hours in the middle of the day.<sup>9</sup> In one of the  
 2 workpapers provided by the Company in discovery, a modeled PV rooftop PV system only  
 3 reached its gross generation rating in 19 hours over the course of a year.<sup>10</sup> In other words,  
 4 for 99.8% of the year, the system produced less power than its theoretical maximum.

5 Further, all solar systems degrade slowly over time, meaning that for every year  
 6 that passes the system will produce slightly less output in similar weather conditions. The  
 7 Company's proposal does not factor this in and, given the gross generation rating is a  
 8 function of a system's inverter hardware, it will remain fixed for the lifespan of the system  
 9 even if the system ceases to be able to saturate the power output of its inverters.

10 **Q17. Does the proposed Billing Demand definition reflect the load of a BTM customer-**  
 11 **generator?**

12 A17. No, it does not. The Company's proposal looks at the gross generation rating of the system  
 13 in isolation. But for a BTM system, the apparent load that a customer-generator places on  
 14 the grid is a function of both BTM generation and its native load.<sup>11</sup> The Company  
 15 completely ignores this reality, despite providing a workpaper that vividly demonstrated  
 16 this fact.

17 **Q18. Please describe this workpaper.**

18 A18. The Company provided a workpaper in discovery that purported to analyze the impact of  
 19 its proposal on a hypothetical 450 kW<sub>AC</sub> fixed-tilt photovoltaic ("PV") system on its own,  
 20 when paired with a roughly 400 kW peak demand customer, and when paired with a  
 21 roughly 120 kW peak demand customer.<sup>12</sup> That said, the workpaper contained many errors

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<sup>9</sup> Ground-mounted single-axis tracking systems are able to maintain their maximum generation for more hours in day as they can pivot to follow the sun, but the frequency of these maximum generation hours depends on the inverter loading ratio. Fixed-tilt systems common on rooftops do not attain their maximum generation as often.

<sup>10</sup> Ex. KL-2, SP-I-21 Attachment A excerpt. The Company modeled a fixed-tilt system with a 1.2 ILR.

<sup>11</sup> The native load is the load that the customer's equipment consumes independent of solar generation.

<sup>12</sup> Exhibit KL-3, Citizens' response to SP-I-21. The values above are based on the hourly load data as the embedded historic metered demand values do not match the hourly data.

1 that rendered its results moot and required correction before any reasonable comparison  
2 can be made. These errors include:

- 3 • **Incorrect modeled system size.** Citizens' discovery response stated they modeled a  
4 450 kW<sub>AC</sub> system, but the workpaper actually modeled a 412.5 kW<sub>AC</sub> system due to an  
5 improper inverter load ratio ("ILR") assumption.
- 6 • **Mismatched solar generation.** The workpaper contained hourly load in Eastern  
7 Prevailing Time format, but did not adjust the PVWatts modeled solar generation,  
8 which is in Eastern Standard Time.
- 9 • **Applies "generic" weather and solar generation to actual metered load.** PVWatts  
10 uses a "typical meteorological year" weather to derive solar generation. This approach  
11 takes a month's worth of weather from 12 different years and necessarily does not  
12 match weather conditions for the actual hourly load data.
- 13 • **Hardcoded, incorrect system size in bill calculation.** The workpaper used the  
14 incorrect system size in the bill calculation.
- 15 • **Incorrect metered demand.** The metered demand for the two customers does not  
16 correspond to the hourly load data, the hourly solar generation, or the hourly net load  
17 data.<sup>13</sup>
- 18 • **Incorrectly copied wrong Customer A metered demand values to Customer B.**  
19 The workpaper copied the hardcoded metered demand values from one customer to the  
20 other instead of recalculating them from the hourly load information.
- 21 • **Customer B is not entirely based on actual data.** Customer B's load from June and  
22 July is just a scaled-down version of Customer A. It is unclear whether a customer  
23 with a roughly 66% lower load would have the same hourly load pattern as the larger  
24 customer during these hot summer months.
- 25 • **Incorrectly calculated energy use.** The workpaper references the incorrect value  
26 when calculating the kWh per kW energy usage.
- 27 • **Incorrectly calculated net energy bank usage.** The workpaper does not correctly net  
28 out a month's usage with the banked energy before calculating the energy component  
29 of the bill.

30 **Q19. Were you able to correct these issues?**

31 A19. I corrected all of the issues except for the application of the Typical Meteorological Year  
32 ("TMY") weather files as 2025 historic weather data is not yet available for the time period

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<sup>13</sup> It is possible although unlikely that some of the monthly differences are due to the use of 15-minute peak demand history compared to the hourly integrated load presented in the worksheet. However, the difference for some months is sizable (e.g., the hardcoded value in September is 400 kW compared to a maximum hourly load of 350 kW), and in some months the hardcoded value is smaller than the maximum hourly load (in which case the hardcoded value cannot represent the highest 15-minute billing demand if there is a larger hourly demand in the same month).

1 the Company analyzed. This may have a noticeable impact on the overall customer bill if  
 2 a hot, sunny afternoon where customer load is high is represented by a cool, cloudy  
 3 afternoon in the TMY data.

4 After correcting most of the issues, I recomputed annual bills based on two different  
 5 metrics. The first is based on a conventional definition of billing demand, which is the  
 6 maximum amount of net power the Company delivers to a customer, labeled “Bill on  
 7 Inflow” below. The second was based on the highest power flow to or from the customer,  
 8 labeled “Bill on Max Inflow/Outflow” below. This approach is still unconventional and  
 9 not recommended as it is not reflective of cost-causation principles, but it highlights the  
 10 difference between billing on actual power flows as opposed to hypothetical ones as the  
 11 Company proposes.<sup>14</sup>

12 Using my counter-analysis, the extreme nature of the Company’s proposal becomes  
 13 clear. A customer-generator with significant excess generation would see a massive  
 14 increase in its bill, going from essentially paying only the fixed customer charge to paying  
 15 27 times more under the Company’s proposal. Customer A, who self-consumes nearly  
 16 93% of its solar generation and never had an hour where exported solar exceeded its  
 17 minimum nighttime load, much less its minimum daytime load, would still see a 25%  
 18 increase in its distribution bill despite not placing any more demand on the Company’s  
 19 systems. And Customer B, whose system would be sized to offset 108% of their annual  
 20 usage, would see more than a 350% increase in their annual distribution bill compared to  
 21 the current definitions of billing demand.

| <b>Table 2 – Bill Comparison</b>    |                               |                                    |                                    |
|-------------------------------------|-------------------------------|------------------------------------|------------------------------------|
|                                     | <b>412.5 kW<br/>PV System</b> | <b>Customer A<br/>~400 kW Load</b> | <b>Customer B<br/>~120 kW Load</b> |
| <b>Citizens’ Original Workpaper</b> | \$38,514                      | \$42,589                           | \$38,574                           |

<sup>14</sup> When applied to shared distribution assets, non-coincident demand charges are not reflective of cost-causation because these assets are designed to share the diversified load of all customers that are being served by them. A customer with a sizable BTM solar generator will likely experience their maximum exported power in the middle of the day in non-summer months, a time when the power grid has spare capacity and the exported power is not causing any marginal cost increases.

|   |          |          |          |
|---|----------|----------|----------|
| <b>Corrected Citizens' Workpaper<sup>15</sup></b> | \$35,405 | \$39,338 | \$35,447 |
| <b>Bill on Inflow</b>                             | \$1,200  | \$31,431 | \$7,795  |
| <b>% Increase</b>                                 | 2,850%   | 25%      | 355%     |
| <b>Bill on Max Inflow/Outflow</b>                 | \$32,437 | \$31,431 | \$26,920 |
| <b>% Increase</b>                                 | 9%       | 25%      | 32%      |

1           The Bill on Max Inflow/Outflow shows how much the Company's proposal to use  
2           hypothetical energy flows would impact bills. Given the high degree of self-consumption,  
3           Customer A never exports more than 46% of its solar generation to the grid in any given  
4           hour. Further, the highest hour of solar export (178 kW) is actually lower than the lowest  
5           level of inflow over the entire year (185 kW). In other words, every piece of equipment  
6           that is needed to deliver the minimum annual load to this customer – which is about 45%  
7           of its peak load – is already able to handle the power flow associated with the maximum  
8           export of solar generation. And yet the Company's reliance on the gross generator rating  
9           would increase this customer's bill by 25%.

10           Customer B would perform worse on this metric as its solar system is larger relative  
11           to its native loads. In this case, billing based on the gross generator rating instead of the  
12           maximum power flow to and from the customer would result in a 32% increase in annual  
13           distribution bills.

14 **Q20. Please discuss the third reason the Company's approach is problematic.**

15 A20. The customers above have peak demands (roughly 400 kW and 120 kW) that are well  
16           above the 50-kW threshold of the Company's large commercial customer tariffs. But  
17           smaller customers who wish to install a BTM PV system that offsets a reasonable fraction  
18           of their annual energy usage could pay outsized demand charges based on power flows that  
19           are simply not relevant to cost causation.

20           Imagine Customer C is a Citizens' customer with a 25-kW peak demand who takes  
21           service on the GLP-1 tariff. Under Citizens' proposed rate increase, that customer would  
22           face a customer charge of \$21 per month and a demand charge of \$4.52/kW.<sup>16</sup> If one scaled

<sup>15</sup> As corrected by based on my revisions discussed herein.

<sup>16</sup> The Solar Projects take no position on the revenue requirement and cost allocation proposed by the Company.

1 the peak demand of Customer A to this size, a 50 kW<sub>AC</sub> PV system would offset about 51%  
 2 of their annual usage, a reasonably modest amount. Further, the maximum export this  
 3 customer would have in a year of 36 kW is well below the 50-kW gross generator rating  
 4 that would establish their Billing Demand.

5 **Q21. What do these changes do to Customer C's distribution bill?**

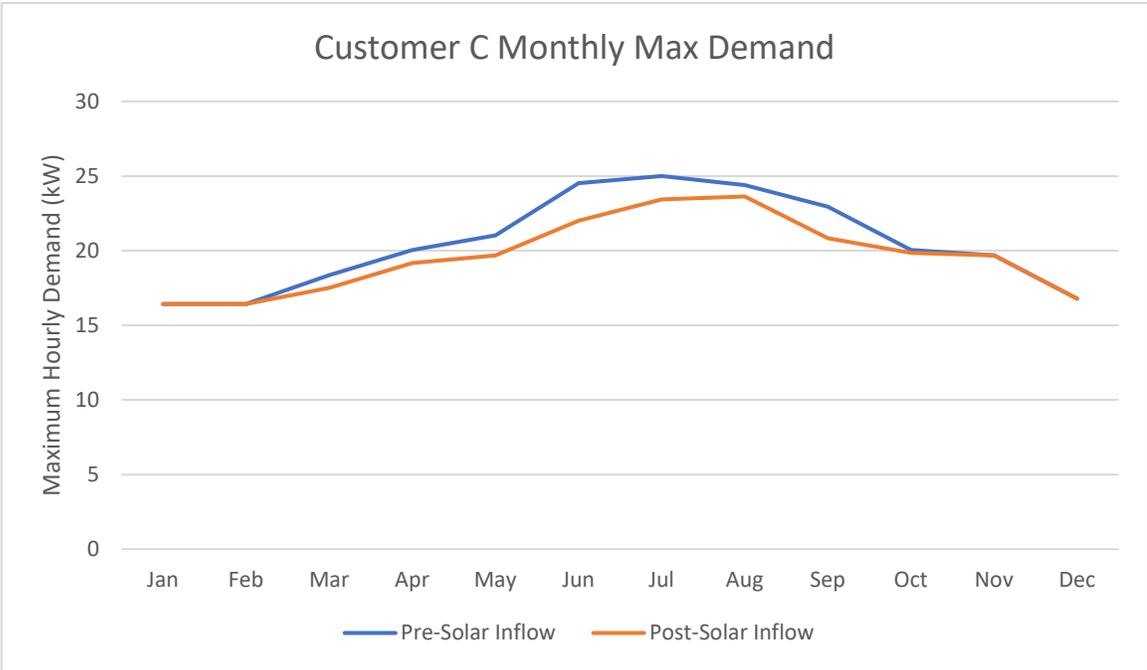
6 A21. They substantially increase it, even after accounting for the solar generation. Table 3 below  
 7 shows what Customer C would pay under the GLP-1 tariff with and without solar under  
 8 the current tariff definitions, and under the GLP-1 tariff with solar under the Company's  
 9 proposal. The Company's proposals would increase the total distribution component by  
 10 77% compared to what the customer would pay on the GLP-1 tariff under the current  
 11 definitions, and adding solar would increase the distribution charges by 25% compared to  
 12 having no solar at all.

| <b>Table 3 - 25 kW Load / 50 kW Solar Bill Comparison</b> |                 |               |               |                    |
|---|-----------------|---------------|---------------|--------------------|
|   | Customer Charge | Demand Charge | Energy Charge | Distribution Total |
| <b>GLP-1 No Solar</b>                                     | \$252           | \$1,110       | \$1,680       | \$3,042            |
| <b>GLP-1 Current</b>                                      | \$252           | \$1,064       | \$825         | \$2,141            |
| <b>GLP-1 Proposed</b>                                     | \$252           | \$2,712       | \$825         | \$3,789            |

13 **Q22. The Company argues that this is appropriate to avoid any cost shift to other**  
 14 **customers. Do you agree?**

