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October 2, 2025

VIA ELECTRONIC FILING

Matthew Homsher, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor North
P.O. Box
Harrisburg, PA 17105-3265

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

Dear Secretary Homsher:

Enclosed for filing are the Exceptions of PPL Electric Utilities Corporation to the Initial Decision in the above-referenced proceeding. Copies will be provided as indicated on the Certificate of Service.

Respectfully submitted,



Alice A. Wade

AAW/bfc
Enclosure

cc: The Honorable Steven K. Haas (*via email; w/enclosure*)
The Honorable F. Joseph Brady (*via email; w/enclosure*)
Office of Special of Assistants (*via email; w/enclosure*)
Certificate of Service

CERTIFICATE OF SERVICE

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

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Dated: October 2, 2025



Alice A. Wade

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

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

**EXCEPTIONS OF PPL ELECTRIC UTILITIES CORPORATION
TO THE INITIAL DECISION**

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Dated: October 2, 2025

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I. INTRODUCTION AND BACKGROUND

On September 30, 2024, PPL Electric Utilities Corporation (“PPL Electric” or the “Company”) was served with the above-captioned Formal Complaint filed by TotalEnergies Distributed Generation USA, LLC (“Complainant” or “TotalEnergies”) with the Pennsylvania Public Utility Commission (“Commission”), concerning the Company’s deposit requirement for interconnection applicants. Specifically, when the Company determines that distribution system upgrades are needed to connect an interconnection applicant’s generating facility, the applicant must pay a deposit equal to 25% of the upgrades’ costs. Any portion of the deposit that is unspent (or is spent on equipment that the Company can use elsewhere in its operations) is refunded to the interconnection applicant.

On September 12, 2025, the Commission issued Administrative Law Judges Steven K. Haas and F. Joseph Brady’s (collectively, the “ALJs”) Initial Decision (“ID”) regarding the Complaint. The ID finds that PPL Electric should be prohibited from “demanding or imposing non-refundable deposit requirements on customer generators seeking to develop renewable energy projects in its service territory unless and until it obtains Commission approval.” (ID at 16.) The ID reasons that this prohibition was appropriate based on its findings that: (1) the deposit is “non-refundable”; and (2) the deposit is a rate that violated Section 1302 of the Public Utility Code. (ID at 10-11.)

The Commission should reverse and modify the ID. The deposit is designed to protect ratepayers from being the costs of unnecessary system reinforcements in the event that a project cancels after the Company has committed time, resources, and costs to the project. This deposit also encourages “shovel-ready” projects in the interconnection queue. Moreover, the record shows that the unspent portion of the deposit is, in fact, refundable and that it is explicitly authorized by

the Commission's regulations. If further clarity or authorization is needed, the Commission can approve the refundable deposit requirement as part of this proceeding pursuant to Section 1305 of the Public Utility Code.

For these reasons, and as explained in more detail below, PPL Electric respectfully requests that the Commission grant these Exceptions and reverse and modify the ID accordingly.

II. EXCEPTIONS

A. OVERVIEW OF THE 25% REFUNDABLE DEPOSIT REQUIREMENT

On January 1, 2024, PPL Electric instated a 25% deposit requirement for projects seeking to interconnect with PPL Electric's distribution system. (PPL MB at 10.) This change was posted to PPL Electric's website, and a mass email notification was sent to known developers on December 4, 2023, roughly a month before the deposit requirement took effect. (PPL MB at 10.) In recent years, there has been an influx of Level 3 interconnection applications. (PPL MB at 10.) The interconnection queue was inundated with projects that were not completed. (PPL MB at 10.)

This deposit requirement is designed to protect ratepayers from bearing the costs of unnecessary system reinforcements in the event that a project cancels after the Company has committed time, resources, and costs to the project. (PPL MB at 10.) PPL Electric seeks to encourage "shovel-ready" projects in the queue, that is, projects that are ready to move forward. (PPL MB at 10.)

