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March 20, 2026

Via Electronic Filing
Matthew L. Homsher, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17120

Re: Pennsylvania Public Utility Commission
v.
PPL Electric Utilities Corporation
Docket No. R-2025-3057164

Dear Secretary Homsher:

Attached for electronic filing, please find the Office of Consumer Advocate's Statement in Support of Settlement in this proceeding.

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

Respectfully submitted,

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Certificate of Service

CERTIFICATE OF SERVICE

Pennsylvania Public Utility Commission	:	
	:	
v.	:	Docket No. R-2025-3057164
	:	
PPL Electric Utilities Corporation	:	

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

Dated this 20th day of March 2026.

Can receive **Confidential** information. *

Can receive **HIGHLY CONFIDENTIAL** information. ***

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Dated: March 20, 2026

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BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission	:	
	:	
v.	:	Docket No. R-2025-3057164
	:	
PPL Electric Utilities Corporation	:	
	:	

STATEMENT IN SUPPORT
OF THE JOINT PETITION FOR NON-UNANIMOUS SETTLEMENT
OF THE OFFICE OF CONSUMER ADVOCATE

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TO THE ADMINISTRATIVE LAW JUDGES CHRISTOPHER P. PELL AND BARBARA SHADIE NAUSE:

AND NOW, before the Administrative Law Judges (ALJs) Christopher P. Pell and Barbara Shadie Nause and the Pennsylvania Public Utility Commission (Commission), the Office of Consumer Advocate (OCA), a signatory to the Joint Petition for Non-unanimous Settlement (Settlement) in the captioned proceeding, submits this Statement in Support of the Settlement, requesting approval of the terms and conditions of the Settlement as being supported by substantial record evidence and in the public interest.

I. INTRODUCTION

A. Description of the Office of Consumer Advocate

The OCA is a statutory advocate with the authority and duty to represent the interest of consumers as a party before the Commission in public utility rate requests. 71 P.S. § 309-4. The OCA's interest in this case is to ensure that utility consumers – who ultimately pay the revenue requirement to the utility – are paying no more than is necessary, to ensure that public utility service remains adequate, reliable, and safe while allowing the utility to have the opportunity to recover its prudently incurred costs and earn a fair rate of return on its investments.

B. Procedural Background

On September 30, 2025 the Company filed Original Tariff Electric – Pa. P.U.C. No. 202 ("Tariff No. 202") and Original Tariff Electric – Pa. P.U.C. No. 2S ("Tariff No. 2S") with the Commission to become effective on December 1, 2025. The Company's proposed tariffs would increase the Company's total annual operating revenues by approximately $356 million based on a fully projected future test year (FPFTY) ending June 30, 2027.

On October 23, 2025, the Commission entered an Order at the captioned docket, suspending the tariffs by operation of law until July 1, 2026, instituting an investigation to determine the lawfulness, justness, and reasonableness of the proposed and existing rates, rules, and regulations, and assigning the rate filings to the Office of Administrative Law Judge (OALJ) for the prompt scheduling of hearings as may be necessary culminating in the issuance of a recommended decision.

On October 27, 2025, the OCA filed its Formal Complaint and Public Statement.

There were four in person and two telephonic Public Input Hearings at which over 100 consumers testified under oath, an overwhelming majority of them in opposition to PPL's rate relief request.[1] The Public Input Hearings were held as follows:

- Monday, December 8, 2025 in-person at Scranton University Brennan Hall at 6:00 PM.
- Tuesday, December 9, 2025, in-person at Catasauqua Municipal Building at 6:00 PM.
- December 10, 2025, in-person in Harrisburg, at the Keystone Building at 6:00 PM.
- December 11, 2025, in-person at the Manheim Township Public Library at 6:00 PM
- On December 15, 2025, two telephonic hearings were held at 1:00 PM and 6:00 PM.
- On December 18, 2025, in-person at Wilkes University Henry Student Center at 6 PM.

Consistent with the procedural schedule issued by ALJs Pell and Nause , the OCA served on the ALJs and the parties its written Direct, Rebuttal, and Surrebuttal Testimonies on December 22, 2025, January 23, 2026, and February 9, 2026, respectively, in which the OCA opposed and/or recommended adjustments to the Company's requests. Written rejoinder testimony was submitted by the Company on February 13, 2026.

[1] T.R.70-696.

On February 17, 2026, ALJs Pell and Nause held an evidentiary hearing. Due to an error in PPL's testimony regarding the MRPL issue a modified litigation schedule was adopted at the outset of the hearing, which provided for two additional rounds of pre-served testimony on the MRPL issue, and a one-day hearing on March 9, 2026. During the hearing, by stipulation of counsel, the ALJs admitted into the record pre-served testimony and exhibits identified by PPL, I&E, OCA, OSBA, CEO, CAUSE-PA, CGC, EJA, Environmental Intervenors, RESA, Walmart, PPLICA, SEF, Convergent, and IGS Solar. One witness each for PPL and OCA were cross-examined.

On February 19, 2026, a Further Telephonic Hearing Notice was issued, which scheduled a telephonic evidentiary hearing specifically regarding the MRPL issue for Monday, March 9, 2026, at 9:00 AM before the ALJs.

On March 2, 2026, written surrejoinder testimony and exhibits were served by OSBA, CGC, and Walmart, and on March 6, 2026, written sur-surrejoinder testimony and exhibits were served by PPL Electric and CGC.

On March 9, 2026 ALJs Pell and Nause held a further evidentiary hearing on the MRPL issue. During the hearing, by stipulation of counsel, the ALJs admitted into the record pre-served testimony and exhibits identified by PPL, OCA, CGC, and PDMP. One witness each for PPL, CGC, and PDMP were cross examined at the hearing.

All parties engaged in extensive settlement discussions in an attempt to resolve the issues presented in this proceeding. On March 13, 2026, PPL, I&E, OCA, OSBA, CEO, CAUSE-PA, Convergent, Dimension, DOD/FEA, Eric Joseph Epstein, EI, EJA, JSA, PPLICA RESA, SEF, and Walmart (Settling Parties) filed the Settlement, representing a full, non-unanimous settlement of the issues litigated between the Settling Parties in the case except for one. The one unresolved

issue between the Settling Parties and CGC and PDMP is PPL's proposal regarding the Maximum Registered Peak Load (MRPL). PDMP and CGC oppose only this portion of the settlement.

In accordance with the procedural schedule established in this proceeding, the OCA now submits this Statement in Support of the Settlement. As explained below, the OCA submits that the Settlement is supported by substantial evidence and in the public interest and should be approved without modification.

II. STANDARDS FOR APPROVAL OF SETTLEMENT

The policy of the Commission is to encourage settlements, and the Commission has stated that settlement rates are often preferable to those achieved at the conclusion of a fully litigated proceeding.[2] Overall, the standard for approval of a non-unanimous settlement in a rate case is the same as an adjudication of full litigation – it must be supported by substantial evidence and in accordance with law.[3]

A. Utility Rates Must Be Just and Reasonable

As a matter of law, a public utility's rates must be just and reasonable and in conformity with regulations or orders of the Commission.[4] A public utility may obtain "a rate that allows it to recover those expenses that are reasonably necessary to provide service to its customers[,] as well as a reasonable rate of return on its investment."[5]

The Commission "has broad discretion in determining whether rates are reasonable" and "is vested with discretion to decide what factors it will consider in setting or evaluating a utility's rates."[6] The Commission's discretion to determine if a requested rate is just and reasonable

[2] 52 Pa. Code §§ 5.231, 69.401.
[3] 2 Pa. C.S. § 704; *ARIPPA v. Pa. PUC*, 792 A.2d 636, 659-660 (Pa. Cmwlth. 2002) (*ARIPPA*).
[4] 66 Pa. C.S. § 1301(a).
[5] *City of Lancaster Sewer Fund v. Pa. PUC*, 793 A.2d 978, 982 (Pa. Cmwlth. 2002) (*Lancaster 2002*).
[6] *Popowsky v. Pa. PUC*, 683 A.2d 958, 961 (Pa. Cmwlth. Ct. 1996) (*Popowsky 1996*) (emphasis added).

includes the "power to make and apply policy" concerning the appropriate balance between rates charged to consumers and returns allowed to utility investors.[7]

B. Settlements Must Be in the Public Interest and Due Consideration Must Be Given to the Interests of Consumers

In order to accept a settlement such as proposed here, the Commission must determine that the proposed terms and conditions are in the public interest.[8] "It is the Commission's duty to determine the public interest and to protect the rights of the public."[9] Consistent with the Commission's other statutory responsibilities, the Commission must determine the public interest with "due consideration to the interests of consumers."[10]

C. Burden of Proof and Substantial Evidence

A proposed rate must be just and reasonable, and the utility bears the burden of proof to show that the rate involved is just and reasonable.[11]

Proponents of an order bear the burden of proof.[12] Because the Joint Petitioners request that the Commission enter an order adopting the settlement without modification, they share the burden of proof to show that the terms and conditions of the settlement are in the public interest.[13]

It is well-established that the "degree of proof before administrative tribunals as well as before most civil proceedings is satisfied by establishing a preponderance of the evidence."[14] For a Commission decision to be supported by substantial evidence, it must be supported by such

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[7] *Popowsky v. Pa. PUC*, 665 A.2d 808, 812 (Pa. 1995) (*Popowsky 1995*).
[8] *Pa. PUC v. City of Bethlehem – Water Dept*., Docket No. R-2020-3020256 (Order entered April 15, 2021) (*City of Bethlehem*) at 13 (citing *Pa. PUC v. York Water Co.*, Docket No. R-00049165 (Order entered October 4, 2004); *Pa. PUC v. C. S. Water and Sewer Assoc.*, 74 Pa. P.U.C. 767 (1991) (*CS Water and Sewer*)).
[9] *Duquesne Light Co. v. Pa. PUC*, 715 A.2d 540, 546 (Pa. Cmwlth. Ct. 1998) (citations omitted).
[10] 71 P.S. § 309-5.
[11] 66 Pa.C.S. §§ 1301(a), 315(a).
[12] 66 Pa.C.S. § 332(a).
[13] 66 Pa.C.S. § 332(a); *Pa. PUC v. City of Bethlehem – Water Dept*., Docket No. R-2020-3020256 (Order entered April 15, 2021) (*City of Bethlehem*) at 13.
[14] *Lansberry v. Pa. PUC*, 578 A.2d 600, 602 (Pa. Cmwlth. Ct. 1990) (*Lansberry*).

relevant evidence as a reasonable mind might accept as adequate to support a conclusion.[15] The evidence must be substantial and legally credible, not mere "suspicion" or a "scintilla" of evidence.[16] The Commission must make findings "in sufficient detail to enable the court on appeal, to determine the controverted question presented by the proceeding and whether proper weight was given to the evidence."[17]

III. SETTLEMENT TERMS

The Commission encourages settlement, and to do so it must recognize the balance of compromises struck by settling parties. While the OCA does not address all issues contained within the Settlement in this Statement in Support, the OCA does not oppose terms and conditions not expressly addressed herein. The OCA submits that the Settlement, taken as a whole, is a reasonable compromise in consideration of likely litigation outcomes before the Commission. The OCA submits that the Settlement is in the public interest and supports Commission approval of the Settlement without modification. The OCA points to the substantial evidence in the record support the provisions addressed by the OCA below and relies on the other parties to the settlement to address those provisions that are significant and material to them in their respective statements in support.

A. REVENUE REQUIREMENT

In its initial filing, PPL proposed to increase its total annual operating revenues by approximately $356.3 million, or 33.4%.[18] PPL stated that the principal reasons for its proposed base rate increase were: (1) little to no growth in customers or sales due to slow economic growth and increased distributed generation; (2) increased capital investment that is necessary to maintain

[15] *Dutchland Tours, Inc. v. Pa. PUC*, 337 A.2d 922, 925 (Pa. Cmwlth. 1975) (*Dutchland*).
[16] *Lansberry*, 578 A.2d at 602.
[17] 66 Pa.C.S. § 703(e); ARIPPA, 792 A.2d at 668-669.
[18] PPL St. 1 at 8.

and improve system reliability, such as an additional $4 billion in capital investments in the distribution system from 2025-2029 that will include additional storm hardening measures to strengthen the distribution system, protect against increasing weather-related outages, and improve customer experience; (3) the Company's commitment to providing the highest quality, safe, and affordable service to its customers; (4) the Company's significant Information Technology (IT) infrastructure investments that are designed to, among other things, provide long-term security and stability to PPL Electric's IT infrastructure and enhance customer experience; and (5) the need to set rates based on the full class cost of service.[19]

OCA witness Morgan made several adjustments to PPL's requested revenue increase and recommended PPL's revenue requirement increase be reduced to $186.79 million.[20] Mr. Morgan's recommended downward adjustments to PPL's claimed costs in FPFTY factored in a Rate of Return of 6.48% as recommended by OCA witness Garrett.[21]

The Settling Parties engaged in extensive negotiations regarding PPL's overall revenue requirement. This Settlement provision, as seen below, is not itemized with the exception of the expenses outlined in Paragraph 49.[22]

The Settling Parties agreed to resolve their differences over the revenue requirement issue, as follows:

> 49. PPL Electric will be permitted to submit a Supplement to PPL Electric's Tariff – Electric Pa. P.U.C. No. 202 designed to produce an annual distribution rate revenue increase of $275.00 million, to become effective for service rendered on and after July 1, 2026. The increase in annual operating revenue is in lieu of the as filed net increase of approximately $356.27 million. The settlement as to revenue requirement shall not be itemized, except for the following items and as further identified later in this Settlement: (1) the $32,000,000 for reportable storm damage expenses as described below; (2) the approximately $3,779,000 for annual

[19] *Id*. at 15-16.
[20] OCA St. 1 at 7.
[21] *Id*.
[22] *See* Settlement ¶ 49.

> amortization of the regulatory asset for the eligible storms costs in excess of the 3% cap on the Storm Damage Expense Rider ("SDER"), as set forth in Schedule D-9 of Exhibit Fully Projected Future 1; (3) $17,291,887 annual amortization of negative net salvage based on a 10-year amortization period instead of a 5-year amortization period; (4) the approximately $211,000 for annual amortization of the Infrastructure Investment and Jobs Act ("IIJA") regulatory asset, as set forth in PPL Electric St. No. 22 and Schedule D-10 of Exhibit Fully Projected Future 1; (5) the roll-in of the Distribution System Improvement Charge ("DSIC") capital investment and associated depreciation and tax effects in base rates per the Company's proposal, the Tax Cuts and Jobs Act ("TJCA") rider, and the Smart Meter Rider – Phase 2 ("SMR-2"); and (6) the return on equity ("ROE") for purposes of the DSIC will be set by and equivalent to the ROE set forth in the Commission's Quarterly Report on the Earnings of Jurisdictional Utilities.
>
> 50. Additional changes to PPL Electric's distribution base rates may not go into effect until two years after the effective date of rates in this proceeding.
>
> 51. On or before October 1, 2026, PPL Electric will provide all active parties an update to PPL Electric Exhibits JJS-2 and JJS-3, which will include actual capital expenditures, plant additions, and retirements by month for the 12 months ending June 30, 2026. On or before October 1, 2027, PPL Electric will update PPL Electric Exhibits JJS-2 and JJS-3 filed in this proceeding for the 12 months ending June 30, 2027. In PPL Electric's next base rate proceeding, the Company will prepare a comparison of its actual expenses and rate base additions for the 12 months ended June 30, 2027, to its projections in this case. However, it is recognized that this Settlement is a compromise of the parties' positions on various issues.[23]

The revenue requirement settlement terms are in the public interest because the Settlement revenue increase provides sufficient funds to maintain PPL's distribution system in an adequate, efficient, safe, and reasonable manner at a level significantly lower than PPL's $356.3 million original request and within a reasonable range of the OCA's $186.79 million recommendation. In this proceeding, PPL inadvertently left out a $34.6 million depreciation expense for the negative net salvage adjustment.[24] OCA witness Morgan, along with many other parties, found it to be a reasonable expense adopting it into his surrebuttal position.[25] With the inclusion of this inadvertent error, PPL's actual Revenue Requirement request should have been filed as $390.9 million, not

[23] Settlement ¶¶ 49-51.
[24] OCA St. 1SR at 2.
[25] *Id*.

$356.3 million. Based on the OCA's analysis of PPL's filing, discovery responses received, testimony filed, and various cost of capital proposals, the revenue increase under the Settlement is approximately $81.3 million below the value PPL originally filed for or $115.9 million below PPL's revenue requirement adopting the net salvage error and represents a result that would be within the range of likely outcomes in the event of full litigation of the case. Given that PPL has not filed for a rate increase for approximately a decade, a fully litigated proceeding may have resulted in a revenue requirement outcome closer to PPL's revenue requirement increase request. Moreover, the revenue requirement increase should also be considered in the context of the many important provisions obtained in the Settlement that were the product of extensive negotiation, which includes many terms that likely would not have been achieved through litigation.