15 A22. No. The Company's proposal does not just prevent this customer from reducing their  
 16 distribution bill, it actively increases it beyond what they would pay without solar. The  
 17 Company's argument is that the loads that Customer C places on the system after installing  
 18 solar somehow increases the cost of providing service to this customer, and if Customer C  
 19 does not pay more, then other customers will have to make up the difference. But Customer  
 20 C's peak demand is reduced after installing solar in all non-winter months, with its peak  
 21 demand falling by as much as 10% in the summer where the grid is under the most strain.  
 22 Figure 1 below shows the pre- and post-solar peak hourly demands of the customer,

1 showing these persistent demand reductions during the summer months when load on the  
2 Company's system is high.<sup>17</sup>



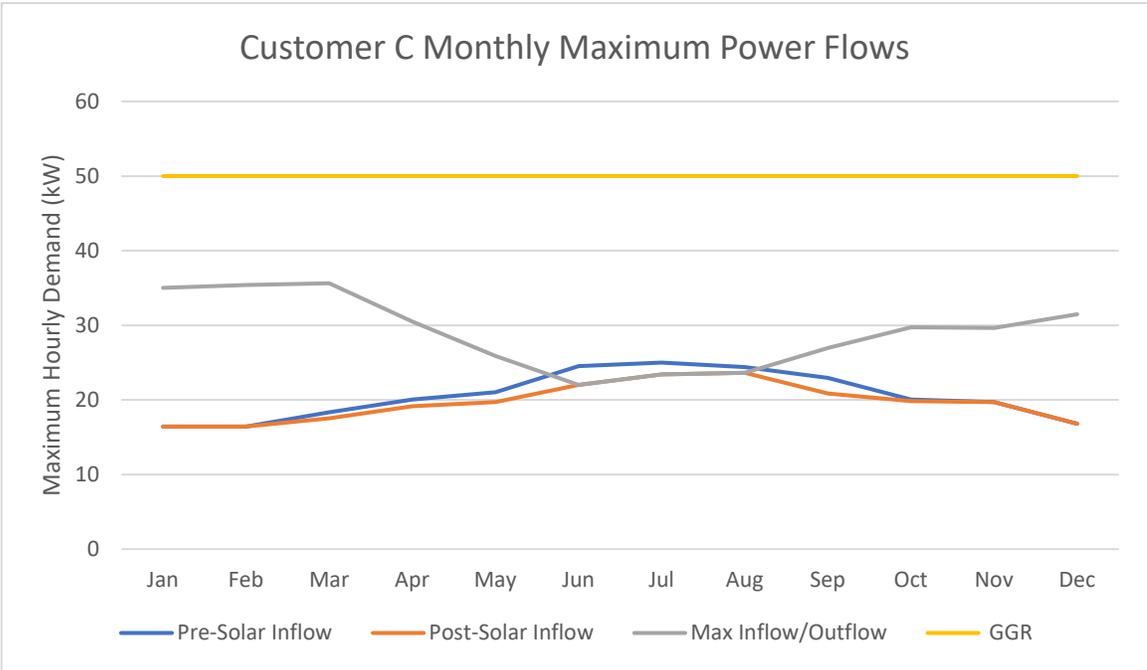
3  
4 **Figure 1 - Customer C Monthly Max Demand**

5 **Q23. Does the absolute level of power flow from Customer C to the utility increase after**  
6 **installing solar?**

7 A23. Yes, but only during non-summer months. Figure 2 below adds in the maximum power  
8 flow to or from the Company's grid. In the early months of the year, there are weekend  
9 midday hours when solar generation is high and on-site consumption is low, leading to an  
10 export level of roughly 35 kW that exceeds Customer C's maximum inflow demand during  
11 these months. In the summer, Customer C's maximum power flow is set by inflows as the  
12 midday solar generation is consumed onsite. In the fall, maximum outflows again surpass  
13 maximum inflows as cooling loads fall. And in all cases, the maximum outflow is well

<sup>17</sup> Notably, the summer month with the smallest load reduction is August. In inspecting the TMY weather file used to simulate the solar generation, there was a two-day cloud event that produced very low solar generation. If the weather file and the load files had been date-matched, then this cloud event would likely have also cause a reduction in cooling load, which could have reduced the post-solar peak demand for that month. This temporal mismatching between load and generation is one of the limitations of the Company's analysis.

1 below the gross generator rating (“GGR”) of 50 kW on which the Company proposes to  
2 base demand charges.



3  
4 **Figure 2 - Customer C Monthly Maximum Power Flows**

5 **Q24. Are these increased power flows during the non-summer months problematic for the**  
6 **Company?**

7 A24. No. It is important to note that aside from service drops, meters, and line transformers in  
8 sparsely-populated areas, very few customers have dedicated distribution equipment that  
9 is designed to serve only their load. In fact, the vast majority of the Company’s distribution  
10 rate base is comprised of shared assets such as substations, feeders, and most transformers.  
11 These assets are designed to meet the diversified demand of all customers being served by  
12 the assets, not the maximum power flows of each individual customer.

13 Further, the increased outflows in the non-summer months all occur in the middle  
14 of the day when the broader distribution grid is experiencing lower loads overall. The  
15 maximum outflows occurred between 11 AM and 12 PM three times, between 12 PM and  
16 1 PM five times, and between 1 PM and 2 PM once. By contrast, in non-summer months  
17 the Company’s grids peak in the early morning or late evening, so this marginal increase

1 in midday exported power has no bearing on the aggregate peak load of shared distribution  
2 assets.

3 The one instance in which the increased power flows from Customer C's exported  
4 power could be an issue is if Customer C was served by dedicated distribution assets (such  
5 as a line transformer or service drop) that cannot handle the new power flows. However,  
6 in this instance, Customer C would have been required to pay for an upgrade to these  
7 facilities in order to safely interconnect the distributed energy resource ("DER") system in  
8 the first place, isolating other distribution customers from the potential cost increase of  
9 upsizing these assets.

10 **Q25. Given this, what is the net effect of the Company's Billing Demand definition?**

11 A25. The proposal fails on all fronts. It is not fair as it relies on hypothetical power flows that  
12 in reality are not realized by customers with BTM solar. It is not based on cost-causation  
13 principles as it can, without justification, substantially increase the distribution rates a  
14 customer pays even if they do not place loads on the system that increase costs. And it is  
15 punitive as it can substantially increase distribution bills for customers who have already  
16 installed BTM solar systems.

17 **C. Power Flows from Individual Customers Must Be Analyzed as Part of the Whole**

18 **Q26. What is the Company's second justification for its proposal?**

19 A26. The second justification is, generally, that the Company must plan and operate its grid for  
20 maximum power flows whether they are being sent to the customer or being received from  
21 the customer.

22 **Q27. Is this assertion technically accurate?**

23 A27. Yes, but it must be taken in the proper context. It is obviously the case that the Company  
24 must plan for and manage the power flows on the grid, and they have policies and protocols  
25 in place that allow them to do so. But the actual impact of most BTM DER systems is

1 limited to a small portion of the power grid that serves the customer-generator and their  
2 neighbors.

3 Citizens' provided a data response showing that of the 87 solar systems that have  
4 been installed on Citizens' grid, 72 were for residential customers.<sup>18</sup> For the typically-  
5 sized residential systems, power exported to the Company's grid will flow to the nearest  
6 load, which in almost all cases will simply be the customer-generator's neighbors. The  
7 assets that handle the power flow between these very local sections of the grid – including  
8 service drops, line transformers, and feeders – are intrinsically able to handle two-way  
9 power flows. Further, the relatively small number of DERs on the Company's grid  
10 suggests that the systems are too few in number to be highly geographically concentrated.<sup>19</sup>

11 The situation is somewhat different for the larger PV systems. As discussed above,  
12 a customer with a relatively high load and large PV system can have periods when exported  
13 power is sizable. However, the Company's interconnection process screens for these exact  
14 situations prior to allowing a customer to install a generator. If these exports would  
15 overload equipment or cause power quality issues for other customers, the prospective  
16 customer-generator would have to pay for upgrades to resolve the issues before being able  
17 to proceed.

18 **Q28. How does the Company frame exported power?**

19 A28. The Company discusses exported power as something that a customer-generator delivers to the  
20 utility using its distribution grid. This framing fails to acknowledge that the Company is the  
21 party that “uses” the distribution grid to deliver the exported power – as soon as the electricity  
22 passes through the customer-generator's meter, it is owned and managed by the Company.

23 **Q29. What happens when power is exported from a customer-generator's premises?**

24 A29. Physically, the power flows from the customer-generator's PV system and serves any on-  
25 site loads. Any power beyond that instantaneous on-site need flows through the customer's

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<sup>18</sup> Exhibit KL-4, Citizens' response to SP-I-2. There is one “residential” customer that has a 137 kW PV system, which is substantially larger than any other residential system.

<sup>19</sup> Citizens' has about 6,000 residential customers, meaning that roughly 1 in 83 have installed solar.

1 utility meter, on to the service drop, and on to the Company's grid. From there, the power  
2 will flow to the nearest source of load.

3 **Q30. Once the power leaves the customer's meter, who owns it?**

4 A30. The Company owns ("takes title to") the exported power as soon as it flows through the  
5 utility meter. And because it now owns the energy, it is the Company who delivers the  
6 power over its own grid to the nearest source of load. When the power finds that load,  
7 likely at a neighbor, it flows through that neighbor's utility meter and the neighbor is billed  
8 for the energy at their full retail rate.

9 **Q31. Does the Company use its entire distribution grid to deliver this exported power?**

10 A31. No, it does not. In most cases, the exported power only flows through a tiny fraction of  
11 the Company's distribution assets. It may not even flow past the low-side of the line  
12 transformer if multiple neighbors share a transformer. Despite this, the Company charges  
13 the neighbor for the energy at the full retail distribution rate, which is designed to recover  
14 the costs of the entire distribution grid.

15 **Q32. Why is this distinction important?**

16 A32. It is important because the Company claims that it is appropriate to charge a customer-  
17 generator for "the use of" the distribution grid to export power. This is the basis for using  
18 the gross generator rating in the determination of Billing Demand: "Using these measures  
19 [net power flow from or onto the Company's distribution system] provides an accurate  
20 reflection of the Customer's use of the distribution system."<sup>20</sup> But it is not the customer-  
21 generator that "uses" the distribution grid to export or deliver the energy – it is the  
22 Company who has already taken title to the exported energy and used its own distribution  
23 grid to deliver its own product to another one of its own customers. The customer-  
24 generator is compensated for the exported power the instant it leaves the utility meter, and

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<sup>20</sup> Johnson Direct at 17.

1 at this point, the customer-generator is no longer the responsible party. Charging them  
2 based on this rubric is inappropriate.

3 **D. The Company Improperly Expand the Scope of the Commission's UGI Settlement**  
4 **Approval**

5 **Q33. What is the Company's third justification for its proposal?**

6 A33. Generally, the Company argues that the Commission's recent decision in the UGI default  
7 service docket can be expanded to distribution ratemaking.

8 Until recently, we assumed that customer generators must be  
9 classified for distribution and generation purposes based on amount  
10 of peak electricity that the electric distribution company supplied to  
11 the customer generator's account. However, a recent decision by the  
12 Commission in Petition of UGI Utilities, Inc-Electric Division for  
13 Approval of a Default Service Plan for the Period of June 1, 2025  
14 though May 31, 2029, Docket No. P-2004-3049343, et al., indicated  
15 that customer generators can be classified for generation purposes  
16 according to their peak electricity imported from the EDC or  
17 exported to the EDC. We are proposing to clarify in our tariff that  
18 we will use customer generator's net power flow from or onto the  
19 Company's distribution system to establish the distribution charges  
20 for the account and eligibility for the Generation Supply Service  
21 Rate ("GSSR") 1 or GSSR-2.<sup>21</sup>

22 **Q34. Did the Commission explicitly approve the Company's proposed Billing Demand**  
23 **definition, or something similar, in the UGI case?**

24 A34. No. The Commission approved a settlement between certain parties that contained, among  
25 other elements, a definition that would classify customers into either GSSR-1 or GSSR-2  
26 based on the larger of their power consumption from the grid or their power exports to the  
27 grid. The Company's proposal does not directly mirror the approved change in the UGI  
28 case, and I am advised by counsel that the UGI case has been appealed and is currently  
29 before the Pennsylvania Commonwealth Court.

30 **Q35. Given the lack of direct Commission approval, does the Company provide any**  
31 **meaningful support for this jump in logic?**

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<sup>21</sup> Johnson Direct at 17.

1 A35. No. Citizens' couches its proposal as a shift in assumptions that allows it to "clarify" its  
2 tariff, underscoring the magnitude of its proposal. While I am not an attorney and am not  
3 offering legal opinions, I understand that the core issue in the UGI case is currently working  
4 its way through Pennsylvania's appeals court process, meaning the matter is far from  
5 settled. And against this uncertain backdrop, it is doubly improper to expand the scope of  
6 the UGI settlement to distribution rate making. I further note that the UGI change was  
7 approved in a default service proceeding, not a distribution rate case as is the case here.

8 **Q36. From a policy perspective, is there a difference between setting default service rates  
9 and distribution rates?**

10 A36. Yes. Pennsylvania has restructured its electric utility industry, meaning that while the  
11 Commission is able to approve the structure of default service plans that utilities provide,  
12 it does not directly set prices. By contrast, the Commission does have oversight over the  
13 actual rates and rate designs of electric distribution companies ("EDCs"), and is obligated  
14 to ensure that utilities implement just and reasonable rates.

15 A component of ensuring that all Commonwealth residents and businesses pay just  
16 and reasonable rates is that EDCs have a burden of proof to justify any proposed changes.  
17 In its filing, the Company provides scant support for its new definition of Billing Demand,  
18 relying instead on a handful of pages of testimony, no legal arguments, and no policy  
19 impact analysis. Instead, the proposal's support boils down to vague claims regarding the  
20 appropriateness to extend the UGI settlement construct to distribution rates and a specious  
21 claim that basing rates on hypothetical energy flows is equitable.