Within 45 days of receiving the completed Interconnection Impact Review ("IIR")¹ from the Company, the applicant must return a Notification of Customer Intent ("NoCI") and a deposit equal to 25% of the cost estimate provided in the IIR. (PPL MB at 10.) After PPL Electric receives

¹ The IIR process is when PPL Electric's engineers model the impact of the proposed project on the Company's distribution system based on the project's design, location, and size. (PPL MB at 9.) The Company will perform several load flow and power flow analyses to determine how the distribution system will respond to the project's interconnection. (PPL MB at 9.) Then, based on the results of those analyses, PPL Electric accurately scopes the system reinforcements, if any, that are required to safely and reliability interconnect the project. (PPL MB at 9.)

the NoCI and deposit, it begins detailed engineering for the reinforcements identified in the IIR. (PPL MB at 10.) Once the detailed engineering is complete, PPL Electric issues a final invoice. (PPL MB at 10.) This invoice is based on the difference between the final cost of the IIR's scoped reinforcements and the initial invoice. (PPL MB at 11.)

The deposit covers costs incurred between the IIR and construction. (PPL MB at 11.) These costs include detailed engineering and deposits that must be paid under vendor agreements to order long lead time equipment for the identified system reinforcements. (PPL MB at 11.) After ordering, this long lead time equipment can take up to 2 years to receive. (PPL MB at 11.) If this equipment arrives, the 25% deposit is applied to the costs of the equipment. (PPL MB at 11.) If a project cancels before portions of the deposit are spent, PPL Electric will refund the remainder of the deposit. (PPL MB at 11.) To the extent portions of the deposit have been spent, PPL Electric will make efforts to determine if it can reuse the ordered equipment. (PPL MB at 11.) If the equipment can be reused, the portion of the deposit spent on that equipment will also be refunded. (PPL MB at 11.) PPL Electric will only retain those portions of the deposit that are spent and cannot be reappropriated. (PPL MB at 11.)

This deposit requirement minimizes the risk from failed interconnection projects to PPL Electric's ratepayers, while applicants bear only the risk associated with costs actually spent on their projects. (PPL MB at 11.)

B. EXCEPTION NO. 1: THE ID INCORRECTLY DETERMINES THAT PPL ELECTRIC'S DEPOSIT IS NON-REFUNDABLE (ID AT 9-10; FINDING OF FACT NO. 14; CONCLUSIONS OF LAW NOS. 5-12)

The Commission should reverse ID because PPL Electric clarified that its deposits for interconnection applications that require distribution system upgrades are refundable as to the unspent portions of the deposit. The ID provides:

Initially, we note that despite the written contract language that provides for a non-refundable deposit, PPL now argues that the required deposit is refundable as to unused portions. *See* PPL Stmt. No.1, pp. 12-13; PPL MB p. 7, 11, 13-15. We find this argument is immaterial to this proceeding.

(ID at 9.) The ID points to the language in the original IIR that provides that the deposit is non-refundable. (ID at 9-10.) The ID then concludes that PPL Electric “is prohibited from demanding or imposing non-refundable deposit requirements on customer generators seeking to develop renewable energy projects in its service territory unless and until it obtains Commission approval.” (ID at 13-14)

The ID’s analysis and conclusion overlooks the extensive testimony that was provided regarding the refundability of the deposit. As discussed in PPL Electric’s Main Brief:

If a project cancels before portions of the deposit are spent, PPL Electric will return the deposit. (PPL St. No. 1, p. 12.) To the extent portions of the deposit have been spent, PPL Electric will make efforts to determine if it can reuse the ordered equipment. (PPL St. No. 1, p. 12.) If the equipment can be reused, the portion of the deposit spent on that equipment will also be refunded. (PPL St. No. 1, p. 11-12.) PPL Electric will only retain those portions of the deposit that are spent and cannot be reappropriated. (PPL St. No. 1, p. 12.)