Additionally, PPL will keep its base rates at the levels proposed in the Settlement for almost three years. This two year stay-out term is also in the public interest because it will protect consumers from further increased rates for a longer period of time. This stay-out provision is an important protection for consumers because it provides consistency in the new rates for a longer period of time before the possibility of another base rate increase. Lastly, Settlement Paragraph 51 requires that PPL provide the active parties its actual expenditures, plant additions, and retirements so that parties can compare the projections PPL made in this proceeding to the actual data, which helps protects ratepayers from inaccurate projections in PPL's next base rate case. Therefore, the Settlement terms regarding the revenue requirement are in the public interest and should be approved by the Commission.

B. REVENUE ALLOCATION

PPL presented the allocated class cost of service study (ACCOSS) based on the minimum distribution system and relied 100% upon the customer demand to determine the customer-related

component, as opposed to the demand-related component, of PPL's poles, conductors, and line transformers.[26] PPL split the poles, towers, transformers, and overhead and underground facilities between the demand and the customer allocation factors.[27] Under PPL's original filed ACCOSS, the customer allocation factor for the two residential classes (RS and Residential Thermal Storage RTS) is 86% compared to the demand allocation factor of 64%.[28]

OCA witness Johnson testified that the proposed use of the minimum system concept was flawed from the perspective of cost causation as it overstates the minimum system costs.[29] Mr. Johnson testified that there are two preferable alternatives to distribution classification: (1) the basic customer method, "which assigns all jointly used delivery facilities as 100% demand and meters as 100% customer" or alternatively, (2) "developing customer/demand splits using minimum system studies." He recommended that "the best approach is to limit the customer classification to service drops and meters, since facilities are located on or close to the customer's premises" and the remaining distribution plant should be classified as demand-related.[30] Mr. Johnson testified:

> Given the manner used by the Company to select minimum size components with substantial load-carrying capacity, PPL's overall minimum system can serve substantial electric demand. The inevitable impact is to overcharge low use customers (such as residential) who pay twice for the distribution facilities demand capability. A double-counting issue arises because customer class demands are reflected in the allocation of both customer and demand-related investment.[31]

The Company's proposed minimum distribution system was also incomplete. PPL classified 100% of services as customer-related.[32] The Company did not adjust the ACCOSS to

[26] PPL St. 7 at 14.
[27] OCA St. 4 at 9.
[28] OCA St. 4 at 9.
[29] OCA St. 4 at 13-19.
[30] OCA St. 4 at 11.
[31] OCA St. 4 at 19-20.
[32] OCA St. 4 at 23.

include a customer component and amend split for services.[33] OCA witness Johnson recommended that the Company classify the shared distribution facilities as 100% demand related and the meters as 100% customer related. As Mr. Johnson testified, this recognizes that demand is the principal causal factor for sizing the primary and secondary system.[34] OCA witness Johnson recommended a reduction in the customer classification through a revision of the minimum distribution system.[35]

Regarding the harms of PPL's approach, OCA witness Johnson testified:

> The classification of a significant portion of distribution delivery facilities on a customer basis is adverse to any class which contains relatively small demand per customer, due to the difference between demand and customer allocation factors. In particular, the residential and small general service classes pay proportionately more of the system's costs if basic infrastructure is assigned partially on a customer basis. This practice is not universal in the field of electric utility regulation on a demand basis and utilize customer classification only for facilities dedicated to the customer premises.[36]

The OCA also recommended that the ACCOSS must be tempered by gradualism considerations. As OCA witness Johnson testified:

> Gradualism constraints are a means of mitigating the CCOSS results in order to avoid rate shock and produce a balanced allocation of the system revenue increase. Moreover, because the CCOSS may be quite sensitive to changes in allocation or classification choices, "cost-based rates" are best viewed as representing a reasonable band around the CCOS results, rather than exact price points.[37]

The OCA presented both a CCOSS result with and without the proposed gradualism mitigation.[38]

In its Rebuttal Testimony, PPL corrected several errors in the cost allocation. In particular, PPL's weighted class allocation of service lines contained an error that reduced the residential class allocation and changed allocations among the general services classes. The OCA updated its ACCOSS model and mitigated the revenue results.

[33] OCA St. 4 at 23-24.
[34] OCA St. 4 at 13.
[35] OCA St. 4 at 3.
[36] OCA St. 4 at 9-10.
[37] OCA St. 4 at 27.
[38] OCA St. 4 at 28-29.

OCA witness Johnson compared the OCA and PPL revenue allocation recommendations in his Surrebuttal Testimony. Mr. Johnson testified:[39]

> In order to compare the OCA and PPL revenue allocation recommendation, it was necessary to reflect the same corrections from Mr. Rimal's rebuttal testimony in the OCA version of the ACCOS model and mitigated revenue results. The tables below show the mitigated revenue allocation with rebuttal correction for the PPL and OCA revised recommendations. Both are based on the 150% revenue increase cap and no decrease limitation.

PPL Mitigated Revenue Corrected			
Rate	**Revenue Increase**	**Percent of Total**	**Percent**
RS	**$ 268,662,051**	**69.9%**	**37.13%**
RTS	**4,473,691**	**1.2%**	**56.05%**
GS-1	**35,024,543**	**9.1%**	**44.38%**
GS-3	**47,427,685**	**12.3%**	**36.66%**
LP-4	**21,883,322**	**5.7%**	**56.05%**
LP-5	**-**	**0.0%**	**0.00%**
GH-2	**549,707**	**0.1%**	**42.00%**
SL/AL	**6,500,203**	**1.7%**	**26.58%**
System	**$ 384,521,202**	**100.0%**	**38.20%**

[39] OCA St. 4SR at 19.

CA Mitigated Allocation Corrected			
Rate	**Revenue Increase**	**Percent of Total**	**Percent**
RS	**$ 244,452,903**	**63.6%**	**33.79%**
RTS	**4,561,762**	**1.2%**	**57.15%**
GS-1	**29,282,643**	**7.6%**	**37.11%**
GS-3	**74,137,747**	**19.3%**	**57.30%**
LP-4	**22,314,129**	**5.8%**	**57.15%**
LP-5	**-**	**0.0%**	**0.00%**
GH-2	**749,911**	**0.2%**	**57.30%**
SL/AL	**9,022,106**	**2.3%**	**36.89%**
System	**$ 384,521,202**	**100.0%**	**38.20%**

While he maintained his recommendation as reflected in the OCA Mitigated Allocation Corrected Table, he also offered for consideration the midpoint as a reasonable resolution. Mr. Johnson testified:[40]

> The table below is based on averaging the class percent of total increase to arrive at a middle ground. In my opinion, this middle ground result is not unreasonable and reflects elements of both the OCA and Company position.

[40] OCA St. 4SR at 20.

Average of OCA and PPL Revenue Increases			
Rate	**Revenue Increase**	**Percent of Total**	**Percent**
RS	**$ 256,557,477**	**66.7%**	**35.51%**
RTS	**$ 4,517,727**	**1.2%**	**56.65%**
GS-1	**$ 32,153,593**	**8.4%**	**40.81%**
GS-3	**$ 60,782,716**	**15.8%**	**47.04%**
LP-4	**$ 22,098,725**	**5.7%**	**56.67%**
LP-5	**$ -**	**0.0%**	**0.00%**
GH-2	**$ 649,809**	**0.2%**	**49.72%**
SL/AL	**$ 7,761,154**	**2.0%**	**31.72%**
System	**$ 384,521,201**	**100.0%**	**38.20%**

The Settlement provides for a reasonable resolution of OCA witness Johnson's concerns in this proceeding:

> 52. The Allocated Cost of Service Study ("ACOSS") as included in **Appendix B** shall be used for allocating revenues to the rate classes.
>
> 53. The revenue allocation will be proportionally scaled back to reflect the adopted distribution rate revenue increase set forth in Paragraph 49, *supra*.[41]

Cost of service testimony was also entered into the record by OSBA, PPLICA, and EJA. OSBA witness Ewen generally accepted the Company's revenue allocation but recommended an increase in the residential customer allocation and a decrease in the GS-1 allocation. PPLICA proposed limiting the increase to any class that is below cost, such as Rate RTS and Rate LP-4, to 1.3 times the system average increase.[42] The revenue allocation reflects a compromise of the OCA

[41] Settlement ¶¶ 52-53.
[42] PPLICA St. 1 at 8-9.

and PPL's positions in the case, but also represents a reflection a reasonable compromise of the spectrum of potential litigation results. The revenue allocation under the Settlement is weighted 80% to PPL's ACOSS and 20% to OCA's ACOSS, while adopting PPLICA's proposal to limit the increase to Rates RTS and LP-4 to 1.3 times the system average increase.[43]

Based on the results of the Settlement revenue allocation and as reflected in Appendix B to the Settlement, PPL's customer classes are generally moving towards the cost of service indicated by the ACCOSSs presented by the OCA.[44] The Settlement also balances non-cost considerations by considering gradualism and not allocating the full revenue required for classes to have complete parity with respect to the indicated cost of service, as the revenue allocation proposals which formed the basis of the agreed-upon revenue allocation also expressly considered gradualism.[45]

In sum, the revenue allocation provisions contained in the Settlement are in the public interest. Revenue was allocated in accordance with an agreed-upon cost of service methodology and the allocation was reasonable. The Settlement represents a reasonable compromise, balancing the interests of the Company, the OCA, and other parties and consumers with respect to both revenue allocation and rate design.

C. RATE DESIGN

PPL has two residential rate classes, Rate Class RS and a legacy Rate Class Residential Thermal Storage Class (RTS).[46] In its filing, PPL proposed to increase the residential customer

[43] Settlement App. B; Proposed FOF No. 74.
[44] *See Lloyd v. Pa. PUC*, 904 A.2d 1010, 1019-21 (Pa. Cmwlth. 2006).
[45] *See Pa. PUC v. Columbia Gas of Pa., Inc*., Docket No. R-2020-3018835 (Order Feb. 19, 2021)[45] (*Columbia 2020*) at 46-47.
[46] RTS is a "legacy promotional rate class which was closed to new customers and grandfathered for existing customers in 1995. The class was originally intended to promote thermal storage end-uses within the residential class." OCA St. 4 at 39.

charge to $17.00 for residential customer rate class RS.[47] The current customer charge is $14.09.[48] PPL's characterization of the customer charge also includes riders in the description of the customer charge with a total customer charge of $15.58. PPL proposed to increase the residential customer charge by $1.42-$2.91, depending on whether the current charge includes the riders. The percentage increase proposed is 9.7% to 20.6%, depending on whether the current charge includes the riders. Company witness Wishart argued that a customer charge of $42 could be justified.[49]

PPL similarly proposed changes to the RTS rate class. For the RTS rate class, the average usage of customers within this rate class is significantly higher than for the RS rate class.[50] Therefore, PPL proposed to terminate the rate class and roll the customers into the RS rate class because the class has continued at below cost rates.

OCA witness Johnson disagreed with PPL's calculation of the customer charge for Rate Class RS. Mr. Johnson included the following in his calculation of the customer charge: O&M expense for (1) meters, meter reading, and customer accounting; (2) return, income tax and depreciation on meter and service investment and (3) minus credits for customer deposits, late payment fees and reconnection revenues and related deferred federal income tax components.[51]

OCA witness Johnson examined the components that PPL included in its calculation of the customer charge and found that it included categories not historically permitted by the Commission. Mr. Johnson testified:

> general overhead, such as administrative and general expense, and customer classified costs which are only weakly related to customer count, should be excluded from the customer charge computation, because these costs do not vary directly with number of customers.

[47] OCA St. 4 at 31.
[48] OCA St. 4 at 31.
[49] OCA St. 4 at 35.
[50] OCA St. 4 at 31.
[51] OCA St. 4 at 31.

> The customer charge is compensatory so long as it recovers the expenses which are required to maintain the residential customer on the system. My understanding is that the Commission historically favored a "basic customer cost" composed of costs for meter/service drops, meter reading, and billing. I recommend that the Commission continue the approach taken in those historical cases which relied on the basic customer cost to evaluate the customer charge.[52]

PPL also inappropriately included uncollectibles in its calculation of the customer charge. Mr. Johnson's calculation using his recommended components resulted in a customer charge of $8.54, which he corrected in Surrebuttal to $8.85, and he recommended therefore that the existing $14.09 customer charge be maintained.[53]

For the Rate Class RS, OCA witness Johnson recommended that the existing customer charge be maintained. He testified:

> My primary recommendation is to maintain the residential customer charge at its current price, which is $14.09- $15.58, depending on the inclusion of riders. The current residential customer charge exceeds my estimate of basic customer costs. Therefore, my position is that the ultimate revenue increase should be recovered through the variable energy charge. Given that PPL's current $14.09 residential customer charge, as determined in PPL's last general base rate case, is the highest in the state, my primary recommendation is to reset the residential customer charge at that level. Simply put, the Commission should avoid raising the currently highest customer charge even higher. My alternative recommendation is to maintain the fixed charge at a level that includes current riders, which implies a current charge between $14.09 and 15.58, depending on how much of the SRM-2 rider should be imputed to the customer charge. If this approach is adopted, I recommend a $15.58 residential customer charge, which is a $1.49 increase over the current base 14.09 charge.[54]

OCA witness Johnson testified regarding the limits that should be considered in increasing the customer charge. Mr. Johnson testified:

> As a matter of regulatory principles and policy, the absolute level of the fixed customer charge should be limited so that it provides the customer with more control over the size of the monthly bill. The customer charge is the least informative part of a utility's rate design, and an excessive customer charge is

[52] OCA St. 4 at 35-36.
[53] OCA St. 4 at 36; OCA St. 4SR at 18.
[54] OCA St. 4 at 38-39.

> inconsistent with energy conservation 6 objectives because it diminishes the price signal provided by usage rates.[55]

Mr. Johnson testified that excessive customer charges could distort appropriate price signals for customers and could disincentivize energy conservation measures.[56]

Mr. Johnson concluded regarding the RS rate customer charge:

> By allowing customers to control their utility bill with conservation, minimizing the customer charge is aligned with the Company's stated objective of aggressively pursuing energy efficiency and reducing greenhouse emissions. In addition, a policy that minimizes the customer charge is more equitable to low usage and low income residential customers.[57]

However, for Rate Class RTS, OCA witness Johnson proposed a twofold recommendation depending on if the Commission approved the elimination of the class rate or whether the Commission rejected the elimination of the RTS rate. For Rate Class RTS, OCA witness Johnson recommended:

> If the Commission approves the elimination of this class rate, then the customers will be charged under the RS class tariff, and they should pay the same customer charge ($14.06-$15.58) my testimony recommends for the RS class. However, if the Commission rejects the elimination of this class, the RTS customer charge should be maintained at its current $18.06 level.[58]

OCA witness Johnson further recommended:

> Purely from the perspective of appropriate rate design, it is reasonable to phase out end-use based rate classes which are the legacy of PPL's function as a vertically integrated utility. The only policy issue is whether the impact of the elimination on RTS customers is so severe as to justify continuation of the class. Mr. Wishart's supplemental rate design schedule indicates that the average bill impacts on RTS customers is a 70.5% increase in base rate bills and a 13.2% increase in total bills (including energy). If OCA's revenue allocation for the residential class is adopted and the overall revenue requirement is decreased in this proceeding, the impact on RTS customers of converting to RS should be moderated. In addition, I would urge the Company to consider other moderation devices such as rate limiters which are

[55] OCA St. 4 at 33.
[56] OCA St. 4 at 33.
[57] OCA St. 4 at 33-34.
[58] OCA St. 4 at 39-40.

> applied to individual bills that exceeds the fixed base rate bill cap, in the event that individual billing cases arise that produce severe impacts.[59]
>
> The Settling Parties agreed to resolve their differences over this issue, as follows:
>
> 54. The parties agree that, based on the revenue number identified in Paragraph 49, *supra*, the proposed fixed residential customer charge shall increase to $15.00 per month.[60]
>
> 57. PPL Electric will not eliminate Rate RTS in this base rate case and will maintain the current fixed customer charge for Rate RTS.[61]

The Settlement also provides that the LP-4 customer charge and the Rate GS-3 customer charge shall not be subject to scaleback.[62] The OCA did not take a position regarding the customer charges and agrees that the proposal is in the public interest as a part of the overall comprehensive resolution of issues in this case.

The agreed-upon residential customer charge increase from $14.09 to $15.00 is in the public interest. The Settlement increase is within the range of reasonable results that the parties could have expected from litigation. Further, it balances the Company's interest in maximizing the amount of revenue from residential customers which is collected through fixed charges with the interests of the OCA and CAUSE-PA in minimizing any increase to residential fixed customer charges. The Settlement provides a reasonable compromise regarding the customer charges and should be approved as in the public interest. Rates were designed in a manner which addressed the OCA's concerns regarding affordable customer charges and mitigating rate shock with the Company's desire to consolidate several rate zones. The Settlement represents a reasonable compromise, balancing the interests of the Company and consumers with respect to both revenue allocation and rate design.

