



December 22, 2025

VIA E-File

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

**Re: Interconnection and Tariffs for Large Load Customers
Docket No. M-2025-3054271**

Joint Comments of CAUSE-PA and TURN

Dear Secretary Homsher:

Pursuant to the November 6, 2025, Tentative Order, please find the attached *Joint Comments of the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (CAUSE-PA) and the Tenant Union Representative Network (TURN)* for filing at the above referenced docket.

Respectfully Submitted,

A handwritten signature in blue ink that reads "Elizabeth R. Marx".

Elizabeth R. Marx, Esq.
emarx@pautilitylawproject.org

CC: Bureau of Technical Utility Services, pc-puc-tus-energy@pagov.onmicrosoft.com
Darren Gill, Bureau of Technical Utility Services, dgill@pa.gov
Elizabeth Barnes, Law Bureau, ebarnes@pa.gov

BEFORE THE PENNSYLVANIA PUBLIC UTILITY COMMISSION

Interconnection and Tariffs for Large Load Customers : Docket No. M-2025-3054271

JOINT COMMENTS OF

**THE COALITION FOR AFFORDABLE UTILITY SERVICES AND ENERGY
EFFICIENCY IN PENNSYLVANIA AND**

THE TENANT UNION REPRESENTATIVE NETWORK

Counsel for CAUSE-PA

Pennsylvania Utility Law Project

Elizabeth R. Marx, Esq.

Patrick M. Cicero, Esq.

Ria Pereira, Esq.

John Sweet, Esq.

Lauren N. Berman, Esq.

118 Locust Street

Harrisburg, PA 17101

PULP@pautilitylawproject.org

Counsel for TURN

Community Legal Services

Joline Price, Esq.

Robert Ballenger, Esq.

1424 Chestnut Street

Philadelphia, PA 19102-2505

jprice@clsphila.org

rballenger@clsphila.org

TABLE OF CONTENTS

- I. INTRODUCTION..... 1**
- II. BACKGROUND..... 2**
 - A. Large load customers are already driving up energy rates, shifting billions of dollars to residential ratepayers through higher capacity and transmission costs, and distribution rate impacts will soon follow..... 2
 - B. Energy is unaffordable for an increasing number of Pennsylvanians, even before the cost impacts of large load customers. 4
 - C. Underregulated data centers and large load customers make accurate load forecasting impossible. 7
- III. COMMENTS 8**
 - A. Large load customers must equitably and proportionately contribute to universal service and energy conservation programs through a nonbypassable, volume-based rider..... 9
 - i. The Commission has clear legal authority to require large load customers equitably and proportionally contribute to all universal service and energy conservation costs through a nonbypassable, volume-based rider. 13*
 - ii. Requiring large load customers to contribute to universal service and energy conservation programs will benefit all Pennsylvania households and businesses. 19*
 - iii. Pennsylvania is and remains an outlier in exempting non-residential ratepayers from contributing to universal service and energy conservation programs. 22*
 - iv. The Commission can allow utilities flexibility in crafting volume-based universal service riders in future, separate tariff proceedings. 22*
 - B. Absent actual and quantifiable evidence to the contrary, the Commission must assume that distribution system upgrades to support a large load customer are solely for the benefit of that user..... 23
 - C. Promote transparency by prohibiting the use of special contracts and strengthening public disclosure requirements..... 28
 - i. Forbid the use of special contracts. 29*
 - ii. Strengthen public disclosure requirements..... 31*

D.	Protect against stranded assets and cost shifting by requiring longer minimum contract lengths for large load customers.	33
E.	Further improve safeguards to prevent stranded costs by improving financial security requirements and ensuring a nexus to ongoing financial risk assessment.....	36
F.	Develop an explicit load-shedding prioritization schedule to protect Pennsylvania families from harm in a grid emergency.....	38
G.	Adopt explicit minimum demand charges, early exit fees, and a specific load ramping schedule within the model tariff.	39
	<i>i. Raise minimum monthly demand charge to 90 percent.....</i>	<i>40</i>
	<i>ii. Establish a specific load ramping schedule as proposed by OCA. ...</i>	<i>40</i>
	<i>iii. Revise the exit fee provision to require more notice, lower the allowed reduction and eliminate vague language that could open the door to cost shifting.....</i>	<i>41</i>
H.	Do not wait for uncertain federal action. Enact the model large load tariff as soon as possible.....	42
IV.	CONCLUSION.....	44

I. INTRODUCTION

The Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (CAUSE-PA)¹ and the Tenant Union Representative Network (TURN)² file the following Joint Comments in response to the November 6, 2025 Tentative Order of the Pennsylvania Public Utility Commission (Commission or PUC) inviting public comment in response to the Commission’s proposed model tariff for large load customers.

CAUSE-PA and TURN support several aspects of the Commission’s proposed large load tariff; however, several critical issues remain unresolved. If unaddressed, the introduction of large load customers onto the grid will continue to shift costs to other ratepayers – exacerbating the energy affordability crisis we continue to face in Pennsylvania. Indeed, the Commission must go further to ensure effective and enforceable transparency, protect low and moderate income residential consumers from unjust and unreasonable rates, prevent stranded costs, and ensure data centers and other large load customers pay the full direct and indirect costs that they cause.

As CAUSE-PA and TURN noted in our comments following the Commission’s *en banc* hearing on this matter in April 2025, all costs caused by the addition of large loads – both direct and indirect – should be borne by large load customers who are generally some of the most well capitalized and wealthiest companies in the world. The Commission should not look at merely protecting existing customers from undue burdens as there is no “due” burden for residential consumers to bear. Pennsylvania families already face categorically unaffordable energy rates and

¹ CAUSE-PA is an unincorporated association of low-income Pennsylvanians from all corners of the state that advocates on behalf of its members to families of limited economic means across the state are able to connect and maintain safe and affordable water, electric, heating and telecommunication services to their home.

² TURN is a not-for-profit organization with moderate and low income tenant members. All of TURN’s members are either customers of or dependent on service from the public utilities of this Commonwealth. TURN has intervened in numerous matters before the Commission.

cannot afford to bear additional costs to support the outgrowth of our energy systems to serve large load customers— even if the investment will drive promised benefits in the future.

II. BACKGROUND

Hyperscale data centers and other large load customers seek unprecedented amounts of energy to power artificial intelligence and other industrial-scale operations. While much of the forecasted increase in load on the grid to serve planned data centers has not yet materialized, the costs associated with the build-out are already impacting other Pennsylvania ratepayers – including hundreds of thousands of low-income households already struggling with acute energy insecurity.

A. Large load customers are already driving up energy rates, shifting billions of dollars to residential ratepayers through higher capacity and transmission costs, and distribution rate impacts will soon follow.

Over the past year, electric generation prices have spiked across Pennsylvania resulting in residential customers facing average price increases between 5 and 40 percent. This pace, which far exceeds general inflation, is unsustainable and comes on the heels of substantial increases in electric distribution rates across the state.³

	Dec 1, 2024	Dec 1, 2025	% Increase	Monthly Increase, 500 kWh	Monthly Increase, 2000 kWh
PECO	\$0.0924	\$0.1102	19.3%	\$8.93	\$35.70
PPL	\$0.1077	\$0.1295	20.3%	\$10.91	\$43.64
DLC	\$0.1085	\$0.1375	26.7%	\$14.50	\$58.00
MetEd	\$0.1101	\$0.1297	17.8%	\$9.77	\$39.10
Penelec	\$0.1047	\$0.1175	12.2%	\$6.37	\$25.46
Penn Power	\$0.1117	\$0.1261	12.9%	\$7.19	\$28.76
West Penn	\$0.0948	\$0.1095	15.5%	\$7.33	\$29.32

³ Following an unprecedented spate of rate proceedings in 2023 and 2024, electric distribution rates increased substantially for PECO, Duquesne Light, FirstEnergy PA (Met Ed, Penelec, Penn Power, and West Penn Power), and UGI – and there is a pending proposal to increase residential distribution rates for PPL’s residential customers by 20%. At the same time, gas distribution rates have also grown – adding further to overall home energy burdens. We are anticipating that many of these companies will be back in for another distribution rate increase in 2026.

Citizens	\$0.0870	\$0.1151	31.3%	\$14.06	\$56.22
UGI Elec.	\$0.1064	\$0.1121	5.4%	\$2.88	\$11.52
Wellsboro	\$0.0914	\$0.1204	31.7%	\$14.48	\$57.92
Statewide Average Monthly Increase				\$9.642	\$38.56

Assuming no other rate increase takes effect over the next 12 months, residential consumers at the four major EDCs (PECO, PPL, DLC, and FE PA) will pay an estimated \$940 million more for generation next year following the dramatic increase in default service rates in June and December 2025.⁴

	Average kWh ⁵	Monthly Default Service Increase, 12/1/2024 vs. 12/1/2025	Total Residential Customers ⁶	Overall Increase, Monthly	Overall Increase, Annual
PECO	702	\$12.53	1,529,691	\$19,168,099.01	\$230,017,188.16
PPL	933	\$20.36	1,262,117	\$25,694,253.61	\$308,331,043.36
DLC	600	\$17.40	548,073	\$9,536,470.20	\$114,437,642.40
MetEd	913	\$17.85	518,166	\$9,248,822.66	\$110,985,871.91
Penelec	702	\$8.94	500,575	\$4,473,368.46	\$53,680,421.57
Penn Power	808	\$11.62	149,685	\$1,739,196.00	\$20,870,352.03
West Penn	913	\$13.38	632,879	\$8,470,819.61	\$101,649,835.27
				\$78,331,029.56	\$939,972,354.70

This substantial increase in the cost of generation is chiefly attributable to data centers and other large load customers. Hyperscale data centers and other large loads are driving up capacity costs and demand the build-out of new transmission and other grid upgrades.⁷ According to PJM’s

⁴ See *id.* As noted, PPL already has a pending request before the Commission for a 20% distribution rate increase, and several other large EDCs are planning to file for additional distribution rate increases in 2026.

⁵ As reported in the 2025 Rate Comparison Report.

⁶ As reported in the 2023 Universal Service and Collections Report.

⁷ Cathy Kunkel, *Projected Data Center Growth Spurs PJM Capacity Prices by Factor of 10*, Inst. Energy Econ. & Fin. Analysis (July 30, 2025), <https://ieefa.org/resources/projected-data-center-growth-spurs-pjm-capacity-prices-factor-10>; Rebecca Leppert, *What We Know About Energy Use at U.S. Data Centers Amid the AI Boom*, Pew Rsch. Ctr. (Oct. 24, 2025), <https://www.pewresearch.org/short-reads/2025/10/24/what-we-know-about-energy-use-at-us-data-centers-amid-the-ai-boom/#how-could-data-centers-affect-americans-electricity-bills>.

Independent Market Monitor, “data center load growth is the *primary reason* for recent and expected capacity market conditions, *including total forecast load growth, the tight supply and demand balance, and high prices.*”⁸

This massive cost shift that we’re already experiencing on the generation side of the bill is just the tip of the iceberg. As planned data centers come online, distribution and transmission costs will also rise as utilities build out the necessary infrastructure to accommodate this unprecedented growth.

It is incumbent on the Commission to ensure that all costs to accommodate data centers on our grid are recovered entirely from large load customers, not residential ratepayers. Absent Commission intervention, data centers will make the grid less reliable and energy more expensive for Pennsylvania consumers – falling hardest on economically vulnerable households across the state.⁹

B. Energy is unaffordable for an increasing number of Pennsylvanians, even before the cost impacts of large load customers.

Energy is essential to modern life. Pennsylvanians need reliable and affordable energy to heat and cool their homes, power medical devices, cook food for their family, and connect with employers, schools, and loved ones. One simply cannot function in our modern society without it.