(PPL MB at 11.) Therefore, the record shows that the unspent portion of the deposit is refundable. Further, to the extent that the ID relies on language in the original IIR to support its conclusion, that should be rejected. It is indisputable that PPL Electric ever required a non-refundable deposit with respect to the unspent portions. (PPL St. No. 1, p. 12.) Thus, the Commission should reverse and modify the ID on this finding.

C. EXCEPTION NO. 2: THE ID INCORRECTLY FINDS THAT THE DEPOSIT IS AN UNLAWFUL RATE (ID AT 10-12, 15-16; CONCLUSIONS OF LAW NOS. 8-12)

The ID concludes that, “[i]n this case, the 25% non-refundable deposit is clearly compensation being demanded by PPL for interconnection-related services” and that the deposit

constitutes a “rate” as that term is defined in the Code,” citing to the definition of rate found in 66 Pa. C.S. § 102. (ID at 10-11). Because the ID finds that the deposit is a rate and that the deposit is not included in PPL Electric’s tariff, the Company’s deposit requirement violates Section 1302 of the Public Utility Code. (ID at 11.) Further, the ID determines that Section 1305 of the Code prohibits the deposit because there is no regulation or order specifically authorizing the timing of payment for interconnection. (ID at 12-15.)

As explained below, the Commission should reverse the ID because the Commission’s regulations expressly authorize PPL Electric to charge interconnection applicants for the costs of distribution system upgrades that are necessary to connect their generating facilities safely and reliably. Also, to the extent the Commission agrees that PPL Electric is not authorized to charge this deposit under existing regulations or orders, the Commission should remedy this issue by issuing an Opinion and Order in this proceeding authorizing the deposit.

1. The Commission’s Regulations and the Company’s Tariff Authorize Full Recovery of All Interconnection Costs

The Alternative Energy Portfolio Standards (“AEPS”) Act of 2004, 73 P.S. §§ 1648.1-1648.8, enables customer-generators to interconnect their generating facilities with the distribution systems of electric distribution companies (“EDCs”), like PPL Electric. *See* 73 P.S. § 1648.5. The AEPS Act directed the Commission to “develop the technical and net metering interconnection rules for customer-generators to operate renewable onsite generators in parallel with the electric utility grid.” *See* 73 P.S. § 1648.5. Pursuant to this directive, the Commission promulgated regulations that govern the interconnection and net metering of customer-generators’ facilities. *See* 52 Pa. Code, Ch. 75.

Under those regulations, PPL Electric is expressly authorized to require that Level 3 interconnection applications, like those submitted by TotalEnergies, pay toward the costs of

distribution system upgrades necessary to interconnect their projects. *See* 52 Pa. Code § 75.39(e)(4). In fact, the ID agrees generally that PPL Electric is permitted to charge customer-generators for these costs. (ID at 13.) Thus, PPL Electric’s recovery of all charges associated with the interconnection is already authorized by the Commission.

2. PPL Electric Should Be Permitted to Charge a Deposit Following the Completion of the Interconnection Facilities Study Contemplated by the Commission’s Regulations

Even though the ID agrees that PPL Electric is permitted to recover the costs it incurs for interconnection from developers, the ID nonetheless concludes that “[t]here are no Commission regulations or orders authorizing PPL to charge the deposit in advance” and that “[a]s a result, PPL is explicitly prohibited from requiring the non-refundable deposit by Section 1305 of the Code.” (ID at 12).

The ID’s interpretation, however, overlooks the evidence at the hearing regarding the deposit’s timing and the work that the Company has performed by the time the deposit is due. The deposit is required from the developer within 45 days of receiving the completed IIR from the Company. (PPL St. No. 1, p. 9.) Although the deposit is intended to cover costs incurred between the IIR and construction, a considerable amount of work has already been completed on the project by the time the deposit is submitted. (PPL St. No. 1, p. 10.) Upon PPL Electric’s receipt of a completed interconnection application, the applicant pays an application fee and PPL Electric’s engineers approve the applicant’s one-line diagrams. (PPL St. No. 1, p. 4.) The project is then placed in an interconnection queue. (PPL St. No. 1, p. 4.) The Company then moves on to the IIR process, which is the interconnection facilities study contemplated by the Commission’s regulations. *See* 52 Pa. Code § 75.22. As discussed in PPL Electric’s testimony,