[59] OCA St. 4 at 40.
[60] Settlement ¶54.
[61] Settlement ¶57.
[62] Settlement ¶¶ 55-56.

D. DISTRIBUTION SYSTEM IMPROVEMENT CHARGE ("DSIC")

Paragraphs 51, 59, 60, and 61 of the Settlement state:

> 51. On or before October 1, 2026, PPL Electric will provide all active parties an update to PPL Electric Exhibits JJS-2 and JJS-3, which will include actual capital expenditures, plant additions, and retirements by month for the 12 months ending June 30, 2026. On or before October 1, 2027, PPL Electric will update PPL Electric Exhibits JJS-2 and JJS-3 filed in this proceeding for the 12 months ending June 30, 2027. In PPL Electric's next base rate proceeding, the Company will prepare a comparison of its actual expenses and rate base additions for the 12 months ended June 30, 2027, to its projections in this case. However, it is recognized that this Settlement is a compromise of the parties' positions on various issues.
>
> 59. The DSIC capital investment and associated depreciation and tax effects will be rolled into base rates per PPL Electric's proposal, and the DSIC will be reset to 0% upon implementation of new base rates.
>
> 60. DSIC Eligible Plant. As of the effective date of rates in this proceeding, PPL Electric will be eligible to include plant additions in the DSIC at the later of (1) the end of the FPFTY at June 30, 2027, or (2) once the net electric plant in service as identified in Schedule C-1, line 3 of PPL Electric Rebuttal Exhibit No. 1 exceeds the $6,945,908,000 projected by PPL Electric at June 30, 2027. The foregoing provision is included solely for purposes of calculating the DSIC and is not determinative for future ratemaking purposes of the projected additions to be included in rate base in a FPFTY filing.
>
> 61. DSIC Equity Return. For purposes of calculating its DSIC, PPL Electric shall use the equity return rate for electric utilities contained in the Commission's most recent Quarterly Report on the Earnings of Jurisdictional Utilities and shall update the equity return rate each quarter consistent with any changes to the equity return rate for electric utilities contained in the most recent Quarterly Earnings Report, consistent with 66 Pa. C.S. § 1357(b)(3), until such time as the DSIC is reset pursuant to the provisions of 66 Pa. C.S. § 1358(b)(1).[63]

Under paragraph 51 of the Settlement, the Company has agreed to provide to the parties a report showing its capital expenditures, plant additions and retirements for the future test year ending June 30, 2026, and for the FPFTY ending June 30, 2027.[64] Further, the Company will also provide in its next base rate proceeding a comparison of actual expenses and rate base

[63] Settlement ¶¶ 51,59-61.
[64] Settlement at ¶ 51.

additions for the twelve months ending June 20, 2027, to its projections in this case.[65] The OCA submits that this provision is in the public interest because it is consistent with Section 315, 66 Pa. C.S. § 315(e), which states that whenever a public utility uses a FPFTY as the basis for its rate increase, the utility shall provide appropriate data evidencing the accuracy of the estimates of its FPFTY. This reporting requirement will permit parties to compare the accuracy of the Company's projections in this matter to its actual expenditures.

In paragraph 60, the Settlement provides that the Company will not be entitled to include plant additions in its DSIC until the later of, (1) the end of the FPFTY, or (2) once the total FPFTY account balances exceed the total eligible account balances projected by the Company as of June 30, 2027.[66] Stated differently, the Settlement clearly establishes the base level of plant investment that must be realized before any incremental expenditures can be recovered through the DSIC as well as the fact that even if this plant level is met *before* the end of the FPFTY period, no DISC can go into effect until June 30, 2027 at the earliest. This provision provides clarity with regard to the timing and implementation of a DSIC and affords protection for ratepayers that the DSIC will not begin until after the FPFTY and the plant investment noted in the settlement are reached.

Moreover, in paragraph 61, the Settlement provides, for purposes of 66 Pa. C.S. Section 1358(b)(1) relating to the DSIC earnings cap, that it shall use the equity return rate contained in the Commission's most recent Quarterly Report on the Earnings of Jurisdictional Utilities. Settlement ¶ 61. The OCA submits that such a provision is common element of settlements.[67]

[65] *Id.*
[66] Settlement ¶ 60.
[67] *See Implementation of Act 11 of 2012*, Docket No. M-2012-2293611, Tentative Implementation Order at 14-15 (May 11, 2012).

E. STORM DAMAGE EXPENSE RIDER ("SDER")

The OCA did not address this issue in its testimony. The OCA expects that PPL and other parties will discuss the stipulations and proposed findings of fact bearing on this matter and how those parts of the Settlement support the public interest standard required for Commission approval.

F. CUSTOMER SERVICE, LOW INCOME, AND UNIVERSAL SERVICE ISSUES

1. Compliance with 2016 settlement regarding personal contact (Settlement ¶ 66).

PPL's filing did not include any presentation of its customer service performance, its most recent Management Audit, or performance metrics reported by the Commission.[68] PPL has not complied with the 2016 involuntary remote disconnection settlement, which required specific training materials and obligations of PPL's field technicians prior to the use of its metering system to remotely terminate service.[69] The 2016 settlement stated:

> 12. PPL Electric shall comply with all provisions of Chapter 14 of the Pennsylvania Public Utility Code (66 Pa. C.S. Chp. 14) and Chapter 56 of the Commission's regulations (52 Pa. Code Chp. 56) with respect to the application of remote connect and disconnect for involuntary service terminations.
>
> 13. PPL Electric will send an appropriately trained field representative to the customer's premises on the day that termination is scheduled to occur. The field representative will use reasonable efforts to make personal contact with a responsible adult occupant of the premises prior to the termination.
>
> 14. Appropriate training of the field representative will include at least: medical certificate procedures; relevant complaint procedures; general familiarity with Protection from Abuse ("PFA") Orders; and how to refer customers to PPL Electric's universal service programs. In addition, the field representative will be trained to call PPL Electric staff for further guidance if presented with a PFA Order.
>
> 16. Service shall not be terminated if the field representative becomes aware of a personal safety condition that warrants delay in service termination, including if the field representative is informed that the occupant is seriously ill or affected with a

[68] OCA St. 7 at 9.
[69] OCA St. 7 at 8.

> medical condition which will be aggravated by cessation of service and that a medical certificate will be procured pursuant to 52 Pa. Code § 56.112. The field representative shall be fully trained to direct low income and vulnerable customers to the line to reach PPL Electric staff where the customer can receive information on all PPL Electric's Universal Service and Energy Conservation programs and related payment information.[70]

OCA witness Alexander testified that PPL's training materials do not comply with the settlement as they neither explicitly require the field technician to attempt personal contact at the customer's premises, nor contain training on the customer rights and protections required to be included in the 2016 settlement.[71] Additionally, the training materials address observing a "medical condition" at the customer's home and instructs, "Do not cut someone that you can visually verify a serious condition is present that you have not seen or dealt with previously. Tell them to call the 800 number so they can get the information on to provide a medical certification."[72] This instruction does not reflect the 2016 settlement conditions on how PPL's field technicians should respond to any indication or statement of a medical emergency at the time of the premise visit.[73]

OCA witness Alexander further testified that PPL's training materials also do not include any mention of Protection from Abuse orders or any training on how to handle a customer dispute or reference to the rights to file a complaint with the Commission.[74] Moreover, they do not require the field representative to document each door knock, customer interaction, and notice posting, including the date, time, contact information of the adult with whom personal contact was made, conversation details, and why the termination was stopped using approved menu options.[75]

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[70] *Petition of PPL Electric Utilities Corporation for Approval to Use the Remote Service Switch In Its Meters for Involuntary Service Terminations*, Docket No. P-2016-2524581, Joint Petition for Approval of Settlement at ¶¶12-14, 16 (Aug. 5, 2016); *see also Petition of PPL Electric Utilities Corporation for Approval to Use the Remote Service Switch In Its Meters for Involuntary Service Terminations*, Docket No. P-2016-2524581, Order (Jan. 19, 2017).
[71] OCA St. 7 at 25-26.
[72] OCA St. 7 at 26 (internal citations omitted).
[73] OCA St. 7 at 26.
[74] OCA St. 7 at 26.
[75] OCA St. 7 at 26.

PPL does not internally compile data associated with attempts at personal contact prior to the actual termination of service.[76] Ms. Alexander testified that "The fact that termination has occurred does not confirm that any attempt at personal contact has occurred or the results of that contact if it occurs."[77]

OCA witness Alexander recommended that PPL immediately revise and submit updated training materials and evidence of compliance with the training and operations of its field representatives with all the terms of the settlement.[78] Second, that PPL implement a monthly "personal contact report" that contains information about the attempt of personal contact, whether such contact occurred, and whether termination occurred or was halted at that time and for what reason.[79] Third, that PPL develop a method of categorizing the reasons for when a hold is ordered so that PPL can evaluate the potential for additional communications or other actions that might prevent the more expensive attempt to terminate service.[80] Ms. Alexander recommended that this information should be considered in future root cause analysis of key performance data.[81]

The Settling Parties agreed to resolve their differences over this issue, as follows:

> By July 1, 2027, PPL Electric will revise its written training materials for new field technicians to include personal contact requirements and to be consistent with its 2016 remote involuntary termination settlement at Docket No. P-2016-2524581, Order (Jan. 19, 2017). regarding when the metering system may be used to remotely terminate service. The Company will revise its training and training materials to be consistent with the terms of the settlement.[82]

Under the Settlement, PPL agrees to comply with its obligations under the settlement in Docket No. P-2016-2524581 to revise its written training materials.[83] PPL's agreement to comply

[76] OCA St. 7 at 26.
[77] OCA St. 7SR at 7.
[78] OCA St. 7 at 7.
[79] *Id.*
[80] *Id.*
[81] *Id.*
[82] Settlement ¶ 66.
[83] *Id.*

with the prior settlement addresses the concerns raised by OCA witness Alexander regarding personal contact at the time of involuntary termination and will provide enhanced communications to vulnerable customers that will potentially result in fewer terminations. This settlement term ensures that PPL's Pennsylvania ratepayers are fully informed of their options regarding the avoidance of termination in accordance with the Commission's regulations. As such, this Settlement provision is in the public interest and should be adopted by the Commission.

2. Third Party Call Center (Settlement ¶ 67).

In its filing, PPL did not propose any changes to its third party call centers. OCA witness Alexander testified that PPL's oversight of its numerous call center third party contractors and their various locations is deficient.[84]

Ms. Alexander testified that supervision of the Company's call centers outside of the U.S. complicates the obligation to ensure compliance with the Commission's regulations.[85] PPL's third party call center employees are located in the Philippines, Trinidad, Colombia, and the United States.[86] OCA witness Alexander testified:

> Of particular concern is that the training documents do not reflect PPL Electric's agreements to settlements (DSP V and DSP VI) that eliminate OnTrack customers from participating in the retail electric supply market (both directly and via the Standard Offer Program). The training documents explicitly state that CAP or OnTrack customers can shop and can participate in the Standard Offer Program, and explains why such a policy is supported. [87]

In addition to relying on the implementation of these training documents, PPL relies on the performance standards and predetermined penalties set forth in the contracts with their third party call center vendors.[88] OCA witness Alexander testified:

[84] OCA St. 7 at 5.
[85] OCA St. 7 at 12.
[86] OCA St. 7 at 12.
[87] OCA St. 7 at 13.
[88] OCA St. 7 at 14.

> However, none of these performance standards reflect compliance with Chapter 56 or findings relating to customer complaints. Rather, these contractual standards for the most part reflect call handling efficiency metrics and the penalties are specifically limited to those metrics. No such penalties have been imposed under these call handling metrics. [89]

There are no contractual provisions applicable to PPL's call center contractors that ensure compliance with Chapter 56 and related obligations.[90] PPL's only approach to discipline regarding its third-party call centers' lack of compliance is "coaching."[91]

PPL also does not track customer complaints that reflect the contact with the specific representative and has compiled a list of complaints where PPL determined that the contractors were not in compliance since January 2023.[92] A total of 264 incidents of failure to comply by the third party agents is documented.[93] Ms. Alexander testified:

> However, there is no specific action undertaken in response to this compilation in terms of disciplinary actions, contractual penalties, or how these incidents were explored to determine if there were similar occurrences. PPL also reviews a sampling of customer call recordings. A "quality score" is calculated based on the identification of "customer experience improvement opportunities and to ensure compliance with Pennsylvania regulations." PPL Electric also states that the Company has "customer satisfaction mechanisms at the agent level and has understanding/satisfaction checks with robust education/referral content." As I discuss below, I find these oversight activities insufficient.[94]

PPL's compliance mechanisms are also insufficient.[95] Ms. Alexander testified:

> There is no evidence that PPL Electric management has conducted an evaluation or audit to proactively document violations or actions that fail to comply with Commission regulations. Nor is there any evidence that the oversight that I have described above has actually resulted in any formal action in response to improper actions by any agent. Rather, any incidence that is uncovered as a result of a customer complaint or call recording is handled primarily with "coaching" and

[89] OCA St. 7 at 14.
[90] OCA St. 7SR at 4-5.
[91] OCA St. 7SR at 5.
[92] OCA St. 7 at 14.
[93] OCA St. 7 at 14.
[94] OCA St. 7 at 14-15 (internal citations omitted).
[95] OCA St. 7 at 15.

> increased supervision by the third party contractor's managers since there is no contractual penalties for violations of the Commission's regulations.[96]

OCA witness Alexander recommended that PPL review and update its vendor provided training materials to ensure that they reflect the most current Pennsylvania policies and PPL's own commitments in recent proceedings.[97] Moreover, Ms. Alexander recommended that PPL be required to conduct a regular audit and evaluation of compliance with Chapter 56 for its call centers wherever they are located.[98]

Ms. Alexander noted that this more formal audit or evaluation should not rely on incidents of complaints or solely based on monitoring calls but should seek to find and document actions and customer transactions that raise concerns or that reflect indicia of a system wide problem with training content or onsite oversight.[99] Moreover, contracts should reflect provisions that allow PPL to impose penalties based on the findings of these audits and external criteria, such as Bureau of Consumer Service (BCS) infractions and verified complaints.[100] Additionally, documentation associated with these audits and their findings should be available for discovery in a future base rate case or in the investigation of complaints.[101] This recommendation is closely aligned with Ms. Alexander's recommendation for a root cause analysis of customer complaints.[102]

The Settlement adopted, in part, the OCA's recommendations, and the Settling Parties agreed to resolve their differences over this issue, as follows:

> By January 1, 2028, PPL Electric will conduct a review of and update its third party call center vendor provided training materials to ensure that they reflect the most current Pennsylvania policies and other reforms reflected in the Settlement.[103]

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[96] OCA St. 7 at 15.
[97] OCA St. 7SR at 16.
[98] OCA St. 7SR at 16.
[99] OCA St. 7SR at 16.
[100] *Id.*
[101] *Id.*
[102] *Id.*
[103] Settlement ¶ 67.

OCA witness Alexander's recommendations were proposed to ensure that third party call centers are in compliance with the most current regulatory policies in Pennsylvania. As the Settlement requires a review and update to its third party call center vendors regarding training materials, the Settlement represents a reasonable compromise of this issue, is in the public interest, and should be adopted by the Commission.

3. Call Center Performance (Settlement ¶¶ 69-70).

While PPL acknowledged in their filing that improved performance is needed, PPL refused to endorse any performance level.[104] While PPL has customer service performance goals, OCA witness Alexander testified that those goals reflected a below average performance and fail to include any objective for the abandonment rate.[105]

PPL answers significantly less than 80% of its customer calls within 30 seconds, deteriorating from 67% in 2023 to 35% in 2024.[106] Furthermore, the abandonment rate has increased from 9% in 2023 to 17% in 2024 and even higher at 19% for 2025 to date.[107] This deteriorating performance has occurred even though the volume of residential customer calls decreased 17% from 2023 to 2024.[108] The Commission's Management Audit documented this poor performance in 2024 without any significant overall improvement until the last few months.[109]

Ms. Alexander testified "[t]here is a substantial risk that PPL Electric may deprioritize these functions in pursuit of cost savings in future years in which any approved rate increase is in

[104] OCA St. 7SR at 2.
[105] OCA St. 7 at 6.
[106] OCA St. 7 at 16.
[107] OCA St. 7 at 16.
[108] OCA St. 7 at 16.
[109] OCA St. 7 at 16 (internal citations omitted).

effect."[110] Additionally, OCA witness Alexander testified that PPL's monthly performance varies widely and should be supervised and managed to achieve a more regular and higher level of performance to avoid dramatic swings in customer experience.[111] As such, OCA witness Alexander recommended that PPL be required to conform to the average performance of other Pennsylvania EDCs by answering 80% of the calls within 30 seconds and an abandonment rate of less than 9%, a performance that PPL met in 2023.[112] Additionally, Ms. Alexander recommended that PPL's monthly performance varies widely and should be supervised and managed to achieve a more regular and higher level of performance to avoid dramatic swings in customer experience.[113]

The Settling Parties agreed to resolve their differences over this issue, as follows:

> Beginning January 1, 2027, the Company will, in good faith, endeavor to operate its call center to reduce the level of abandoned calls to no more than 9% annually and to answer no less than 80% of its calls within 30 seconds. To the extent that PPL Electric is unable to achieve this level of performance, PPL agrees to promptly meet with the parties to discuss those areas of challenge and its plan to improve service levels.
>
> Consistent with the reporting of the other major electric utilities in Pennsylvania, the Company's performance in these areas relative to the prior provision shall include the call data for interactive voice response ("IVR") calls.[114]

The above Settlement provisions represent a reasonable compromise to improve PPL's call center performance. If this proceeding were fully litigated, the Commission may not require a targeted call center performance level with the opportunity for follow-up discussion regarding call center performance. As such, these Settlement provisions represent a reasonable compromise that the Settling Parties may not have obtained through litigation.