⁸ Monitoring Analytics, [Analysis of the 2025/2026 RPM Base Residual Auction Part G](https://www.monitoringanalytics.com/reports/reports/2025/IMM_Analysis_of_the_20252026_RPM_Base_Residual_Auction_Part_G_20250603_Revised.pdf) at 1 (2025), https://www.monitoringanalytics.com/reports/reports/2025/IMM_Analysis_of_the_20252026_RPM_Base_Residual_Auction_Part_G_20250603_Revised.pdf (emphasis added).

The current conditions are not the result of organic load growth. **The current conditions in the capacity market are almost entirely the result of large load additions from data centers, both actual historical and forecast.** The growth in data center load and the expected future growth in data center load are unique and unprecedented and uncertain and require a different approach than simply asserting that it is just supply and demand.

Id.

⁹ Monitoring Analytics, [State Of The Market Report For PJM: January Through September](https://www.monitoringanalytics.com/reports/PJM_State_of_the_Market/2025/2025q3-som-pjm.pdf) at 1–5 (2025), https://www.monitoringanalytics.com/reports/PJM_State_of_the_Market/2025/2025q3-som-pjm.pdf.

Yet as costs continue to rise dramatically across the state, an increasing number of families are being priced out of the market for basic energy services – driving more households to suffer the severe and far-reaching consequences of going without.

Across Pennsylvania, more than 1.2 million low income families are already paying more than 10% of their income on home energy costs alone – and tens of thousands of families face energy burdens exceeding 30% of household income.¹⁰ These extraordinary energy burdens are categorically unaffordable – forcing an increasing number of families across our state to forgo food, medicine, medical care, child care, and other basic needs to keep energy on in their homes.¹¹ More than 1 in 4 residential consumers report experiencing energy insecurity and, as a result, utility debt is soaring across the state and the country.¹² From January to October 2025, over 270,000 Pennsylvania families faced involuntary termination of electric service – up 21% year over year.¹³ An additional 94,133 households faced involuntary termination of gas service, and more than 24,000 households faced involuntary termination of water and wastewater services.¹⁴

Utility shutoffs make people unhealthy, unsafe, and unable to improve their financial and social situation.¹⁵ Energy poverty increases mortality rates, decreases physical health and mental

¹⁰ Fisher, Sheehan & Colton, The Home Energy Affordability Gap: Pennsylvania (April 2022).

¹¹ See Julie Margetta Morgan, Mike Pierce & Eduard Nilaj, Fueling Debt: How Rising Utility Costs Are Overwhelming American Families, The Century Foundation (Nov. 17, 2025), <https://tcf.org/content/commentary/fueling-debt-how-rising-utility-costs-are-overwhelming-american-families/>; see also Whitney Downard, Energy Assistance Need ‘Tremendous’ in Pa., But Shutdown Halts Delivery of Critical Funds, Penn. Cap.-Star (Nov. 10, 2025), <https://penncapital-star.com/energy-environment/energy-assistance-need-tremendous-but-shutdown-halts-delivery-of-critical-funds/>.

¹² Julie Margetta Morgan, Mike Pierce & Eduard Nilaj, Fueling Debt: How Rising Utility Costs Are Overwhelming American Families, The Century Foundation (Nov. 17, 2025), <https://tcf.org/content/commentary/fueling-debt-how-rising-utility-costs-are-overwhelming-american-families/>

¹³ Pa. PUC, Terminations and Reconnections: Year-to-Date October 2024 vs. Year-to-Date October 2025, <https://www.puc.pa.gov/media/3726/terminations-reconnectionsyt-d-oct24vs25.pdf>.

¹⁴ Pa. PUC, Terminations and Reconnections: Year-to-Date October 2024 vs. Year-to-Date October 2025, <https://www.puc.pa.gov/media/3726/terminations-reconnectionsyt-d-oct24vs25.pdf>.

¹⁵ Carlos Batlle, Peter Heller, Christopher Knittel & Tim Schittekatte, US Federal Resource Allocations Are Inconsistent with Concentrations of Energy Poverty, 10 Sci. Advances, October 2024, at 1, 1.

well-being, and leads to increased social isolation. Families that fall behind on their utility bills are also far more likely to experience homelessness.¹⁶ Involuntary terminations particularly affect children: Infants and toddlers face developmental delays in energy insecure households, and children in homes without heat are “twice as likely to have respiratory problems and up to 5 times more likely to have mental health problems.”¹⁷

Federal assistance for energy insecure households through the Low Income Home Energy Assistance Program (LIHEAP) and the Weatherization Assistance Program (WAP) has not kept pace to meet the growing need for increased assistance, driving greater reliance on utility-run rate assistance programming to help provide reasonably affordable rates for low income families.¹⁸

These figures, evidencing stark and widespread energy insecurity across our Commonwealth, ought to shock the conscience - especially when juxtaposed to the record profits of energy utilities and generators.¹⁹ Meanwhile, as discussed further below, large load customers are putting substantial additional strain on utility-run programs meant to help vulnerable

¹⁶ Colin D. Middleton, Kim Boynton, David Lewis & Andrew M. Oster, How Low-Income Customer Programs Lower Energy Costs for Everyone, PLoS ONE (Oct. 9, 2023), <https://rmi.org/how-low-income-customer-programs-lower-energy-costs-for-everyone/>.

¹⁷ Cecile Yama, Jordan M. Rook, Lauren E. Wisk, Rebecca Dudovitz, Diana Hernandez, David P. Eisenman & Kathryn M. Leifheit, Expiration of the Expanded Child Tax Credit and Energy Insecurity in US Households with Children, 2021–2022, 115 Am. J. Pub. Health 1312, 1312–13 (2025).

¹⁸ See Whitney Downard, Energy Assistance Need ‘Tremendous’ in Pa., But Shutdown Halts Delivery of Critical Funds, Penn. Cap.-Star (Nov. 10, 2025), <https://penncapital-star.com/energy-environment/energy-assistance-need-tremendous-but-shutdown-halts-delivery-of-critical-funds/>. LIHEAP funding was temporarily increased during the pandemic, but returned to pre-pandemic levels in 2024 – despite the fact that energy costs remain dramatically higher than pre-pandemic costs.

¹⁹ Laila Kearney, Prices in Biggest US Power Grid Auction Hit New Record, Signaling Higher Utility Bills Ahead, Reuters (Dec. 17, 2025), <https://www.msn.com/en-us/money/general/prices-in-biggest-us-power-grid-auction-hit-new-record-signaling-higher-utility-bills-ahead/ar-AA1SC1t8?ocid=BingNewsSerp> (“[E]xisting power plant owners in PJM are expected to see windfalls from the recent capacity prices. Independent power producer Talen Energy said on Wednesday it expected to land more than \$1 billion in capacity revenues for the 2027-2028 planning year.”); see also Itai Vardi & Matt Kasper, Energy & Policy Institute, As Customers Struggled, Utility CEOs’ Pay Spiked Last Year (July 18, 2024), <https://energyandpolicy.org/as-customers-struggled-utility-ceos-pay-spiked-last-year/>.

Pennsylvanians – driving tens of millions of dollars in added universal service costs that ultimately fall to other residential ratepayers.

C. Underregulated data centers and large load customers make accurate load forecasting impossible.

Expected “exponential” load growth needed to serve data centers and other large load customers is driving up utility rates, but it is impossible to tell how much demand will actually increase.²⁰

Tech companies have flooded utilities with at least five to ten times more data center proposals than will ever get built, “raising the risk of costly system overbuilding.”²¹ Absent substantial collateral requirements, companies looking to build one data center may shop around and submit proposals for several locations. Even when large load customers follow through on their proposals, there is no telling what their actual demands will be. Overinvestment in artificial intelligence and related technologies may drastically inflate future load calculations.²² At the same time, leading economists are raising serious concerns that the use of “special purpose vehicle” funding – a finance structure that “came to consciousness about 25 years ago with a little company called Enron” – is obscuring the level of debt amassing behind the data center build-out, without a clear path to revenue necessary to back the growth.²³ Future technological innovation may also decrease

²⁰ See Eliza Martin & Ari Peskoe, Extracting Profits from the Public: How Utility Ratepayers Are Paying for Big Tech’s Power 4–6 (2025) (discussing issues with data center load forecasting); Ethan Howland, Electricity Consumer Groups Urge FERC to Improve Load Forecasts, Utility Dive (June 4, 2025), https://www.utilitydive.com/news/electricity-consumer-groups-ferc-load-forecasts-datacenters/749754/?utm_source=Sailthru&utm_medium=email&utm_campaign=Issue:%202025-0604%20Utility%20Dive%20Newsletter%20%5Bissue:73759%5D&utm_term=Utility%20Dive (“Load forecasts, which are surging, can affect wholesale electricity prices and resources adequacy, but they are rife with uncertainty and lack transparency, the groups said.”).

²¹ Brian Martucci, A Fraction of Proposed Data Centers Will Get Built. Utilities Are Wising Up, Utility Dive (May 15, 2025), <https://www.utilitydive.com/news/a-fraction-of-proposed-data-centers-will-get-built-utilities-are-wising-up/748214/#:~:text=Amazon%20builds%20out%20its%20cloud,are%20all%20over%20the%20map.>

²² Aditya Challapally, Chris Pease, Ramesh Raskar & Pradyumna Char, The Genai Divide: State of Ai in Business 2025 2–3 (2025). According to a 2025 study by the Massachusetts Institute of Technology—despite tens of billions of dollars in investments—only five percent of artificial intelligence ventures turn a profit. Id.

²³ Bobby Allyn, Here’s Why Concerns About an AI Bubble are Bigger than Ever, NPR: All Things Considered (Nov. 23, 2025), <https://www.npr.org/2025/11/23/nx-s1-5615410/ai-bubble-nvidia-openai-revenue-bust-data-centers.>

energy consumption by data centers and other large load customers.²⁴ Inaccurate load forecasting raises the risks of stranded assets and cost-shifting onto already overburdened Pennsylvania households.

III. COMMENTS

CAUSE-PA and TURN offer the following comments and recommendations, each with the express goal of protecting consumers from cost shifting associated with the introduction of large load customers onto our grid. It bears repeating: There is no “due” burden for Pennsylvania families to bear in this context. Indeed, Pennsylvania families are already struggling profoundly to afford basic energy services to their home. As such, any cost shifting to residential consumers would be unjust and unreasonable. While we recognize the motivation to entice data centers and other large load customers to Pennsylvania, Pennsylvania families must come first. While we offer many recommendations, there are two that rise to the top as the Commission weighs the components of its model large load tariff:

- (1) The Commission must ensure that large load customers pay their fair share by requiring equitable and proportionate contributions to universal service and energy conservation programs through a nonbypassable, volume-based rider; and
- (2) Absent actual and quantifiable evidence to the contrary, the Commission must assume that distribution system upgrades to support a large load customer are solely for the benefit of that user.

The balance of recommendations in our comments below are important to safeguard consumers from harm; however, these two critical principles provide a lynchpin to prevent cost-shifting that is both certain and quantifiable. Without action on these issues, the affordability crisis we currently face will grow more pronounced – pricing low income customers out of the market for basic, life-essential energy services to their home.

²⁴ Eliza Martin & Ari Peskoe, Extracting Profits from the Public: How Utility Ratepayers Are Paying for Big Tech’s Power 4–6 (2025) (discussing issues with data center load forecasting)

A. Large load customers must equitably and proportionately contribute to universal service and energy conservation programs through a nonbypassable, volume-based rider.

The Commission's proposed model large load tariff would require large load customers to make an annual contribution to utility hardship funds. The Commission proposes a tiered contribution structure, ranging between \$250,000 for customers using 25 to 75 MW and \$1,000,000 for customers using 500 MW or more.²⁵ CAUSE-PA and TURN appreciate the attention that the Commission has given to the needs of economically vulnerable households with this proposal but submit that it is categorically insufficient in structure and amount.