The IIR process is when PPL Electric’s engineers model the impact of the proposed project on the Company’s distribution system based on the project’s design, location, and size. The Company will

perform several load flow and power flow analyses to determine how the distribution system will respond to the project's interconnection. Then, based on the results of those analyses, PPL Electric accurately scopes the system reinforcements, if any, that are required to safely and reliability interconnect the project.

(PPL St. No. 1, p. 5.) As discussed in PPL Electric's Main Brief, this process produces an estimate on which the costs identified in the IIR and the deposit are based. (PPL MB at 9-10.) Therefore, the Company only requires payment of the deposit after significant work has been performed to determine the scope and costs associated with the applicant's project and when that PPL Electric expects to begin incurring additional costs associated with the project.²

The deposit requirement also provides significant benefits to ratepayers, as it shields ratepayer from bearing costs associated with projects that are abandoned after PPL Electric has already began expending resources on them. (PPL St. No. 1, p. 10.) As TotalEnergies' Witness Elias stated, roughly half of TotalEnergies' projects will become "non-viable." (TEDGUSA St. No. 1-R, p. 10.) Given this significant cancelation rate, these interconnection applications can be appropriately characterized as being speculative in nature. Given their speculative nature, there is added collection risk if a project is canceled prior to completion. Considering this added risk, it is appropriate and prudent to guard against rising bad debt costs by requiring deposits before investing time and money into an interconnection application that may ultimately be canceled. This requirement also disincentivizes projects that are not ready to move forward from entering the queue, promoting efficiency of the interconnection process. (PPL St. No. 1, p. 10.)

² PPL Electric is already authorized to require that Level 3 interconnection applications pay toward the costs of distribution system upgrades necessary to interconnect their projects. *See* 52 Pa. Code § 75.39(e)(4). By requiring a deposit toward those costs, the Company's requirement is substantially similar to how contributions in aid of construction for distribution system upgrades in other contexts are handled. *See, e.g., Kossmann*, 694 A.2d at 1151-53; *Popowsky*, 910 A.2d at 52-56 (Pa. 2006).

Nevertheless, if the Commission determines that PPL Electric does not have the present authority under the existing regulations and orders to require the deposit, the Commission should issue an Order in this proceeding that authorizes it, rather than prohibiting PPL Electric from requiring the deposit. Indeed, as the ID recognizes, Section 1305 states, “*No public utility shall require the payment of rates in advance, or the making of minimum payments, ready to serve charges, or deposits to secure future payments of rates, except as the commission, by regulation or order, may permit.*” (ID at 12) (quoting 66 Pa. C.S. § 1305) (emphasis in original). As such, to the extent that the Commission concludes that there is no existing regulator or order authorizing the deposit, the Commission can remedy this purported issue by rendering an Order that permits the deposit. Doing so here would ensure that the status quo is maintained, minimize disruptions to the current interconnection process, and ensure that the deposit requirement’s benefits continue, while PPL Electric explores other remedies, such as tariff revisions.³

³ PPL Electric notes that in its distribution base rate case filed on September 30, 2025, at Docket No. R-2025-3057164, the Company’s proposed retail tariff includes a deposit requirement for interconnection applications.

III. CONCLUSION

WHEREFORE, the Pennsylvania Public Utility Commission should grant PPL Electric Utilities Corporation's Exceptions and enter a Final Order consistent with these Exceptions that reverses and modifies the Initial Decision to remove the findings, conclusions, and ordered relief related to the deposit's non-refundability and the unlawfulness of the "rate," and to the extent deemed necessary, enter an Order permitting PPL Electric to continue requiring the deposit.

Respectfully submitted,



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Dated: October 2, 2025

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