

COMMONWEALTH OF PENNSYLVANIA



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November 25, 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 Co. of Lewisburg, PA  
Docket No. R-2025-3054394

Dear Secretary Homsher:

Attached for electronic filing, please find the Office of Consumer Advocate's Reply Exceptions in the above-referenced proceeding.

Copies have been served on the parties as indicated on the enclosed Certificate of Service.

Respectfully submitted,

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Enclosures

cc: Administrative Law Judge Mary D. Long (malong@pa.gov)  
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Certificate of Service

CERTIFICATE OF SERVICE

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

I hereby certify that I have this day filed electronically on the Commission’s electronic filing system and served a true copy of the following document, the Office of Consumer Advocate’s Reply Exceptions, upon parties of record in this proceeding in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant), in the manner and upon the persons listed below.

Dated this 25th day of November 2025.

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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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REPLY EXCEPTIONS  
OF THE  
OFFICE OF CONSUMER ADVOCATE

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## I. INTRODUCTION

The Pennsylvania Office of Consumer Advocate (OCA), as a party in the underlying proceeding, submits these Replies to the Exceptions filed by Kelly Road Solar, LLC, Lancaster Avenue Solar, LLC, and Twilight Renewables, LLC (collectively, Solar Projects) on November 20, 2025, to the Recommended Decision (R.D.) of Administrative Law Judge Mary D. Long (ALJ Long), issued on November 13, 2025. The OCA submits these Reply Exceptions to defend and protect the interests of consumers in Citizens Electric Company of Lewisburg, PA's (Citizens) service territory.<sup>1</sup> The Commission, in reaching a final determination in this matter, must take such action with due consideration to the interest of consumers, consistent with its other statutory responsibilities.<sup>2</sup>

## II. REPLY EXCEPTIONS

### **A. Reply to Solar Projects Exception No. 1: The Alternative Energy Portfolio Standards Act's full retail value requirement is satisfied by Citizens' proposed Billing Demand tariff revision because the GSSR-2 rate is a retail rate. (R.D. at 44-47; OCA R.B. at 5-6, 8; Solar Projects Exc. at 5-7)**

Solar Projects argues that Citizens' proposed Billing Demand tariff revision violates the Alternative Energy Portfolio Standards Act (AEPS Act) by not compensating net-metered customer-generators the "full retail value" for excess generation. Solar Projects Exc. at 5-6. However, ALJ Long properly identified that the Commission rejected a similar argument presented by large load customer generators in its Order approving UGI Utilities,

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<sup>1</sup> 71 P.S. § 309-4(a).

<sup>2</sup> 71 P.S. § 309-5(2).

Inc – Electric Division’s Default Service Plan.<sup>3</sup> In that proceeding, the Commission acknowledged that, if customer-generators that send large amounts of energy to the Company’s distribution system but only measure peak demand by energy received from the EDC, other customer classes would be subsidizing large-scale customer generators.<sup>4</sup>

The Commission correctly stated that there is nothing in the AEPS Act requiring the Commission to disregard cost of service principles in an effort to achieve the goal of promoting alternative energy.<sup>5</sup> In her Recommended Decision, ALJ Long noted that, while the *UGI Order* is not binding precedent, it is logical to apply the same reasoning to this proceeding because the contentions are similar:

[I]n *UGI DSP V*, the Commission recognized that including customers with large on-site generators attached to their loads in the same rate group as residential customers results in unreasonable subsidization by residential customers. That is, customer generators use a utility’s system much differently than residential and small business customers. Accordingly, the Commission reasoned, it is not unreasonable to reclassify them to recognize this important difference. It is not inappropriate to recognize the guidance from the *UGI DSP V* decision. The logic supporting the Commission’s view that UGI could classify a customer according to bi-directional use of UGI’s system is persuasive to the disposition in this case.<sup>6</sup>

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<sup>3</sup> *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-2024-3049343, et al. (Opinion and Order entered February 20, 2025) (*UGI Order*).

<sup>4</sup> *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-2024-3049343, et al., p. 29 (Recommended Decision entered December 3, 2024) (*UGI DSP V R.D.*).

