

Pennsylvania Public Utility Commission

Commonwealth Keystone Building

400 North Street, 2nd Floor

Harrisburg, PA 17120

Submitted electronically via PUC E-File and via USPS

RE: Docket Number M-2025-3054271 - Tentative Order and  
Large Load Model Tariff

Dear Commissioners,

Please accept this public comment letter outlining my concerns  
on the Commission's Tentative

Order and proposed Model Tariff for Large Load Customers at  
Docket Number

M-2025-3054271. The Tentative Order reflects an important  
recognition of the increasing risks

presented by very large new loads, including data centers and  
similar high-intensity facilities. It

also attempts to provide a statewide framework for addressing  
those risks. However, many of the

limitations in the Tentative Order presented by the Commission  
are discretionary choices that fail

to provide meaningful safeguards to protect ratepayers.

My comment explains where the Tentative Order remains too  
narrow and how my legislation,

the Pennsylvania Ratepayer Protection Act (Senate Bill 1114), uses existing Commission

authority to provide a clearer, more consistent, and more protective framework for ratepayers.

### Grid Reliability and Large Load Growth

The Tentative Order proposes to apply the Model Tariff only to customers at or above 50

megawatts individually or 100 megawatts in the aggregate.

Testimony and filings submitted

throughout this process indicated that many load additions, including emerging data center

requests, can impose significant strain on infrastructure even when they are below 50 megawatts,

depending on the configuration and location. Loads as low as 5 to 20 megawatts can require

significant infrastructure planning and improvements, especially if they are located within the

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territory of a smaller electric distribution company (EDC).

Limiting tariff applicability to 50

megawatts fails to reflect these realities. Nothing in the Public Utility Code requires the

Commission to begin at such a high threshold or prevents the Commission from classifying

customers in a more granular way based on system impact.

The provisions within the Ratepayer Protection Act directly improve on this issue by establishing

lower and more realistic applicability thresholds. In the legislation, large load customers are

defined at 20 megawatts for larger electric distribution companies ( $\geq 2,500$  MW peak load) and 1

megawatt for smaller ones ( $< 2,500$  MW peak load). The framework also requires aggregation of

affiliated facilities, common ownership, and adjacent parcels so that companies cannot structure

projects to avoid classification under this definition.

These lower thresholds and anti-circumvention rules more accurately reflect the types of load

additions that affect reliability and planning. Senate Bill 1114 demonstrates that the Commission

already has the authority to adopt a broader definition and that doing so is necessary to address

the risks identified in the hearing record.

### Cost Allocation and Ratepayer Risk

A consistent concern throughout this docket has been the risk of cost shifting from large load

customers to residential and small business customers. Large load interconnections often require substantial upgrades to existing infrastructure, and without clear protections those costs may be rolled into rate base. The Tentative Order recognizes this risk and proposes tools such as contributions in aid of construction, collateral, minimum billing demand, and exit fees. However, the proposed Model Tariff's framework still allows Electric Distribution Company's (EDCs) unchecked discretion and includes limiting concepts, such as assigning responsibility for certain incremental distribution facilities based on whether the large load customer "receives the majority of benefits" from that facility, which can leave room for costs to be treated as broadly beneficial and recovered from other customers.

The Ratepayer Protection Act strengthens these protections by requiring that the costs associated with serving large-load customers be directly assigned to those customers or allocated exclusively to the large-load class. It requires the Commission's model tariff to include

consistent, transparent CIAC calculations for distribution infrastructure required to serve large load customers, as determined by the Commission, and to require security deposits or other financial security. It also ensures that minimum revenue obligations and enforceable exit-fee provisions are incorporated into large-load tariffs and contracts.

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#### Minimum Contract Terms

The Tentative Order finds that minimum contract terms are needed to protect ratepayers when serving very large customers whose load may require major system upgrades. The Order

proposes a minimum contract length of five years and leaves most other details to the judgment

of each EDC. The Commission states that choosing a longer mandatory term would require

balancing ratepayer protection with commercial feasibility and local conditions. The

Commission also notes that although approved tariffs in Indiana, Ohio, and West Virginia use

twelve-year minimum terms, most large load tariffs in the United States use a five-year minimum

or maximum term. As a result, the proposed five-year requirement offers a basic level of stability but still allows significant variation in contract design and does not ensure that contract terms match the lifespan of the facilities built to serve these loads. These contract terms fail to cover the realistic length of operations of a typical large load facility and risk passing costs to other non large-load customers.