This issue generated extensive discussion amongst the Commissioners at the November 6, 2025 Public Meeting, and formal statements on the matter were issued by Vice Chair Kimberly Barrow, Commissioner Kathryn L. Zerfuss, and Commissioner John F. Coleman.

CAUSE-PA and TURN agree with Vice Chair Barrow and Commissioner Zerfuss: The Commission's proposal "is a step in the right direction to address increasing electricity costs and improve affordability"²⁶ – but "the targeting of the proposed funding for universal service programs could be improved."²⁷ The Commission's initial proposal to direct large load customers to contribute to the EDC's Hardship Fund Programs falls woefully short of addressing the actual and quantifiable universal service costs caused by large load customers, and must be expanded to include assessment of a non-bypassable, volume-based universal service rider. Doing so will help protect all residential ratepayers from additional costs driven by the introduction of large load customers onto the grid. As Vice Chair Barrow acknowledges in her statement, imposing a

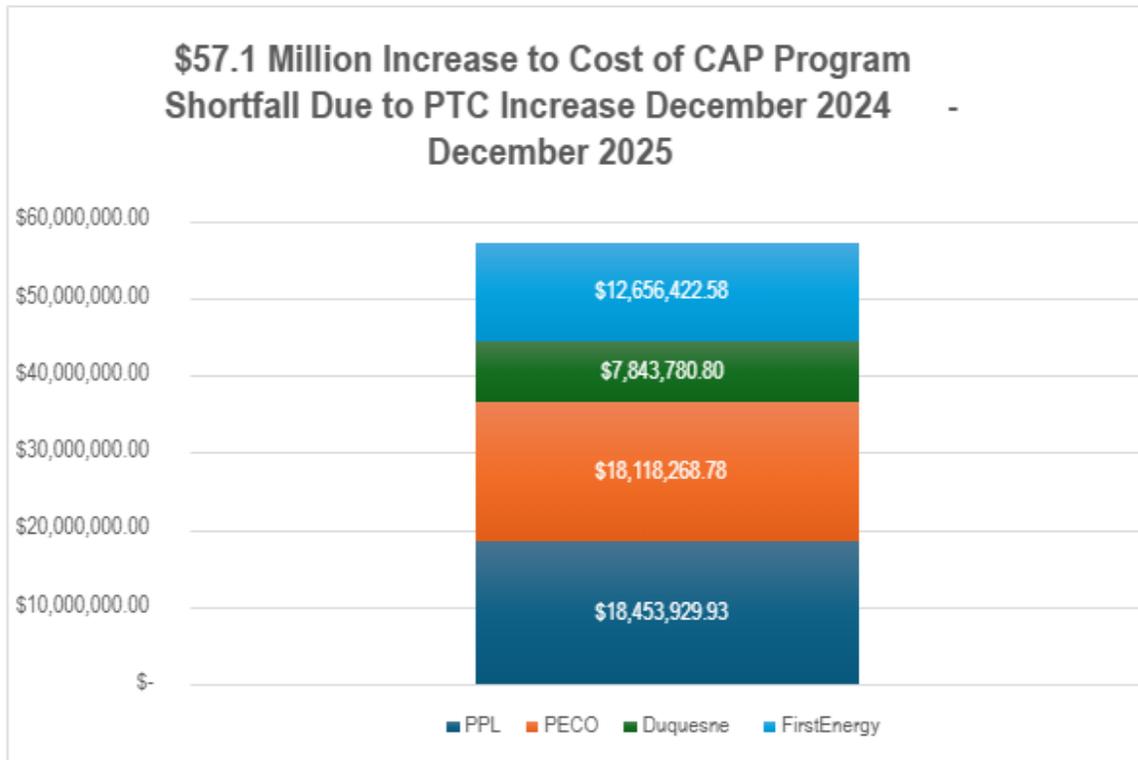
²⁵ TO at 42-43 & Appendix A, Other Matters.

²⁶ Interconnection and Tariffs for Large Load Customers, Statement of Commissioner Kathryn L. Zerfuss, Docket No. M-2025-3054271, at 1 (Public Meeting, Nov. 6, 2025).

²⁷ Interconnection and Tariffs for Large Load Customers, Statement of Vice Chair Kimberly Barrow, Docket No. M-2025-3054271, at 1 (Public Meeting, Nov. 6, 2025).

volume-based universal service charge on large load customers would “both increase funding for low-income Pennsylvanians while reducing the burdens on other residential ratepayers to support existing low-income programs.”²⁸

As noted above, the spike in default service rates between December 2024 and December 2025, driven primarily by projected large load growth on the grid, will increase the cost of providing rate assistance through utility-run Customer Assistance Programs (CAPs) by an estimated \$57.1 million annually.



The chart above shows the projected increase in the CAP shortfall, defined as the difference between the applicable full tariff rate and a participant’s applicable CAP rate, as a result of the

²⁸ Interconnection and Tariffs for Large Load Customers, Statement of Vice Chair Kimberly Barrow, Docket No. M-2025-3054271, at 1 (Public Meeting, Nov. 6, 2025).

increase in default service rates from December 2024 to December 2025.²⁹ As the cost of electricity and the corresponding need for rate assistance through CAP continue to grow, the projected annual cost impact will continue to rise.

These increased costs to the CAP shortfall affect low income households (both those enrolled in CAP and those not currently participating in the program) and other residential ratepayers in several specific ways. First, for those low income households enrolled in CAP, the inflated costs driven by large load customers erodes the effectiveness of CAP by causing CAP customers to reach their maximum annual CAP credit limits sooner than they otherwise would have in the absence of these increases.³⁰ Once a CAP participant reaches the maximum CAP credit limit, they must pay the full residential tariff rates for the remainder of the program year, substantially increasing their risk of involuntary termination and increasing uncollectible expenses which ultimately drive up rates for residential customers.³¹ The increase in universal service costs

²⁹ In performing this analysis, we used figures reported by each of the EDCs in the annual Rate Comparison Report and Universal Service Programs and Collections Performance Report. The data utilized for arriving at these projections included the overall average residential usage rate reported by each EDC, the CAP enrollment rate for each EDC as of 12/31/2023 (the last date for which this data is publicly available), and the average CAP household income and household size. Pa. PUC, BCS, [2023 Report on Universal Service Programs & Collections Performance](#) (Sept. 2024), [2023 universal service report-final_rev041525.pdf](#); Pa. PUC, TUS, [2025 Rate Comparison Report](#) (April 15, 2025), https://www.puc.pa.gov/media/3429/2025_rate_comparison_report.pdf.

³⁰ Maximum CAP credit limits are a permissive program component referenced in the Commission's CAP Policy Statement and ostensibly serve as a cost control measure by restricting the level of assistance to any individual household based on a tiered limit. See 52 Pa. Code 69.265(3)(v). Currently, there are maximum CAP credit limits in place at each of the major EDCs that impose a fixed dollar credit amount. While some are adjusted based on approved changes in distribution rates, none of the EDCs currently adjust the maximum CAP credit threshold based on changes to the default service rates.

In practice, the increase in generation rates is driving a substantially greater number of CAP participants to reach and exceed the maximum CAP credit threshold. This impact has proven to have a disproportionately punitive impact on the most vulnerable households – including seniors, families with young children, and individuals with medical conditions that have less flexibility in usage – as well as renters and homeowners that have higher usage as a result of the quality of their home.

³¹ In Duquesne Light service territory, evidence revealed in its last base rate proceeding showed that more than one in four (27%) of CAP customers who exceeded their maximum CAP credit limits from 2022 through 2024 were subsequently terminated within four months of the exceedance. Pa. P.U.C. v. Duquesne Light Company, Docket No. R-2024-3045623, [CAUSE-PA Direct Testimony](#) at 37 (citing CAUSE-PA III-7, Attachment).

driven by the introduction of large load customers will also exacerbate unaffordable bills for the estimated 75% of low income customers who are not enrolled in CAP but who, along with all other residential customers, help pay for the costs of these programs.³²

The projected increase in CAP costs does not account for increased need and corresponding increased program enrollment driven by the recent and anticipated spike in rates. Rather, the projection above is only reflective of the increased cost to serve the same number of customers enrolled in CAP as of December 31, 2023 – the last date in which this data was publicly reported.³³ As the need for CAP assistance grows, the impact of large load customers on the cost of CAP will continue to grow. Unless the Commission acts to appropriately assign a proportionate level of universal service costs on large load customers, millions of dollars in additional CAP costs will fall on residential households, including all low income households, as residential ratepayers are the only class that currently shoulders the burden of universal service and energy conservation programs within each of the electric distribution service territories.

CAUSE-PA and TURN urge the Commission to include a provision within the model tariff that equitably and proportionately assigns universal service and energy conservation program costs to large load customers through a nonbypassable, volume-based rider. Such a

³² As of December 2023, the last date for which CAP enrollment data is publicly available, there were 317,627 households participating in CAP across Pennsylvania’s large EDCs. This equates to just 50% of the 632,116 *confirmed* low income customers – those households which the known to be eligible for CAP – and just 25% of the census-based estimated low income customer base. See Pa PUC, BCS, [2023 Universal Service and Collections Performance Report](https://www.puc.pa.gov/media/3433/2023_universal_service_report-final_rev041525.pdf), at 8 (Sept. 2024, rev. April 2025), at 6-8 & 56, https://www.puc.pa.gov/media/3433/2023_universal_service_report-final_rev041525.pdf.

³³ Based on information we have received from individual utilities, CAUSE-PA and TURN believe that CAP enrollment has most likely grown substantially since December 31, 2023. As a result, we believe the cost impact of large load customers on the cost of CAP is likely even higher than the projected \$57.1 million. However, the Commission has not yet released universal service and collections data for 2024, so we were forced to rely on the 2023 enrollment figures to perform this analysis. The Commission’s annual Universal Service and Collections Performance for 2024 is typically released in September or October, but – to date – has not yet been released, exacerbating an already significant lag in the availability of timely universal service and collections data.

mandate will better ensure large load customers pay their fair share of the costs they cause, helping to alleviate the burden carried by other residential consumers and prevent the erosion of critical rate relief to vulnerable households.³⁴

- i. The Commission has clear legal authority to require large load customers equitably and proportionally contribute to all universal service and energy conservation costs through a nonbypassable, volume-based rider.*

The Commonwealth has a statutory obligation to ensure energy is “available to all customers on reasonable terms and conditions” and to support energy affordability measures benefitting low-income Pennsylvanians.³⁵

The Commission has proposed fulfilling this statutory obligation by requiring large load customers to make annual contributions to utility hardship funds. Commissioner Coleman has questioned whether such a requirement would be legal.³⁶ While CAUSE-PA and TURN favor an approach that would require large loads to pay a volumetric universal service charges, as a matter of law and policy mandated contributions to utility hardship funds are perfectly legal and well-precedented.³⁷ Contrary to Commissioner Coleman’s assertion, utility-run Hardship Fund programs are squarely within the Commission’s statutory obligation to oversee universal service

³⁴ See Pa. PUC, BCS, Investigation of Uncollectible Balances, Final Report to the Pennsylvania Public Utility Commission, No. I-900002, at 157-158 (Feb. 1992) (“Until such time as sufficient public revenues are available to address the poverty/energy problem, the costs for CAP programs should be viewed as a cost of operating as a public utility for which all ratepayers must share the cost.”).

³⁵ 66 Pa. C.S. §§ 2802(9)–(10), 2803.

³⁶ As authority, Commissioner Coleman cited to 66 Pa. C.S. § 319(10) which requires each Commissioner to “[r]efrain from solicitation of funds for any political, educational, religious, charitable, fraternal or civic purposes, although he may be an officer, director or trustee of such organizations.” By the plain text of the statute, this is an ethical provision aimed at avoiding “impropriety and the appearance of impropriety.” *Id.* § 319. Requiring large load customers to pay into utility hardship funds would not be improper solicitation as contemplated by Pa. C.S. § 319(10).

