

PENNSYLVANIA PUBLIC UTILITY COMMISSION
Harrisburg, Pennsylvania 17120

Pennsylvania Public Utility Commission
v.
PPL Electric Utilities Corporation

Public Meeting of October 23, 2025
3057164-TUS
Docket No. R-2025-3057164

STATEMENT OF VICE CHAIR KIMBERLY BARROW

Before us for consideration is the proposed rate increase request by PPL Electric Utilities Corporation (PPL or Company). PPL proposes an increase of \$356.3 million (33.4%) in additional annual revenues to become effective December 1, 2025. The proposal will result in an increase in a residential customer's bill using 918 kWh per month from \$177.01 to \$189.40 (7%).¹

I vote to approve the suspension and investigation of this filing, pursuant to 66 Pa. C.S. §1308(d). Further, I urge the parties to take a critical look at, *inter alia*, the following issues:

Extended Stay Out: PPL's last rate increase request was over 10 years ago in 2015.² This extended stay out coupled with the Commission's recent approval of the waiver of PPL's DSIC from 5% to 7.5%,³ including the increase from the instant rate request has the potential to cause rate shock for PPL's customers, especially low-income customers in PPL's service territory. Therefore, I implore the parties to critically review the impact of the aforementioned factors and how they can be addressed in this proceeding and going forward.

Capital Structure: On several occasions, regulated utilities have requested to be awarded common equity ratio and debt capital outside of the apparently reasonable 50% equity and 50% debt capital structure, along with their requested return on equity (ROE). These deviations result in millions of dollars that go into the rates of utility customers as

¹ PPL has indicated that the requested increase is necessary, among other things, due to accelerated capital investment to maintain and improve system reliability and to reduce service outages.

² PPL's last base rate case was filed in March 2015, with new rates effective January 1, 2016. *See Pa. PUC v. PPL Electric Utilities Corporation*, Docket Nos. R-2015-2469275, et al. (Opinion and Order entered November 19, 2015).

³ *See Petition of PPL Electric Utilities P-2024-3048732 Corporation for a Waiver of the Distribution System Improvement Charge Cap of 5% of Billed Revenues*, Docket No. P-2024-3048732 (Opinion and Order entered February 25, 2025) (*DSIC Waiver Order*). The increase of PPL's DSIC from 5% to 7.5% allows PPL to recover additional revenues of approximately \$28 million annually. *DSIC Waiver Order* at 50.

higher common-equity ratio results in higher rates for public utility services. Therefore, a careful and detailed review of PPL's claimed capital structure and ROE, is warranted.⁴

Tracking Capital from Parent Company: I understand that utilities often file existing or relevant affiliated interest agreements involving financial transactions between or among them and their parent companies or subsidiaries/affiliates with the Commission. However, it is also important to note that often times these transactions may result in costs being inadvertently shifted to the utilities and ultimately gets passed to their ratepaying customers thereby negatively impacting such customers. Therefore, I implore the parties to critically review these transactions between PPL and its parents/affiliates in this investigation.

Customer Service Issues & Impact on ROE: The Commission recently addressed a settlement involving PPL's system-wide customer billing issues due to failure of PPL's meter data collection system.⁵ Due to the failure, 48,168 PPL accounts, *inter alia*, did not receive a bill during one or more of their billing periods from December 2022 through April 2023. *Settlement Order* at 5. Good customer service is an important part of a utility's performance. That performance is a direct component of a just and reasonable ROE. The parties should assess this connection in the award of PPL's requested ROE.

Cost Allocation: Our grid is in the midst of major change. It is becoming more distributed, with new ordinary customer loads like building electrification and electric vehicles. At the same time, city-sized loads are placing new stresses on the system and driving new capital projects. Customers should pay for the facilities built to benefit them. Likewise, cost allocation for distribution system upgrades needs to ensure that no customers disproportionately benefit from a particular cost allocation system. Some of our methods may be outdated, with sophisticated customers able to avoid consumption in a few peak hours to avoid their entire contribution. Peak avoidance should be encouraged but, we should measure beyond just the top few peak hours to determine the true benefits that particular customers and customer classes receive from the system.

Universal Service: Large load additions and forecasts have substantially increased capacity prices in the last two PJM auctions. According to PJM's market monitor, 55% of the increase in capacity prices is attributable to large load growth. That is over \$7 billion dollars. Those costs have begun to flow down to customers' bills. The change in rates as of June 1, 2025, will increase the cost paid by residential customers to support the CAP program by \$37 million a year. This translates to increases ranging from 5 to 41%

⁴ In its current filing, PPL requests a capital structure of 56% equity and 44% long-term debt. *See, Pennsylvania Public Utility Commission v. PPL Electric Utilities Corporation*, Docket No. R-2025-3057164, Exhibit Regs. § 53.53 Part III – Rate of Return, Attachment III-A-2, page 1 of 1.

⁵ *See Pennsylvania Public Utility Commission, Bureau of Investigation and Enforcement v. PPL Electric Utilities Corporation*, Docket No. M-2023-3038060 (Opinion and Order entered May 16, 2024) (*Settlement Order*).

on a customer bill. I ask the Parties to address whether, consistent with the ratemaking principle of cost causation, whether cost causers should be allocated a share of the universal services charges, currently only charged to the residential rate class.

October 23, 2025

Handwritten signature of Kimberly Barrow in black ink.

Kimberly Barrow, Vice Chair