<sup>5</sup> *Id.*

<sup>6</sup> R.D. at 44. (Internal citations omitted)

In approving Citizens’ Billing Demand proposal, ALJ Long followed the guidance in the Commission’s decision since Penn Renewables made a similar argument. The Commission wrote in its February 20, 2025 decision: “While Penn Renewables is correct that the [AEPS Act] is meant to promote alternative energy, Penn Renewables misinterprets the [AEPS Act] to require de facto subsidization of alternative energy sources.”<sup>7</sup> This goes to the heart of what Solar Projects’ argument attempted to do: exempt itself from cost of service principles by claiming discrimination and arguing that it is being short-changed by not receiving full retail value in accordance with the AEPS Act.<sup>8</sup> In the OCA’s Reply Brief, it explained that Citizens’ Billing Demand criteria is not discriminatory.<sup>9</sup> Rather, it establishes reasonable criteria with respect to how it should classify customer generators.<sup>10</sup> Assigning a customer to a particular rate category is a well-accepted and standard practice used in ratemaking.<sup>11</sup> Calibrating the cost of service to align with usage from different customer classes does not mean Citizens is not providing Solar Projects the full retail value of the energy it sends to the grid.<sup>12</sup>

ALJ Long correctly wrote in her decision that the AEPS Act does not define “full retail value,” but leaves it to the Commission to define how “full retail value” is calculated.<sup>13</sup> This includes factoring how large-scale customer generators should be

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<sup>7</sup> R.D. at 47-48 *citing UGI Order at 29.*

<sup>8</sup> Solar Projects Exc. at 5-6.

<sup>9</sup> OCA R.B. at 8.

<sup>10</sup> *Id.*

<sup>11</sup> *Id.*

<sup>12</sup> OCA R.B. at 5-6

<sup>13</sup> R. D. at 46-47 (internal citations omitted).

properly categorized in Citizens' tariff and whether it is being properly compensated for energy sent to the distribution system.<sup>14</sup> Contrary to Solar Projects' arguments, net metered customer-generators receiving service under the GSSR-2 rate classification under Citizens' Billing Demand proposal receive the full retail value for excess generation because GSSR-2 is a retail rate.<sup>15</sup>

**B. Reply to Solar Projects Exception No. 2: The ALJ appropriately determined that Citizens met its burden of proof to justify the revision of its definition of Billing Demands, therefore it is just and reasonable. (R.D. at 40-44; OCA R.B. 4-5, 9-10; Solar Projects Exc. at 7-8).**

In its Exceptions, Solar Projects contended that Citizens failed to satisfy its burden of proof and claimed Citizens did not provide adequate evidence demonstrating large customer-generators use a significantly larger portion of Citizen's distribution system by net metering power at 400 kWh or greater.<sup>16</sup> However, ALJ Long correctly applied the burden of proof, found that Citizens had met its burden of proof, and supported that finding with substantial evidence.<sup>17</sup>

In her Recommended Decision, ALJ Long wrote:

Citizens' explains that its Billing Demand Proposal rationally classifies "like with like" because large customer-generators are more similar to load of similar size than they are to very small commercial accounts. These differences are not "speculative" as Solar Projects argues. Measuring power flow bi-directionally comports with the practical realities of how distribution equipment is designed and built. It is clear from testimony that the transformers, substations, feeders, poles, lines, and services must be sized to meet the power flow—regardless of which way it is flowing. Put simply, a customer drawing a maximum of 5 kW from the grid should not be treated

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<sup>14</sup> *Id.*

<sup>15</sup> R.D. at 46-48.

<sup>16</sup> Solar Projects Exc. at 7-8.

<sup>17</sup> R.D. 40-44.

like a flower shop or a small office building when it is also delivering 1,000 kW onto the grid—with all the equipment, services, maintenance, and system impacts entailed by such a substantial delivery.<sup>18</sup>

Citizens’ proposal appropriately recognizes that not all customer-generation interconnections are the same and that they can function differently on its grid system. For example, Citizens explains: “Customers exporting 400 kW of power or more to the Citizens' distribution system are sophisticated and similar to the commercial and industrial customers consuming power on the Generation Supply Service Rate – 2 ("GSSR-2").”<sup>19</sup> Company President Nathan Johnson testified that planning for the power sent onto its system at this threshold degree is more complicated because of “potential variability, voltage sags/surges and other issues.”<sup>20</sup> Further, Citizens’ proposal serves the interests of all ratepayers, particularly those in the residential class, because Citizens’ Billing Demand proposal is in accordance with cost causation principles for customers with larger distributed energy resource (DER) systems (400 kW and above).<sup>21</sup>