³⁷ The Electric Choice Act mandates that “universal service and energy conservation” programs “at a minimum, continue the protections, policies and services that now assist customers who are low-income to afford electric service.” The term universal service and energy conservation is broadly defined as “[p]olicies, protections, and services that help low-income customers to maintain electric service.” 66 Pa. C.S. § 2803. This definition encompasses utility hardship funds, whose existence predates the Act.

and energy conservation programs.³⁸ Like many utility-run programs, Hardship Fund programs are administered by third party administrators (most often non-profit community-based organizations, consistent with the statutory provision encouraging use of such entities³⁹), but third-party administrators do not “own” the programs and do not control the terms and conditions of the programs or dictate the level of funding the programs receive – they serve as subcontractors to the utility, the same as any other utility subcontractor.⁴⁰ As a universal service and energy conservation program, within the statutory definition of that term, the terms and conditions of the Hardship Fund, as well as the level and type of funding, remains squarely within the control of the utility – subject to oversight of the Public Utility Commission.⁴¹

Because contributions to utility hardship funds would have the effect of materially increasing the amount of assistance available to help low income households remain connected to service when they are facing loss of service or trying to reconnect to service, CAUSE-PA and TURN support the Commission’s proposal to require tiered contributions to the Hardship Fund as

³⁸ See 66 Pa. C.S. §§ 2802(10), 2803, 2804(9)-(10).

³⁹ 66 Pa. C.S. § 2804(9).

⁴⁰ See Duquesne Light Co. Universal Service and Energy Conservation Plan for 2017-2019, Order, Docket No. M-2016-2534323, at 46 (order entered March 23, 2017). As the Commission explained in response to concerns that DLC’s Hardship Fund program administrator was imposing terms and conditions outside the parameters of the Commission-approved Universal Service and Energy Conservation Plan:

Section 2804(9) of Title 66 encourages the use of CBOs “that have the necessary technical and administrative experience to be the *direct providers of services or programs*” (emphasis added). While contracted CBOs may be used to administer universal service programs, the utilities are responsible for setting eligibility requirements, establishing program parameters, and drafting a triennial USECP for Commission approval. A contracted CBO should not dictate the eligibility requirements of a utility’s universal service program.

Id.

⁴¹ The Commission reviews and approves the terms, conditions, and proposed budget for Hardship Fund programs in the context of each Universal Service and Energy Conservation Plan (USECP) proceeding and makes interim adjustments through multiple other types of proceedings which impact the adequacy of universal service and energy conservation programs – inclusive of Hardship Fund programs. See, e.g., Pa. PUC v. PPL Electric, Opinion and Order, Docket No. M-2023-3038060, at 40 (Order entered May 16, 2024) (ordering PPL to make a \$1,000,000 contribution to its Hardship Fund in lieu of a civil penalty); see also Pa. PUC v. FirstEnergy PA, Docket No. R-2024-3047068 (order entered Nov. 21, 2024) (as part of FE PA’s rate proceeding, ordering FE PA to carry over unspent hardship fund dollars to the following year and to make other program enhancements). Details regarding each EDC’s USECP, inclusive of the terms, conditions, and funding levels for its Hardship Fund programs, can be found on the Commission’s website, here: <https://www.puc.pa.gov/electricity/universal-service/>

long as these contributions *are in addition to* a requirement that large load customers pay their fair share of universal service and energy conservation costs through a nonbypassable universal service rider. Requiring both helps to address acute and immediate concerns by increasing the amount of grant assistance that is available to customers experiencing an acute financial hardship while also helping address broader affordability concerns by requiring that large load customers contribute to universal service and energy conservation costs through a nonbypassable volume-based rider. This dual approach is necessary to ensure that large load customer costs are not passed to other residential consumers and will allow for future expansion of these programs to accommodate growing affordability needs.

When the legislature restructured Pennsylvania’s electricity markets, it explicitly enshrined certain obligations on the Public Utility Commission and utilities to ensure that universal service and energy conservation programming would remain “appropriately funded and available” in each EDC service territory to meet the needs of Pennsylvania’s low income residential consumers and other vulnerable customer groups. Section 2802(17) of the Electric Choice Act states:

There are certain public purpose costs, including programs for low-income assistance, energy conservation and others, which have been implemented and supported by public utilities’ bundled rates. The public purpose is to be promoted by continuing universal service and energy conservation policies, protections and services, and full recovery of such costs is to be permitted through a non-bypassable rate mechanism.⁴²

The Commission is required to broadly fund universal service and energy conservation “policies, activities, and services” through a “nonbypassable competitively neutral cost-recovery mechanism.” In relevant part, section 2804 requires:

⁴² 66 Pa. C.S. § 2802(17).

(8) The commission shall establish for each electric utility an **appropriate cost-recovery mechanism which is designed to fully recover the electric utility’s universal service and energy conservation costs** over the life of these programs.

(9) The commission shall ensure that universal service and energy conservation policies, activities and services under this paragraph are appropriately funded and available in each electric distribution territory. **Policies, activities and services under this paragraph shall be funded in each electric distribution territory by nonbypassable, competitively neutral cost-recover mechanisms** that fully recover the costs of universal service and energy conservation services. ... Programs under this paragraph shall be subject to the administrative oversight of the commission which will ensure that the programs are operated in a cost-effective manner.⁴³

The definition of the term “universal service and energy conservation” included in the statute is quite broad, and – in addition to explicit inclusion of Customer Assistance Programs (CAPs) and Low Income Usage Reduction Programs (LIURPs), the term applies to all of the “[p]olicies, protections, and services that help low-income customers to maintain electric service.”⁴⁴

Essentially, the Act provides that utilities can recover the cost of universal service and energy conservation programs (as that term is broadly defined) through a non-bypassable rate mechanism because of the public goods such programs serve—not the benefits they provide to any particular class of ratepayers. The General Assembly entrusted the Commission with determining how to best establish the costs and terms of such a rate mechanism. While the Commission has exempted non-residential ratepayers from paying into CAP as matter of policy,⁴⁵ it may revoke or modify that exemption at its discretion.⁴⁶

⁴³ 66 Pa. C.S. § 2804(8)-(9).

⁴⁴ 66 Pa. C.S. § 2803. “**Universal service and energy conservation.**” Policies, protections and services that help low-income customers to maintain electric service. The term includes customer assistance programs, termination of service protection and policies and services that help low-income customers to reduce or manage energy consumption in a cost-effective manner, such as the low-income usage reduction programs, application of renewable resources and customer education.

⁴⁵ Pa. PUC, Final Policy Statement and Order, No. M-2019-3012599, 50 Pa. Bull. 1652, 1679 (Mar. 21, 2020).

⁴⁶ The Electric Competition Act does not limit CAP cost recovery to residential ratepayers. 66 Pa.C.S. § 2802(17). Instead, the statute’s drafters deferred to the Commission on how to best fund CAP—unlike the Gas Choice Act which expressly prohibits the recovery of consumer education costs from industrial customers. Compare 66 Pa. C.S. § 2802(17) with 66 Pa. C.S. § 2206(e).

In 2006, the Commonwealth Court in *Lloyd v. Pa. PUC* found that recovery of public purpose program costs from all ratepayer classes is permissible – and does not violate cost causation principles, even if customers within a particular class cannot directly participate in the program.⁴⁷ The *Lloyd* case arose when the PPL Industrial Customer Alliance (PPLICA) challenged the Commission’s decision to permit cross-class recovery of costs associated with the Sustainable Energy Fund (SEF)⁴⁸ in PPL’s service area.⁴⁹ The SEF “was funded via transmission and distribution rates on power sold to all customers.”⁵⁰ PPLICA contended that the SEF lacked legal justification and provided “no demonstrable benefits to distribution ratepayers.”⁵¹ PPLICA argued that cross-class recovery for SEF costs constituted an “unlawful tax on ratepayers which only the General Assembly has the power to impose.”⁵²

The Commonwealth Court in *Lloyd* rejected PPLICA’s arguments, holding that the Electric Competition Act⁵³ authorized the funding of public service programs like the SEF.⁵⁴ The court found there was substantial evidence supporting the Commission’s determination that SEF provided demonstrable benefits to distribution ratepayers and stated they would “not substitute [their] judgment for that of the Commission when substantial evidence supports its decision on a

⁴⁷ *Lloyd v. Pa. PUC*, 904 A.2d 1010, 1026–27 (Pa. Commw. Ct. 2006).

⁴⁸ The SEF’s purpose “is to promote the development and use of renewable energy and clean energy technologies, energy conservation and efficiency which promote clean energy.” *Lloyd*, 904 A.2d at 1024. The SEF was a product of the Joint Petition for Full Settlement of PPL’s Restructuring Plan. *Id.*

⁴⁹ The *Lloyd* court also considered funding to PPL’s CAP (“OnTrack”). However, the CAP funding issue evaluated in *Lloyd* did not concern cross-class recovery or even the mechanism for recovery. Instead, it weighed the proper level of funding and enrollment level. *Lloyd*, 904 A.2d at 1027–28.

⁵⁰ *Lloyd*, 904 A.2d at 1024.

⁵¹ *Lloyd*, 904 A.2d at 1024–25.

⁵² *Lloyd*, 904 A.2d at 1025.

⁵³ 66 Pa. C.S. § 2802(17).

⁵⁴ *Lloyd*, 904 A.2d at 1027.

matter within the Commission's expertise.”⁵⁵ Finally, the court concluded “that SEF funding was not a tax, hidden or otherwise,” and that cost recovery from all ratepayers was permissible.

Despite the *Lloyd* decision, the Commission has mostly limited cost-recovery for Universal Service programs to the residential customer class.⁵⁶ Nonetheless, the Commonwealth Court has clarified that “*there is no statutory requirement that the funding for special programs come only from those who benefit from the programs.*”⁵⁷ The Commission has discretion in determining which customer classes should pay for public purpose programs—whether or not those classes benefit from the programs—and has the authority to assign costs accordingly.⁵⁸

In 2019, in amending its CAP Policy Statement, the Commission itself concluded:

[T]here is no statutory or appellate prohibition that limits the recovery of CAP costs, whether specifically calculated or as part of total universal service costs, to funding from the residential class. Universal service funding from non-residential classes, while not mandatory, is permissible.⁵⁹

The Commission went on to say it would exercise its discretion and “no longer routinely exempt non-residential classes from universal service obligations.”⁶⁰

In her November 6, 2025 Statement, issued in tandem with the Commission’s Tentative Order, Vice Chair Barrow declared: “*Now is the right time to follow our Policy Statement on Customer Assistance Programs and ensure that appropriate funding comes not just from residential customers but from all those who societally benefit from a fully subscribed electric*

⁵⁵ *Lloyd*, 904 A.2d at 1027.

⁵⁶ See Customer Assistance Programs: Funding Levels and Cost Recovery Mechanisms, Final Investigatory Order, Docket No. M-00051923, at 15-16 (Oct. 19, 2006).

⁵⁷ *Met-Ed*, 960 A.2d at 202 (emphasis added).

⁵⁸ *Met-Ed*, 960 A.2d at 202–03.

⁵⁹ Pa. PUC, Final Policy Statement and Order, No. M-2019-3012599, 50 Pa. Bull. 1652, 1679 (Mar. 21, 2020) (footnotes omitted).

⁶⁰ Pa. PUC, Final Policy Statement and Order, No. M-2019-3012599, 50 Pa. Bull. 1652, 1679–80 (Mar. 21, 2020)

system.”⁶¹ CAUSE-PA and TURN strongly agree. With large load customers imposing ever more burdensome costs on Pennsylvania ratepayers, it is imperative that the Commission follow through with its 2019 declaration of policy, and require such customers to equitably and proportionately contribute to CAP.