22 **Q37. What is one example of how the Company's proposal could result in unjust and  
23 unreasonable rates?**

24 A37. The Company proposes to use base demand charges on the larger of the GGR and the  
25 highest 15-minute demand in a given month, even if this value is not reflective of the  
26 customer-generator's use of the system: "[t]he Company's proposed Tariff revision for  
27 billing demand would include the rated output capacity of the net-metered generator system

1 in the calculation. Rated output capacity may differ from the nameplate capacity of a  
 2 generating facility and/or the actual peak output.”<sup>22</sup> This functionally acts as a 100%  
 3 demand ratchet based on the installed capacity of the customer-generator’s DER system,  
 4 even if this level of power is never attained by the customer as shown in the Customer C  
 5 example above.

6 The Company’s current demand ratchet, which sets the billing demand floor at 50%  
 7 of the demand attained by the customer in the prior 12 months, is at least based on actual  
 8 power usage by the customer. If a customer uses 100 kW in a given month, then it will be  
 9 required to pay demand charges based on at least 50 kW of demand for the next 12 months,  
 10 even if its demand fell to no more than 45 kW on a permanent basis. After the 12-month  
 11 demand ratchet expires, the billing demand would be reset to the lower value, and a new  
 12 50% ratchet floor would be established.

13 By contrast, a customer-generator could install a 100 kW PV system that never  
 14 actually produces 100 kW, that never results in 100 kW of exported power, and where the  
 15 customer never consumes 100 kW of power from the grid, and yet they could be charged  
 16 a demand charge based on 100 kW for decades as long as their DER was operation. While  
 17 the Company’s current demand ratchet sends a poor price signal to reduce demand, it is at  
 18 least based on actual power flows. The Billing Demand proposal, however, is completely  
 19 independent from actual power flows and is thus, by definition, arbitrary. And arbitrary  
 20 definitions should not be considered a sufficient basis for just and reasonable rates.

21 **Q38. Aside from the fact that the Company has failed to sufficiently support its proposal,**  
 22 **do you have other concerns with the Billing Demand definition and implementation?**

23 A38. Yes. While I am not an attorney and am not making legal arguments, I have 15 years of  
 24 experience drafting and interpreting legislative language, drafting and interpreting  
 25 regulatory language, and performing policy analysis that requires a very close reading of

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<sup>22</sup> Exhibit KL-5, Citizens’ response to SP-I-13.

1 relevant statutory authorities. In my review of Pennsylvania's net-metering statute and the  
 2 Company's proposed tariff language and discovery responses, I believe there is an  
 3 irreconcilable divergence in Company's netting proposals and the underlying Pennsylvania  
 4 statute.

5 **Q39. What is the nature of this divergence?**

6 A39. The Company proposes to shift compensation for generation from a kWh-based net  
 7 metering construct to a dollar-based net billing construct. These are two fundamentally  
 8 different rubrics, and the latter appears to be facially inconsistent with the net metering  
 9 statute.

10 **Q40. Please describe the traditional kWh-based accounting used in net-metering.**

11 A40. In the traditional approach to net-metering, a single meter was used that was capable of  
 12 measuring energy delivered to a customer (inflow) and delivered from the customer to the  
 13 grid (outflow). When the customer's energy use was larger than their DER generation, the  
 14 inflow energy spun the meter "forward," and each kWh increased the meter's accumulated  
 15 register. When generation exceeded on-site load, outflow energy spun the meter  
 16 "backward" and decremented the meter's register.

17 At the end of the billing period month, the utility would measure the register,  
 18 compare it to the value at the end of the prior billing period, and determine whether there  
 19 was net inflow or net outflow for the billing period. If there was net inflow, meaning the  
 20 customer consumed more power than the produced during the billing period, they would  
 21 be charged for this net usage at the retail rate. If there was net outflow, meaning the total  
 22 generation exceeded total consumption, the utility would "carry forward" the kWh credit  
 23 to be applied against the next month's usage. Depending on state or utility rules, the carry-  
 24 forward kWh credits may be "cashed out" at the end of a year at a designated price.

25 **Q41. Please contrast this approach with the dollar-based net billing structure.**

26 A41. In a dollar-based net billing structure, rather than measuring and netting generation and  
 27 load in kWh, generation and net energy are converted from kWh to dollars based on a

1 specified rate at specific times. The netting may occur on a monthly basis. Under this  
 2 approach, the meter would “spin” back and forth within the month and excess generation  
 3 converted to a dollar value at the end of the billing period. Alternatively, the netting may  
 4 occur on an instantaneous basis. Here, a utility would measure and accumulate all inflow  
 5 power in one meter register, all outflow power in another meter register. At the end of the  
 6 billing period, the total inflow power would be multiplied by the full retail rate, and the  
 7 total outflow power credited at a potentially different outflow rate. The dollar amounts  
 8 would be netted against each other and charged to the customer.

9 **Q42. Which of these does the Company propose?**

10 A42. The Company’s proposal is in the middle of these two net billing methods. For customers  
 11 with Billing Demand larger than 400 kW, the Company proposes an hourly netting with  
 12 the inflow and outflow rate equal to the PJM real-time locational marginal price (“LMP”)  
 13 at the PJM West Hub.<sup>23</sup>

14 **Q43. Is this change obvious from the Company’s testimony?**

15 A43. No, and in fact, the Company’s testimony on this matter is in direct conflict with its actual  
 16 proposal. Citizens’ testimony on this point only refers to the LMP being applicable to the  
 17 annual cash out: “For customers with Billing Demands over 400 kW, the annual cash out  
 18 will be a weighted average locational marginal price (“LMP”).”<sup>24</sup> The Company’s  
 19 testimony makes it appear that it will continue to follow the Pennsylvania net metering  
 20 statute using a kWh-based net metering approach on a month-to-month basis, and only  
 21 apply the lower LMP to the final annual cash out calculation. But this testimony is directly  
 22 contradicted by the Company’s discovery response, which provides more details about the  
 23 proposed methodology.<sup>25</sup>

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<sup>23</sup> Exhibit KL-6, Citizens’ response to SP-I-4.

<sup>24</sup> Johnson Direct at 17.

<sup>25</sup> Exhibit KL-6, Citizens’ response to SP-I-4.

1 **Q44. What is the Company's actual netting proposal for customers with larger Billing**  
 2 **Demands?**

3 A44. When asked to "explain how Citizens intends to 'net' the customer-generators production  
 4 against its consumption on an annual basis for both GSSR-1 and GSSR-2, broken down by  
 5 rate class", Citizens' replied:

6 For GSSR-1 customers, net energy consumption is calculated in the  
 7 customer-generators utility meter billing read register. Net energy is  
 8 equal to the total energy consumed through the meter minus the  
 9 energy exported through the meter from one billing read to the next.  
 10 Net kWh consumption is the same for both distribution and  
 11 generation billing calculations.

12 For GSSR-2 customers, the Company proposes to use the same  
 13 calculation as for GSSR-1 for calculation of distribution billing  
 14 charges. For generation billing, the customer-generator will be  
 15 billed for each hour of net consumption at the PJM West Hub Real-  
 16 time Locational Marginal Price ("LMP"). Each hour of net export  
 17 will be credited to the generation portion of the customer-  
 18 generator's bill at the corresponding LMP. Excess credit will carry  
 19 over to offset generation costs in future bill periods [sic] any excess  
 20 balance will be cashed out to the customer-generator annually  
 21 following the May bill cycle.<sup>26</sup>

22 Here, the Company bifurcates its netting approach both by customer size and by  
 23 rate component. Customers with Billing Demands under 400 kW would be classified as  
 24 GSSR-1 customers, and the Company plans to follow the traditional kWh-based  
 25 accounting and annual cash out process as stipulated in the statutory language. Similarly,  
 26 it appears that GSSR-2 customers will have their distribution costs calculated using the  
 27 traditional approach.

28 But the proposal for compensating GSSR-2 customers for their generation is  
 29 decidedly different. Instead of netting kWh on a monthly basis with kWh carryforwards  
 30 for excess monthly generation, the Company proposes to convert kWh to a dollar value on  
 31 an hourly basis and accrue dollar charges and credits throughout the year.

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<sup>26</sup> Exhibit KL-6, Citizens' response to SP-I-4.

1           The proposal is unambiguous on this matter. Customer-generators will be “billed”  
2 each hour for inflow energy “at the [LMP]”, and “credited” each hour for outflow energy  
3 “at the corresponding LMP”. The dollar-based “excess credit” will offset “generation costs  
4 in the future” – not excess generation measured in kWh, but excess generation “credits”  
5 that offset future “costs”. The kWh-based accounting of traditional NEM is completely  
6 missing for the generation component, replaced by an hourly net billing structure.

7 **Q45. How does this compare to the Regulation language regarding net-metering?**

8 A45. It is quite different. The relevant portions of the Pennsylvania code follow:<sup>27</sup>

9           (d) An EDC and DSP shall credit a customer-generator at the full  
10 retail kilowatt-hour rate, which shall include generation,  
11 transmission and distribution charges, for each kilowatt-hour  
12 produced by a Tier I or Tier II resource installed on the customer-  
13 generator’s side of the electric revenue meter, up to the total amount  
14 of electricity used by that customer during the billing period. If a  
15 customer-generator supplies more electricity to the electric  
16 distribution system than the EDC and DSP deliver to the customer-  
17 generator in a given billing period, the excess kilowatt hours shall  
18 be carried forward and credited against the customer-generator’s  
19 kilowatt-hour usage in subsequent billing periods at the full retail  
20 rate. Any excess kilowatt hours that are not offset by electricity used  
21 by the customer in subsequent billing periods shall continue to  
22 accumulate until the end of the year. For customer-generators  
23 involved in virtual meter aggregation programs, a credit shall be  
24 applied first to the meter through which the generating facility  
25 supplies electricity to the distribution system, then through the  
26 remaining meters for the customer-generator’s account equally at  
27 each meter’s designated rate.

28           (e) At the end of each year, the DSP shall compensate the customer-  
29 generator for any remaining excess kilowatt hours generated by the  
30 customer-generator that were not previously credited against the  
31 customer-generator’s usage in prior billing periods at the DSP’s  
32 price to compare rate.

33 **Q46. What elements of the Company’s tariffs do you believe to be inconsistent with the**  
34 **Regulation’s language?**

---

<sup>27</sup> 52 Pa. Code § 75.13.

1 A46. A plain reading of the Regulation confirms that the “full retail kilowatt-hour rate” includes  
 2 “generation, transmission, and distribution charges.” It further posits that if a customer-  
 3 generator sends more energy to the EDC or default service provider than they receive (*i.e.*,  
 4 if there is net outflow) in “a given billing period”, the “excess kilowatt hours shall be  
 5 carried forward.” Further, this carryforward must be “credited... against kilowatt-hour  
 6 usage in subsequent billing periods at the full retail rate,” which is explicitly defined to  
 7 include generation, transmission, and distribution charges. Finally, any excess kWh  
 8 carryforward that is not extinguished in a billing period “shall continue to accumulate until  
 9 the end of the year.”

10 There is no wiggle room for the Company to bifurcate its proposed netting  
 11 methodologies for generation and transmission from those used for distribution. The  
 12 statute is clear that all crediting must be done at the “full retail rate” which explicitly  
 13 includes all three components. Neither is there space to switch from a month-by-month  
 14 kWh-based accounting framework to a dollar-based one; kWh carryforwards are required  
 15 to be credited against kWh usage until the end of the year. Only at the end of the year is  
 16 the conversion between kWh and dollars permissible, where it is done at the price to  
 17 compare.

18 **Q47. Does the statute define “billing period”?**

19 A47. Yes. While the NEM statute includes a reference to the defined term “billing month” and  
 20 not “billing period”, the PA code provides a cross-reference definition elsewhere.

21 ○ 52 Pa. Code § 75.12

22 ■ “Billing month—The term has the same meaning as set forth in § 56.2  
 23 (relating to definitions).”<sup>28</sup>

24 ○ 52 Pa. Code § 56.2

25 ■ “Billing month—A period of not less than 26 days and not more than 35  
 26 days except in the following circumstances:”<sup>29</sup>

---

<sup>28</sup> 52 Pa. Code § 75.12.

<sup>29</sup> 52 Pa. Code § 56.2. The “circumstances” relate to customers starting and stopping service, correcting a billing problem, a change in meter reading route, or a change in electricity supplier.

- 1                   ▪ “Billing period—In the case of public utilities supplying gas, electric and
- 2                   steam heating service, the billing period must conform to the definition of
- 3                   “billing month.”<sup>30</sup>

4                   Based on these definitions, one cannot construe the “billing period” referenced in

5                   the netting section of the NEM statute to be an hourly time period as the Company

6                   proposes, as to conform with the definition of billing month, the billing period must be at

7                   least 26 days. But the Company’s proposal sidesteps this requirement when it proposes to

8                   net energy over each hourly period and convert each hour’s net inflow or net outflow to a

9                   dollar credit based on LMP.

10 **Q48. Setting aside the legal question, what is the immediate impact of this change when**

11 **combined with other elements of the Company’s proposal?**

12 A48. The Company proposes to classify customers for generation supply service based on the

13 ill-conceived Billing Demand concept. This means that a BTM customer who has pre-

14 solar loads well below the 400 kW cutoff for GSSR-2, and whose post-solar exports are

15 also well below the 400 kW cutoff for GSSR-2, could be shifted to a dramatically different

16 supply tariff if they install a 400 kW PV generator, even if this PV system only offsets a

17 fraction of their annual load.