[110] OCA St. 7 at 18.
[111] OCA St. 7 at 7.
[112] OCA St. 7 at 6-7, 18.
[113] *Id.*
[114] Settlement ¶¶ 69-70.

4. Root cause analysis (Settlement ¶ 71).

PPL did not include a root cause analysis in their filing and does not conduct regular root cause analyses of its customer complaints and Bureau of Consumer Services (BCS) findings.[115]

In her Direct Testimony, OCA witness Alexander cited to the BCS UCARE Report regarding PPL's performance. BCS reported the following for PPL:

- PPL's residential total complaints and complaint rate dramatically increased in 2023 due to serious billing issues associated with the installation of new software (13,832 complaints) and significantly decreased in 2024 (1,355 complaints). However, the volume of complaints in 2024 was the second highest of the other EDCs and only less than PECO's complaint data that included both electric and gas customers.
- Payment Arrangement Referrals (PAR) increased in 2023 compared to 2021 and 2022, although this trend was uniform among other EDCs as well. However, in 2024 the level of such Referrals was substantially higher than other EDCs: 6,410 compared to slightly over 4,000 for PECO or the FirstEnergy EDCs (Penelec, Met-Ed, and West Penn). The PAR Response Time also increased.
- BCS identifies "justified" complaints and "verified infractions" for PPL Electric in its public reports. The 2023 data was substantially impacted by the high volume of billing errors and delayed bills, showing a 35% rate for "justified" complaints, 5-6 times the rate for other EDCs. In 2024, a total of 142 "verified infractions" were preliminarily documented by BCS relating to Chapter 56 by PPL Electric.[116]

As shown above, PPL's 2024 payment arrangement referrals were substantially higher than other EDCs.[117] As such, Ms. Alexander recommended that PPL evaluate the results of this analysis and take appropriate actions in response to the ongoing indicia of failure of various payment arrangement types.[118]

[115] OCA St. 7 at 7.
[116] OCA St. 7 at 20-21 (internal citations omitted).
[117] OCA St. 7 at 21.
[118] OCA St. 7SR at 9.

Specifically, OCA witness Alexander recommended that PPL Electric investigate customer complaints and BCS findings of infractions.[119] Ms. Alexander further recommended that PPL formally track the recommendations, document system-wide steps taken in response to those recommendations and evaluate on an ongoing basis whether or how the steps and implementation taken in response to the root cause evaluation have achieved their intended purpose.[120] Ms. Alexander testified that any ongoing root cause analysis should include this organic feedback mechanism to determine if the root cause has been properly identified and the steps or implementation taken to respond to those findings have accomplished the intended results.[121]

OCA witness Alexander also recommended that PPL develop a methodology to track and evaluate the success and failure of a statistically valid number of payment plans negotiated by PPL, with perhaps starting with an evaluation of the Payment Agreement Requests (PARs) resolved by BCS.[122] Ms. Alexander further recommended that the Commission take PPL's customer service performance into consideration when setting PPL's authorized rate of return.[123]

OCA witness Alexander further noted that PPL offers to confirm negotiated payment terms in writing or electronically to the customer.[124] However, "this communication does not inform the customer of their right to dispute the terms of the payment plan and this automated letter should be reformed to do so."[125]

Given PPL's customer service issues, OCA witness Alexander recommended that PPL investigate customer complaints and BCS findings of infractions.[126] Second, Ms. Alexander

[119] OCA St. 7 at 7, 22.
[120] OCA St. 7 at 7, 22.
[121] OCA St. 7 at 7, 22.
[122] OCA St. 7 at 7, 22-23.
[123] OCA St. 7 at 21.
[124] OCA St. 7 at 23.
[125] OCA St. 7 at 23.
[126] *Id.*

recommended that PPL formally track the recommendations, document system-wide steps taken in response to those recommendations and evaluate on an ongoing basis whether or how the steps and implementation taken in response to the root cause evaluation have achieved their intended purpose.[127] Ms. Alexander specified that any ongoing root cause analysis should include this organic feedback mechanism to determine if the root cause has been properly identified and the steps or implementation taken to respond to those findings have accomplished the intended results.[128] Third, regarding PPL's data showing the results of its payment arrangements, Ms. Alexander recommended that PPL evaluate the results of this analysis and take appropriate actions in response to the ongoing indicia of failure of various payment arrangement types.[129]

The Settling Parties agreed to resolve their differences over this issue, as follows:

> Prior to the Company's next base rate case, but not sooner than 12 months following the entry of the Commission's Final Order in this proceeding, the Company shall conduct a single root cause analysis of its internally resolved customer disputes and complaints filed with the Commission that were initiated on or after January 1, 2026, to identify trends, potential underlying causes, and potential reforms, such as modifications to training materials and other potential actions to respond to complaint trends and underlying causes. This root cause analysis shall be included in the filing of the next base rate case. In the Company's next base rate case, the Company will make available to I&E, OCA, OSBA, and CAUSE-PA the findings of the root cause analysis, including any data summaries, identified trends, root causes, and recommended reforms or corrective actions, including implementation timelines and responsible departments for such actions.[130]

Requiring PPL to conduct a root cause analysis of its internally resolved customer disputes represents a reasonable compromise of a contentious issue that may not have been resolved through litigation. As stated by OCA witness Alexander, "[a] proper root cause analysis analyzes complaint data to find common themes, trends, and to document underlying causes."[131] This root

[127] *Id.*
[128] *Id.*
[129] *Id.*
[130] Settlement ¶ 71.
[131] OCA St. 7SR at 9.

cause analysis will help inform the parties of complaint trends and underlying causes that can be used to ensure that PPL actively addresses services issues facing its customers. As such, this Settlement provision is reasonable, in the public interest, and should be adopted by the Commission.

5. Identification of Low-Income Customers (Settlement ¶ 72).

In its filing, PPL did not include any additional steps beyond its current practice and procedures that will aid the Company in the identification of its low-income customers. However, in this proceeding, Mr. Colton recommended that, to identify low-income customers eligible for CAP, a confirmed low-income (CLI) customer should include any customer who, within the current or immediately preceding two LIHEAP program years, has received a LIHEAP grant.[132]

When identifying low-income households for purposes of implementing a waiver of cash security deposits, Section 56.32 of the Commission's regulations provides:

> An applicant is confirmed to be eligible for a customer assistance program by the public utility if the applicant provides income documents or other information attesting to his or her eligibility for state benefits based on household income eligibility requirements that are consistent with those of the public utility's customer assistance programs.[133]

As Mr. Colton testified, customers who receive SNAP assistance, Medicaid, TANF, free school lunch and other similar benefits will, by the very receipt of those benefits, be placed in a low-income designation.[134] In contrast, when asked in discovery how it identifies a customer as confirmed low-income, PPL responded that "the company accepts a verbal financial statement, receipt of LIHEAP, enrollment in OnTrack and/or a verified income financial statement to confirm the customer's eligibility."[135]

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[132] OCA St. 8 at 44.
[133] 52 Pa. Code §56.32(e).
[134] OCA St. 8 at 41.
[135] OCA St. 8 at 41-42, citing, OCA-IV-18.

Mr. Colton testified that PPL's process is much narrower than what is required by regulation for being exempt from a cash security deposit.[136] According to the U.S. Department of Agriculture, an estimated 93% of those households eligible for SNAP in Pennsylvania receive SNAP benefits.[137] Mr. Colton recommends that, to identify low-income customers eligible for CAP, PPL should be directed to accept the same documentation as is required to be accepted to establish income-eligibility for deposit exemptions.[138]

The Settlement adopts Mr. Colton's recommendation.

> 72. PPL Electric will define a "confirmed low income customer" to also include any customer who has received a LIHEAP grant within the current or immediately preceding two LIHEAP program years, as well as any customer who has participated in CAP within the last 12 months.[139]

This provision of the Settlement is in the public interest because it will enable more low-income customers to receive the low-income benefits they are already eligible for by reducing barriers to enrollment in CAP.

6. Plain Language Notice of Customer Assistance Plan Rights (Settlement ¶ 73).

PPL did not include in its filing any provisions that would assist its customers in understanding which customer assistance programs they are eligible for and how to enroll in those programs. However, in this proceeding, Mr. Colton recommended that customers who are CLI should be provided a stand-alone written plain language notice informing them of their right to enroll in PPL's CAP at the time they are negotiating a deferred payment agreement (DPA).[140] Mr. Colton testified that doing so would be consistent with the statutory requirement that "any public utility having more than one rate applicable to service rendered to a patron, shall, after notice of

[136] OCA St. 8 at 42.
[137] OCA St. 8 at 43.
[138] OCA St. 8 at 43.
[139] Settlement at ¶ 72.
[140] OCA St. 8 at 49-50.

service conditions, compute bills under the rate most advantageous to the patron."[141] Mr. Colton testified that PPL should be directed to develop a procedure in collaboration with its universal service advisory group under which it will offer CLI customers the opportunity to apply for PPL's CAP and arrearage forgiveness program.[142] Customers who are CLI should be provided a stand-alone written plain language notice informing them of their right to enroll in PPL's CAP at the time they are negotiating a DPA.[143]

The remedy for unpaid bills by low-income customers is not to place those customers on a DPA, but rather to enroll those customers in CAP with its arrearage forgiveness provisions to not only address the unpaid bill but also address the underlying cause of the unpaid bill. As such, Mr. Colton testified that:

> [B]efore PPL enters into a DPA with a customer which the Company either: (1) knows to be a confirmed low-income customer; or (2) has generated information through the DPA process documenting that the customer is in the Tier 1 income range (at or below 150% FPL), it should be required to provide the customer a stand-alone plain language notice to that customer of the customer's right to enter into CAP and an explanation of the advantages of CAP's arrearage forgiveness benefits.[144]

Again, the Settlement adopts Mr. Colton's recommendation:

> 72. Beginning January 1, 2027, before PPL Electric enters into a deferred payment arrangement (DPA) with a customer which the Company either: (1) knows to be a Confirmed Low-Income customer; or (2) has generated information through the DPA process documenting that the customer is in the Tier 1 income range (at or below 150% of the FPL, PPL Electric will provide the customer with Plain Language information on CAP and an explanation of the advantages of CAP's

[141] OCA St. 8 at 49-50, citing, 66 Pa. C.S. § 1303; *see also PA PUC v. Columbia Gas of Pennsylvania*, Docket No. R-2025-3053499, Recommended Decision at page 549 (dated Oct. 3, 2025) and *Columbia Gas of Pennsylvania, Inc. Universal Service and Energy Conservation Plan for 2024-2028*, Docket No. M-2023-3039487, Order (dated April, 2024) ("the company must explain to the customer how enrolling in CAP and making the customer's arrearage subject to arrearage forgiveness would impact the customer's monthly bill").
[142] OCA St. 8 at 48-49.
[143] OCA St. 8 at 49-50.
[144] OCA St. 8 at 53.

> arrearage forgiveness benefits. PPL Electric will develop this Plain Language notice in collaboration with its Universal Service Advisory Committee.[145]

Similarly, the Settlement provides that PPL also modify its CAP bill review process to review rates for all CAP customers including those receiving the average bill and PIP CAP rate also ensure that customers are being billed the rate that is most advantageous to them.[146] This provision is in the public interest and should be adopted because it will allow low-income customers to better understand how to receive service at a rate that is most favorable to them, thereby increasing the chance that such service is affordable to them.

7. Elimination of the $100 Offset to CAP Credits (Settlement ¶ 78).

In this proceeding, PPL proposed to eliminate the existing $100 offset to CAP credits and arrearage forgiveness credits.[147] In response, Mr. Colton testified that this proposal should be rejected because it will allow PPL to recover costs twice: once in base rates and again through the universal service rider (USR).[148]

It is PPL's burden to demonstrate in this proceeding that an offset of $0 is appropriate,[149] but PPL has not carried that burden. In fact, there are inherent contradictions in PPL's stated justification for its proposed elimination of the $100 credit: PPL stated in its filing that on the one hand that the sole basis for eliminating the credit is based on bad debt yet in response to discovery PPL concedes that the $100 universal service offset is not allocated to bad debt, working capital,

[145] Settlement at ¶ 73.
[146] Settlement at ¶ 80.
[147] PPL St. 18 at 13.
[148] OCA St. 8 at 65.
[149] OCA St. 8 at 65-66, citing, Customer Assistance Programs: Funding Levels and Cost Recovery Mechanisms, Final Investigatory Order, at 38-39 (Oct. 19, 2006) ("the utilities should bear the burden of proving that allowing recover of their claim for arrearage forgiveness costs will not give them double-recovery of these costs.").

credit and collections or any other specific category.[150] This is further support for the fact that PPL has not met its burden of proof on this issue.

Importantly, the Commission has recognized the potential of the double recovery of costs without including a universal service cost offset. As Mr. Colton testified:

> Note that the Commission made the same distinction I now make, but which PPL witness Norden ignores. The distinction is between preventing the "double-recovery" of bad debt on the one hand, and accounting for reductions in bade debt (ie, "savings") on the other hand. The $100 credit which PPL now proposes to eliminate is not related to a projected reduction in bad debt expenses and is thus not related to any estimate of "savings." The $100 offset is instead intended to "offset" the potential for the double recover of costs.[151]

Mr. Colton added that a universal service cost offset is common in Pennsylvania utility tariffs relating to the recovery of universal service costs through a reconcilable surcharge.[152]

Mr. Colton provided an extensive discussion of why PPL will double recover costs in the absence of a universal service cost offset.[153] Mr. Colton begins with the recognition that, without the existing offset, PPL collects 100% of its CAP credits and 100% of its CAP arrearage forgiveness credits through its USR based on its reconcilable nature.[154] This raises the question of whether some portion of those CAP credits has previously been included in the revenue requirement underlying base rates at a point in time before the customer enrolled in CAP.[155] The answer to that question is "yes."

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[150] OCA St. 8 at 66-67, citing, PPL St. 18 at 14 and OCA-XI-5.
[151] OCA St. 8 at 67-68.
[152] OCA St. 8 at 68-70 (noting that "of the PUC-regulated energy utilities, eleven out of the twelve gas and electric utilities in Pennsylvania have offsets to one degree or another." The only Pennsylvania utility without is Philadelphia Gas Works which operates on a cash flow basis. Furthermore, "even though not regulated by the state PUC, the Philadelphia Water Department, a municipal water utility also adopted this principle applied to its arrearage forgiveness.").
[153] OCA St. 8 at 65-71.
[154] OCA St. 8 at 70.
[155] OCA St. 8 at 71.

In the Settlement, however, PPL has agreed to eliminate its proposal without prejudice and does so in conjunction with increasing its threshold for when the $100 credit will start to apply from 44,000 to 75,000 as follows:

> 78. PPL Electric's proposal to eliminate the $100 Universal Service Rider ("USR") CAP cost recovery offset is withdrawn without prejudice. Further, the CAP participation threshold used for determining when to start applying the $100 credit shall be increased from 44,000 to 75,000.[156]

This provision of the Settlement is in the public interest because it will prevent PPL from recovering more for its universal service costs than it otherwise is entitled to and helps to account for the impact that customers in CAP paying an affordable bill have on the Company's overall revenues. This Settlement provision will help ensure that the appropriate universal service dollars are being used as intended and that PPL's rates will otherwise be just and reasonable.