- ii. *Requiring large load customers to contribute to universal service and energy conservation programs will benefit all Pennsylvania households and businesses.*

There is no legal requirement that the Commission find that large load customers benefit directly from universal service and energy conservation programs before requiring them to equitably contribute funds. As established above, large load customers are already causing substantial and quantifiable costs associated with CAP – a critical part of each utilities’ universal service and energy conservation program portfolio – and must be held responsible for paying those costs in furtherance of traditional cost causation principles. In turn, large load customers also benefit from the programs even though they cannot directly participate. As the Commission itself has noted, all rate classes—residential, commercial, and industrial—benefit from universal service and energy conservation programs. There is substantial evidence that requiring large load customers to equitably and proportionately contribute to universal service and energy conservation programs, through a non-bypassable volume-based rider, would positively impact Pennsylvania ratepayers of all classes and uplift the Commonwealth’s economy as a whole.

The most obvious beneficiaries, of course, would be low-income Pennsylvanians struggling to keep up with the ever-larger utility bill spikes driven by large load customers. Affordable access to energy—and, by extension, heating, air conditioning, medical devices, and

⁶¹ Interconnection and Tariffs for Large Load Customers, Statement of Vice Chair Kimberly Barrow Docket No. M-2025-3054271, at 1 (Public Meeting, Nov. 6, 2025).

internet—improves physical and mental health and alleviates social isolation.⁶² Children that grow up in energy secure households are far less likely to experience developmental delays, respiratory complications, and mental health issues.⁶³

Well-funded universal service programs can also help keep people in their homes and off the streets.⁶⁴ Researchers have identified utility debt as a leading indicator of impending homelessness.⁶⁵ A San Diego State University (SDSU) study similarly found that 92% of unsheltered individuals who had previously rented an apartment had struggled to pay their utility bills before losing their homes.⁶⁶ The SDSU researchers interviewed both people experiencing homelessness and individuals with homes but living in at-risk neighborhoods.⁶⁷ Of those interviewed with homes, 63% said that utility assistance had helped keep them housed.⁶⁸ Requiring large load customers to contribute to CAP can help protect vulnerable Pennsylvanians from the devastation of homelessness—and save taxpayers a significant amount of money. A recent study by the City of Philadelphia’s Budget Office found that providing just one shelter bed costs over \$17,000 per year.⁶⁹

⁶² Carlos Batlle, Peter Heller, Christopher Knittel & Tim Schittekatte, US Federal Resource Allocations Are Inconsistent with Concentrations of Energy Poverty, 10 Sci. Advances, October 2024, at 1, 1.

⁶³ Cecile Yama, Jordan M. Rook, Lauren E. Wisk, Rebecca Dudovitz, Diana Hernandez, David P. Eisenman & Kathryn M. Leifheit, Expiration of the Expanded Child Tax Credit and Energy Insecurity in US Households with Children, 2021–2022, 115 Am. J. Pub. Health 1312, 1312–13 (2025).

⁶⁴ Colin D. Middleton, Kim Boynton, David Lewis & Andrew M. Oster, How Low-Income Customer Programs Lower Energy Costs for Everyone, PLoS ONE, Oct. 2023, at 1, 18, <https://pmc.ncbi.nlm.nih.gov/articles/PMC10561862/>

⁶⁵ Colin D. Middleton, Kim Boynton, David Lewis & Andrew M. Oster, How Low-Income Customer Programs Lower Energy Costs for Everyone, PLoS ONE, Oct. 2023, at 1, 18, <https://pmc.ncbi.nlm.nih.gov/articles/PMC10561862/>

⁶⁶ Mounah Abdel-Samad, Naader Ho, Sama Aziz & Paola Diaz de Regules, The Impact of Utility Assistance on Keeping People Housed, San Diego State U. 18 (2020), https://sevi.sdsu.edu/resources/files/the_impact_of_utility_assistance_on_keeping_people_housed.pdf

⁶⁷ Id. at 4–6.

⁶⁸ Id. at 7.

⁶⁹ Letter from the City of Phila. Budget Office to Darrell Clarke, City Council President 2 (Apr. 25, 2023), https://phlcouncil.com/wp-content/uploads/2023/04/City-Council-FY24-Budget-Questions_OHS.pdf.

Alleviating energy poverty through robust universal service and energy conservation programming also improves public safety. Energy insecure Pennsylvanians often resort to unsafe practices such as heating their homes with their ovens⁷⁰ or leaving space heaters on while they are sleeping.⁷¹ These practices can lead to death, injury, and property loss⁷²—all avoidable by making energy more affordable.

Universal service and energy conservation programs also benefit Pennsylvania businesses and the broader economy. Alleviating energy insecurity increases the purchasing power of low-income households. The less customers spend on their utility bills, the more they can afford to spend on food, healthcare, child care, and other expenses. Easing energy burdens also reduces worker stress and anxiety, allowing them to better perform their jobs and benefitting their employers.⁷³ A recent Commission-sponsored study found that between 29–58 percent of low-income consumers enrolled in a universal service programs were employed.⁷⁴ Enhanced CAP funding would increase productivity and commerce across the Commonwealth.

Universal service programs provide innumerable benefits to Pennsylvanians of all walks of life. All those who benefit from public utility service should bear the cost of ensuring affordable access for all. Requiring large load customers to contribute to CAP through up-front fees and

⁷⁰ CDC, [Don't Heat Your Home with a Gas Oven](https://www.cdc.gov/natural-disasters/psa-toolkit/dont-heat-your-home-with-a-gas-oven.html), (Feb. 7, 2024), <https://www.cdc.gov/natural-disasters/psa-toolkit/dont-heat-your-home-with-a-gas-oven.html>.

⁷¹ U.S. Fire Admin., [Heating Fire Safety](https://www.usfa.fema.gov/prevention/home-fires/prevent-fires/heating/), <https://www.usfa.fema.gov/prevention/home-fires/prevent-fires/heating/> (last visited Nov. 26, 2025).

⁷² Id.

⁷³ See Amy Isham, Simon Mair & Tim Jackson, [Worker Wellbeing and Productivity in Advanced Economies: Re-examining the Link](#), 184 *Ecological Econ.*, June 2021, at 1, 1–3 (examining how alleviating worker stress increases productivity); see also Ariel Dreobl, Lauren Ross & Roxana Ayala, [How High Are Household Energy Burdens? An Assessment of National and Metropolitan Energy Burdens Across the U.S.](#), at 5 (2020) (“High energy burdens can have mental health impacts— such as chronic stress, anxiety, and depression— associated with fear and uncertainty around access to energy, the complexities of navigating energy assistance programs, and the inability to control energy costs.”).

⁷⁴ Pa. PUC, BCS, 2023 Report on Universal Service Programs & Collections Performance 49 (Revised 2025).

volume-based universal service riders is a just and equitable means to address rising costs wrought by those customers.

iii. Pennsylvania is and remains an outlier in exempting non-residential ratepayers from contributing to universal service and energy conservation programs.

To the knowledge of CAUSE-PA and TURN, Pennsylvania is the only state that limits cost recovery of universal service programming to the residential ratepayer class. Other states, including for example Ohio, New York, New Jersey, and Illinois recover the costs of universal service programming from every rate class.⁷⁵ Requiring large load customers to contribute to universal service and energy conservation program costs would bring Pennsylvania into closer alignment with its peer states. There is no indication that imposing such a requirement would place the Commonwealth at any disadvantage and substantial evidence that it would yield tremendous benefits, as described above.

iv. The Commission can allow utilities flexibility in crafting volume-based universal service riders in future, separate tariff proceedings.

The Commission should revise the model tariff to require large load customers to proportionately contribute to universal service and energy conservation programs through flat up-front fees that could be used to offset costs or other ratepayers immediately, as well as ongoing volume-based universal service rider charges that offset costs on an ongoing basis. This model tariff does not need to determine the appropriate allocation of fees and costs at this juncture. Such determinations would be better made later in the context of a separate 1308(d) base rate proceeding or other tariff proceedings—allowing for more flexible and equitable assignment of universal

⁷⁵ Cal. Pub. Util. Code § 382 (California); 4 CCR 723-3, § 3412(g) (Colorado); 305 Ill. Comp. Stat. 20/18 (Illinois); N.J. Rev. Stat. § 48:3-60 (New Jersey); Ohio Rev. Code § 4928.52 (Ohio); Order Adopting Low Income Program Modifications and Directing Utility Filings, N.Y. Pub. Serv. Comm’n, Docket No. 14-M-0565 (May 20, 2016) (New York); 2015 ORS § 757.612(7); Re Investigation into Percentage of Income Payment Program, Order No. 16-254 (Or. P.U.C. July 6, 2016) (Oregon).

service costs, which can be scaled to the energy demand of each large load customer. Instead, the Commission should update the model tariff to include specific parameters, including expected rate design, to guide those future proceedings and ensure consistent application across the Commonwealth. In its final order in this proceeding, the Commission should require any EDC with a universal service and energy conservation program to address cost recovery and allocation of universal service costs in the first 1308(d) general base rate case filed after issuance of the order in this proceeding.⁷⁶

B. Absent actual and quantifiable evidence to the contrary, the Commission must assume that distribution system upgrades to support a large load customer are solely for the benefit of that user.

In its Tentative Order, the Commission proposes that the model tariff require large load customers to make up front Contributions in Aid of Construction (CIAC) towards distribution system upgrades “if they receive more than half of the benefit” of the upgrades.⁷⁷ This standard does not appear in the model tariff language included in the Appendix, which merely notes with regard to CIAC that “Large Load Customers are subject to a fee for Interconnection Facilities costs and Network Improvements Costs through CIAC.”⁷⁸ The Commission does not define the term “benefit” – nor does it offer any factors for consideration in determining whether “more than half of the benefit” will inure to other customers, though it does seek specific comment regarding “the degree of contribution required, and the test for whether a contribution should be required.”⁷⁹

⁷⁶ Note that at least one small EDC, UGI Electric, operates a suite of universal service and energy conservation programs modeled on the mandatory universal service and energy conservation programs.

⁷⁷ TO at 16.

⁷⁸ TO at Appx. A, Other Matters – Contributions in Aid of Construction.

⁷⁹ TO at 16.

CAUSE-PA and TURN do not support the Commission’s proposed “more than half of the benefit” threshold for determining socialization of costs, as this threshold is insufficiently vague⁸⁰ and impossible to objectively apply – leaving substantial room for manipulation. Both utilities and large load customers each stand to gain substantial financial benefits from the socialization of facility costs necessary to support the introduction of unprecedented load onto the system and, thus, have a distinct incentive to exaggerate potential benefits to permit socialization of costs.⁸¹

We are also deeply concerned that the Commission’s benefit-driven standard will result in prioritization of upgrades to serve large load customers over upgrades necessary to support other critical needs – and without adequate attention to overall affordability.

Rather than adopting a benefits-driven threshold for socialization of costs, we urge the Commission to instead adopt a rebuttable presumption within the model tariff that assumes all costs associated with interconnection of a large load customer are solely for the benefit of that customer—and require that customer to cover the entire cost of necessary system upgrades through CIAC. **Costs associated with large load interconnection should only be socialized to other customers to the extent there is substantial and quantifiable evidence that the upgrades were otherwise necessary and would have been pursued in the absence of the interconnection large load or required for unrelated regional reliability purposes.**

Requiring large load customers to fund all upgrades via CIAC will prevent any potential upward rate pressure associated with placing upgrades into rate base, helping to ensure that the net

⁸⁰ As proposed, the Commission’s CIAC contribution requirement leaves too many questions unanswered. What does “more than half” mean? Is that “more than half” of line capacity or “more than half” of accounts served on the line? What does “benefit” mean? How are benefits quantified? And when are benefits quantified? What if large load customers end up using more electricity than originally forecasted? What if they end up using less?