18                   This change would impact not only the value of their exported solar generation, but

19                   also all power they consume. Instead of being billed on the quasi-fixed GSSR-1 rate that

20                   is updated every six months, they would be subject to the real-time price fluctuations of

21                   the PJM wholesale market. Further, as the Company proposes to charge and credit

22                   customers for their inflow and outflow energy at a rate that is neither known in advance

23                   nor fixed for any meaningful period of time, customers who are placed on the GSSR-2

24                   tariff because of the size of their PV generation will no longer be able to determine what

25                   they will pay for generation supply nor what their exports will be valued at. These are

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<sup>30</sup> 52 Pa. Code § 56.2.

1 massive changes for a medium-sized business to manage, particularly if they were not  
2 expecting to be shifted to a much more complex tariff.

3 **Q49. Please summarize your testimony and recommendations**

4 A49. The Commission should reject Citizens' proposal to introduce a new definition of Billing  
5 Demand and to classify and charge customers based on this definition. The Company's  
6 attempt to bring a concept from a different type of regulatory docket – *i.e.*, a default service  
7 case – into this proceeding and expand a non-traditional approach to ratemaking is not  
8 rigorously supported by its testimony. Further, because it relies on hypothetical power  
9 flows and not actual power flows, it is not a sound basis to produce just and reasonable  
10 rates. The result is a rate design that can lead to substantial increases in distribution bills  
11 for customer-generators after installing solar, despite the new power flows from the solar  
12 system occurring during times when the grid has spare capacity.

13 In addition, the Company's proposal to shift from a kWh-based net-metering  
14 approach to a dollar-based net billing approach for generation compensation appears to be  
15 in conflict with Pennsylvania's net metering regulations, though I am not a lawyer and am  
16 not making a legal conclusion. But regardless of this legal question, the Company has not  
17 met its burden to demonstrate the sizable policy shift of pushing medium-sized businesses  
18 onto a much more complex supply tariff is in the interests of all ratepayers and, therefore,  
19 I recommend that the Commission wholly reject the Company's ill-conceived proposal.

20 **Q50. Does this conclude your testimony?**

21 A50. Yes, it does.

# **EXHIBIT KL-1**

# **EXHIBIT KL-2**

# **EXHIBIT KL-3**

# **EXHIBIT KL-4**

# **EXHIBIT KL-5**

# **EXHIBIT KL-6**

4929-5632-1882, v. 1

# **APPENDIX B**

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission :  
 :  
v. :  
 : Docket No. R-2025-3054394  
Citizens' Electric Company of Lewisburg, PA :  
 :

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**DIRECT TESTIMONY  
OF KEVIN LUCAS ON BEHALF OF  
KELLY ROAD SOLAR, LLC, LANCASTER AVENUE SOLAR, LLC,  
AND TWILIGHT RENEWABLES, LLC**

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Solar Projects' Statement No. 2  
July 15, 2025

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1 **I. INTRODUCTION AND QUALIFICATIONS**

2 **Q1. Please state for the record your name, position, and business address.**

3 A1. My name is Kevin Lucas. I am the Vice President of Policy Analysis at the Solar Energy  
4 Industries Association (“SEIA”). My business address is 1425 K St. NW #1000,  
5 Washington, DC 20005.

6 **Q2. Please summarize your business and educational background.**

7 A2. I began my employment at SEIA in April 2017 as the Director of Rate Design and since  
8 January 2024 have been Vice President of Policy Analysis. SEIA is leading the  
9 transformation to a clean energy economy. SEIA works with its 1,200 member companies  
10 and other strategic partners to fight for policies that create jobs in every community and  
11 shape fair market rules that promote competition and the growth of reliable, low-cost solar  
12 power. Founded in 1974, SEIA is a national trade association building a comprehensive  
13 vision for the Solar+ Decade through research, education, and advocacy.

14 During my time at SEIA, I have developed testimony in rate cases on rate design  
15 and cost allocation; in integrated resource plans on resource selection and portfolio  
16 analysis; worked on net energy metering, virtual power plant, and distributed generation  
17 compensation mechanisms; and performed a variety of analyses for internal and external  
18 stakeholders.

19 Before I joined SEIA, I was Vice President of Research for the Alliance to Save  
20 Energy (“Alliance”) from 2016 to 2017, a DC-based nonprofit focused on promoting  
21 technology-neutral, bipartisan policy solutions for energy efficiency in the built  
22 environment. In my role at the Alliance, I co-led the Alliance’s Rate Design Initiative, a  
23 working group that consisted of a broad array of utility companies and energy efficiency  
24 products and service providers that sought mutually beneficial rate design solutions.  
25 Additionally, I performed general analysis and research related to state and federal policies

1 that impacted energy efficiency (such as building codes and appliance standards) and  
2 domestic and international forecasts of energy productivity.

3 Prior to my work with the Alliance, I was Division Director of Policy, Planning,  
4 and Analysis at the Maryland Energy Administration, the state energy office of Maryland,  
5 where I worked between 2010 and 2015. In that role, I oversaw policy development and  
6 implementation in areas such as renewable energy, energy efficiency, and greenhouse gas  
7 reductions. I developed and presented before the Maryland General Assembly bill analyses  
8 and testimony on energy and environmental matters and developed and presented  
9 testimony before the Maryland Public Service Commission on numerous regulatory  
10 matters.

11 I received a Master's degree in Business Administration from the Kenan-Flagler  
12 Business School at the University of North Carolina, Chapel Hill, with a concentration in  
13 Sustainable Enterprise and Entrepreneurship in 2009. I also received a Bachelor of Science  
14 in Mechanical Engineering, *cum laude*, from Princeton University in 1998.

15 **Q3. Have you testified previously before the Pennsylvania Public Utility Commission**  
16 **(“Commission”)?**

17 A3. No, I have not.

18 **Q4. Have you testified previously before other state utility commissions?**

19 A4. Yes. I have submitted testimony in rate cases, integrated resource plans (“IRP”), utility  
20 merger proceedings, and renewable portfolio and energy efficiency resource standards  
21 before the Arizona Corporation Commission, the Colorado Public Utilities Commission,  
22 the Georgia Public Service Commission, the Illinois Commerce Commission, the  
23 Maryland Public Service Commission, the Michigan Public Service Commission, the  
24 Public Utility Commission of Nevada, the North Carolina Utilities Commission, the Public

1 Service Commission of South Carolina, the Public Utility Commission of Texas, and the  
2 Virginia State Corporation Commission. My complete CV is attached to my testimony.<sup>1</sup>

3 **Q5. On whose behalf are you submitting testimony?**

4 A5. My testimony is provided on behalf of Kelly Road Solar, LLC, Lancaster Avenue Solar,  
5 LLC, and Twilight Renewables, LLC (collectively, the "Solar Projects").

6 **Q6. What is the purpose of your testimony?**

7 A6. I review the application of Citizens' Electric Company of Lewisburg, PA ("Citizens" ~~or~~  
8 ~~the "Company"~~) in this proceeding. ~~While the focus of my testimony is on this Citizens'~~  
9 ~~proceeding, I also discuss related issues in the now consolidated application of Wellsboro~~  
10 ~~Electric Company ("Wellsboro") in Docket No. R-2025-3054392.~~ The primary focus of  
11 my testimony is the implication of Citizens' ~~and Wellsboro's (collectively, "the Utilities")~~  
12 proposals to change the way small commercial customer-generators would be assigned the  
13 GSSR-1 and GSSR-2 rate schedules. I review some of the discovery responses that shed  
14 further light on the mechanics of their proposals and the potential impact on their  
15 customers.

16 **Q7. Please summarize your findings.**

17 A7. I find ~~the Utilities~~ ~~the Company's~~<sup>2</sup> proposal to introduce a new concept of Billing Demand  
18 based on hypothetical power flows is deeply flawed and recommend that it be rejected.  
19 The ~~it~~ proposal to charge customers based not on their actual use of the system but based  
20 on hypothetical, idealized use of the system results in unreasonable and unjust rates.  
21 Further, the use of Billing Demand could increase the distribution bills of customer-  
22 generators more than if they had never installed solar, despite potentially lowering their  
23 peak demand during times of higher grid stress. And despite all these negative outcomes,  
24 ~~Citizens' the Utilities~~ proposes to apply this definition to all existing and soon-to-be  
25 customer-generators, with no legacy customer treatment.

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<sup>1</sup> Attachment KL-1, Kevin M. Lucas CV.

1 I also question the viability of the UCompany's utilities' proposal to shift from a  
 2 kilowatt hour ("kWh")-based net metering rubric to a dollar-based net billing rubric for  
 3 generation compensation for larger customers. It appears the proposal directly contradicts  
 4 the underlying Pennsylvania net metering statute both by bifurcating the netting and  
 5 compensation treatment of generation from distribution and transmission, and by shifting  
 6 to a net billing construct. While the attorneys in this case will address the legal implications  
 7 of Citizens' the Utilities' proposals, I find that the policy implications of this shift are also  
 8 troubling as they would require medium-sized businesses to take default service under a  
 9 much more complex tariff that could have significant adverse impacts on their businesses.

10 **Q8. Please summarize your recommendations.**

11 A8. I recommend the Commission reject Citizens' the Utilities' proposal related to Billing  
 12 Demand and its use in charging and classifying customers for electricity service. I further  
 13 recommend the Commission determine whether the proposed shift to a net billing structure  
 14 for generation compensation comports with Pennsylvania law, but even if it technically  
 15 does, reject it based on policy reasons.

16 **II. CITIZENS' THE UTILITIES' "BILLING DEMAND" PROPOSAL IS HIGHLY**  
 17 **UNUSUAL, INAPPROPRIATE, AND FLAWED AND SHOULD BE REJECTED**

18 **Q9. What is the purpose of this section of your testimony?**

19 A9. In this section of testimony, I provide an overview of Citizens' the Utilities' Billing  
 20 Demand proposal. I discuss several reasons why the definition is flawed and examine its  
 21 impact on several customer-generators' scenarios. I respond to the Utilities' Company's  
 22 assertion that the Billing Demand definition is needed to avoid cost shifts to other  
 23 customers. Finally, I discuss why the expansion of the Billing Demand concept from a  
 24 different default service docket into distribution ratemaking is inappropriate and why  
 25 Citizens' the Utilities' new netting proposal may conflict with Pennsylvania law.

1 **A. Billing Demand Proposal Overview**

2 **Q10. Please explain the Billing Demand Proposal advanced by ~~Citizens’ the Utilities~~.**

3 A10. ~~Citizens’ The Utilities~~ proposes to introduce a new Billing Demand definition for use in  
4 both distribution rates and for classifying customers into the Default Service Generation  
5 Supply Service Rate (“GSSR”) schedules. Billing Demand is defined as follows:

6 Billing Demand shall reflect the Customer’s use of the distribution  
7 system, which will be the greater of Gross Generator Rating  
8 (kW(AC)) as stated in the generator interconnection application or  
9 the maximum demand of the customer during any 15-minute period  
10 during the current month.<sup>2</sup>

11 For customers with distributed generation (“DG”), the ~~Company Company~~  
12 proposes to use the larger of the net demand (e.g., native load less self-consumed DG  
13 energy) and the maximum DG generator rating, even if the latter is not actually attained in  
14 a given month. Moreover, the construction of the proposal means that the maximum DG  
15 generator rating will act as a permanent, 100% demand ratchet for the customer regardless  
16 of how their usage changes over time.

17 The ~~Utility Companies~~ also proposes to use this new Billing Demand definition to  
18 assign non-residential customers to different distribution and Default Service rates.  
19 ~~Citizens’ Both Utilities~~ proposes to base the non-residential tariff break points on the  
20 Billing Demand of a customer, rather than on their actual net usage of the grid. The  
21 proposed breakpoints and rates of the ~~two Utility’s~~ tariffs are shown below in [Table](#)  
22 [1Table 1](#).<sup>3</sup>

<sup>2</sup> Citizens’ Statement No. 4, Direct Testimony and Exhibits of Nathan Johnson at 18. (“Johnson Direct”).