In its Reply Brief, the OCA explained that a multitude of factors are taken into account when determining whether a cost of service analysis is just and reasonable.<sup>22</sup> One example is the criteria “the quantity of electricity used.” The Commission established differences between large-scale and small-scale solar installations based on nameplate capacity. Under Section 69.2902 of the Commission’s regulations, a large-scale solar

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<sup>18</sup> R.D. at 41-42. (Internal Citations Omitted).

<sup>19</sup> OCA R.B. at 4-5; Citizens M.B. at 12.

<sup>20</sup> OCA R.B. a 4-5; Citizens St. 4 at 17.

<sup>21</sup> OCA St. 5R at 6.

<sup>22</sup> OCA R.B. at 9-10 (Internal citates omitted).

project is defined as “[a]n alternative energy generation system employing solar photovoltaic technology with a nameplate capacity of 200kW or more.”<sup>23</sup> Similarly, small-scale solar project is defined as “[a]n alternative energy generation system employing solar photovoltaic technology with a nameplate capacity of less than 200kW.”<sup>24</sup>

Although nameplate capacity can potentially be different than peak capacity used, it is useful for the purpose of this discussion to show that at 400 kW, Citizens is doubling the rate the Commission considers large-scale solar installations.<sup>25</sup> The Commission previously allowed peak capacity usage to be measured based on the actual use of the distribution system measured by power delivered from and sent onto the distribution system, and in this case Citizens is applying the same concept to its tariff.<sup>26</sup>

Another example is, “pattern of the use.” As Solar Projects points out, this Billing Demand definition creates a difference between “supply-only” customers and “net-customer-generators.”<sup>27</sup> One type of customer only has electricity delivered to them, the other receives electricity from the EDC and sends electricity to the EDC. That is a clear expression of two different use patterns justifying a difference in rate application.<sup>28</sup>

ALJ Long’s Recommended Decision is supported by substantial record evidence, properly applies the correct burden of proof, and is in compliance with the AEPS Act.

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<sup>23</sup> 52 Pa. Code § 69.2902.

<sup>24</sup> *Id.*

<sup>25</sup> OCA R.B. at 10-11.

<sup>26</sup> *Id.*

<sup>27</sup> Solar Projects M.B. at 25.

<sup>28</sup> OCA R.B. at 11.

Therefore, the OCA respectfully requests that the February 13, 2025, Recommended Decision be affirmed.

**C. Reply to Solar Projects Exception No. 3: Net metered customer-generators with significant generating capabilities can be charged a default service that changes more frequently than quarterly because they do not receive a small business rate (R.D. at 44; Solar Projects Exc. at 9-10).**

Solar Projects argued that it is entitled to a rate that doesn't change more frequently than once a quarter and claims that several of Solar Projects' entities are small businesses under the Commission's regulations.<sup>29</sup> However, Solar Projects does not offer any description of which entities purportedly qualify or how such entities would meet the Commission's definition of a small business. Therefore, the Commission should reject Solar Projects' Exception No. 3.

Though the Public Utility Code, itself, does not define "small business customers," the Small Business Advocate Act does.<sup>30</sup> Under the Small Business Advocate Act, a "small business consumer" is "[a] person, sole proprietorship, partnership, corporation, association or other business entity which employs fewer than 250 employees and which receives public utility service under a small commercial, small industrial or small business rate classification."<sup>31</sup> Therefore, in enacting the Small Business Advocate Act, the General Assembly provided a two-part test: not only must a person or entity have fewer than 250

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<sup>29</sup> Solar Projects Exc. at 9-10.

<sup>30</sup> Compare 66 Pa. C.S. § 102 with 73 P.S. § 399.42.