The Ratepayer Protection Act provides a more detailed and uniform contract structure. It requires a minimum contract term of twenty years for any large load customer and requires the customer to give five years written notice before the contract expires stating whether it intends to renew or not. The contract must state the date or estimated date when service will begin, and it must require the customer to pay a minimum amount based on its projected usage for the entire contract period. The bill requires contracts to include key commercial terms, allows contracts to address delays that are within the parties' control, and prohibits any terms that would interfere

with the Commission's oversight or hide contract provisions. This applies to new large load contracts and to existing arrangements that trigger major new investments after the effective date.

### Community Impacts

Large load growth has broad implications beyond interconnection timing and cost allocation.

Communities are concerned about water use, land development, increased generation needs, and

the long-term reshaping of their local electric infrastructure. The Tentative Order acknowledges

these impacts but largely confines its response to transparency measures within the

interconnection and planning process. Without stronger tariff requirements and reporting

obligations, communities may continue to bear the consequences of decisions made through

confidential agreements.

The Ratepayer Protection Act addresses these concerns by requiring annual reports to the

General Assembly on the cumulative impacts of large-load growth, mandating consistent tariff

provisions across all electric distribution companies, and requiring disclosure of large-load

contracts to statutory advocates for oversight. These transparency measures do not expand the

Commission's jurisdiction but ensure the planning, capacity, and infrastructure decisions related

to large loads are visible to policymakers and the public. The legislation provides a more

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transparent framework for understanding the system-wide implications of large-load

development.

### Urgent Need for Stronger Regulatory Guardrails

The Tentative Order identifies a suite of tools that can mitigate the risks associated with large

load customers, including minimum contract durations, load ramp schedules, collateral

requirements, CIAC, minimum billing demand, exit fees, and reporting obligations. However,

the Order generally treats these tools as optional or flexible and does not require utilities to adopt

them consistently. This approach risks uneven protections across the Commonwealth and does

not fully utilize the authority the Commission already possesses. The Ratepayer Protection Act demonstrates how these tools can be strengthened and applied uniformly. It requires long-term contracts of at least 20 years, mandates collateral and CIAC calculations, requires enforceable exit fees, and directs the Commission to adopt load ramp schedules tailored to infrastructure adequacy. The legislation also includes a requirement that large load customers be subject to clear emergency curtailment rules, ensuring that noncritical large loads are curtailed before residential or small business customers during system emergencies. These provisions align directly with the issues the Commission raised in the Tentative Order and provide a model for stronger, more comprehensive action with this proceeding.

#### Overall Relationship to the Pennsylvania Ratepayer Protection Act

The Ratepayer Protection Act was drafted in response to the issues raised in previous public hearings and from my constituents, as well as the issues reflected in the Tentative Order. The

legislation does not directly expand the Commission's jurisdiction in many respects. Instead, it requires the Commission to use the authority it already has in a consistent and transparent manner. The legislation lowers the applicability threshold, strengthens cost-causation protections, mandates uniform long-term contracts, requires disclosure of large-load agreements to statutory advocates, and ensures that emergency curtailment rules prioritize residential and small business customers. Each of these provisions corresponds directly to a weakness identified in the Tentative Order and uses existing Commission powers to create a stronger and more protective statewide standard.

#### Recommendations for Commission Action

In light of the record in this proceeding, the Tentative Order, and the Commission's existing authority, I respectfully urge the Commission to adopt binding regulations grounded in statutes that establish enforceable requirements governing large load customers. Rather than issuing a nonbinding model tariff that utilities may adopt at their discretion, the Commission should

promulgate regulations that uniformly apply across all electric distribution companies and ensure

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consistent, enforceable ratepayer protections statewide. At a minimum, such regulations should

incorporate the following principles:

1. The definition of “large load customer” should be expanded to include loads of 20

megawatts or greater for electric distribution companies with a system peak load of at

least 2,500 megawatts and loads of 1 megawatt or greater for smaller electric distribution

companies, and should include aggregation of affiliated facilities, common ownership,

and adjacent or functionally related premises.

2. Cost-allocation requirements should be strengthened to ensure that the full cost of

infrastructure required to serve large load customers is paid for by those large load

customers.