<sup>3</sup> Citizens’ Tab D, Supplement 172 (“Citizens’ Tariff”); ~~Wellsboro Tab D, Supplement 162 (“Wellsboro Tariff”)~~.

| Table 1 – Non-Residential Customer Tariff Break Points |                                   |                                  |                                       |
|--|-----------------------------------|----------------------------------|---------------------------------------|
|  | Small                             | Medium                           | Large                                 |
| Citizens’  | GLP-1                             |                                  | GLP-3                                 |
| Demand Limits  |                                   |                                  | >= 50 kW                              |
| Customer Charge  | \$21.00                           |                                  | \$100.00                              |
| \$/kW  | \$4.52                            |                                  | \$6.91                                |
| \$/kWh Flat  | \$0.01164                         |                                  |                                       |
| \$/kWh per kW  |                                   |                                  | \$0.01221 up to 30 kWh/kW             |
| \$/kWh additional                                      |                                   |                                  | \$0.00133                             |
| <b>Wellsboro</b>                                       | <b>No. 3</b>                      | <b>No. 4</b>                     | <b>No. 5</b>                          |
| <del>Demand Limits / Voltage</del>                     | <del>&lt;= 7 kW / Secondary</del> | <del>&gt; 7 kW / Secondary</del> | <del>&gt; 50 kW / Primary</del>       |
| <del>Customer Charge</del>                             | <del>\$16.50</del>                | <del>\$32.03</del>               | <del>\$150.00</del>                   |
| <del>\$/kW</del>                                       |                                   | <del>\$9.24</del>                | <del>\$14.00</del>                    |
| <del>\$/kWh Flat</del>                                 | <del>\$0.15758</del>              | <del>\$0.03357</del>             |                                       |
| <del>\$/kWh per kW</del>                               |                                   |                                  | <del>\$0.02881 up to 130 kWh/kW</del> |
| <del>\$/kWh additional</del>                           |                                   |                                  | <del>\$0.00182</del>                  |

1           The Billing Demand will also be used to assign customers into either GSSR-1 or  
 2           GSSR-2. Customers with a Billing Demand under 400 kilowatt (“kW”) will be assigned  
 3           to the GSSR-1 tariff, while those 400 kW or more will be assigned to the GSSR-2 tariff.<sup>4</sup>

4           **Q11. What arguments are advanced to support this change?**

5           A11. ~~Both Utilities make similar but not identical arguments as to why the proposal is needed.~~

6           Generally, the ~~UtilitCompany ies~~ argues:

- 7           • Customers should pay for their use of the distribution system, and this use is best  
 8           measured by either power flow from the utility to the customer or by the maximum  
 9           amount of power a customer could generate.<sup>5</sup>
- 10          • There is not a meaningful difference in planning or utility operations depending on  
 11          whether a customer imports power from the grid or a customer exports power to the  
 12          grid.<sup>6</sup>
- 13          • The Commission’s decision in the recent UGI Utilities, Inc. – Electric Division  
 14          (“UGI”) Default Service Plan proceeding should be extended beyond the power supply  
 15          context and be used to determine distribution rates.<sup>7</sup>

<sup>4</sup> Citizens’ Tariff, GSSR-1 Rider, GSSR-2 Rider.  
<sup>5</sup> Johnson Direct at 17, ~~Wellsboro Statement No. 4, Direct Testimony and Exhibits of Byron Farnsworth, Jr. at 23.~~  
 (“Farnsworth Direct”).  
<sup>6</sup> ~~Johnson Direct at 17, Farnsworth Direct at 23.Id.~~  
<sup>7</sup> ~~Johnson Direct Id.~~ at 17-18 (discussing *Petition of UGI Utilities, Inc. – Electric Division for Approval of a Default Service Plan for the Period of June 1, 2025 through May 31, 2029, Docket No. P-2004-3049343, et al.*); ~~Farnsworth Direct at 22.~~

1 **Q12. Do you agree with the Utilities-Company on these points?**

2 A12. No, I do not. As a primary matter, the Utilities'-Company's testimony on these points is  
 3 very thin, with only a handful of paragraphs dedicated to what would be a seismic shift  
 4 away from evidence-based cost of service ratemaking principles to impose rate design  
 5 changes that would have outsized adverse impacts on certain customers. Utilities have the  
 6 burden of proof in rate cases to show that the rates proposed are just and reasonable,<sup>8</sup> and  
 7 the lack of detail in Citizens' the-Utilities' filings is very problematic. Taken in total, the  
 8 proposals advanced by the Company the-Utilities are-is quite radical, and such an extreme  
 9 proposal would need equivalent levels of support for the Commission to be able to approve  
 10 it. That has simply not been provided in this case.

11 Moreover, each point contains a problematic jump in logic that is outside traditional  
 12 ratemaking practices. The Utilities-Company proposes to bill customers not based on their  
 13 actual demand levels, but on the potential power their generation systems could place on  
 14 the system even if that value is never attained. It also transfers the Commission's  
 15 settlement approval regarding power supply rates to its distribution rates, despite the  
 16 dramatically different regulatory structure that governs these two different areas. I will  
 17 discuss each of these issues in turn.

18 **B. The Utilities'-Company's Proposed Billing Demand Definition is Flawed and Punitive**

19 **Q13. What are the issues with the Utilities'-Company's Billing Demand definition?**

20 A13. There are three major issues with the proposed definition. First, Citizens' the-Utilities  
 21 proposes to apply the new definition to existing customers with no legacy customer or  
 22 project treatment (*i.e.*, grandfathering). Second, it is not based on a customer's actual use  
 23 of the distribution system. Third, it can assign customers to a larger distribution customer  
 24 class rate or a substantially more complex power supply rate independent of actual usage.  
 25 The first issue alone is highly problematic, but when coupled with the second and third, it

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<sup>8</sup> See 66 Pa. C.S. § 315(a).

1 results in a discriminatory rate that penalizes customers who have or plan to install on-site  
2 generating systems to participate in net metering, or behind-the-meter DG ("BTM DG")  
3 systems.

4 **Q14. Does the Company ~~the Utilities~~ propose to exempt any customers that currently**  
5 **operate BTM DG systems from the new Billing Demand definition?**

6 A14. No. The ~~Utilities' Company's~~ proposal contains no legacy customer treatment of any kind,  
7 meaning that any customer who has already installed or is in the process of installing a  
8 BTM DG system will immediately be subject to the new definition. This may come with  
9 a mandatory change in the customer's distribution rate schedule and default service rate  
10 structure. As I will discuss below, there are several major differences between the  
11 ~~Utilities' Company's~~ small commercial and large commercial rate schedules that would  
12 have sizable bill impacts on customers, independent of the compensation for their exported  
13 solar generation.

14 **Q15. In your experience, do changes related to net metering typically occur on a forward-**  
15 **looking basis?**

16 A15. Yes. In almost all cases when policy makers decide to make changes to net metering  
17 structures, they do so at a future date and exempt existing customers who have either  
18 installed their systems or have reached a certain development milestone such as a signed  
19 interconnection agreement. Subjecting a customer who has already made an investment in  
20 a BTM DG system to structural financial changes that could not have been reasonably  
21 anticipated is, in my view, bad policy. If the Commission decides to approve the  
22 ~~Utilities' Company's~~ Billing Demand proposal – which I strongly recommend it does not –  
23 it should at a minimum require this change only a prospective basis, starting on a certain  
24 future date ~~certain~~, while allowing sufficient time for in-development projects to be  
25 completed and placed on the current tariff regime.

26 **Q16. Turning to the second issue, how does the proposal ignore a customer's actual use of**  
27 **the system?**

1 A16. The Billing Demand definition is based on the larger of two values: (1) the highest average  
 2 power usage over any 15-minute period in a month; and (2) the gross generation rating of  
 3 a DG system. The former is a conventional method ~~among used non-residential customers~~  
 4 to determine billing demand ~~for non-residential customers~~, and if the ~~Utilities-Company~~  
 5 had based Billing Demand on this value there would be little concern about its  
 6 appropriateness. However, by taking the gross generation rating of a DG system, which is  
 7 the maximum amount of power that it could produce independent of load or weather  
 8 conditions, the ~~Utilities-Company~~ ~~breaks~~ from convention.

9 The gross generator rating serves as an upper bound on the energy production from  
 10 a DG system. It typically only is realized on clear, sunny days during certain months of  
 11 the year, and then only for a portion of the hours in the middle of the day.<sup>9</sup> In one of the  
 12 workpapers provided by the ~~Utilities-Company~~ in discovery, a modeled PV rooftop PV  
 13 system only reached its gross generation rating in 19 hours over the course of a year.<sup>10</sup> In  
 14 other words, for 99.8% of the year, the system produced less power than its theoretical  
 15 maximum.

16 Further, all solar systems degrade slowly over time, meaning that for every year  
 17 that passes the system will produce slightly less output in similar weather conditions. The  
 18 ~~Utilities'-Company's~~ proposals ~~does~~ not factor this in and, given the gross generation rating  
 19 is a function of a system's inverter hardware, it will remain fixed for the lifespan of the  
 20 system even if the system ceases to be able to saturate the power output of its inverters.

21 **Q17. Does the proposed Billing Demand definition reflect the load of a BTM customer-**  
 22 **generator?**

23 A17. No, it does not. The ~~Utilities'-Company's~~ proposals ~~looks~~ at the gross generation rating of  
 24 the system in isolation. But for a BTM system, the apparent load that a customer-generator

<sup>9</sup> Ground-mounted single-axis tracking systems are able to maintain their maximum generation for more hours in day as they can pivot to follow the sun, but the frequency of these maximum generation hours depends on the inverter loading ratio. Fixed-tilt systems common on rooftops do not attain their maximum generation as often.

<sup>10</sup> Ex. KL-2, SP-I-21 Attachment A excerpt. The ~~Utilities-Company~~ modeled a fixed-tilt system with a 1.2 ILR.

1 places on the grid is a function of both BTM generation and its native load.<sup>11</sup> The Utilities  
 2 Company completely ignores this reality, despite providing a workpaper that vividly  
 3 demonstrated this fact.

4 **Q18. Please describe this workpaper.**

5 A18. Citizens'~~The Company~~ provided a workpaper in discovery that purported to analyze the  
 6 impact of its proposal on a hypothetical 450 kW<sub>AC</sub> fixed-tilt photovoltaic ("PV") system  
 7 on its own, when paired with a roughly 400 kW peak demand customer, and when paired  
 8 with a roughly 120 kW peak demand customer.<sup>12</sup> That said, the workpaper contained many  
 9 errors that rendered its results moot and required correction before any reasonable  
 10 comparison can be made. These errors include:

- 11 • **Incorrect modeled system size.** Citizens' discovery response stated they modeled a  
 12 450 kW<sub>AC</sub> system, but the workpaper actually modeled a 412.5 kW<sub>AC</sub> system due to an  
 13 improper inverter load ratio ("ILR") assumption.
- 14 • **Mismatched solar generation.** The workpaper contained hourly load in Eastern  
 15 Prevailing Time format, but did not adjust the PVWatts modeled solar generation,  
 16 which is in Eastern Standard Time.
- 17 • **Applies "generic" weather and solar generation to actual metered load.** PVWatts  
 18 uses a "typical meteorological year" weather to derive solar generation. This approach  
 19 takes a month's worth of weather from 12 different years and necessarily does not  
 20 match weather conditions for the actual hourly load data.
- 21 • **Hardcoded, incorrect system size in bill calculation.** The workpaper used the  
 22 incorrect system size in the bill calculation.
- 23 • **Incorrect metered demand.** The metered demand for the two customers does not  
 24 correspond to the hourly load data, the hourly solar generation, or the hourly net load  
 25 data.<sup>13</sup>

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<sup>11</sup> The native load is the load that the customer's equipment consumes independent of solar generation.

<sup>12</sup> Exhibit KL-3, Citizens' response to SP-I-21. The values above are based on the hourly load data as the embedded historic metered demand values do not match the hourly data.

<sup>13</sup> It is possible although unlikely that some of the monthly differences are due to the use of 15-minute peak demand history compared to the hourly integrated load presented in the worksheet. However, the difference for some months is sizable (e.g., the hardcoded value in September is 400 kW compared to a maximum hourly load of 350 kW), and in some months the hardcoded value is smaller than the maximum hourly load (in which case the hardcoded value cannot represent the highest 15-minute billing demand if there is a larger hourly demand in the same month).

- 1       • **Incorrectly copied wrong Customer A metered demand values to Customer B.**  
 2       The workpaper copied the hardcoded metered demand values from one customer to the  
 3       other instead of recalculating them from the hourly load information.
- 4       • **Customer B is not entirely based on actual data.** Customer B's load from June and  
 5       July is just a scaled-down version of Customer A. It is unclear whether a customer  
 6       with a roughly 66% lower load would have the same hourly load pattern as the larger  
 7       customer during these hot summer months.
- 8       • **Incorrectly calculated energy use.** The workpaper references the incorrect value  
 9       when calculating the kWh per kW energy usage.
- 10      • **Incorrectly calculated net energy bank usage.** The workpaper does not correctly net  
 11      out a month's usage with the banked energy before calculating the energy component  
 12      of the bill.

13 **Q19. Were you able to correct these issues?**

14 A19. I corrected all of the issues except for the application of the Typical Meteorological Year  
 15 ("TMY") weather files as 2025 historic weather data is not yet available for the time period  
 16 the Company analyzed. ~~While this~~This may have a noticeable impact on the overall  
 17 customer bill if a hot, sunny afternoon where customer load is high is represented by a cool,  
 18 cloudy afternoon in the TMY data, ~~historic load data during a time when historic weather~~  
 19 ~~data was not available at the time submission of this pre-filed testimony.~~

20           After correcting ~~most of the~~these issues, I recomputed annual bills based on two  
 21 different metrics. The first is based on a conventional definition of billing demand, which  
 22 is the maximum amount of net power the ~~Utilities-Company~~delivers to a customer, labeled  
 23 "Bill on Inflow" below. The second was based on the highest power flow to or from the  
 24 customer, labeled "Bill on Max Inflow/Outflow" below. This approach is still  
 25 unconventional and not recommended as it is not reflective of cost-causation principles,  
 26 but it highlights the difference between billing on actual power flows as opposed to  
 27 hypothetical ones as the ~~Utilities-Company~~proposes.<sup>14</sup>

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<sup>14</sup> When applied to shared distribution assets, non-coincident demand charges are not reflective of cost-causation because these assets are designed to share the diversified load of all customers that are being served by them. A customer with a sizable BTM solar generator will likely experience their maximum exported power in the middle of the day in non-summer months, a time when the power grid has spare capacity and the exported power is not causing any marginal cost increases.