8. Recovery of Universal Service Salaries and Wages (Settlement ¶ 82).

PPL proposed in this proceeding to recover salaries and wages related to universal service through a universal service rider.[157] Mr. Colton testified that PPL's universal service costs should not be recovered through a rider because, in part, the costs are not subject to variation which justifies their collection through the USR in order to provide reconciliation.[158] As Mr. Colton testified, this is true even though PPL has proposed in this proceeding to increase its wages and salaries to be recovered from ratepayers by 9% for the period ending June 2028.[159] Just because an expense is labeled a universal service expense does not mean that it should be allowed cost recovery without review, as would be the case if those administrative expenses are collected,

[156] Settlement at ¶ 78.
[157] PPL St 18 at 10.
[158] OCA St. 8 at 62.
[159] OCA St. 8 at 62, citing, OCA-XI-1 (variation from 2023 to 2025 was $1,254,248 to $1,346,555).

subject only to a reconciliation, through the USR. This is consistent with the Commission's recent action in the Columbia base rate case where the Commission determined that expenditures by Columbia Gas on its "Energy Assistance Team" should be collected through base rates rather than through the Company's universal service rider.[160]

In the Settlement, PPL agreed to withdraw this proposal as follows:

> 82. PPL Electric's proposal to recover USECP employees' salaries and wages through the USR is withdrawn without prejudice.[161]

This provision of the Settlement is in the public interest because it will prohibit PPL from unnecessarily recovering costs through a rider that should instead by recovered through base rates further helping to keep overall rates affordable.

9. Security Deposits for Low-Income Customers (Settlement ¶¶ 85-86).

PPL did not include anything in its filing that would address the burden of low-income customers caused by paying security deposits. Mr. Colton testified, when identifying low-income customers for purposes of implementing a waiver of cash security deposits, the Company should follow section 56.32 of the Commission's regulations.[162] Section 56.32 provides that an applicant is confirmed to be eligible for a customer assistance program if the applicant provides income documents or other information attesting to eligibility for state benefits based on eligibility requirements that are consistent with those of the CAP program.[163] Furthermore, Mr. Colton testified that PPL should modify its tariff and internal procedures to ensure that income eligible customers are exempted from the demand for cash security deposits.[164]

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[160] OCA St. 8 at 62-62, *citing PA PUC v. Columbia Gas of Pennsylvania, Inc.*, Docket No. R-2025-3053499, Order at 167 (Dec. 4, 2025).
[161] Settlement at ¶ 82.
[162] OCA St. 8 at 41.
[163] 52 Pa Code § 56.32(e).
[164] OCA St. 8 at 55-56.

PPL's tariff and practices are inconsistent with the regulatory exemption of low-income customers from deposits as the customer does not need to: 1) be a participant in PPL's CAP in order to be exempt from a cash security deposit; 2) apply for CAP to be qualified for the deposit exemption; 3) request the exemption from, or return of, a cash security deposit, whether through the utility or through a third party "partner agency;" 4) provide "income documents" pursuant to the regulation, let alone attested income documentation; and 5) participate in a program providing state benefits to a customer need not have income qualifications identical to CAP income eligibility.[165]

To be consistent with the regulations, Mr. Colton recommended that PPL should amend its tariff to strike the words "who is confirmed eligible for a customer assistance program." Rather, the tariff should read:

> The Company shall not require an applicant or customer to provide a cash deposit when the customer provides income documents or other information that he or she is eligible for state benefits based upon household income eligibility requirements that are consistent with those of the Company's customer assistance programs.[166]

Mr. Colton recommended that PPL should affirmatively solicit whether the applicant or new customer can provide such information.[167] Mr. Colton also recommended that PPL be directed to refund any cash security deposits to a customer who is currently categorized as confirmed low income and that, within three months after a final order in this proceeding, PPL should undertake a review of all customers from whom the company currently holds deposits to determine whether they qualify for the exemption and make necessary refunds.[168]

The Settlement addresses these concerns, and states as follows:

[165] OCA St. 8 at 56-58.
[166] OCA St. 8 at 58.
[167] OCA St. 8 at 58.
[168] OCA St. 8 at 58-59.

85. By July 1, 2027, PPL will revise its security deposit policies to reflect that if a customer has previously paid a security deposit and subsequently demonstrates that they are income-eligible for PPL's CAP, PPL will return the security deposit to the customer and will not apply the security deposit to the customer's bill unless the customer specifically agrees that it may be applied to the customer's bill. Upon implementation of this revised policy, PPL will review all customer accounts for which it currently holds a security deposit to determine whether the low income security deposit exemption applies and will make the necessary refunds. PPL will also update all applicable policies, procedures, and training materials to ensure that security deposits are automatically released when a customer enrolls in CAP, receives a LIHEAP grant, or provides other information indicating that they are low income.

86. PPL Electric will amend its tariff and modify its implementing practices and procedures, to better align with the PUC regulation regarding low-income exemptions from deposits (see, 52 Pa. Code § 56.32(e)). Specifically, PPL Electric will clarify that it will not require a cash deposit from applicant who, based upon household income, confirmed to be eligible for a customer assistance program. Pursuant to Section 56.32(e) of the Commission's regulations, an applicant is confirmed to be eligible for a customer assistance program by the Company if the applicant provides income documents or other information attesting to his or her eligibility for state benefits based on household income eligibility requirements that are consistent with those of the public utility's customer assistance programs. Customers and applicants who are currently participating in PPL's CAP or have received a LIHEAP grant within the current or prior LIHEAP program year will not be assessed a security deposit and, in turn, will not be required to provide further information or documentation of low income status to qualify for the security deposit exemption. PPL will amend its call center scripts and training materials to ensure that applicants and customers are informed of the low income security deposit exemption and the required qualifications, and afforded an opportunity to provide the necessary income information at the time a deposit is assessed.[169]

[169] Settlement at ¶¶ 85-86, citing, 52 Pa Code § 56.32(e).

As such, in the Settlement, PPL agrees to amend its tariff and modify its implementing practices to better align with the Commission's regulations regarding low-income exemptions from deposits. Further, the Settlement also provides that PPL will clarify that it will not require a cash deposit from an applicant who, based on household income, is confirmed to be eligible for a customer assistance program.[170] These provisions of the Settlement address the issues raised by Mr. Colton in this proceeding and should be adopted as being in the public interest. Doing so will help ensure that low-income customers will have greater access to fundamental utility services.

G. VEGETATION MANAGEMENT (Settlement ¶ 87)

In this filing, PPL proposed to implement a program to acquire enhanced distribution right of way (ROW) rights.[171] PPL also requested permission to capitalize the first removal of hazard and danger trees after the acquisition of these additional rights.[172]

OCA witness Morgan testified that the FERC guidelines expressly prohibit PPL's proposal to capitalize the first removal of hazard and danger trees after acquisition of the ROW's.[173] Mr. Morgan testified that it would be inappropriate to capitalize these expenses because vegetation management is an operating expense.[174] Mr. Morgan further testified that PPL did not meet their burden of proof and did not present any extenuating circumstances that necessitate capitalization.[175]OCA witness Hoyt also testified that PPL should not be able to capitalize tree trimming related to expansion of ROWs because per the FERC Uniform System of Accounts,

[170] Settlement at ¶ 86.
[171] PPL St. 17 at 6.
[172] *Id.* at 11.
[173] *See* OCA St. 1 at 28 *citing to* 18 C.F.R. Part 101 App. B. (2026).
[174] OCA St. 1SR at 23.
[175] OCA St. 1 at 29.

ROWs are an intangible asset and should not be capitalized.[176] I&E Witness Walker agreed with OCA witness Morgan and Hoyt that PPL's proposal to capitalize the first removal of ROW rights is inconsistent with FERC Uniform System of Accounts.[177] Mr. Walker also urged the Commission to disallow PPL's proposal.[178]

The Settlement adopts the OCA's and I&E's recommendation to eliminate the proposed capitalization of vegetation management issue, as follows:

> PPL Electric withdraws without prejudice its request for capitalized treatment of the costs associated with first removal of hazard and danger trees after the acquisition of additional rights-of-way to address off-right-of-way trees.[179]

This Settlement provision is in the public interest because vegetation management is an operating expense for which the Company cannot earn a return.[180] As such, similar to all other operating expenses, it should not be capitalized and PPL has failed to meet its burden of proof proving otherwise.[181] Moreover, allowing PPL to capitalize the clearing of trees for ROW's is contrary to FERC's guidelines. Further, PPL did not sufficiently meet its burden of proof and did not present any extenuating circumstances that necessitated capitalization. As such, it would be inappropriate for the Commission to allow PPL to capitalize the first removal of hazard and danger trees after the acquisition of additional ROW's. Therefore, the Commission should approve the settlement term without modification.

H. RELIABILITY

PPL proposed to continue funding storm hardening efforts implement since its last rate case, including its Asset Health Management, Chronic Remediation, Engineering Design

[176] OCA St. 5 at 96.
[177] I&E St. 1 SR at 23.
[178] *Id.* at 23-24.
[179] Settlement ¶ 87.
[180] OCA St. 1 at 28.
[181] OCA St. 1 SR at 23.

Standards, and Smart Grid programs, which it avers are intended to improve the Company's equipment performance and responsiveness to storms.[182] PPL also proposed to modify its vegetative management plan by shortening its vegetation inspection and maintenance cycle to five-years from five-to-eight years and to expand its right of way areas.[183] PPL attributed its poor reliability performance to increasing frequency and severity of storms and, as a result, averred that it intends to have an increased focus on proactive storm hardening.[184]

OCA witness Hoyt provided an extensive analysis of PPL's reliability performance. As stated by OCA witness Hoyt:

> PPL is not currently meeting most of the Commission-ordered targets for reliability, and its reliability scores for major metrics have trended upward (i.e., worsened) in recent years, including in comparison to peer Pennsylvania utilities in 2024. Particularly poor metric scores in 2024 are attributed to storms; however, when 2024 data is excluded, PPL's metric trends have still worsened since 2015.[185]

While PPL contended that it is becoming increasingly difficult for electric utilities to meet Commission-approved reliability targets, Mr. Hoyt testified that the Commission's standards are intended to be satisfied under a range of operating conditions and are not contingent on favorable weather.[186] Rather, to the extent that changing conditions increase reliability risk, PPL's obligation to effectively plan, invest, and execute in areas within its control are increasingly important.[187] OCA witness Hoyt also found that there was little correlation between same-year reliability investment and reliability performance, indicating that PPL's vegetation inspection and maintenance needs additional improvement.[188] Further, Mr. Hoyt raised concerns that the Company's ability to capitalize tree trimming to expand the rights-of-way in which it conducts

[182] PPL St. 16 at 12-13.
[183] PPL St. 17 at 7-8.
[184] PPL St. 16 at 12-13.
[185] OCA St. 5 at 62.
[186] OCA St. 5SR at 44.
[187] OCA St. 5SR at 44.
[188] OCA St. 5 at 86-87.

vegetation management may be improper, as addressed *supra*, and that the right-of-way expansion program is not tied to performance requirements, such as PPL's estimate that the program will result in improved reliability performance.[189]

Based on these findings, the OCA recommended that PPL be required to file an annual reliability accountability report to provide the relationship between the Company's major programs and metric targets[190], that vegetation inspection and management be conducted based on system risk and need rather than cycle length alone,[191] and that PPL provide annual reporting on its enhanced right of way program.[192] PPL did not disagree with OCA witness Hoyt's recommendations for additional reporting related to the enhanced right of way program and agreed with his recommendation that PPL continue to plan and execute inspection and maintenance work based on system risk and need in addition to the five-year cycle period.[193]

The Settlement provides:

> 88. PPL Electric is required to file an annual reliability accountability report in this docket that tracks the Company's approved reliability programs in relation to the Commission's existing reliability metric targets, and includes program-level reporting addressing spending, work completed, locations targeted, justification, and reliability outcomes. This reporting will continue until the next base rate proceeding.
>
> 89. PPL Electric will continue planning and executing Inspection, Maintenance, Repair, and Replacement ("I&M") Plan work based on system risk and need, rather than the cycle length alone.
>
> 90. PPL Electric will file an annual report describing the vegetation management program and detailing measures such as the extent of expanded rights-of-way ("ROWs") obtained, the scope of associated tree removal, and estimated changes in relevant reliability metrics attributable to the expanded ROWs.[194]

[189] OCA St. 5 at 96.
[190] OCA St. 5 at 77.
[191] OCA St. 5 at 95.
[192] OCA St. 5 at 96.
[193] OCA St. 5SR at 40 (*citing* PPL St. 17-R at 5, 10).
[194] Settlement ¶¶ 88-90.

The Settlement incorporates the OCA's recommendations regarding improvement in PPL's reliability reporting and program execution. Due to PPL's poor reliability performance in recent years, under Commission-established metrics, additional transparency into PPL's reliability-related operations and maintenance will ensure that the Company is on track to improve its performance over time. Further, requiring reporting specifically on PPL's expanded rights-of-way proposal ensures that the program is improving PPL's reliability performance consistent with the Company's representations and expectations. In sum, these provisions of the Settlement provide the Commission, the OCA, and interested stakeholders with necessary information to better understand PPL's reliability performance and what, if anything, the Company is doing over time to improve that performance. The approval of these terms of the Settlement is in the public interest.

I. LARGE LOAD INTERCONNECTIONS (Settlement ¶¶ 91-97)

1. Rate LP-6 Provisions (Settlement ¶¶ 91-93)

In its rate filing, PPL proposed to classify large load customers under its Rate Schedule LP-5.[195] Data centers are a type of large load customer that has been increasingly of concern from an electric transmission planning perspective[196]; as a result, the discussion in this section regarding large load interconnections will apply to data centers, including cryptocurrency mining operations, Artificial Intelligence (AI) data centers, and other similar types of facilities.

Rate Schedule LP-5 includes distribution customer charge to cover the fixed costs associated with providing retail service to those customers.[197] Rate LP-5 customers have an on-site distribution meters.[198] Through these distribution meters, Rate LP-5 customers interconnect to

[195] PPL Exh. GEO-1 at Original Page No. 35.
[196] PPL St. 16 at 15.
[197] Tr. 849.
[198] PPL Exh. BR-1 at 20.

the high voltage transmission or sub-transmission system.[199] Because PPL anticipates that new large load customers will require interconnection to the high voltage transmission or sub-transmission system through a distribution meter similar to existing Rate LP-5 customers, PPL added additional tariff provisions to its Rate LP-5 to address these customers' line and service extensions.[200] Namely, PPL proposed to describe its *ex ante* methodology for determining how the costs associated with non-network[201] and network[202] upgrades to its transmission system will be assigned to either the interconnecting customer or to its broader transmission customer base, in addition to the terms governing its current Electronic Service Agreement (ESA) for customers PPL determines require an ESA in order to interconnect.[203] Specifically, the revisions to Rate LP-5 provided that:

- the ESA's initial term length would be five years,
- the interconnecting customer would provide an initial load ramp schedule for the five-year term[204],
- the customer would provide a revenue guarantee equal to the cost of line extensions the customer was not directly charged (i.e., the cost of network upgrades),
- the customer would pay applicable rates based on the greater of their actual peak demand or 80% of the load provided in the load ramping schedule,
- the customer's revenue guarantee would be satisfied when the customer paid transmission rates equal to the cost of line extensions for which they were not directly charged,
- the customer would provide security for the amount of its revenue guarantee, and
- if the customer defaults, then PPL would draw down on the customer's security in the amount of the revenue guarantee and apply the funds to the remaining cost of the applicable line extensions (i.e., an exit fee).[205]

[199] PPL St. 5-R at 11.
[200] PPL St. 16 at 17.
[201] According to PPL witness Lookup, a non-network upgrade is an upgrade to the transmission system which does not provide benefits to transmission customers other than the interconnecting transmission customer. Tr. 822.
[202] According to PPL witness Lookup, a network upgrade is an upgrade to the transmission system which provides benefits to the transmission system as a whole. Tr. 822.
[203] PPL Exh. GEO-1 at Original Page No. 35; PPL St. 16 at 17-18.
[204] According to PPL witness Lookup, a load ramping schedule refers to a schedule of the rate at which a customer will grow its peak demand over time based on the customer's ability to ramp. Tr. 828.
[205] PPL Exh. GEO-1 at Original Page No. 35.

The OCA submitted significant evidence regarding the cost and reliability-related risks associated with the undisciplined interconnection of large load customers. Due to demand uncertainty, project execution challenges, macroeconomic and policy volatility, and a fundamental mismatch between the time horizons of grid investments and emerging technology markets, it is unclear how much cost large load interconnections will cause PPL to incur and much of those costs PPL will reasonably be able to recover.[206] Further, data center large load customer interconnections create localized transmission and resource adequacy risks: the rapid concentration of large loads can potentially damage transmission plant through thermal overloads, voltage deficiencies, and high contingency risk.[207] The PJM[208] capacity market – or how PJM determines the correct amount of generating resources to reliably meet the needs of the load within its footprint[209] – procured 6,600 megawatts (MW) less than the amount of generating capability PJM determined was needed to provide reliable service[210], a deficiency which is largely attributable to large load interconnections.[211] Resource inadequacy creates significant reliability risks, including the potential for customers to be subject to rolling blackouts or brownouts.[212]

Based on these facts, the OCA recommended that PPL provide a more fulsome set of protections in any large load tariff. The primary points of disagreement between the OCA and PPL are summarized as follows:

- Which customers should be included in a large load tariff. The OCA recommended that the Commission require all customers that take high voltage service and have peak demand in excess of 20 MW at a single interconnection or 50 MW at multiple points of interconnection should be included in the large load tariff. PPL initially proposed no clear qualification

[206] OCA St. 5 at 29-32.
[207] OCA St. 5SR at 19.
[208] The PJM Interconnection, LLC (PJM) is the regional transmission operator which operates the transmission grid, as well as energy, capacity, and ancillary services markets in Pennsylvania and 11 other states, as well as D.C.
[209] Tr. 896-97.
[210] OCA St. 5 at 45.
[211] Tr. 897.
[212] Tr. 844-46.

criteria.[213] Setting the appropriate size threshold ensures that the new customers causing PPL's native customers to bear stranded asset- and reliability-related risk are subject to any tariff provisions protecting against the same.