3. Long-term contract requirements should be standardized at a minimum of twenty years,

aligning contract duration with the useful life of the infrastructure constructed to serve these customers.

4. Adopt explicit emergency curtailment rules requiring that noncritical large loads be curtailed before any residential or small business customers, and should ensure that utilities can isolate and shed these loads without compromising broader service.

5. Transparency and reporting requirements should be expanded to include annual reporting on large load development and infrastructure impacts, so that advocates, lawmakers, and the general public can monitor cumulative effects across the Commonwealth.

6. Suspend approval of all new large-load electric service until binding regulations are adopted to ensure full cost responsibility, grid reliability, and protection of existing ratepayers.

Additional Protections in the Ratepayer Protection Act (Senate Bill 1114)

The recommendations above focus on actions the Commission can and should take through the

adoption of binding regulations, rather than through a voluntary model tariff framework.

Separately, the Pennsylvania Ratepayer Protection Act includes additional statutory safeguards

that both complement and reinforce the need for enforceable Commission regulations, and that

address issues not resolved through tariff based approaches.

The Ratepayer Protection Act makes confidentiality provisions unenforceable when they would

restrict disclosure of the terms of a large load service contract.

This protection also extends to

related agreements involving a large load customer, so that side agreements cannot be used to

hide contract terms or the related factual information from oversight.

The legislation also creates an external accountability channel by mandating an annual report to

specified General Assembly committees on trends and implications of large load growth. The bill

also strengthens independent oversight by requiring utilities to provide filed large load contracts

to statutory advocates, such as the Office of Consumer Advocate, subject to appropriate

confidentiality requirements. These provisions underscore the General Assembly's intent that

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large load development be subject to meaningful transparency, oversight, and enforceable safeguards.

### Conclusion

While the Tentative Order is an important acknowledgment of the risks that large load growth

poses for Pennsylvania ratepayers, its limited reliance on a model tariff framework falls short of

providing the uniform, enforceable protections required to address those risks at scale. This

limitation is not the result of any statutory barrier but reflects a set of overly cautious policy

choices about how far the Commission is willing to go in this proceeding.

The Ratepayer Protection Act demonstrates that stronger, more uniform, and more

comprehensive protections are achievable and appropriate under existing law. I respectfully urge

the Commission to move beyond a purely advisory model tariff and to adopt binding regulations

that reflect the full scope of the challenges identified in this record, ensure consistent statewide

application, and provide durable protections for Pennsylvania consumers as large load

development accelerates.

## Data Center Development Policy Recommendations

### Introduction

This document outlines key considerations and recommendations regarding the establishment of data centers in Pennsylvania.

The focus is on ensuring that such development is environmentally sustainable, does not negatively impact local residents, and that any benefits are equitably distributed.

### Location and Environmental Requirements

Data centers should only be developed in appropriate locations. The preferred sites are reclaimed strip mine areas, which account for nearly 300,000 acres, as well as non-reclaimed strip mine areas, adding over 200,000 acres. Under no circumstances should viable farmland or forest land be utilized for such purposes.

Additionally, for environmental responsibility, data centers must employ closed circuit water cooling systems, not evaporative water cooling, to minimize water usage and environmental impact.

## Electricity Supply and Consumer Protections

Electricity for data centers must be sourced from a supply that exceeds the current residential needs. Data centers should not be permitted if the electricity required would affect power availability for local residents.

Any discounts provided to data centers on electricity rates must be passed along to consumers across Pennsylvania.

Furthermore, electric rates should be guaranteed to decrease as a result of these arrangements.

In the event of a power shortage or insufficient supply, priority must always be given to current residents, ensuring their needs are met before supplying power to data centers.

## Net Metering Policy

Net metering in Pennsylvania should be limited exclusively to home or business-mounted solar systems and other renewable energy generation located on the same property. Solar farms or enterprise-level renewable energy projects should not be eligible for net metering.

## Infrastructure Approval and Funding

All necessary infrastructure required for data center operations must be reviewed and approved by the relevant township authorities. The funding and development of this infrastructure should be the sole responsibility of the data center operators.

## Conclusion

These recommendations seek to ensure that data center development in Pennsylvania is pursued responsibly, prioritizing environmental protection, fair access to electricity, and benefits for all residents.

Joseph de Garay

Thank you for the opportunity to comment and for your continued work to safeguard the public

Interest

Respectfully

Joseph de Garay