Using my counter-analysis, the extreme nature of the Utilities' Company's proposal becomes clear. A customer-generator with significant excess generation would see a massive increase in its bill, going from essentially paying only the fixed customer charge to paying 27 times more under the Utilities' Company's proposal. Customer A, who self-consumes nearly 93% of its solar generation and never had an hour where exported solar exceeded its minimum nighttime load, much less its minimum daytime load, would still see a 25% increase in its distribution bill despite not placing any more demand on the Utilities' Company's systems. And Customer B, whose system would be sized to offset 108% of their annual usage, would see more than a 350% increase in their annual distribution bill compared to the current definitions of billing demand.

|   | <b>412.5 kW<br/>PV System</b> | <b>Customer A<br/>~400 kW Load</b> | <b>Customer B<br/>~120 kW Load</b> |
|---|-------------------------------|------------------------------------|------------------------------------|
| <b>Citizens' Original Workpaper</b>               | \$38,514                      | \$42,589                           | \$38,574                           |
| <b>Corrected Citizens' Workpaper<sup>15</sup></b> | \$35,405                      | \$39,338                           | \$35,447                           |
| <b>Bill on Inflow</b>                             | \$1,200                       | \$31,431                           | \$7,795                            |
| <b>% Increase</b>                                 | 2,850%                        | 25%                                | 355%                               |
| <b>Bill on Max Inflow/Outflow</b>                 | \$32,437                      | \$31,431                           | \$26,920                           |
| <b>% Increase</b>                                 | 9%                            | 25%                                | 32%                                |

The Bill on Max Inflow/Outflow shows how much the Utilities' Company's proposal to use hypothetical energy flows would impact bills. Given the high degree of self-consumption, Customer A never exports more than 46% of its solar generation to the grid in any given hour. Further, the highest hour of solar export (178 kW) is actually lower than the lowest level of inflow over the entire year (185 kW). In other words, every piece of equipment that is needed to deliver the minimum annual load to this customer – which is about 45% of its peak load – is already able to handle the power flow associated with the maximum export of solar generation. And yet the Utilities' Company's reliance on the gross generator rating would increase this customer's bill by 25%.

<sup>15</sup> As corrected by based on my revisions discussed herein.

1 Customer B would perform worse on this metric as its solar system is larger relative  
 2 to its native loads. In this case, billing based on the gross generator rating instead of the  
 3 maximum power flow to and from the customer would result in a 32% increase in annual  
 4 distribution bills.

5 **Q20. Please discuss the third reason the Utilities'Company's approach is problematic.**

6 A20. The customers above have peak demands (roughly 400 kW and 120 kW) that are well  
 7 above the 50-kW-50-kW threshold of the Utilities'Company's large commercial customer  
 8 tariffs. But smaller customers who wish to install a BTM PV system that offsets a  
 9 reasonable fraction of their annual energy usage could pay outsized demand charges based  
 10 on power flows that are simply not relevant to cost causation.

11 Imagine Customer C is a Citizens' customer with a 25-kW peak demand who takes  
 12 service on the GLP-1 tariff. Under Citizens' proposed rate increase, that customer would  
 13 face a customer charge of \$21 per month and a demand charge of \$4.52/kW.<sup>16</sup> If one scaled  
 14 the peak demand of Customer A to this size, a 50 kW<sub>AC</sub> PV system would offset about 51%  
 15 of their annual usage, a reasonably modest amount. Further, the maximum export this  
 16 customer would have in a year of 36 kW is well below the 50-kW gross generator rating  
 17 that would establish their Billing Demand.

18 **Q21. What do these changes do to Customer C's distribution bill?**

19 A21. They substantially increase it, even after accounting for the solar generation. **Error!**  
 20 [Reference source not found.](#) Table 3 below shows what Customer C would pay under the  
 21 GLP-1 tariff with and without solar under the current tariff definitions, and under the GLP-  
 22 1 tariff with solar under the Utilities'Company's proposal. The Utilities'Company's  
 23 proposals would increase the total distribution component by 77% compared to what the  
 24 customer would pay on the GLP-1 tariff under the current definitions, and adding solar  
 25 would increase the distribution charges by 25% compared to having no solar at all.

<sup>16</sup> SEIA The Solar Projects take s-no position on the revenue requirement and cost allocation proposed by the Company.

| Table 3 - 25 kW Load / 50 kW Solar Bill Comparison |                 |               |               |                    |
|--|-----------------|---------------|---------------|--------------------|
|  | Customer Charge | Demand Charge | Energy Charge | Distribution Total |
| <b>GLP-1 No Solar</b>                              | \$252           | \$1,110       | \$1,680       | \$3,042            |
| <b>GLP-1 Current</b>                               | \$252           | \$1,064       | \$825         | \$2,141            |
| <b>GLP-1 Proposed</b>                              | \$252           | \$2,712       | \$825         | \$3,789            |

1 **Q22. The Utilities Company argues that this is appropriate to avoid any cost shift to other**  
 2 **customers. Do you agree?**

3 A22. No. The Utilities' Company's proposal s-does not just prevent this customer from reducing  
 4 their distribution bill, it actively increases it beyond what they would pay without solar.  
 5 The Company's -~~Their~~ argument is that the loads that Customer C places on the system  
 6 after installing solar somehow increases the cost of providing service to this customer, and  
 7 if Customer C does not pay more, then other customers will have to make up the difference.  
 8 But Customer C's peak demand is reduced after installing solar in all non-winter months,  
 9 with its peak demand falling by as much as 10% in the summer where the grid is under the  
 10 most strain. Figure 1~~Figure 1~~ below shows the pre- and post-solar peak hourly demands  
 11 of the customer, showing these persistent demand reductions during the summer months  
 12 when load on the Company's system is high.<sup>17</sup>

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<sup>17</sup> Notably, the summer month with the smallest load reduction is August. In inspecting the TMY weather file used to simulate the solar generation, there was a two-day cloud event that produced very low solar generation. If the weather file and the load files had been date-matched, then this cloud event would likely have also cause a reduction in cooling load, which could have reduced the post-solar peak demand for that month. This temporal mismatching between load and generation is one of the limitations of the Utilities Company's analysis.

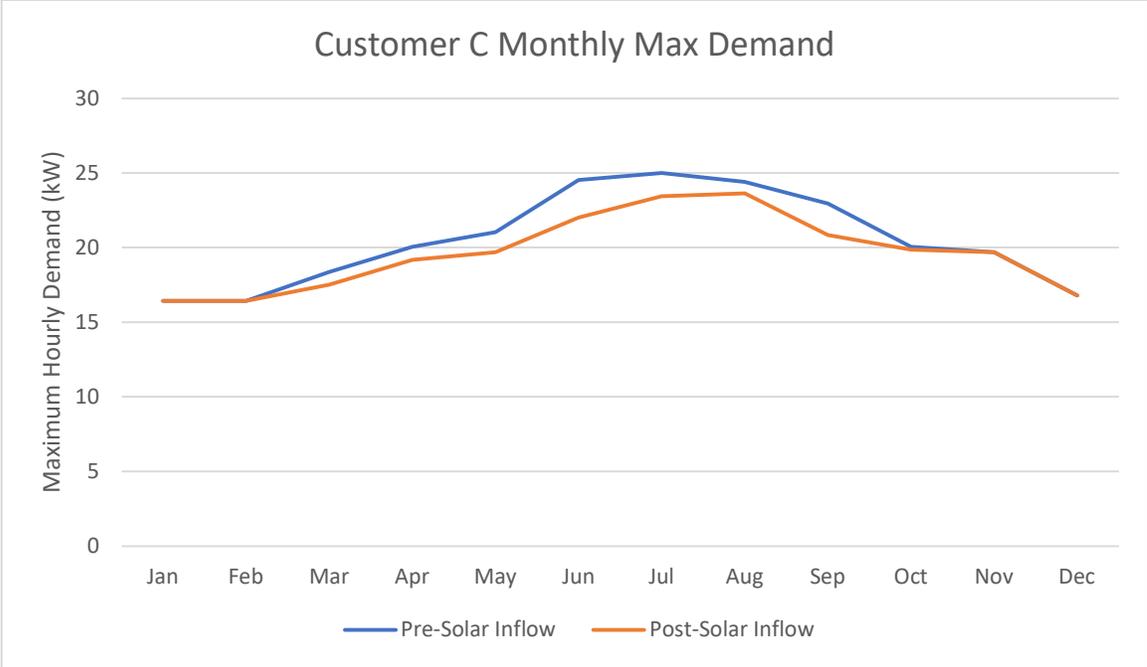


Figure 1 - Customer C Monthly Max Demand

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**Q23. Does the absolute level of power flow from Customer C to the utility increase after installing solar?**

A23. Yes, but only during non-summer months. [Figure 2](#) below adds in the maximum power flow to or from the Utilities' Company's grid. In the early months of the year, there are weekend midday hours when solar generation is high and on-site consumption is low, leading to an export level of roughly 35 kW that exceeds Customer C's maximum inflow demand during these months. In the summer, Customer C's maximum power flow is set by inflows as the midday solar generation is consumed onsite. In the fall, maximum outflows again surpass maximum inflows as cooling loads fall. And in all cases, the maximum outflow is well below the gross generator rating ("GGR") of 50 kW on which the Utilities Company proposes to base demand charges.

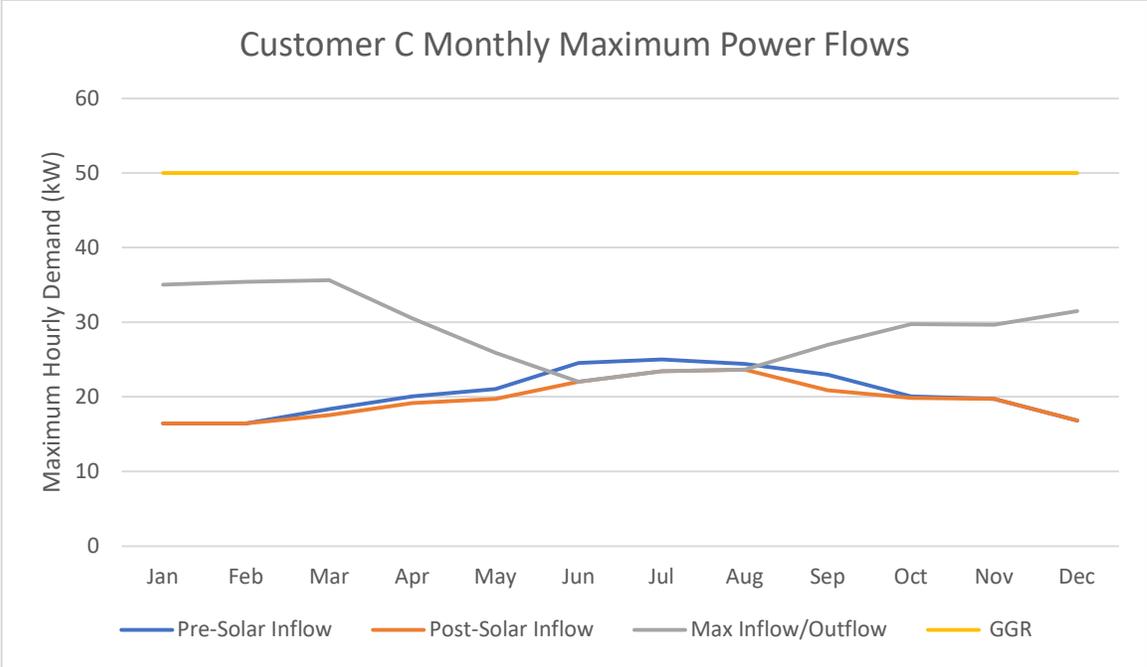


Figure 2 - Customer C Monthly Maximum Power Flows

Q24. Are these increased power flows during the non-summer months problematic for the Utilities Company?

A24. No. It is important to note that aside from service drops, meters, and line transformers in sparsely-populated areas, very few customers have dedicated distribution equipment that is designed to serve only their load. In fact, the vast majority of the Utilities' Company's distribution rate base is comprised of shared assets such as substations, feeders, and most transformers. These assets are designed to meet the diversified demand of all customers being served by the assets, not the maximum power flows of each individual customer.

Further, the increased outflows in the non-summer months all occur in the middle of the day when the broader distribution grid is experiencing lower loads overall. The maximum outflows occurred between 11 AM and 12 PM three times, between 12 PM and 1 PM five times, and between 1 PM and 2 PM once. By contrast, in non-summer months the Utilities' Company's grids peak in the early morning or late evening, so this marginal increase in midday exported power has no bearing on the aggregate peak load of shared distribution assets.

1           The one instance in which the increased power flows from Customer C's exported  
 2 power could be an issue is if Customer C was served by dedicated distribution assets (such  
 3 as a line transformer or service drop) that cannot handle the new power flows. However,  
 4 in this instance, Customer C would have been required to pay for an upgrade to these  
 5 facilities in order to safely interconnect the distributed energy resource ("DER") system in  
 6 the first place, isolating other distribution customers from the potential cost increase of  
 7 upsizing these assets.

8 **Q25. Given this, what is the net effect of the Utilities'Company's Billing Demand**  
 9 **definition?**

10 A25. The proposal fails on all fronts. It is not fair as it relies on hypothetical power flows that  
 11 in reality are not realized by customers with BTM solar. It is not based on cost-causation  
 12 principles as it can, without justification, substantially increase the distribution rates a  
 13 customer pays even if they do not place loads on the system that increases costs. And it is  
 14 punitive as it can substantially increase distribution bills for customers who have already  
 15 installed BTM solar systems.

16 **C. Power Flows from Individual Customers Must Be Analyzed as Part of the Whole**

17 **Q26. What is the Utilities'Company's second justification for their-its proposal?**

18 A26. The second justification is, generally, that the Utilities-Company must plan and operate  
 19 their-its grids for maximum power flows whether they are being sent to the customer or  
 20 being received from the customer.

21 **Q27. Is this assertion technically accurate?**

22 A27. Yes, but it must be taken in the proper context. It is obviously the case that the Utilities  
 23 Company must plan for and manage the power flows on the grid, and they have policies  
 24 and protocols in place that allow them to do so. But the actual impact of most BTM DER  
 25 systems is limited to a small portion of the power grid that serves the customer-generator  
 26 and their neighbors.