⁸¹ While utilities have not historically been permitted to rate base infrastructure funded through CIAC, utilities are able to earn a return on socialized investments.

effect of new rate revenues from large load customers will be a reduction in the transmission rates that all customers pay.

To be clear, we believe that it is reasonable for large load customers to pay for both the upgrades that they cause through CIAC **and** their use of the existing system. Large load customers are not served only by the portions of the grid where any triggered upgrades might occur. Rather, they benefit from the *entire* grid and should therefore be held accountable for both the new costs that they impose on the system and their use of the wider, interconnected electrical system. This means paying embedded system costs through standard transmission and distribution rates in addition to CIAC for all incremental upgrade costs.⁸²

The Commission’s proposal to rely on a generalized “benefits” standard conflates *niceties* and *necessities* – forcing ratepayers who are already struggling to afford basic home energy services to shoulder costs they do not need and cannot afford merely because they provide a broader system benefit. Indeed, such a standard appears to fundamentally depart from sound, cost-based ratemaking. While distribution system upgrades necessary to support large load customers may drive ancillary benefits to other customer classes, the introduction of large load customers should not shift costs to other ratepayers to support an accelerated system upgrade before that upgrade is *needed*, without determining whether that upgrade is *affordable*, and without evidence that upgrade is *prudent* in light of other pressing needs.

Certainly, new distribution lines may increase grid stability which benefits all ratepayers to some degree. But that is not why these lines are being built. Between 2000 and 2020, electricity

⁸² While smaller customers are not generally held individually responsible for any upgrades that they might trigger, such upgrades are often more incidental. For new large load customers such as data centers, their peak demands are so high that the grid must be reshaped for their benefit, and they must be held directly responsible for the costs that they cause.

consumption was essentially flat.⁸³ Now demand is spiking and it is large load customers—not residential ratepayers—that are driving the increase. Large load customers are the ones demanding the rapid buildout of new infrastructure. They must not be able to claim amorphous and ancillary benefits to other ratepayers as justification for cost-shifting. CAUSE-PA and TURN caution that a benefits-based approach departs from traditional cost causation principles and presents heightened risk in this context -- where inequitable cost shifting to existing base rate customers would be compounded in the context of an AI bubble many believe is poised to burst.⁸⁴ The Commission’s benefits-based approach fails to protect customers from this well-known risk.

Notwithstanding our objection to the Commission’s proposed majority benefits standard, if the Commission is nevertheless inclined to adopt this proposed standard, we urge the Commission to limit socialization of costs to the percent of quantified benefits. In other words, if 51% of the quantified co-benefits of a large load interconnection may benefit other customers, then just 51% of the costs should be socialized to other ratepayers – and the remainder should be paid for by the large load customer through CIAC. In turn, if the Commission proceeds with its proposed approach, it is critical that the model tariff include explicit parameters to guide application of its benefits-driven socialization threshold. Specifically, we recommend the Commission define the term “benefits” to include improved affordability, enhanced reliability, expanded capacity, increased congestion relief, and improved operational flexibility. For each claimed benefit type, the Commission should identify quantifiable factors to assess whether the claimed benefits are necessary, prudent, affordable, and reasonably certain to materialize. In

⁸³ U.S. Energy Info. Admin., After More Than a Decade of Little Change, U.S. Electricity Consumption Is Rising Again, (May 13, 2025), <https://www.eia.gov/todayinenergy/detail.php?id=65264>.

⁸⁴ Bobby Allyn, Here’s Why Concerns About an AI Bubble are Bigger than Ever, NPR: All Things Considered (Nov. 23, 2025), <https://www.npr.org/2025/11/23/nx-s1-5615410/ai-bubble-nvidia-openai-revenue-bust-data-centers>.

assessing whether a claimed benefit is affordable, the Commission should consider both short and long term rate impacts on other customer classes – including a distributional affordability analysis that specifically examines the impact on low and moderate income households and the potential for increased utility insecurity. It should also include an examination of whether the upgrades will alleviate the need for other planned expenditures.

Adopting a rebuttable presumption, as proposed above, is more straightforward than the Commission’s proposed benefit standard, easier to implement, and provides stronger protections against cost-shifting. Under this presumption, when infrastructure improvements would not be incurred *or otherwise prioritized* “but for” the large load customer, the triggering customer would bear the cost. Enshrining this presumption in the model tariff would eliminate potentially disastrous definitional wiggle room and clearly establish that large load customers will pay for the upgrades they demand. A prohibition against utilities rate basing infrastructure funded by CIAC would further ensure that other ratepayers do not end up paying for upgrades they would not otherwise need. These proposed reforms perfectly accord with traditional ratemaking principles—ensuring prudence and fairness in the apportionment of costs between ratepayer classes and “[f]reedom from controversies as to proper interpretation.”⁸⁵

In addition to concerns regarding the Commission’s proposed benefits-driven CIAC threshold, CAUSE-PA and TURN are concerned that the Commission has not clearly determined whether utilities will be permitted to earn a return on customer-paid investments – including CIAC. Elsewhere in its Tentative Order, regarding self-construction of infrastructure upgrades by large load customers, the Commission acknowledges that there are open questions regarding “whether

⁸⁵ See James C. Bonbright, Albert L. Danielsen & David R. Kamerschen, Principles of Public Utility Rates 383–84 (2d ed. 1988) (listing the traditional ratemaking principles).

utilities should earn returns on customer-funded infrastructure and how to appropriately allocate costs” – and instead punts the issue to an “separate proceeding”, but does not identify when this “separate proceeding” will take place.⁸⁶ This is the opposite side of the same question: Should utilities earn a return on infrastructure investments funded or constructed by a large load customer, whether through CIAC or through self-construction? CAUSE-PA and TURN say definitively: No. The Commission’s response to this question is fundamental, and should not be punted to some future, unidentified proceeding. Utilities should not earn a return on capital expenditures that they did not pay for either and that were paid directly by the customers. All contributed utility plant should be excluded from ratemaking ratebase. If the Commission determines to reverse the long-standing principle that utilities may not earn a return on CIAC, CAUSE-PA and TURN submit that the Commission must ensure those new utility revenues are borne solely by the large load class – and are not in any way allocated to other classes.

C. Promote transparency by prohibiting the use of special contracts and strengthening public disclosure requirements.

In its Tentative Order, in the context of discussing parameters for interconnection studies and agreement, the Commission acknowledges that several parties raised concerns about special contracts. Specifically, as CAUSE-PA and TURN explained, special contracts “serve to conflate the metrics and methodologies used to calculate and allocate costs in a rate case, making it exceedingly difficult and cost prohibitive to appropriately unwind.”⁸⁷ Several other parties agreed that transparent cost structures are critical to protect consumers.⁸⁸

⁸⁶ TO at 42.

⁸⁷ TO at 23-24.

⁸⁸ TO at 24.

While the Commission recited these concerns, it fell short of fully addressing them – requiring only that utilities publicly post a general list of large load customer interconnection applications with the zip code, MW interconnection sought, and stage of the process – but without any requirement that the utility publicly disclose other special offers and considerations outside the standard tariff rules.⁸⁹ The Commission also imposed basic *confidential* reporting requirements – including certain aggregate data and information – and requires that utilities must, upon request, provide the Commission and statutory parties (OCA, OSBA, and the Bureau of Investigation and Enforcement) with copies of executed Energy Service Agreements and transmission Letters of Authorization.⁹⁰

CAUSE-PA and TURN support the Commission’s efforts to establish basic reporting requirements, but the draft model tariff does not adequately provide for public transparency – and is certainly not the “radical transparency” needed to meet this moment. The ever-increasing demands of large load customers have made public disclosure requirements more necessary than ever.⁹¹ Robust transparency promotes accountability, improves load forecasting, protects against stranded assets, encourages public participation, and ensures utilities do not use new large load customers as opportunities to profit at ratepayer expense. The Commission must revise the model tariff to prohibit the use of special contracts and strengthen public disclosure requirements.

i. Forbid the use of special contracts.

CAUSE-PA and TURN reiterate our earlier recommendation that the Commission ban the use of special contract terms and require all large load customers to adhere to standardized tariffed

⁸⁹ TO at 25.

⁹⁰ TO at 44.

⁹¹ See Eliza Martin & Ari Peskoe, Extracting Profits from the Public: How Utility Ratepayers Are Paying for Big Tech’s Power 21–31 (2025) (“Without systematic changes to prevailing utility ratemaking practices, the public faces significant risks that utilities will take advantage of opportunities to profit from new data centers by making major investments and then shifting costs to their captive ratepayers.”).

rates and terms and conditions of service. While a separate contract may be necessary to memorialize applicable tariff terms, inclusion of special terms which deviate from the utility's approved tariff provisions should be expressly prohibited. This will help ensure rates are fair and transparent and that costs are properly assigned and allocated.

While we appreciate and support the Commission's requirement that utilities disclose special contracts to the statutory parties, we do not believe this goes far enough to address the concerns we identified in our earlier comments. Mere disclosure of special contracts – under cloak of confidentiality – will not necessarily improve the ability of the Commission or the statutory parties to adequately shield against special terms that impede appropriate cost allocation.

“Special contracts are vehicles for shifting special interests’ energy costs to consumers.”⁹² They enable the special interests that serve large load customers to wield their clout in private settings without any input from competing stakeholders or the general public. Traditional regulatory safeguards are inadequate to protect ratepayers from cost shifting via special contracts.⁹³

Outside of Pennsylvania, regulators have begun to eschew special contracts in favor of tariff proceedings.⁹⁴ Tariff proceedings ensure that all large load customers “pay under the same terms and that the impact of new customers is addressed by considering the full picture of the utility's costs and revenue.”⁹⁵ Requiring large load customers to adhere to these proceedings and

⁹² Eliza Martin & Ari Peskoe, Extracting Profits from the Public: How Utility Ratepayers Are Paying for Big Tech's Power 23 (2025).

⁹³ Eliza Martin & Ari Peskoe, Extracting Profits from the Public: How Utility Ratepayers Are Paying for Big Tech's Power 10 (2025).

⁹⁴ See, e.g., Opinion & Order at ¶ 158, In the Matter of the Application of Ohio Power Company for New Tariffs Related to Data Centers and Mobile Data Centers, No. 24-508-EL-ATA (P.U.C. Ohio July 9, 2025) (ordering AEP Ohio to file new tariffs specifically applying to data centers).

⁹⁵ Eliza Martin & Ari Peskoe, Extracting Profits from the Public: How Utility Ratepayers Are Paying for Big Tech's Power 21–31 (2025).

their rulings eliminates opportunities for utilities to try and attract large load customers “by offering hidden discounts paid for by other ratepayers.”⁹⁶

The transparency that flows naturally from tariff proceedings is even more important today when potential conflicts of interest between utilities and large load customers are not always clear. Private equity firms are now pouring billions of dollars into electric utilities across the United States.⁹⁷ While, as noted above, some speculate that the AI bubble will burst, others experts expect that private investment in electric utilities will continue to increase with the “artificial intelligence race and the huge buildout of energy-hungry data centers.”⁹⁸ This shift would make conflicts of interest far more likely and consequential. For example, Blackstone now has a controlling interest in FirstEnergy while still owning and controlling several data centers.⁹⁹

Residential ratepayers cannot negotiate confidential, individualized contracts with their utility—neither should large load customers. Requiring large load customers to adhere to tariffed distribution is crucial to promote transparency and prevent cost shifting.

ii. Strengthen public disclosure requirements.

CAUSE-PA and TURN support the Commission’s decision to require EDCs to regularly report information related to large load customers but strongly oppose the Commission’s proposal to keep the reports’ content confidential. The Commission must revise the model tariff to ensure

⁹⁶ Id.