<sup>31</sup> 73 P.S. § 399.42.

employees, they must also receive public utility service under a small business rate classification.<sup>32</sup>

The Commission's regulations similarly utilize a two-part test, considering the maximum registered peak load instead of the number of employees.<sup>33</sup> Furthermore, "maximum registered peak load" can be defined in a utility's tariff to the extent that the meaning of the term relied upon by a default service provider differs from the PJM Interconnection, LLC's (PJM's) "Peak Load Contribution Standard," or its equivalent.<sup>34</sup>

Solar Projects did not provide analysis, evidence, or citations to demonstrate that Citizens' Billing Demand proposal adversely impacts their large-scale operations as a small business. In fact, they are not considered small businesses under the Public Utility Code. Therefore, Solar Projects' Exceptions No. 3 should be rejected.

**D. Reply to Solar Projects Exception No. 4: The ALJ's RD appropriately found Citizen's Billing Demand proposal does not conflict with the AEPS Act, Public Utility Regulations, or intentions of the General Assembly. (R.D. at Solar Projects Exc. at 11-12.**

When the General Assembly wrote the AEPS Act, it delegated how to develop the criteria for "full retail value" to the Commission:

The commission shall develop technical and net metering interconnection rules for customer-generators intending to operate renewable onsite generators in parallel with the electric utility grid, consistent with rules defined in other states within the service region of the regional transmission organization that manages the transmission system in any part of this Commonwealth.<sup>35</sup>

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<sup>32</sup> *Id.*

<sup>33</sup> 52 Pa. Code § 54.2.

<sup>34</sup> 52 Pa. Code § 54.182.

<sup>35</sup> 73 P.S. § 1648.5

However, Solar Projects attempts to side step this provision by attempting to define the term “energy” to suit its own ends in this proceeding.<sup>36</sup> In Exception No. 4, Solar Projects claims that the AEPS Act does not define “energy,” and therefore, the Commission should turn to the Statutory Construction Act to define “energy.”<sup>37</sup> Solar Projects then argued that the Commission should apply its definition of energy to how customer-generators are compensated for energy sent to the grid.<sup>38</sup>

Courts defer to an agency’s interpretation of its own rules unless the interpretation is plainly erroneous or inconsistent with the statute under which the regulations were promulgated.<sup>39</sup> In this proceeding, the Commission does not need to turn to the Statutory Construction Act to consider how it defines “energy” because it correctly found that the General Assembly entrusted the administering of the AEPS Act to the Commission.<sup>40</sup> The Commission explained in the *DSP Order*:

While the AEPS Act requires that net metered customers receive full retail value for excess generation, full retail value is not defined therein. 73 P.S. § 1648.4. Rather, the AEPS Act delegates technical and net metering rules to the Commission. *Id.* In addition, the Code requires that all default service rates must be designed so that the costs of providing service to each customer class are not subsidized by any other class. 66 Pa.C.S. § 2807(e)(7). The AEPS Act does not restrict UGI’s SPLI methodology when classifying GSR customers.<sup>41</sup>

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<sup>36</sup> Solar Projects Exc. at 11.

<sup>37</sup> *Id.*

<sup>38</sup> *Id.*

<sup>39</sup> See *Popowsky v. Pa. PUC*, 910 A.2d 38, 52-53 (Pa. 2006).

<sup>40</sup> *UGI Order* at 60.

<sup>41</sup> *Id.*

As noted in subsection A above (Reply to Solar Projects Exceptions No. 1), the ALJ adopted the reasons laid out in the *UGI Order* in responding to the claim that Solar Projects would not be compensated at the full retail value of the energy it generates and sends to the Citizens distribution system.<sup>42</sup> The Commission should carry the same reasoning into this proceeding. As such, the Commission should set aside Solar Projects' Exception No. 4 because it does not conflict with the AEPS Act, with the intent of the General Assembly, or Commission regulations.

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<sup>42</sup> R.D. at 44.

### III. CONCLUSION

In the interest of consumers, and for the reasons discussed herein, the Pennsylvania Office of Consumer Advocate respectfully requests that the Public Utility Commission adopt the Recommended Decision of Administrative Law Judge Mary D. Long, deny the Exceptions of Solar Projects, and accept Citizens Electric's Billing Demand proposal as filed with the Commission in its April 30, 2025 rate filing.

Respectfully submitted,

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