- The appropriate contract term length. The OCA recommended a longer initial contract period of at least 10 years following the completion of a load ramping period, as compared to PPL's initial proposal of a five year contract period which runs during the load ramping period.[214] OCA witness Hoyt emphasized that the longer contract term length better aligns the contracted-for recovery of the costs of transmission infrastructure with the life of that infrastructure, and beginning the contract period after load ramping better protects against load that does not show up.[215]

- Monthly billing demand amount. The OCA recommended that the monthly billing demand be set at 90% of contract capacity, whereas PPL recommended 80% of the load ramp scheduled load be used.[216] Contract capacity refers to a specified amount of demand that a customer can place on the system pursuant to their interconnection agreement.[217] The minimum load guarantee works by modifying the amount of demand used to calculate the customer's transmission charges, for example, if the customer's contract capacity was 100 MW and the customer's demand was 50 MW, then the OCA recommended that the customer be billed for 90 MW of demand.[218] Having a minimum load guarantee ensures that if the customer does not place as much demand on the system as it caused PPL to build, it still pays for the costs it caused PPL to incur. The higher the minimum load guarantee, the more closely the customer's billed demand will match its costs.[219]

- Exit procedures. The OCA recommended that customers provide at least five years' notice prior to exiting or materially changing their load in the ESA.[220] PPL uses a six-month notice period in its ESA.[221] Due to the significant stranded asset risk associated with serving large load customers, and the long-lived nature of transmission facilities, having more robust notice protections better insulates native customers from risk.[222]

- Cost responsibility. The OCA supports determining cost responsibility on a "but-for" basis, meaning the customer should be responsible for bearing the

[213] OCA St. 5SR at 26.
[214] OCA St. 5SR at 26.
[215] OCA St. 5SR at 31.
[216] OCA St. 5SR at 26.
[217] OCA St. 5SR at 26.
[218] Tr. 829.
[219] OCA St. 5SR at 29.
[220] OCA St. 5SR at 30.
[221] Tr. 834-36.
[222] OCA St. 5SR at 30.

costs associated with all costs that PPL incurs in order to provide that customer with service. [223] These costs include both upgrades to interconnect the customer and subsequent network upgrades driven by reliability needs created by the interconnecting customer. Also, these costs include both network upgrade costs which are included in PPL's transmission rate base and socialized as well as the non-network upgrade costs which are directly assigned to the interconnecting customer because they benefit only that customer. The OCA recommended that all "but-for" costs be recovered from the customer through some combination of a contribution in aid of construction (CIAC), the minimum demand charges, exit fee, or a combination thereof.[224] PPL proposed to recover non-network upgrades through a CIAC and obtain a security deposit for all other costs associated with the customer's interconnection but not service requirements.[225] Implementing a "but-for" cost responsibility is necessary to minimize the risks to other customers in the event that the large load customer does not show up, leaves prematurely, or otherwise saddles ratepayers with significant new assets built to serve a customer for decades that are now excessive compared to actual demands.[226]

- Ensuring resource adequacy. The OCA recommended that PPL ensure that the PJM region has sufficient resource adequacy before interconnecting large load customers[227] and that large load customers be curtailed prior to implementing, and to the extent of preventing, rolling blackouts for other customers.[228] PPL does not currently study whether the interconnection of a new large load will make the grid les reliable from a generation supply perspective[229], separate new large load customers from native customers in its emergency load management plan[230], or offer an interruptible rate.[231] Because large load customers are causing a resource adequacy issue, if resource inadequacy causes reliability-related risks, then those customers should bear those risks and protect native, captive customers from them.

- Separating critical load on-site. The OCA recommended that large load customers should be able to separate critical load from non-critical load on their own premises, such as through isolated feeders.[232] Critical load is load such as hospitals, emergency services, and natural gas infrastructure, which is protected from curtailment during grid emergencies[233]; non-critical load

[223] OCA St. 5SR at 27.
[224] OCA St. 5SR at 30.
[225] OCA St. 5SR at 27.
[226] OAC St. 5SR at 30.
[227] OCA St. 5SR at 19.
[228] OCA St. 5 at 48-50.
[229] OCA St. 5 at 48.
[230] Tr. 848.
[231] Tr. 850.
[232] OCA St. 5 at 49.
[233] Tr. 845.

> is all other load. PPL does not currently have this requirement.[234] In the event of an emergency, large load customers which have both critical and non-critical load on the premises may be required blackout the non-critical portion of their load; if the customer is not able to do so, the grid is less reliable. [235]

PPL disagreed with the OCA's recommendations and, instead, proposed in its rebuttal testimony to create a new tariffed rate class, Rate LP-6, exclusively for large load customers with a peak demand of 100 MW or greater.[236] In this customer class, customers' ESAs would have a minimum term of 10 years, a minimum load guarantee of 80% for the first five years and 50% for the second five years, an exit fee equal to the remaining minimum load obligation, and the customer could elect to take service on an interruptible basis in exchange for a reduced minimum load obligation.[237]

The Settlement provides:

> 91. As part of its compliance Retail Tariff filing, PPL Electric will adopt the LP-6 tariff schedule governing the rates, terms and conditions of service to large load (data center) customers, consistent with the Company's rebuttal testimony of PPL Electric Witness Joseph Lookup:
>
> a. Including:
>
> i. Electric Service Agreements ("ESAs") shall include, at a minimum, the following terms:
>
> 1. Initial term of not less than ten (10) years;
> 2. Customer shall provide an initial load ramp schedule for up to the first five (5) years of the initial term (for the avoidance of doubt, this requirement is not intended to prohibit and does not prohibit the use of an initial load ramp schedule for a period that does not exceed the initial term of the ESA);
> 3. Customer shall provide a revenue guarantee in the amount of the line extension costs that customer was not directly charged, the customer's Rate Base Security Obligation, defined *infra*;
> 4. Until the customer's Rate Base Security Obligation, defined *infra*, is satisfied, the customer shall pay

[234] Tr. 854.
[235] OCA St. 5 at 49.
[236] PPL St. 16-R at 29.
[237] PPL St. 16-R at 29.

applicable rates based on the greater of actual peak demand values, or 80% of the load provided in the load ramp schedule;

5. After the customer's Rate Base Security Obligation, defined *infra*, is satisfied, the customer shall pay applicable rate based on the greater of actual peak demand values, or 80% of the load provided in the load ramp schedule for the first (5) years of the initial term and 50% for the second five (5) years of the initial term.
6. Customer's revenue guarantee shall be satisfied when the Company has received transmission revenue from the customer equaling the Rate Base Security Obligation, defined *infra*;
7. Customer shall provide security in the form of a letter of credit, parent guarantee, or other security instrument acceptable to the Company for the amount of the outstanding revenue guarantee;
8. In the event of default, the Company shall draw on the security instrument in the amount of the outstanding revenue guarantee and apply the funds to the remaining cost of the line extension that was not directly charged to the customer; and
9. The ESA shall contain an exit fee, the amount of which is defined *infra*.

ii. The Customer may elect a voluntary interruptible option, which if chosen would reduce the minimum load guarantee to 60% for the first five years, and 30% for the second five years.

b. Subject to the following modifications:

i. The LP-6 Rate Schedule will be applicable to a customer if the customer's service commenced on or after October 1, 2025;

ii. The LP-6 Rate Schedule will be applicable to a customer if the customer has a peak electric demand of 50 MW or greater at a single facility or at least equal to 75 MW in the aggregate among facilities taking service from PPL Electric at or above 69 kV within a 10-mile radius; provided, however, that if (1) the customer has a peak electric demand equal to or greater than 50 MW at a single facility but less than or equal to 75 MW at a single facility that takes service from PPL Electric at or above 69 kV, and (2) the customer's interconnection and service requirements do not cause PPL Electric to incur transmission network upgrade costs, then PPL Electric may file a petition with the Commission requesting, subject to Commission review and approval, that

the customer's facility be classified under Rate LP-5 and that the customer's peak demand for that single facility not be counted toward the peak demand in the aggregate among the customer's facilities taking service from PPL Electric at or above 69 kV within a 10-mile radius. Any petition filed under this section requesting a customer to be classified as a Rate LP-5 customer shall be served on all the parties to this base rate proceeding;

iii. As a condition of receiving distribution utility service under the LP-6 Rate Schedule, each LP-6 customer must execute an ESA governing the customer's interconnection to the transmission system at voltages equal to or greater than 69 kV, including the constructing, maintaining, and operating of transmission facilities;

92. The ESA must be entered into pursuant to and consistent with the terms and conditions of the LP-6 rate schedule as specified herein;

i. The ESA will require the LP-6 customer to provide security in an amount equal to the cost of upgrades needed to serve the customer, including, but not limited to, the costs that the Company would not have incurred but for the interconnection of the customer, that are placed into rate base and recovered through transmission rates (such amount is referred to as the "Rate Base Security Obligation");

ii. The ESA will contain an exit fee that is equal to the remaining minimum load guarantee obligation during the ESA term at the time the customer terminates the ESA, or the remaining amount of the Rate Base Security Obligation, whichever is greater;

iii. The ESA will require a contribution in aid of construction ("CIAC") as up-front milestone payments ahead of work performed for the cost of directly assignable transmission and distribution upgrades; and

b. To the extent that there is critical load, the ESA shall require the LP-6 customer to engineer the substation and other distribution- side and customer-side infrastructure to enable the large load customer, during load shedding, to segment and separate critical load from non-critical load, as such terms are defined in PPL Electric's load control and emergency conservation procedures developed pursuant to 52 Pa. Code § 57.52(b), and that the substation, other distribution-side infrastructure, and customer-side infrastructure be operated such that non-critical load at the point of interconnection can be shed without affecting the operations of the critical load.

93. The exit fee will first be applied to the Rate Base Security Obligation as a reduction to the Company's transmission rate base, and the remainder of the exit fee will be as a credit to the Company's Federal Energy Regulatory

Commission ("FERC") Transmission Formula Rate revenue requirement.[238]

The adoption of these terms is in the public interest and the Commission has jurisdiction to adopt these terms. Namely, PPL enters into ESAs with large load customers for the purpose of commencing retail service as a precondition of PPL's ability to interconnect the customer.[239] The Federal Power Act has reserved for the states the regulation of retail sales through distribution facilities and, "even where there are no identifiable local distribution facilities, states nevertheless have jurisdiction in all circumstances over the service of delivering energy to end users."[240] Otherwise, the divide between state and federal jurisdictions could create incentives "to avoid using identifiable local distribution facilities in order to bypass state jurisdiction" and thereby avoid the terms and conditions of retail service.[241] The Federal Energy Regulatory Commission (FERC) has specifically held that a utility tariff which sets the terms and conditions of retail service as a condition of that service is state-jurisdictional.[242] Based on clear direction from FERC,[243] the terms and conditions of retail service are left to the states.

The modifications agreed-to in the Settlement are improvements over PPL's rebuttal case because they provide additional ratepayer protections in the form of improved provisions addressing applicability, rate base security, exit fee, and reliability. More specifically, as to the applicability of the LP-6 tariff, the minimum size threshold is set lower than initially proposed by

[238] Settlement at ¶¶ 91-31.
[239] Tr. 812.
[240] *Promoting Wholesale Competition Through Open Access Non-discriminatory Transmission Services by Public Utilities, Recovery of Stranded Costs by Public Utilities and Transmitting Utilities*, Order 888, 75 F.E.R.C. P 61,080 (Apr. 24, 1996), Order at 31,783 *aff'd New York v. FERC*, 535 U.S. 1, 22-23 (2002); *Detroit Edison v. FERC*, 334 F.3d 48, 54 (D.C. Cir. 2003).
[241] Order 888 at 31,783.
[242] *Tri-State Generation and Transmission Ass'n*, Docket No. ER25-3316, 193 FERC P 61,070, ¶¶ 45-52 (Oct. 27, 2025) (*Tri-State*).
[243] *See FERC v. Elec. Power Supply Ass'n*, 577 U.S. 260, 262-70 (2016) (*FERC v. EPSA*) (describing the current jurisdictional framework as to the regulation of the electric industry); *see also* 16 USCS § 824d(a) (providing the FERC with jurisdiction over the rates set for sales of electricity, including transmissions, in interstate commerce).

PPL, meaning that it is more likely to capture large load customers with cost or reliability impacts, without capturing large industrial or commercial load growth which provides long-term economic development and falls between 50 MW and 75 MW and would not locate in PPL's service territory if subjected to the Rate LP-6 requirements.[244]

The Settlement definition of "Rate Base Security Obligation" will ensure that the large load customer, through some combination of an up-front payment, transmission rates, and exit fee, pays for the full costs that the customer caused PPL to incur to both interconnect and serve the customer's load.[245]

The exit fee (i.e., how much the customer owes if they terminate their contract before it has run its course, including if PPL builds the infrastructure to serve the customer but the customer does not show up) will also be set at the greater amount of transmission rate revenue they owe to PPL based on their minimum load guarantee when they seek to terminate the contract or the redefined Rate Base Security Obligation, ensuring that the customer will maximize its potential benefits to PPL's other transmission customers.[246]

Further, large load customers which may host critical load will be required to segment critical load during periods of rolling blackouts, consistent with the recommendation of OCA witness Hoyt, ensuring that all load needed to be curtailed during periods of emergency load management can be done without affecting critical load.[247]

Importantly, Rate LP-6 customers will be able to take service on a non-firm basis. The Commission has the authority under the Public Utility Code and Choice Act to require that the LP-

[244] Settlement at ¶ 91(b)(ii).
[245] Settlement at ¶ 92(i).
[246] Settlement at ¶ 92(ii).
[247] Settlement at ¶ 92(b).

6 tariff class be served on a non-firm basis.[248] The Commonwealth Court has previously upheld non-firm distribution service where the evidence supports that "there is no reasonable alternative so competition needs to bend to ensure overall system reliability, [and] order customers by whatever scheme to curtail usage during abnormal peaks."[249] PPL as the distribution utility is in a unique position to manage the reliability of its system, including, but not limited to, at the direction of PJM.[250] Because the Commission has the authority to require non-firm distribution rates for customers which may cause reliability risks, it necessarily has the authority to approve a voluntary interruptible option.

For these reasons, the OCA submits that the provisions of Rate LP-6 codified in the Settlement are in the public interest.