⁹⁷ Marc Levy, Private Equity Sees Profits in Power Utilities as Electric Bills Rise and Big Tech Seeks More Energy, AP News (Sep. 26, 2025), <https://apnews.com/article/big-tech-private-equity-electricity-utilities-power-energy-7c5d119142380bb7a83bbe722f69f2a5>.

⁹⁸ Id.

⁹⁹ See Testimony of Tyson Slocum, Energy Program Director, Public Citizen, before the Subcommittee on Economic Growth, Energy Policy & Regulatory Affairs of the House Committee on Oversight, Ensuring Artificial Intelligence & Power Needs Serve the Public Interest (Apr. 1, 2025), <https://www.congress.gov/119/meeting/house/118078/witnesses/HHRG-119-GO05-Wstate-SlocumT-20250401.pdf>.

transparency and accessibility regarding the impacts of large load customers on EDCs and the existing base rate customers they serve.

The Commission’s proposed language vaguely alludes to non-confidential portions of required reports that could be publicly accessible but makes no mention of what those non-confidential portions would include – or how and when they would be disclosed to the public.¹⁰⁰ To the contrary, it appears that all of the information required to be disclosed or otherwise reported to the Commission would instead be included in the “confidential report” or provided on a “confidential basis.”¹⁰¹

There is significant public interest in the reports detailed in the Commission’s proposed model tariff. The vast majority of residential ratepayers have little insight into the ratemaking process. Industry groups have long enjoyed disproportionate access.¹⁰² By making the required reports public, the Commission could help ratepayers verify whether large load customers are paying for their system impacts and complying with EDC orders as well as whether and how EDCs are mitigating impacts on low-income and marginalized communities.¹⁰³

The Commission provided no basis for the blanket grant of confidentiality afforded by its proposed language. For example, it is highly dubious that EDCs have an interest in keeping their outreach efforts confidential that outweighs residential ratepayers’ interests in monitoring such efforts—especially since residential ratepayers are the intended beneficiaries. Blanket grants of

¹⁰⁰ TO at 43-44.

¹⁰¹ TO at 43-45.

¹⁰² See Eliza Martin & Ari Peskoe, Extracting Profits from the Public: How Utility Ratepayers Are Paying for Big Tech’s Power 4–6 (2025) (“A handful of special interests, particularly large industrial users, pay individualized rates that are negotiated with the utility and often require PUC approval.”).

¹⁰³ See Eliza Martin & Ari Peskoe, Extracting Profits from the Public: How Utility Ratepayers Are Paying for Big Tech’s Power 30 (2025) (“Because many utilities have substantially increased their demand forecasts over the past year, new reporting rules would be well justified as a means of protecting consumers, enabling competition, and ensuring reliability.” (footnote omitted)).

confidentiality force the public to slog through time and resource intensive records requests processes. Instead, in accordance with longstanding practice, the onus should be on EDCs to justify specific, narrow redactions to be evaluated by the Commission and Law Bureau on a case-by-case basis.¹⁰⁴

The Commission should revise its proposed language to make all required reports publicly accessible. The final model tariff may include a provision stating that EDCs can request redactions on a case-by-case basis and that any redactions will be as narrow as possible. To maximize public transparency, the Commission should also require EDCs to include a public-facing summary of each report written at a sixth-grade level. The Commission should make all reports available on a dedicated publicly accessible webpage.

D. Protect against stranded assets and cost shifting by requiring longer minimum contract lengths for large load customers.

The Commission invited comments on whether a five-year minimum contract length for large load customers would be appropriate.¹⁰⁵ CAUSE-PA and TURN urge the Commission to adopt longer minimum contract lengths in line with other states in the PJM region, and we strongly support the Office of Consumer Advocates' proposal to implement a 20-year minimum contract period.¹⁰⁶

As support for its proposed 5-year minimum, the Commission notes that “a majority of tariffs in the United States for both large loads and data centers have minimum or maximum contract lengths of five years.”¹⁰⁷ But this early trend is already shifting as more states develop large load tariffs. According to RMI, “large load tariffs feature minimum term lengths ranging

¹⁰⁴ See 52 Pa. Code § 5.365.

¹⁰⁵ TO at 21.

¹⁰⁶ TO at 17.

¹⁰⁷ TO at 21.

from 1 to 20 years, and longer-term lengths have become more common in recent proposals.”¹⁰⁸ A recently approved tariff in Kentucky requires 20-year minimum contract term lengths for all new loads of 150 MW or more.¹⁰⁹ While the average minimum contract term was 5 years in 2024, the average term is now 10.9 years.¹¹⁰

Even a 20-year minimum contract term will fall short of the likely recovery period for large load infrastructure investments and will shift significant risk of stranded cost to consumers. Utility investments in infrastructure supporting large load customers are riskier than typical expenditures “given the level of cost recovery, depreciation of assets, the need for large capacity resource builds, and the fact that the significant load increased will be limited to one customer class rather than spread across multiple customer segments.”¹¹¹ Given the rapid evolution of technology, it is entirely possible the technology of today that is driving the rapid build-out of hyperscale data centers will be obsolete before sunk costs are recovered. If the Commission imposes a minimum 5-year contract, it will allow tech companies employing risky financing structures – such as “special purpose vehicle” financing used by Enron 25 years ago¹¹² – to move on unharmed, leaving ratepayers holding the bag. Particularly telling, the Commission notes that comments from the data center community expressed that “it is challenging for data centers to accept this risk [related to minimum contract terms] as it is difficult to forecast utilization rates within the rapidly evolving

¹⁰⁸ Alyssa Perez, Sarah Wang, & Lauren Shwisberg, RMI, [Large Energy Users Want Power. Here’s How to Protect Other Ratepayers from the Costs](https://rmi.org/large-energy-users-want-power-heres-how-to-protect-other-ratepayers-from-the-costs/) (Nov. 7, 2025), <https://rmi.org/large-energy-users-want-power-heres-how-to-protect-other-ratepayers-from-the-costs/>.

¹⁰⁹ Id.

¹¹⁰ Id.

¹¹¹ Stacy Sherwood, [Review of Large Load Tariffs to Identify Safeguards and Protections for Existing Ratepayers](#), at 6, 29 (2025).

¹¹² Bobby Allyn, [Here’s Why Concerns About an AI Bubble are Bigger than Ever](https://www.npr.org/2025/11/23/nx-s1-5615410/ai-bubble-nvidia-openai-revenue-bust-data-centers), NPR: All Things Considered (Nov. 23, 2025), <https://www.npr.org/2025/11/23/nx-s1-5615410/ai-bubble-nvidia-openai-revenue-bust-data-centers>.

AI landscape.”¹¹³ If large load customers cannot accept their own risk, why on earth would the Commission find that it is just and reasonable to impose that risk on other ratepayers?

Imposing a five-year minimum contract length and otherwise deferring to EDCs’ discretion would leave ratepayers woefully unprotected. EDCs may be tempted to agree to shorter, riskier contracts in order to attract large load customers.¹¹⁴ And rapidly increasing private equity investment in EDCs raises the risk of conflicts of interest.¹¹⁵

Ohio, West Virginia, and Indiana—all PJM states— correctly recognized that longer minimum contracts lengths better safeguard ratepayers from shouldering the costs of stranded assets. If the Commission is still not inclined to adopt a 20-year minimum contract term for all large load customers, CAUSE-PA and TURN recommend that the Commission revise the model tariff to include a tiered minimum contract length of 10 years for loads exceeding 50 MW and 20 years for loads exceeding 100 MW.¹¹⁶ In the alternative, the Commission should impose a minimum contract length of 12 years for all loads exceeding 50 MW—bringing Pennsylvania in line with its fellow PJM states.

¹¹³ TO at 20.

¹¹⁴ See Eliza Martin & Ari Peskoe, Extracting Profits from the Public: How Utility Ratepayers Are Paying for Big Tech’s Power 21–31 (2025) (discussing pressures on EDCs to grant favorable terms to large load customers).

¹¹⁵ See Marc Levy, Private Equity Sees Profits in Power Utilities as Electric Bills Rise and Big Tech Seeks More Energy, AP News (Sep. 26, 2025), <https://apnews.com/article/big-tech-private-equity-electricity-utilities-power-energy-7c5d119142380bb7a83bbe722f69f2a5> (discussing this investment); Testimony of Tyson Slocum, Energy Program Director, Public Citizen, before the Subcommittee on Economic Growth, Energy Policy & Regulatory Affairs of the House Committee on Oversight, Ensuring Artificial Intelligence & Power Needs Serve the Public Interest (Apr. 1, 2025), <https://www.congress.gov/119/meeting/house/118078/witnesses/HHRG-119-GO05-Wstate-SlocumT-20250401.pdf>.

¹¹⁶ Stacy Sherwood, Review of Large Load Tariffs to Identify Safeguards And Protections for Existing Ratepayers 6, 29 (2025).

E. Further improve safeguards to prevent stranded costs by improving financial security requirements and ensuring a nexus to ongoing financial risk assessment.

CAUSE-PA and TURN submit that proper collateral, deposits, and financial securities are critical to ensure accurate load forecasting and to prevent stranded costs and cost shifting. While the Commission's tentative proposals offer a step in the right direction, further amendment is needed to protect other ratepayers from harm.

In its Tentative Order, the Commission concludes that financial security should be graduated based on load size, sufficient to cover the large load customers' share of network upgrades for which they are "the majority beneficiary," and refunded as load ramps up to meet maximum forecasts.¹¹⁷ The Commission notes that it also included several detailed recommendations from OCA regarding appropriate assessment of securities.

First and foremost, as explained above, CAUSE-PA and TURN submit that the Commission's benefits-based test for determining the level of costs that a large load customer must bear through CIAC is inappropriate. Costs associated with large load interconnection should only be socialized to other customers to the extent there is substantial and quantifiable evidence that the upgrades were otherwise necessary to serve other customers and would have been pursued in the absence of the large load interconnection or required for unrelated regional reliability purposes. As such, financial security requirements should be based on the full cost of necessary upgrades – beyond those for which the large load customer is deemed to be a "majority beneficiary."

CAUSE-PA and TURN are further concerned that the Commission's proposed financial security standards are overly reliant on initial credit ratings and to not properly account for the

¹¹⁷ TO at 13.

need to safeguard against longer-term risks, such as a further technology disruption that may cause load to ramp down just as quickly as it ramped up. Specifically, the Commission proposes: “As construction and load ramp milestones are achieved, collateral should be reduced and refunded to the Large Load Customer to reflect the reduced risk to other EDC customers.”¹¹⁸ CAUSE-PA and TURN recommend that the Commission tie the release of financial securities to timely payment and ongoing credit indicators – not construction timelines and load growth. This is consistent with the OCA’s recommendation: “The amount of the Collateral Requirement will be reduced by one year’s minimum charges for each year the customer is energized and makes on-time service payments under the contract.”¹¹⁹

Finally, related to our concern that the Commission is reliant on load growth alone to refund a large load customer’s financial security, CAUSE-PA and TURN are concerned that the Commission has not addressed how a utility should address non-payment by a large load customer. We strongly urge the Commission to adopt the OCA’s recommendation that “the amount of all non-payments by the Large Load Customers is not charged to other ratepayers, whether in rates or any other fees or payments.”¹²⁰ Indeed, the risk of non-payment is not unique to residential consumers – commercial and industrial customers also fall into arrears, and large load customers are likely to face payment trouble as well. Given the unprecedented scale of usage, the potential consequences of non-payment by a large load customer would be severe and must not fall to other ratepayers – underscoring the need to base return of financial security on established payment history of the large load customer.

¹¹⁸ TO at Appendix (Collateral Requirements).

¹¹⁹ TO at 11.