1 Citizens' provided a data response showing that of the 87 solar systems that have  
 2 been installed on Citizens' grid, 72 were for residential customers.<sup>18</sup> For the typically-  
 3 sized residential systems, power exported to the Utilities' Company's grid will flow to the  
 4 nearest load, which in almost all cases will simply be the customer-generator's neighbors.  
 5 The assets that handle the power flow between these very local sections of the grid –  
 6 including service drops, line transformers, and feeders – are intrinsically able to handle  
 7 two-way power flows. Further, the relatively small number of DERs on the  
 8 Utilities' Company's grids suggests that the systems are too few in number to be highly  
 9 geographically concentrated.<sup>19</sup>

10 The situation is somewhat different for the larger PV systems. As discussed above,  
 11 a customer with a relatively high load and large PV system can have periods when exported  
 12 power is sizable. However, the Utilities' Company's interconnection process screens for  
 13 these exact situations prior to allowing a customer to install a generator. If these exports  
 14 would overload equipment or cause power quality issues for other customers, the  
 15 prospective customer-generator would have to pay for upgrades to resolve the issues before  
 16 being able to proceed.

17 **Q28. How does the Utilities' Company frame exported power?**

18 A28. The Utilities Company discusses exported power as something that a customer-generator  
 19 delivers to ~~other customers over the utility using its distribution~~ the grid. This framing ~~not only~~  
 20 fails to acknowledge that the Utilities Company are is the party that "uses" the distribution grid  
 21 to ones that deliver the exported power – as soon as the electricity passes through the customer-  
 22 generator's meter, it is owned and managed by the Company, but also is used to justify the

23 **Billing Demand definition:**

24 ~~As a result, EDCs like Wellsboro must accommodate the interconnection and net~~  
 25 ~~metering of customer generators with capacity of up to 3 MW that use very little electricity~~

<sup>18</sup> Exhibit KL-4, Citizens' response to SP-I-2. There is one "residential" customer that has a 137 kW PV system, which is substantially larger than any other residential system.

<sup>19</sup> Citizens' has about 6,000 residential customers, meaning that roughly 1 in 83 have installed solar.

1 supplied by the EDC. In addition, we may have a customer that has generation producing power  
 2 that exceeds their usage at the service location. **In both scenarios, the customer generator**  
 3 **uses the Wellsboro distribution system to deliver its output**, which then offsets the energy  
 4 that must be delivered to the Wellsboro service territory through the PJM (FE MAIT)  
 5 transmission system. We are obligated to compensate the customer generator first by netting  
 6 any electricity used by the account against the exported kWh, then by paying them "full retail  
 7 value" for the remaining kWh at the end of the year that has not been netted against their  
 8 usage.<sup>20</sup>

9 **Q29. What happens when power is exported from a customer-generator's premises?**

10 A29. Physically, the power flows from the customer-generator's PV system and serves any on-  
 11 site loads. Any power beyond that instantaneous on-site need flows through the customer's  
 12 utility meter, on to the service drop, and on to the Company's grid. From there, the power  
 13 will flow to the nearest source of load.

14 **Q30. Once the power leaves the customer's meter, who owns it?**

15 A30. The Utilities Company owns ("takes title to") the exported power as soon as it flows  
 16 through the utility meter. And because they-it now owns the energy, it is the Utilities  
 17 Company who delivers the power over their-its own grids to the nearest source of load.  
 18 When the power finds that load, likely at a neighbor, it flows through that neighbor's utility  
 19 meter and the neighbor is billed for the energy at their full retail rate.

20 **Q31. Does the Company ~~the Utilities~~ use their-its entire distribution grid to deliver this**  
 21 **exported power?**

22 A313131. No, they do it does not. In most cases, the exported power only flows through a tiny  
 23 fraction of the Utilities' Company's distribution assets. It may not even flow past the low-  
 24 side of the line transformer if multiple neighbors share a transformer. Despite this, the

<sup>20</sup> Farnsworth Direct at 21. (emphasis added)

1 ~~Utilities-Company~~ charges the neighbor for the energy at the full retail distribution rate,  
2 which is designed to recover the costs of the entire distribution grid.

3 **Q~~323232~~.** Why is this distinction important?

4 A~~323232~~. It is important because the ~~Utilities-Company~~ claims that it is appropriate to charge  
5 a customer-generator for “the use of” the distribution grid to export power. ~~“to deliver its~~  
6 ~~output.”~~—This is the basis for using the gross generator rating in the determination of Billing  
7 Demand: “Using these measures [net power flow from or onto the ~~Utilities’Company’s~~ss  
8 distribution system] provides an accurate reflection of the Customer's use of the  
9 distribution system.”<sup>21</sup> But it is not the customer-generator that “uses” the distribution grid  
10 to export or deliver the energy ~~“to deliver its output”~~— it is the ~~Utilities-Company~~ who  
11 has~~ve~~ already taken title to the exported energy and used ~~their-its~~ own distribution grid to  
12 deliver ~~their-its~~ own product to another one of ~~their-its~~ own customers. The customer-  
13 generator is compensated for the exported power the instant it leaves the utility meter, and  
14 at this point, the customer-generator is no longer the responsible party. Charging them  
15 based on this rubric is inappropriate.

16 **D. The ~~Utilities-Company~~ Improperly Expand the Scope of the Commission’s UGI**  
17 **Settlement Approval**

18 **Q~~333333~~.** What is the ~~Utilities’Company’s~~ third justification for ~~their-its~~ proposal?

19 A~~333333~~. Generally, the ~~Utilities-Company~~ argues that the Commission’s recent decision in  
20 the ~~recent~~-UGI default service docket can be expanded to distribution ratemaking.

21 Until recently, we assumed that customer generators must be  
22 classified for distribution and generation purposes based on amount  
23 of peak electricity that the electric distribution company supplied to  
24 the customer generator's account. However, a recent decision by the  
25 Commission in Petition of UGI Utilities, Inc-Electric Division for  
26 Approval of a Default Service Plan for the Period of June 1, 2025  
27 though May 31, 2029, Docket No. P-2004-3049343, et al., indicated  
28 that customer generators can be classified for generation purposes  
29 according to their peak electricity imported from the EDC or

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<sup>21</sup> Johnson Direct at 17.

1 exported to the EDC. We are proposing to clarify in our tariff that  
 2 we will use customer generator's net power flow from or onto the  
 3 Company's distribution system to establish the distribution charges  
 4 for the account and eligibility for the Generation Supply Service  
 5 Rate ("GSSR") 1 or GSSR-2.<sup>22</sup>

6 ~~I am advised by counsel that the logical legal extension of the UGI~~  
 7 ~~decision is that distribution service schedule placement and billing~~  
 8 ~~can reflect the customer generator's use of the distribution system,~~  
 9 ~~whether through its peak import from the system or its peak export~~  
 10 ~~to the distribution system. This ensures non-discriminatory~~  
 11 ~~treatment between customers that use the distribution system to~~  
 12 ~~power their non-residential operations and those who use the~~  
 13 ~~distribution system for the delivery of their energy product.<sup>23</sup>~~

14 **Q343434.** Did the Commission explicitly approve the Utilities'Company's proposed  
 15 **Billing Demand definition, or something similar, in the UGI case?**

16 **A343434.** No. The Commission approved a settlement between certain parties that contained,  
 17 among other elements, a definition that would classify customers into either GSSR-1 or  
 18 GSSR-2 based on the larger of their power consumption from the grid or their power  
 19 exports to the grid. The Utilities'Company's proposal does not directly mirror the  
 20 approved change in the UGI case, and I am advised by counsel that the UGI case has been  
 21 appealed and is currently before the Pennsylvania Commonwealth Court.

22 **Q353535.** Given the lack of direct Commission approval, ~~does the Company~~ ~~the Utilities~~  
 23 **provide any meaningful support for this jump in logic?**

24 **A353535.** No. Citizens' couches its proposal as a shift in assumptions that allows it to  
 25 "clarify" its tariff, underscoring the magnitude of its proposal. ~~Wellsboro's witness notes~~  
 26 ~~a vague "advised by counsel" notion but provides no additional legal support for its change.~~  
 27 While I am not an attorney and am not offering legal opinions, I understand that the core  
 28 issue in the UGI case is currently working its way through Pennsylvania's appeals court  
 29 process, meaning the matter is far from settled. And against this uncertain backdrop, it is  
 30 doubly improper to expand the scope of the UGI settlement to distribution rate making. I

<sup>22</sup> Johnson Direct at 17.

<sup>23</sup> Farnsworth Direct at 22.

1 further note that the UGI change was approved in a default service proceeding, not a  
 2 distribution rate case as is the case here.

3 **Q363636. From a policy perspective, is there a difference between setting default service**  
 4 **rates and distribution rates?**

5 **A363636.** Yes. Pennsylvania has restructured its electric utility industry, meaning that while  
 6 the Commission is able to approve the structure of default service plans that utilities  
 7 provide, it does not directly set prices. By contrast, the Commission does have oversight  
 8 over the actual rates and rate designs of electric distribution companies (“EDCs”), and is  
 9 obligated to ensure that utilities implement just and reasonable rates.

10 A component of ensuring that all Commonwealth residents and businesses pay just  
 11 and reasonable rates is that EDCs have a burden of proof to justify any proposed changes.  
 12 In ~~their-its~~ filings, the ~~Utilities-Company~~ provides scant support for ~~their-its~~ new definition  
 13 of Billing Demand, relying instead on a handful of pages of testimony, no legal arguments,  
 14 and no policy impact analysis. Instead, the proposal’s<sup>24</sup> support boils down to vague claims  
 15 regarding the appropriateness to extend the UGI settlement construct to distribution rates  
 16 and a specious claim that basing rates on hypothetical energy flows is ~~just-and~~  
 17 ~~reasonable~~ equitable.

18 **Q373737. What is one example of how the ~~Utilities-Company’s~~ proposal could result in**  
 19 **unjust and unreasonable rates?**

20 **A373737.** The ~~Utilities-Company~~ proposes to use base demand charges on the larger of the  
 21 GGR and the highest 15-minute demand in a given month, even if this value is not  
 22 reflective of the customer-generator’s use of the system: “[t]he Company’s proposed Tariff  
 23 revision for billing demand would include the rated output capacity of the net-metered  
 24 generator system in the calculation. Rated output capacity may differ from the nameplate  
 25 capacity of a generating facility and/or the actual peak output.”<sup>24</sup> This functionally acts as

<sup>24</sup> Exhibit KL-5, Citizens’ response to SP-I-13.

1 a 100% demand ratchet based on the installed capacity of the customer-generator's DER  
 2 system, even if this level of power is never attained by the customer as shown in the  
 3 Customer C example above.

4 The Utilities'Company's current demand ratchet, which sets the billing demand  
 5 floor at 50% of the demand attained by the customer in the prior 12 months, is at least  
 6 based on actual power usage by the customer. If a customer uses 100 kW in a given month,  
 7 then it will be required to pay demand charges based on at least 50 kW of demand for the  
 8 next 12 months, even if its demand fell to no more than 45 kW on a permanent basis. After  
 9 the 12-month demand ratchet expires, the billing demand would be reset to the lower value,  
 10 and a new 50% ratchet floor would be established.

11 By contrast, a customer-generator could install a 100 kW PV system that never  
 12 actually produces 100 kW, that never results in 100 kW of exported power, and where the  
 13 customer never consumes 100 kW of power from the grid, and yet they could be charged  
 14 a demand charge based on 100 kW for decades as long as their DER was operation. While  
 15 the Utilities'Company's current demand ratchet sends a poor price signal to reduce  
 16 demand, it is at least based on actual power flows. The Billing Demand proposal, however,  
 17 is completely independent from actual power flows and is thus, by definition, arbitrary.  
 18 And arbitrary definitions should not be considered a sufficient basis for just and reasonable  
 19 rates.

20 **Q383838. Aside from the fact that the Utilities have Company has failed to sufficiently**  
 21 **support their-its proposals, do you have other concerns with the Billing Demand**  
 22 **definition and implementation?**

23 **A383838.** Yes. While I am not an attorney and am not making legal arguments, I have 15  
 24 years of experience drafting and interpreting legislative language, drafting and interpreting  
 25 regulatory language, and performing policy analysis that requires a very close reading of  
 26 relevant statutory authorities. In my review of Pennsylvania's net-metering statute and the  
 27 Utilities'Company's proposed tariff language and discovery responses, I believe there is

1 an irreconcilable divergence in Utilities' Company's netting proposals and the underlying  
2 Pennsylvania statute.

3 **Q393939. What is the nature of this divergence?**

4 A393939. The Utilities Company proposes to shift compensation for generation from a kWh-  
5 based net metering construct to a dollar-based net billing construct. These are two  
6 fundamentally different rubrics, and the latter appears to be facially inconsistent with the  
7 net metering statute.

8 **Q404040. Please describe the traditional kWh-based accounting used in net-metering.**

9 A404040. In the traditional approach to net-metering, a single meter was used that was  
10 capable of measuring energy delivered to a customer (inflow) and delivered from the  
11 customer to the grid (outflow). When the customer's energy use was larger than their DER  
12 generation, the inflow energy spun the meter "forward," and each kWh increased the  
13 meter's accumulated register. When generation exceeded on-site load, outflow energy  
14 spun the meter "backward" and decremented the meter's register.