2. Compliance Filings (Settlement ¶¶ 94-95)

PPL did not propose to submit its ESAs or load forecasts for Commission review and approval as part of its initial filing. The OCA recommended that PPL submit its ESAs and load forecasts for Commission review and approval.[251] Review and approval of ESAs are an important transparency measure and, since PPL is effectuating its large load tariff provisions through its ESAs, such review ensures that the ESAs PPL enters into are consistent with the terms of its tariff.[252] Further, inaccurate load forecasting in the PJM region – largely the result of duplicative, speculative, and unlikely large load projects being included in load forecasts – can cause difficulty in providing a clear path to sufficient generation and transmission investment to ensure long-term system reliability over time.[253] Submitting load forecasts for Commission review, including the

[248] 66 Pa. C.S. §§ 1301 ,1501, 1502, 2804(1), 2805(a).
[249] *PP&L Indus. Customer Alliance v. Pa. Pub. Util. Comm'n*, 780 A.2d 773, 782 (Pa. Cmwlth. 2001) (*PPLICA 2001*).
[250] 18 U.S.C. § 824o; 66 Pa. C.S. § 2805(a).
[251] OCA St. 5 at 48, 52-53.
[252] OCA St. 5SR at 31.
[253] OCA St. 5 at 50-51.

baseline assumptions used in generating those forecasts, is consistent with new statutory requirements and will improve the quality of load forecasts that PPL submits to PJM.[254] In rebuttal, PPL agreed to submit its ESAs for Commission review, and not approval, and to submit its load forecasts to the Commission including the underlying data supporting its forecasts.[255]

The Settlement provides:

> 94. PPL Electric will submit compliant ESAs and a breakdown of the allocation of system upgrade costs to the Commission for transparency and information and will serve the same on the statutory advocates. PPL Electric will provide notice to the Commission and statutory advocates in the event that a Rate LP-6 customer voluntarily terminates the service contract before the contract has elapsed, including reporting if and when the customer's exit fee was provided as a credit to PPL Electric's transmission rate base balance.
>
> 95. PPL Electric will submit annual load forecasts to the Commission, along with a breakdown of forecasted load based on requests of customers with ESAs, Letters of Authorization ("LOAs"), and inquiries and shall include such breakdown along with forecasts submitted to PJM Interconnection, LLC ("PJM"). PPL Electric's requirements under this paragraph will be consistent with its obligations under Act 45 of 2025 regarding Electric Load Forecast Accountability, Sections 1801-B through 1806-B, and any information not covered by this paragraph but required by the Act must still be submitted by PPL Electric to the Commission.[256]

Additional transparency is a critical component of the changing landscape of large load interconnections. While the Commission has the legal authority to require PPL to submit its ESAs for review[257], and the authority to modify those contracts if they are not found to be in the public interest[258], PPL's willingness to do so voluntarily – and to provide these ESAs to the statutory advocates – is an important provision favoring transparency. Further, PPL providing information regarding the procurement and application of exit fees allows the statutory advocates to track the

[254] OCA St. 5SR at 17-18.
[255] PPL St. 16-R at 29.
[256] Settlement at ¶¶ 94-95.
[257] 66 Pa. C.S. § 1506.
[258] 66 Pa. C.S. § 508.

stranded cost risk associated with interconnecting large load customers and have better data on the extent to which the provisions of Rate LP-6 effectively mitigate that risk. The Settlement provision regarding load forecasting also cements PPL's new statutory obligations to ensure that Pennsylvania and PJM can accurately and adequately plan generation and transmission investment to meet growing needs in PPL's service territory. In sum, these Settlement provisions are in the public interest.

3. Universal Service Cost Allocation (Settlement ¶ 96)

In its initial large load tariff proposal, PPL did not propose to allocate PPL's universal service costs, which are costs that benefit low-income customers, to the large load tariff class. The OCA recommended that large load customers be allocated a portion of PPL's universal service costs due to the increase in wholesale costs associated with the interconnection of large load customers.[259] PPL's Customer Assistance Program (CAP), which is funded through PPL's universal service rider (USR), includes wholesale costs, namely energy, capacity, and transmission costs, because CAP customers take default service from PPL.[260] Load growth in PJM associated with new large load customers is expected to dramatically increase wholesale costs for residential customers within PJM's 13 state[261] footprint.[262] By allocating universal services costs to Rate LP-6 customers, the OCA's recommendation is consistent with cost causation and satisfies the General Assembly's policy of ensuring that universal service programs are well-funded as public purpose costs.[263] In its rebuttal case, PPL agreed to allocate $10 million of universal service rider costs to the Rate LP-6 tariff class.[264]

[259] OCA St. 8 at 87-88.
[260] OCA St. 8 at 93-94.
[261] The District of Columbia is also within PJM's service territory.
[262] OCA St. 8 at 89-93.
[263] *See* 66 Pa. C.S. § 2802(17).
[264] PPL St. 16-R at 29.

The Settlement provides:

> 96. Beginning January 1, 2027, PPL Electric will allocate $11 million of USR costs annually to the new LP-6 rate class. Such costs will be allocated amongst the LP-6 rate class and recovered from the LP-6 customers through a non-bypassable customer charge assessed to those customers under Rate Schedule LP-6. PPL Electric will propose an increased allocation of costs to the LP-6 class in its next filed rate case or will explain why it has not proposed to increase this allocation.[265]

The large load customers' contribution to universal service costs is another measure to ensure that the interconnection of large load customers will be a benefit to PPL's customers. In the short term, when large load customers are likely to increase the transmission rates[266] and rates associated with energy and capacity procurement[267] paid by PPL customers, the contribution to universal service costs is one small[268] way that large load customers can defray their cost impact on captive customers.

Record evidence supports the conclusion that large load customers are causing an increase in universal service costs, meaning that this Settlement term is consistent with cost causation and applicable law regarding the implementation of cost of service-based rates.[269] This provision is also consistent with the Statements of Vice Chair Barrow[270] and Commissioner Zerfuss[271] to the Commission's initial proposed model tariff for large load customers. The increase in the size of the contribution from PPL's rebuttal position is a further benefit of the Settlement. As a result, this provision of the Settlement is in the public interest.

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[265] Settlement at ¶ 96.
[266] Tr. 831-33.
[267] OCA St. 8 at 89-92.
[268] Small, in this context, is relative. An $11 million contribution is significant in comparison to the amount which was previously allocated to non-residential customers, but it is small in terms of the forecasted short- and long-term rate impact that customers will see because of data center interconnections described in the OCA's testimony.
[269] *Lloyd v. Pa. PUC*, 904 A.2d 1010, 1020 (Pa. Cmwlth. 2006); *Phila. Indus. and Comm. Gas Users Group*, 342 A.3d 140, 156-57 (Pa. Cmwlth. 2025).
[270] *Interconnection Tariffs for Large Load Customers*, Docket No. M-2025-3054271 (Nov. 6, 2025), Statement of Vice Chair Barrow.
[271] *Interconnection Tariffs for Large Load Customers*, Docket No. M-2025-3054271 (Nov. 6, 2025), Statement of Commissioner Zerfuss.

4. Reservation of Rights (Settlement ¶ 97)

There is no reservation of rights related specifically to the LP-6 class in PPL's filing. On November 6, 2025, the Commission issued a Tentative Order regarding the adoption of a model tariff governing the terms of interconnection and service for of large load customers.[272] This proceeding was initiated prior to the issuance of the Commission's Tentative Order, and the direct testimony of non-Company parties was due on the same date as comments to the Tentative Order. OCA witness Hoyt recommended "that the Commission decline to resolve statewide large load policy issues solely through this base rate case or through a tariff proposal introduced in rebuttal."[273] The OCA identified numerous discrepancies between PPL's proposed large load provisions and the model tariff contained in the Tentative Order.[274] PPL, in its rebuttal testimony, continued to maintain its position regarding the appropriate cost responsibility, contract length, and exit fee provisions of the Tentative Order, despite these discrepancies.[275]

The Settlement provides:

> 97. The Parties agree that the LP-6 tariff schedule in the Company's rebuttal position does not fully address the issues and concerns raised by various parties through the course of the proceeding, as fully substantiated by the testimony of OCA Witness Matthew Hoyt, CAUSE-PA Witness Benjamin Havumaki, EJA Witness Karl Rábago, EI Witness Ron Nelson, and PPLICA Witness Billie LaConte. The Parties also agree that certain of the issues and concerns identified by the parties are currently pending a determination by the Commission in the large load model tariff statewide proceeding at Docket No. M-2025-3054271 and that the Parties reserve all rights with respect to the proceeding at Docket No. M-2025-3054271. The Parties agree that, following any final order of the Commission in the Docket No. M-2025-3054271 proceeding, any Party to this Settlement may make a filing before the Commission proposing to modify the LP-6 rate schedule to be consistent with the Commission's determination in the statewide proceeding at Docket No. M-2025-3054271 and that such a filing

[272] *Interconnection Tariffs for Large Load Customers*, Docket No. M-2025-3054271 (Nov. 22, 2025)
[273] OCA St. 5SR at 24.
[274] OCA St. 5SR at 26-28.
[275] PPL St. 16-R at 16, 18.

> would not be construed as breaking this Settlement. All Parties reserve all rights with respect to such a filing made pursuant to this provision.[276]

This term is necessary for parties to preserve their rights due to the pending outcome in the large load model tariff proceeding. Without the benefit of reviewing a model tariff adopted and approved by the Commission, it is impossible for parties to develop a record regarding whether PPL presents unique circumstances as compared to other Pennsylvania electric utilities so as to warrant deviation from any adopted model tariff.

The adoption of the Rate LP-6 provisions in this proceeding should not create a *de facto* large load tariff for the Commission. One primary benefit of the Settlement is that the Commission's findings of fact and conclusions of law in this proceeding are wholly separate from its findings and conclusions in any statewide proceeding; as a result, the Commission's decision in this case will not prejudice the Commission's resolution of the Tentative Order. The OCA's position that the terms initially proposed by PPL for its Rate LP-6 in rebuttal testimony are insufficient to ensure stranded cost and reliability protections for PPL ratepayers is preserved and can be fully addressed in a subsequent filing to the extent that the provisions of the Settlement are deficient under the Commission's large load model tariff. The reservation of rights contained in this Settlement provision is a critical and indispensable part of the OCA's ability to settle this matter and is in the public interest to ensure that the Commission's ultimate statewide determinations can be fully addressed in a future proceeding and as applied to PPL.

J. MAXIMUM REGISTERED PEAK LOAD (Settlement ¶¶ 99-105)

In this filing, PPL proposed to change its general service customer (GSC) classification from a peak demand standard to Maximum Registered Peak Load (MRPL) in its Tarriff. Currently,

[276] Settlement ¶ at 97.

PPL uses "peak demand" to determine the supply charge rate classification.[277] "Peak demand" is based on the customer's ICAP (installed capacity) peak load contribution assigned for the most recent PJM Planning Year.[278] PPL splits customer generators into two classes GSC-1 (Residential & Small Commercial & Industrial) and GSC-2 (Large Commercial & Industrial).[279] Currently, customers with a threshold below 100 kW peak demand are classified as GSC-1 while customers who exceed 100kW peak demand are classified as GSC-2.[280] However, no load net metering installations, despite their substantial generation output, have negligible net demand and therefore, fall into the GSC-1 category.[281]

PPL estimates that the annual cash-outs for Small Commercial and Industrial (Small C&I) will rise from approximately $60 million to over $300 million by 2029.[282] PPL proposed to add a new definition of MRPL in the definitions section of the Tarriff as follows:

> A customer's net demand contribution impact to the Company's default service procurement activity, as determined upon the net power flow from or into the Company's distribution or transmission system. The maximum registered peak load used to assign customers to their applicable rate schedule will be the customer's highest maximum registered peak load (kW) in the most recent 12-month period ending September 30. For new customers without a 12-month billing history, the maximum registered peak load shall be based on the Company's estimate using factors such as, but not limited to, similarly equipped buildings and similarly utilized buildings and square footage. As related to customer-generators, this estimate shall also be inclusive of the nameplate capacity of the generation system.[283]

OCA witness Teti, after reviewing the filing, recommended that the Commission approve PPL's proposed MRPL methodology.[284] Mr. Teti explained that the overall default service supply

[277] OCA St. 6 at 5.
[278] *Id.*
[279] *Id.*
[280] *Id.*
[281] *Id.*
[282] PPL St. 15 at 7.
[283] PPL's Electric exhibits GEO 1 and 2.
[284] OCA St. 6 at 3.

portfolio and the specific default service procured on behalf of residential customers would benefit from PPL's proposed methodology.[285] Mr. Teti explained that utilities must meet their statutory responsibilities by procuring a default service portfolio that is designed to ensure service at the least cost over time.[286] To achieve this, utilities must ensure reliable electricity supply by engaging in prudently procured load supply contracts in a streamlined manner, which requires a clear understanding of forecasted load for a somewhat nuanced base of customers.[287] Mr. Teti stressed that getting the quantity correct is key for the efficient procurement of default service supply that will be passed through to customers at GSC-1.[288] Mr. Teti testified that implementation of the proposed MRPL methodology should reduce the uncertainty of output from large customer-generators, helping with the efficiency of procurement.[289] Mr. Teti further testified that by designating large customer-generators as GSC-2 customers, the task of efficient default service procurement for the bulk of customers becomes more achievable.[290]

JSA witness Barnes offered four recommendations to the program.[291] OCA witness Teti agreed with Mr. Barnes recommendations testifying that customer-generators in PPL functionally reduce the PJM capacity cost obligations for PPL.[292] Mr. Teti testified that the change in the MRPL methodology proposed by PPL should not impact this function and presently the output enables PPL to reduce the DSP procurement amount, which is a benefit to Small C&I customers.[293]

In the Settlement, the settling parties to resolve the MRPL dispute as follows:

[285] *Id.*
[286] *Id.* at 12 *citing to* 52 Pa. Code § 54.185.
[287] OCA St. 6 at 12.
[288] *Id.*
[289] *Id.*
[290] *Id.*
[291] JSA St. 2 at 46.
[292] OCA St. 6R at 9.
[293] *Id.*

PPL Electric shall provide the parties to this Settlement with written notification on when the remaining Cap capacity information is updated on the Company's website and when the Cap has been met.

For purposes of determining compensation for net excess generation for customer-generators taking service under Rate GSC-2, such compensation shall include

(i) the capacity portion of Rate GSC-2 as defined hereafter,

(ii) line losses; and

(iii) a gross-up of the generation component for the Gross Receipts Tax ("GRT"). The capacity portion shall equal the PJM Reliability Pricing Model price expressed in dollars per kW-Day, as reported by PJM for the PL Zone, multiplied by the total obligation peak load for the Large Commercial & Industrial ("Large C&I") class for the applicable GSC-2 period, divided by the total forecasted Large C&I kWh load for the applicable GSC-2 period.

Other than the specific terms and conditions contained herein, the Settling Parties propose no other modifications to PPL Electric's proposed changes to GSC-1 and GSC-2 and its proposal to introduce the MRPL into PPL Electric's determination of eligibility for participation in Rate Schedules GSC-1 and GSC-2.

PPL Electric shall compensate each customer-generator taking service under Rate GSC-2 for excess generation produced by that customer-generator based on all of the following components:

a. Energy, based on an average of actual daily, real-time Locational Marginal Prices at the PPL Residual Aggregate Node as reported by PJM over the most recent previous 6-month period.

b. HP Adder, which is the supplier's winning bid in PPL Electric's most recent solicitation for supply of default service to customers in the Large C&I Customer Class. The supplier's charges may include, but are not limited to, the costs of transmission service (other than non-market-based transmission service charges), ancillary services, congestion management costs, and such other services or products that are required to supply hourly default service to customers in the Large C&I Customer Class, including Alternative Energy Credits.

c. Capacity, as determined by Paragraph 102, supra.

d. E-Factor, which adjusts the Rate GSC-2 for the net over or undercollection of the Rate GSC-2 rate components as of the end of the 12-month period ending March 31 immediately preceding the computation period, including applicable interest as set forth in Rate GSC-2 of the Retail Tariff.

e. Administrative Charges, based on PPL Electric's portion of administrative charges expressed in cents per kWh times the customer's actual energy use, adjusted for losses, during each hour of the billing month.

f. Transmission, as defined as follows:

i. For purposes of compensation for net excess generation, Rate GSC-2 customer generators on distribution Rate LP-4, the transmission compensation is converted from a kW rate to a kWh rate by taking the Large C&I – Primary Billing Demand Rate ($/kW)

> (w/GRT) from the PPL Transmission Service Charge ("TSC") filing, multiplying by the Large C&I - Primary Bill Demand kW reported in the TSC filing, and then dividing by the Large C&I – Primary Projected Toal Retail KWH Sales to Customers reported in the TSC filing. The estimated kW and kWh in the TSC filing are derived from PPL Electric's load forecast. The rate for the current six-month period is calculated from the rate in effect during the prior six-month period.
> ii. For GSC-2 customer generators on distribution Rate GS-3, transmission compensation is the Small C&I TSC rate in effect during the prior six-month period.[294]

These Settlement terms are reasonable and in the public interest because the proposed MRPL methodology will classify customers into their appropriate rate class based on their impact to the distribution system, in furtherance of least cost procurement.[295] These terms also provide customer generators with notice and concessions by PPL that will ensure a smoother transition to GSC-1 from GSC-2. Further, the change in methodology will likely result in more affordable rates for residential consumers. The OCA does not oppose the Settlement terms regarding grandfathering,[296] and contends that such principles are reasonable and in the public interest. Therefore, the Settlement terms regarding the MRPL are reasonable and in the public interest. As such, the OCA requests the Commission adopt all provision related to the MRPL without modification.