¹²⁰ TO at 11.

F. Develop an explicit load-shedding prioritization schedule to protect Pennsylvania families from harm in a grid emergency.

In its Tentative Order, the Commission found generally that “it is beneficial to develop programs so that large load grid service may be interrupted under certain prescribed conditions.”¹²¹ Without further discussion of this important finding, the Commission turned to endorsing various incentives for large load customers that *voluntarily* agree to take interruptible service or that have on-site generation.¹²²

CAUSE-PA and TURN are generally supportive of voluntary load curtailment programs to help reduce peak demand at critical periods and either slow or prevent the necessary buildout of additional infrastructure. However, the costs of providing those incentives should not shift to other ratepayers. Large load customers are responsible for the strain on grid resources, and those unwilling to voluntarily curtail their load during anticipated peak load events should be required to shoulder the cost necessary to incentivize load reduction by their peers.

Setting aside voluntary load curtailment provisions, CAUSE-PA and TURN are deeply concerned that the Commission has not included any *mandatory* load shedding provisions within its model tariff in the event of a grid emergency. We note that the Commission’s work to develop a model large load tariff is a direct outgrowth of its November 2024 Resource Adequacy Conference – and the serious and growing concerns about whether current resources are capable of serving projected load growth, driven primarily by the introduction of large load customers onto the grid. Just last week, the latest PJM capacity auction failed to clear enough energy to meet projected demand.¹²³ While there are several mitigating factors (including acknowledged

¹²¹ TO at 39.

¹²² *Id.*

¹²³ Press Release: PJM Auction Procures 134,470 MW of Generation Resources (Dec. 17, 2025), <https://www.pjm.com/-/media/DotCom/about-pjm/newsroom/2025-releases/20251217-pjm-auction-procures->

inaccuracies in load forecast) that make it unlikely Pennsylvania will face a grid emergency in the delivery year,¹²⁴ the failure of PJM to procure adequate resources to cover current projected load growth underscores the urgency of this issue – and the need for contingency planning to prevent the serious and severe consequences to the health and safety of Pennsylvania families and businesses.

If Pennsylvania were to face a true grid emergency, where peak demand exceeds available resources forcing rolling brown-outs or black-outs, it is critical that utilities identify a prioritization schedule that puts Pennsylvania families and critical service providers (e.g., hospitals, nursing homes, and multifamily housing) to the front of the line for uninterrupted service. As such, we urge the Commission to develop an explicit load-shedding prioritization schedule for inclusion in its model large load tariff that will take effect in a grid emergency.

G. Adopt explicit minimum demand charges, early exit fees, and a specific load ramping schedule within the model tariff.

CAUSE-PA and TURN generally support the Commission’s efforts to adopt specific minimum demand charges, early exit fees, and a load ramping schedule within the model large load tariff. But the Commission must strengthen these provisions and eliminate vague language that may open the door to cost shifting. Statewide consistency is critical to ensure accurate load

[134479-mw-of-generation-resources.pdf](#). “The capacity of the resources procured in the auction, plus FRR resources, is short of PJM’s reliability requirement by 6,623 MW, meaning that the committed supply is less than what would be required to meet the on-event-in-10-year reliability standard of a 20% reserve margin.” *Id.*

¹²⁴ *Id.*

forecasting,¹²⁵ minimize the risk of stranded assets,¹²⁶ and prevent EDCs from offering riskier terms in order to attract large load customers to their service areas.¹²⁷

i. Raise minimum monthly demand charge to 90 percent.

CAUSE-PA and TURN support the Commission establishing a specific minimum monthly demand charge, and specifically support the OCA's proposal for a 90% minimum demand charge. Apart from noting "significant" opposition from EXUS and PPL, the Commission provided no basis for selecting 80 percent when Ohio has set its minimum monthly demand charge to 85 percent for the express purpose of improving the accuracy of load forecasting – a critically important objective to help control costs for all ratepayers.¹²⁸ Higher minimum monthly demand charges better ensure accurate load forecasting and protect residential ratepayers. Ohio Power has recognized that minimum monthly demand charges of up to 95 percent may be needed to prevent cost shifting.¹²⁹ The Commission should revise the model tariff to raise the minimum monthly demand charge to at least 90 percent.

ii. Establish a specific load ramping schedule as proposed by OCA.

The Commission invited comment on its tentative finding that load ramping schedules should be three to five years.¹³⁰ Load ramping facilitates utility planning which ultimately benefits

¹²⁵ See Cathy Kunkel, Projected Data Center Growth Spurs PJM Capacity Prices by Factor of 10, Inst. Energy Econ. & Fin. Analysis (July 30, 2025), <https://ieefa.org/resources/projected-data-center-growth-spurs-pjm-capacity-prices-factor-10> ("As IEEFA has noted, there are strong reasons to believe that PJM's 20-year forecasts of data center growth are inflated. But in the short term, markets are responding as though these forecasts are going to materialize."); Eliza Martin & Ari Peskoe, Extracting Profits from the Public: How Utility Ratepayers Are Paying for Big Tech's Power 4–6 (2025) ("While the scale and pace of data center growth is impossible to forecast precisely, we know that utilities are projecting and pursuing growth.").

¹²⁶ See Aditya Challapally, Chris Pease, Ramesh Raskar & Pradyumna Char, The GenAI Divide: State of AI in Business 2025 2–3 (2025), https://mlq.ai/media/quarterly_decks/v0.1_State_of_AI_in_Business_2025_Report.pdf (describing how the vast majority of artificial intelligence ventures are unprofitable).

¹²⁷ See Eliza Martin & Ari Peskoe, Extracting Profits from the Public: How Utility Ratepayers Are Paying for Big Tech's Power 21–31 (2025) (discussing pressures on EDCs to grant favorable terms to large load customers).

¹²⁸ TO at 28.

¹²⁹ Application for Approval of New Tariffs by Ohio Power Company at 8–9, No. 24-508-EL-ATA (P.U.C. Ohio May 13, 2024)

¹³⁰

residential ratepayers. CAUSE-PA and TURN urge the Commission to adopt the specific four-year load ramping schedule proposed by OCA—50 percent in the first year the large load customer can take service, rising to 65 percent in Year 2, 80 percent in Year 3, and 90 percent in Year 4.¹³¹ Adopting this specific load ramping schedule would ensure statewide consistency, improve transparency, facilitate resource adequacy planning, and enhance consumer protection.

iii. Revise the exit fee provision to require more notice, lower the allowed reduction and eliminate vague language that could open the door to cost shifting.

CAUSE-PA and TURN urge the Commission to revise the exit fee provisions in the model tariff to better ensure accurate forecasting and prevent cost shifting.

The Commission invited comment on “on whether a 48-month notice period would be appropriate to align with the PJM load forecast for the delivery year in which the Large Load contract would terminate.”¹³² CAUSE-PA and TURN strongly recommend that the Commission adopt a 48-month notice requirement. Load forecasts driven by large load customers have caused capacity prices to skyrocket in the PJM region.¹³³ Raising the notice requirement from 42 to 48 months would better safeguard consumers.

CAUSE-PA and TURN also call on the Commission to revise the model tariff’s exit fee provisions to align with a 90 percent minimum monthly demand charge, as described above. The

¹³¹ Comments – OCA at 13–14, Re: Interconnection and Tariffs for Large Load Customers, Docket No. M-2025-3054271 (June 6, 2025).

¹³² TO at 33.

¹³³ Cathy Kunkel, Projected Data Center Growth Spurs PJM Capacity Prices by Factor of 10, Inst. Energy Econ. & Fin. Analysis (July 30, 2025), <https://ieefa.org/resources/projected-data-center-growth-spurs-pjm-capacity-prices-factor-10>

Commission should lower the allowed reduction to 10 percent and update the model tariff accordingly—including the exit fee calculation.¹³⁴

Finally, and above all, the Commission must eliminate vague language concerning utilities' duties to mitigate exit fees. The Commission's proposed exit fee provision includes the following:

Following receipt of proper notice, through the Exit Fee Period, the Company will use reasonable efforts, consistent with its obligations as a public utility, to mitigate the Exit Fee amount owed or paid by the Large Load Customer by evaluating the opportunity to assign the terminated/reduced capacity to serve new Large Load Customers, to expand service to existing Large Load Customers, or otherwise secure offsetting expected revenues.¹³⁵

The phrase “or otherwise secure offsetting expected revenues” opens the door for cost shifting onto other ratepayer classes, which would defeat the whole purpose of the exit fee provision. The Commission must strike this language and expressly forbid utilities from mitigating exit fees by shifting costs to residential ratepayers. Utilities should only be able to mitigate exit fees by assigning terminated/reduced capacity to new or existing large load customers.

H. Do not wait for uncertain federal action. Enact the model large load tariff as soon as possible.

Commissioner Coleman invited comments on whether the Commission should hold off on issuing a model tariff until FERC issues a rule for the interconnection of large loads.¹³⁶ Federal law requires that FERC consider and act on the Secretary of Energy's proposed rulemaking in a timely manner, in this case by April 30, 2026.¹³⁷ But FERC is an independent agency and federal

¹³⁴ Otherwise, CAUSE-PA and TURN support the Commission's “greater of” exit fee calculation framework. Alone, the difference between the cost of Network Improvements and Interconnection Facilities less revenue received would invite uncertainty and raise risks for other ratepayers. On the other hand, always the nominal value of remaining Minimum charge in excess of allowed reduction could lead to stranded costs. Calculating the exit fee as the greater of the two values ensures maximum ratepayer protection.

¹³⁵ TO at Appendix (Contractual Flexibility, (a) Exit Fee).

¹³⁶ Interconnection and Tariffs for Large Load Customers, Statement of Commissioner John F. Coleman, Docket No. M-2025-3054271, at 1 (Public Meeting, Nov. 6, 2025).

¹³⁷ 42 U.S.C. § 7173.

law does not require that it rule as the Secretary desires. At this moment, there is just no way of knowing what regulations, if any, FERC will impose relating to the interconnection of large loads.

Large load customers are certainly not waiting to see how FERC rules. Hyperscale data centers and other large loads are flocking to Pennsylvania to take advantage of our land, our water, and our energy resources – driving up utility bills and pushing hundreds of thousands of vulnerable households to the breaking point. Loose regulations and inaccurate load forecasts have facilitated cost shifting and created a serious risk of stranded assets.

CAUSE-PA and TURN urge the Commission to act now to protect vulnerable Pennsylvanians. The residential class did not create these issues surrounding large load customers. They should not have to pay the costs a moment longer.

IV. CONCLUSION

CAUSE-PA and TURN are encouraged by the Commission's recent actions to help protect consumers from costs associated with the explosion hyperscale energy users, and we strongly support the creation of a model tariff designed to bring radical transparency to a murky landscape. We urge the Commission to take clear and decisive action on the recommendations outlined above. At each step of the way, and in every decision, affordability for Pennsylvania families must be at the forefront of the Commission's decision making. CAUSE-PA and TURN appreciate the Commission for its time and attention to these critical matters, and we look forward to further engaging with the Commission on this important issue.

Respectfully submitted,

Counsel for CAUSE-PA



Elizabeth R. Marx, Esq., PA ID: 309014
Patrick M. Cicero, Esq., PA ID: 89039
Ria M. Pereira, Esq., PA ID: 316771
John W. Sweet, Esq., PA ID: 320182
Lauren N. Berman, Esq., PA ID: 310116
Pennsylvania Utility Law Project
118 Locust Street
Harrisburg, PA 17101
PULP@pautilitylawproject.org

Counsel for TURN



Joline Price, Esq., PA ID: 315405
Robert Ballenger, Esq., PA ID: 93434
Community Legal Services
1424 Chestnut Street
Philadelphia, PA 19102-2505
jprice@clsphila.org
rballenger@clsphila.org