15 At the end of the billing period month, the utility would measure the register,  
16 compare it to the value at the end of the prior billing period, and determine whether there  
17 was net inflow or net outflow for the billing period. If there was net inflow, meaning the  
18 customer consumed more power than the produced during the billing period, they would  
19 be charged for this net usage at the retail rate. If there was net outflow, meaning the total  
20 generation exceeded total consumption, the utility would "carry forward" the kWh credit  
21 to be applied against the next month's usage. Depending on state or utility rules, the carry-  
22 forward kWh credits may be "cashed out" at the end of a year at a designated price.

23 **Q414141. Please contrast this approach with the dollar-based net billing structure.**

24 A414141. In a dollar-based net billing structure, rather than measuring and netting generation  
25 and load in kWh, generation and net energy are converted from kWh to dollars based on a  
26 specified rate at specific times. The netting may occur on a monthly basis. Under this  
27 approach, the meter would "spin" back and forth within the month and excess generation

1 converted to a dollar value at the end of the billing period. Alternatively, the netting may  
 2 occur on an instantaneous basis. Here, a utility would measure and accumulate all inflow  
 3 power in one meter register, all outflow power in another meter register. At the end of the  
 4 billing period, the total inflow power would be multiplied by the full retail rate, and the  
 5 total outflow power credited at a potentially different outflow rate. The dollar amounts  
 6 would be netted against each other and charged to the customer.

7 **Q424242.** Which of these does es the Company ~~the Utilities~~ propose?

8 **A424242.** The Utilities' Company's proposal is in the middle of these two net billing methods.  
 9 For customers with Billing Demand larger than 400 kW, ~~they~~ the Company proposes an  
 10 hourly netting with the inflow and outflow rate equal to the PJM real-time locational  
 11 marginal price ("LMP") at the PJM West Hub.<sup>25</sup>

12 **Q434343.** Is this change obvious from the Utilities' Company's testimony?

13 **A434343.** No, and in fact, the Utilities' Company's testimony on this matter is in direct conflict  
 14 with ~~their~~ its actual proposal. Citizens' testimony on this point only refers to the LMP  
 15 being applicable to the annual cash out: "For customers with Billing Demands over 400  
 16 kW, the annual cash out will be a weighted average locational marginal price ("LMP")."<sup>26</sup>

17 ~~T-Wellsboro similarly says~~

18 ~~We are obligated to compensate the customer-generator first by netting any electricity used by the~~  
 19 ~~account against the exported kWh, then by paying them "full retail value" for the remaining~~  
 20 ~~kWh at the end of the year that has not been netted against their usage. For customers with~~  
 21 ~~Billing Demands over 400 kW, the annual cash out will be a weighted average locational~~  
 22 ~~marginal price ("LMP").<sup>27</sup>~~

23 ~~—————~~ ~~In both cases, the~~ Utilities' Company's testimony makes it appear that ~~they~~ it will  
 24 continue to follow the Pennsylvania net metering statute using a kWh-based net metering

<sup>25</sup> Exhibit KL-6, Citizens' response to SP-I-4.

<sup>26</sup> Johnson Direct at 17.

<sup>27</sup> ~~Farnsworth Direct at 21.~~

1 approach on a month-to-month basis, and only apply the lower LMP to the final annual  
 2 cash out calculation. But this testimony is directly contradicted by the Utilities' Company's  
 3 discovery response, which provides more details about the proposed methodology.<sup>28</sup>

4 **Q444444.** What is ~~their~~ the Company's actual netting proposal for customers with larger  
 5 **Billing Demands?**

6 **A444444.** When asked to “explain how Citizens intends to ‘net’ the customer-generators  
 7 production against its consumption on an annual basis for both GSSR-1 and GSSR-2,  
 8 broken down by rate class”, Citizens’ replied:

9 For GSSR-1 customers, net energy consumption is calculated in the  
 10 customer-generators utility meter billing read register. Net energy is  
 11 equal to the total energy consumed through the meter minus the  
 12 energy exported through the meter from one billing read to the next.  
 13 Net kWh consumption is the same for both distribution and  
 14 generation billing calculations.

15 For GSSR-2 customers, the Company proposes to use the same  
 16 calculation as for GSSR-1 for calculation of distribution billing  
 17 charges. For generation billing, the customer-generator will be  
 18 billed for each hour of net consumption at the PJM West Hub Real-  
 19 time Locational Marginal Price (“LMP”). Each hour of net export  
 20 will be credited to the generation portion of the customer-  
 21 generator’s bill at the corresponding LMP. Excess credit will carry  
 22 over to offset generation costs in future bill periods [sic] any excess  
 23 balance will be cashed out to the customer-generator annually  
 24 following the May bill cycle.<sup>29</sup>

25 Here, the Utilities-Company bifurcates ~~itstheir~~ netting approach both by customer  
 26 size and by rate component. Customers with Billing Demands under 400 kW would be  
 27 classified as GSSR-1 customers, and the Utilities-Company plans to follow the traditional  
 28 kWh-based accounting and annual cash out process as stipulated in the statutory language.  
 29 Similarly, it appears that GSSR-2 customers will have their distribution costs calculated  
 30 using the traditional approach.

<sup>28</sup> Exhibit KL-6, Citizens’ response to SP-I-4.

<sup>29</sup> Exhibit KL-6, Citizens’ response to SP-I-4.

1 But the proposal for compensating GSSR-2 customers for their generation is  
 2 decidedly different. Instead of netting kWh on a monthly basis with kWh carryforwards  
 3 for excess monthly generation, the ~~Utilities Company~~ proposes to convert kWh to a dollar  
 4 value on an hourly basis and accrue dollar charges and credits throughout the year.

5 The proposal ~~is~~ ~~are~~ unambiguous on this matter. Customer-generators will be  
 6 “billed” each hour for inflow energy “at the [LMP]”, and “credited” each hour for outflow  
 7 energy “at the corresponding LMP”. The dollar-based “excess credit” will offset  
 8 “generation costs in the future” – not excess generation measured in kWh, but excess  
 9 generation “credits” that offset future “costs”. The kWh-based accounting of traditional  
 10 NEM is completely missing for the generation component, replaced by an hourly net billing  
 11 structure.

12 **Q454545. How does this compare to the Regulation language regarding net-metering?**

13 **A454545.** It is quite different. The relevant portions of the Pennsylvania code follow:<sup>30</sup>

14 (d) An EDC and DSP shall credit a customer-generator at the full  
 15 retail kilowatt-hour rate, which shall include generation,  
 16 transmission and distribution charges, for each kilowatt-hour  
 17 produced by a Tier I or Tier II resource installed on the customer-  
 18 generator’s side of the electric revenue meter, up to the total amount  
 19 of electricity used by that customer during the billing period. If a  
 20 customer-generator supplies more electricity to the electric  
 21 distribution system than the EDC and DSP deliver to the customer-  
 22 generator in a given billing period, the excess kilowatt hours shall  
 23 be carried forward and credited against the customer-generator’s  
 24 kilowatt-hour usage in subsequent billing periods at the full retail  
 25 rate. Any excess kilowatt hours that are not offset by electricity used  
 26 by the customer in subsequent billing periods shall continue to  
 27 accumulate until the end of the year. For customer-generators  
 28 involved in virtual meter aggregation programs, a credit shall be  
 29 applied first to the meter through which the generating facility  
 30 supplies electricity to the distribution system, then through the  
 31 remaining meters for the customer-generator’s account equally at  
 32 each meter’s designated rate.

33 (e) At the end of each year, the DSP shall compensate the customer-  
 34 generator for any remaining excess kilowatt hours generated by the

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<sup>30</sup> 52 Pa. Code § 75.13.

1 customer-generator that were not previously credited against the  
 2 customer-generator's usage in prior billing periods at the DSP's  
 3 price to compare rate.

4 **Q464646.** What elements of the Utilities'Company's tariffs do you believe to be  
 5 **inconsistent with the Regulation's language?**

6 **A464646.** A plain reading of the Regulation confirms that the "full retail kilowatt-hour rate"  
 7 includes "generation, transmission, and distribution charges." It further posits that if a  
 8 customer-generator sends more energy to the EDC or default service provider than they  
 9 receive (*i.e.*, if there is net outflow) in "a given billing period", the "excess kilowatt hours  
 10 shall be carried forward." Further, this carryforward must be "credited... against kilowatt-  
 11 hour usage in subsequent billing periods at the full retail rate," which is explicitly defined  
 12 to include generation, transmission, and distribution charges. Finally, any excess kWh  
 13 carryforward that is not extinguished in a billing period "shall continue to accumulate until  
 14 the end of the year."

15 There is no wiggle room for the Utilities-Company to bifurcate ~~their~~ its proposed  
 16 netting methodologies for generation and transmission from those used for distribution.  
 17 The statute is clear that all crediting must be done at the "full retail rate" which explicitly  
 18 includes all three components. Neither is there space to switch from a month-by-month  
 19 kWh-based accounting framework to a dollar-based one; kWh carryforwards are required  
 20 to be credited against kWh usage until the end of the year. Only at the end of the year is  
 21 the conversion between kWh and dollars permissible, where it is done at the price to  
 22 compare.

23 **Q474747.** Does the statute define "billing period"?

24 **A474747.** Yes. While the NEM statute includes a reference to the defined term "billing  
 25 month" and not "billing period", the PA code provides a cross-reference definition  
 26 elsewhere.

- 27 ○ 52 Pa. Code § 75.12

- 1                   ▪ “Billing month—The term has the same meaning as set forth in § 56.2  
2                   (relying to definitions).”<sup>31</sup>
- 3                   ○ 52 Pa. Code § 56.2
- 4                   ▪ “Billing month—A period of not less than 26 days and not more than 35  
5                   days except in the following circumstances:”<sup>32</sup>
- 6                   ▪ “Billing period—In the case of public utilities supplying gas, electric and  
7                   steam heating service, the billing period must conform to the definition of  
8                   “billing month.”<sup>33</sup>

9                   Based on these definitions, one cannot construe the “billing period” referenced in  
10                  the netting section of the NEM statute to be an hourly time period as the Utilities-Company  
11                  proposes, as to conform with the definition of billing month, the billing period must be at  
12                  least 26 days. But the Utilities’-Company’s proposals sidesteps this requirement when it  
13                  proposes to net energy over each hourly period and convert each hour’s net inflow or net  
14                  outflow to a dollar credit based on LMP.

15 **Q484848.     Setting aside the legal question, what is the immediate impact of this change**  
16 **when combined with other elements of the Utilities’-Company’s proposals?**

17 **A484848.**     The Utilities-Company proposes to classify customers for generation supply service  
18                  based on the ill-conceived Billing Demand concept. This means that a BTM customer who  
19                  has pre-solar loads well below the 400 kW cutoff for GSSR-2, and whose post-solar exports  
20                  are also well below the 400 kW cutoff for GSSR-2, could be shifted to a dramatically  
21                  different supply tariff if they install a 400 kW PV generator, even if this PV system only  
22                  offsets a fraction of their annual load.

23                  This change would impact not only the value of their exported solar generation, but  
24                  also all power they consume. Instead of being billed on the quasi-fixed GSSR-1 rate that  
25                  is updated every six months, they would be subject to the real-time price fluctuations of  
26                  the PJM wholesale market. Further, as the Utilities-Company proposes to charge and credit

<sup>31</sup> 52 Pa. Code § 75.12.

<sup>32</sup> 52 Pa. Code § 56.2. The “circumstances” relate to customers starting and stopping service, correcting a billing problem, a change in meter reading route, or a change in electricity supplier.

<sup>33</sup> 52 Pa. Code § 56.2.

1 customers for their inflow and outflow energy at a rate that is neither known in advance  
 2 nor fixed for any meaningful period of time, customers who are placed on the GSSR-2  
 3 tariff because of the size of their PV generation will no longer be able to determine what  
 4 they will pay for generation supply nor what their exports will be valued at. These are  
 5 massive changes for a medium-sized business to manage, particularly if they were not  
 6 expecting to be shifted to a much more complex tariff.

7 **Q494949. Please summarize your testimony and recommendations**

8 **A494949.** The Commission should reject ~~the Utilities'Citizens'~~ proposals to introduce a new  
 9 definition of Billing Demand and to classify and charge customers based on this definition.  
 10 The ~~Utilities'Company's~~ attempt to bring a concept from a different type of regulatory  
 11 docket – *i.e.*, a default service case – into this proceeding and expand a non-traditional  
 12 approach to ratemaking is not rigorously supported by its testimony. Further, because it  
 13 relies on hypothetical power flows and not actual power flows, it is not a sound basis to  
 14 produce just and reasonable rates. The result is a rate design that can lead to substantial  
 15 increases in distribution bills for customer-generators after installing solar, despite the new  
 16 power flows from the solar system occurring during times when the grid has spare capacity.

17 In addition, the ~~Utilities'Company's~~ proposals to shift from a kWh-based net-  
 18 metering approach to a dollar-based net billing approach for generation compensation  
 19 appears to be in conflict with Pennsylvania's net metering regulations, though I am not a  
 20 lawyer and am not making a legal conclusion. But regardless of this legal question, the  
 21 ~~Utilities-Company~~ hasve not met ~~their-its~~ burden to demonstrate the sizable policy shift of  
 22 pushing medium-sized businesses onto a much more complex supply tariff is in the  
 23 interests of all ratepayers and, therefore, I recommend that the Commission wholly reject  
 24 the ~~Utilities'Company's~~ ill-conceived proposals.

25 **Q505050. Does this conclude your testimony?**

26 **A505050.** Yes, it does.

# **EXHIBIT KL-1**

# **EXHIBIT KL-2**

# **EXHIBIT KL-3**

# **EXHIBIT KL-4**

# **EXHIBIT KL-5**

# **EXHIBIT KL-6**

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