K. ELECTRIC VEHICLE ("EV") TIME-OF-USE ("TOU") Charging REBATE PROGRAM AND DIRECT CURRENT FAST CHARGER ("DCFC") RATE (Settlement ¶ 106-117)

In its filing, PPL proposed a pilot program under which eligible Electric Vehicle (EV) customers that conduct 80% of their charging during designated off-peak periods receive a $10

[294] Settlement ¶ 101-105.
[295] OCA St. 6 at 3.
[296] Settlement ¶ 99-100, 104.

rebate per applicable billing period.[297] The proposed pilot program defined "on-peak" periods as June-August from 4:00-7:00 PM and December-February from 6:00-9:00 AM and 6:00-8:00 PM.[298] All other months which were not designated as "on-peak" would considered "off peak" for purposes of the program.[299] PPL planned to cap the program at 2,000 customers.[300]

OCA witness Hoyt and Alexander offered critiques as well as recommendations on how to improve the program.[301] First, Mr. Hoyt recommended that the proposed EV time of use (TOU) program should be aligned with PPL's Phase V EE&C plan as well as its Generation TOU.[302] Second, Mr. Hoyt recommended that PPL explicitly state that the program is temporary to avoid confusion.[303] Third, OCA witness Alexander criticized the program's lack of an application form or customer communications that identifies the requirements of the program or its rules.[304] Fourth, OCA witness Hoyt recommended that PPL should regularly collect customer feedback or satisfaction data.[305] Lastly, Mr. Hoyt recommended that PPL's plans to create summaries of quarterly and annual data from the program should be made available to all stakeholders and give the stakeholders an opportunity to comment on available data

1. Alignment with Phase V EE&C & Generation TOU

In its filing PPL plans to reevaluate the EV pilot program in 2030.[306] PPL did not provide information as to how it intended to conclude the EV pilot program nor did PPL include whether it would seek approval of an extension of the program through another proceeding or suspend the

[297] PPL St. 20 at 5.
[298] OCA St. 5 at 102.
[299] *Id.*
[300] PPL St. 20 at 5.
[301] OCA St. 5.
[302] *Id.* at 100.
[303] *Id.* at 101.
[304] OCA St. 7 at 32.
[305] OCA St. 5 at 102.
[306] *Id.* at 105.

project subject to Commission review in 2030.[307] OCA witness Hoyt testified that PPL's proposed EV TOU program only roughly aligns with its separately proposed Phase V EE&C EV program which is intended to run from 2026 to 2031.[308]

Mr. Hoyt also testified that PPL's proposed EV TOU design does not align with its existing tariffed generation TOU rate offering.[309] Mr. Hoyt testified that this misalignment could create potential mismatches where targeted behavior under one program may impede the success of the other program.[310] These mismatches would ultimately frustrate PPL's load shifting objectives.[311] Mr. Hoyt warned that by defining distinct TOU periods, one program may encourage customers to shift usage in such a way that increases the other program's peak, potentially imposing costs on all customers.[312]

OCA witness Hoyt recommended that PPL's EV time of use (TOU) rate design should be revised to utilize a definition that includes the entirety of the on-peak period applied to the Generation TOU Rate during the six non-shoulder months.[313] The Settling Parties agreed to adopt many of OCA witness Hoyt's recommendations about generation TOU alignment and that no rebates should be offered during the six shoulder months.

The Settling Parties agreed to resolve their differences over this issue, as follows:

> The EV TOU Charging Rebate Program shall run from July 1, 2026, until June 30, 2030. This term shall not prohibit PPL Electric from proposing a continuation or expansion of the EV TOU Charging Rebate Program, subject to Commission review and approval, in a future Commission proceeding.
>
> Each "Program Year" under the EV TOU Charging Rebate Program shall run from June 1 of one year to May 30 of the following year (e.g., Program Year 1 would be July 1, 2026, to May 30, 2027).

[307] *Id.*
[308] *Id.*
[309] *Id.*
[310] *Id.*
[311] *Id.*
[312] *Id.* at 110.
[313] *Id.* at 101-102.

> The EV TOU Charging Rebate Program's applicable On-Peak and Off-Peak time frames shall be modified to align with PPL Electric's residential TOU program On-Peak and Off-Peak time frames. No rebates will be paid to program participants in the six shoulder months.[314]

This Settlement term is in the public interest because it more closely aligns the program dates with the generation TOU program and PPL's Phase V EE&C. For the reasons set forth in OCA witness Hoyt's testimony, this increased coordination and overlap will avoid unintended consequences for all customers as a result of the PJM system impacts.[315]. Further, by bringing the dates and times of the EV program more in alignment with other load shifting programs, it will help consumers better understand, and use, the various programs. As such the OCA contends that these Settlement terms are in the public interest and should be adopted without modification.

2. The EV Pilot Program is Temporary

PPL's proposed pilot program does not clearly indicate to its customers that it is temporary.[316] OCA witness Hoyt recommended PPL explicitly state that the EV pilot program is temporary to avoid setting the expectation among enrolling customers that the project will last indefinitely.[317]

The Settling Parties adopted the OCA's recommendation, as follows:

> PPL Electric will modify the proposed tariff language for the EV TOU Charging Rebate Program to explicitly indicate the program is temporary and will be reevaluated prior to its continuation beyond 2030.[318]

[314] Settlement ¶ 107-109.
[315] OCA St. 5 at 110.
[316] OCA St. 5 at 104-105.
[317] OCA St. 5 at 106.
[318] Settlement ¶ 110.

This Settlement term is in the public interest because it will avoid setting an expectation that this pilot program will last indefinitely.[319] As such the OCA requests that the Commission adopt it without modification.

3. Stakeholder Review of Application and Marketing Materials

In its proposed pilot PPL did not develop an application form or customer communications that identifies the requirements of the program or its rules.[320] PPL also did not develop marketing materials or decide where its marketing will be targeted.[321] OCA witness Alexander testified that PPL's EV pilot is not fully designed and without sufficiently identified or supported marketing and evaluation criteria.[322]

The Settling Parties agreed that with the OCA's critique and settled to have stakeholder review of the application and marketing materials as follows:

> PPL Electric will share with interested stakeholders the proposed application form, customer communications with the requirements and program rules, and marketing materials as well as the proposed areas where the marketing will be conducted. PPL Electric will provide a collaborative for discussion of the proposed materials and offer the opportunity for interested stakeholders to provide feedback to the Company on the materials and proposed marketing targets.[323]

This settlement term is in the public interest because it will allow stakeholders an opportunity to review the application form and proposed customer communications. This will ensure that the program is adequately prepared prior to implementation. Further, this will create a future collaborative experience for stakeholders which will ensure that all parties' voices are heard,

[319] OCA St. 5 at 106.
[320] OCA St. 7 at 32.
[321] *Id.*
[322] OCA St. 7 at 9.
[323] Settlement ¶ 111.

and necessary consumer protection issues are considered. As such the OCA requests this settlement term be adopted without modification.

4. Evaluation Plan

In its filing for the pilot program PPL planned to finalize metrics and key performance indicators during the implementation of the program.[324] OCA witness Hoyt testified that this does not give the Commission or stakeholders sufficient transparency into the program.[325] Mr. Hoyt further testified that in the absence of this information, the proposed EV Program is potentially a "fishing" expedition where program resources are expended in search of justification rather than subject to justification.[326]

The Settling Parties agreed to address the concerns raised by the OCA, as follows:

> PPL Electric will develop an evaluation plan with detailed objectives that will be utilized in the evaluation of the EV TOU Charging Rebate Program during the duration of the program and at the end of its initial term. The evaluation plan will clearly identify all relevant evaluation metrics and key performance indicators ("KPIs") along with their respective targets and the data used to measure each metric of KPI. This full evaluation plan will include milestones tied to the distinct start and end dates. PPL Electric shall be authorized to use internal personnel to conduct the evaluation of the EV TOU Charging Rebate Program and shall not be required to contract with a third party to perform such evaluation.
>
> The evaluation plan will also describe how the Company will compare the data derived from the Proposed EV TOU Charging Rebate Program with the data obtained from the Phase V Act 129 Energy Efficiency and Conservation ("EE&C") Plan's EV Program customers and customers not participating in either program, as well as how the Company intends to collect the data from customers not participating in either program.[327]

These settlement terms are in the public interest because it will incorporate OCA Witness Hoyt's recommendation to have PPL clearly identify all relevant evaluation metrics and KPIs.[328]

[324] OCA St. 5 at 116.
[325] *Id.*
[326] *Id.*
[327] Settlement ¶ 112-113.
[328] OCA St. 5 at 116.

This will give the Commission and stakeholders increased transparency into the viability of the program and whether it should be renewed in 2030. As such the OCA requests this settlement term be adopted without modification.

5. Program Reporting

PPL's filing did not indicate that the pilot program would collect customer feedback or customer satisfaction data. OCA witness Hoyt recommended that PPL should regularly collect customer feedback or satisfaction data.[329] PPL agreed with Mr. Hoyt that the proposed EV program should be evaluated and that some period reporting and data collection is appropriate, but argued that data collection and comparison methodologies are more appropriately addressed in program implementation after account for data availability, privacy considerations, and final vendor approach.[330] OCA witness Hoyt recognized that certain program details such as the final vendor approach may not yet be available at this stage of program development.[331] Mr. Hoyt recommended that, at a minimum, the Commission should require PPL to provide a draft evaluation, metrics, and reporting materials to stakeholders for review prior to the pilot implementation to ensure that stakeholders are afforded a meaningful opportunity to provide input.[332] OCA witness Hoyt recommended that PPL should collect customer satisfaction data on at least an annual basis.[333]Mr. Hoyt also recommended that PPL's plans to create summaries of quarterly and annual data from the program should be made available to all stakeholders and give the stakeholders an opportunity to comment on available data.[334]

[329] OCA ST. 5 at 116.
[330] PPL St. 20R at 9.
[331] OCA St. 5SR at 52.
[332] *Id.*
[333] OCA St. 5 at 101-102.
[334] OCA St. 5 at 117.

The Settling parties agreed to incorporate many of OCA witness Hoyt's recommendations as follows:

> Within 60 calendar days following the end of each Program Year, PPL Electric shall file and serve a report at this docket providing the following information: (a) number of customers who participated; (b) total rebates awarded to participating customers; (c) customers' charging behavior metrics; and (d) customer satisfaction. Any individualized customer information provided in the report will be anonymized.
> In advance of the EV TOU Charging Rebate Program's launch on July 1, 2026, PPL Electric will finalize the customer communications, program descriptions, and enrollment materials and share them with the active parties in this proceeding.
> Any decisions to continue the program will be subject to Commission review as part of a standalone regulatory proceeding, base rate case, or in conjunction with the Commission's evaluation of a future Act 129 EE&C Plan. Stakeholders shall be afforded an opportunity to participate in the applicable proceeding.
> Within 180 days of the Commission's entry of a final order in this proceeding, PPL Electric will initiate work with interested stakeholders to develop new EV distribution rates for each of the following: (1) third-party owned public-facing EV DCFCs; and (2) residential customers. PPL Electric will make a proposal in its next base rate case to establish EV distribution rates for third-party public-facing EV DCFCs and residential customers.[335]

This Settlement term is in the public interest because, it will allow stakeholders and interested parties an opportunity to receive information about the proposed program. By allowing stakeholders and other interested parties to offer feedback, the process promotes collaborative decision-making, ensures that community concerns and local needs are considered in program planning, and enhances trust between the utility, regulators, and the public. Further, these terms incorporate OCA witness Hoyt's recommendation to collect customer feedback and satisfaction data.[336] The collection of this data will describe more qualitative impacts of the program that may not be captured in customers' usage patterns.[337] Overall, these engagement mechanisms will ensure that EV program initiatives are responsive, efficient, and aligned with consumer concerns.

[335] Settlement ¶ 114-117.
[336] OCA St. 5 at 116.
[337] *Id.*

As such the OCA respectfully submits that these settlement terms are in the public interest and represent reasonable and significant compromise and collaboration between the parties and should be adopted without modification.

L. IT UPGRADES

The OCA did not address this issue in its testimony. The OCA expects that PPL and other parties will discuss the stipulations and proposed findings of fact bearing on this matter and how those parts of the Settlement support the public interest standard required for Commission approval.

M. RETAIL TARIFF

The OCA did not address this issue in its testimony. The OCA expects that PPL and other parties will discuss the stipulations and proposed findings of fact bearing on this matter and how those parts of the Settlement support the public interest standard required for Commission approval.

N. SUPPLIER TARIFF

The OCA did not address this issue in its testimony. The OCA expects that PPL and other parties will discuss the stipulations and proposed findings of fact bearing on this matter and how those parts of the Settlement support the public interest standard required for Commission approval.

O. BEHIND-THE-METER NON-EXPORTING BATTERY ENERGY STORAGE SYSTEMS

The OCA did not address this issue in its testimony. The OCA expects that PPL and other parties will discuss the stipulations and proposed findings of fact bearing on this matter and how

those parts of the Settlement support the public interest standard required for Commission approval.

P. MISCELLANOUS ISSUES

The OCA does not oppose the remaining paragraphs of the Settlement reflecting an agreement by the Company, as the remaining paragraphs are reasonable compromises in consideration of possible litigation outcomes and is in the public interest.

IV. VICE CHAIR BARROW'S OCTOBER 23, 2025 STATEMENT

1. Extended Stay Out (Settlement ¶¶ 135-141)

Nothing in PPL's filing required PPL to comply with a "stay out", which would restrict PPL from filing another base rate case until a certain date. Regarding Vice Chair Barrow's Statement about PPL's extended stay out, the Settlement provides:

135. First, Vice Chair Barrow stated:

> **Extended Stay Out:** PPL's last rate increase request was over 10 years ago in 2015. This extended stay out coupled with the Commission's recent approval of the waiver of PPL's DSIC from 5% to 7.5%, including the increase from the instant rate request has the potential to cause rate shock for PPL's customers, especially low-income customers in PPL's service territory. Therefore, I implore the parties to critically review the impact of the aforementioned factors and how they can be addressed in this proceeding and going forward.[338]

136. These issues, including the alleged rate shock from the Company's as-filed base rate increase and the allocation of said revenue increase, were fully investigated in discovery and addressed in the parties' testimony.

137. The Settlement includes a reduced revenue requirement than the one requested by PPL Electric as well as a two-year rate case stay-out. (*See* Section III.A, ...)

[338] (quoting Vice Chair Barrow Statement, p. 1) (footnote omitted).

138. The Settlement also addresses the allocation of the revenue increase among the Company's customer classes. (*See* Section III.B, ...)

139. The average bill impacts are set forth in **Appendix C**.

140. The Settlement also contains several provisions designed to address affordability concerns, including the waiver of reconnection fees, increases in the maximum CAP credit limits, and a $1.5 million increase in the Company's annual LIURP budget. (*See* Section III.F, ...)

141. The Settlement also provides that the DSIC shall be reset to zero upon implementation of the new base rates. (*See* Section III.D, ...)[339]

Given the potential for PPL to file for another rate increase, the Settlement includes a two-year stay-out from the effective date of rates.[340] The stay-out contained in the Settlement is a reasonable compromise between the parties, especially given that PPL's previous rate case was filed over a decade ago. The stay-out is an important component of the Settlement, is responsive to Vice Chair Barrow's concern, and is in the public interest as it shields PPL's customers from a further immediate rate increase.

2. Capital Structure and Return on Equity (ROE) (Settlement ¶¶ 142-144)

PPL proposed a lopsided capital structure of 56% common equity and 44% debt.[341] Moreover, PPL proposed an excessive 11.3% return on equity.[342] These two are connected, as Vice Chair Barrow's statement discussed.

As demonstrated by OCA witness David Garrett, PPL's proposed return on equity and capital structure were not supported by substantial evidence and would have resulted in unjust and unreasonable rates. On behalf of the OCA, Mr. Garrett recommended the following:

[339] Settlement ¶¶ 135-141.
[340] Settlement ¶¶ 49.
[341] PPL St. 10 at 4.
[342] *Id.* at 3.

- An overall rate of return of 6.47%,
- A return on equity (ROE) of 8.4%, and
- An imputed capital structure of 58% debt and 42% equity.[343]

A lawful rate of return equals the cost of capital and accounts for utilities' relative insulation from risk compared to other investments.[344] Regulated utilities are so consistently low-risk that "[f]inancial textbooks often use utility companies as prime examples of low risk ... firms."[345] The United States Supreme Court's legal standard for setting a fair rate of return identifies that utility returns should be proportional to risk.[346] Thus, because PPL is a low-risk investment, PPL should have a proportionately lower cost of equity and required return.[347]

OCA witness Garrett's testimony reflects "the two most widely used and widely-accepted financial models for calculating cost of equity in utility rate proceedings: the [Capital Asset Pricing Model] CAPM and [Discounted Cash Flow] DCF Model."[348] By contrast, PPL witness Nelson relied in part on a Risk Premium approach that departs from the Commission's legal standard.[349] Moreover, Ms. Nelson relied on past ROEs that are not based on the applicable legal standards and empirical market realities, but instead merely based on what other utilities have gotten in past proceedings in various jurisdictions.[350] And Mr. Garrett testified that Ms. Nelson used the proxy

[343] OCA St. 3 at 3, 59, 156.
[344] *Federal Power Commission v. Hope Natural Gas Co*., 320 U.S. 591, 603 (1944).
[345] OCA St. 3 at 16-17.
[346] *Wilcox v. Consolidated Gas Co. of New York*, 212 U.S. 19, 48 (1909); *Bluefield Water Works & Improvement Co. v. Public Service Commission of West Virginia*, 262 U.S. 679, 692-93 (1923); *Federal Power Commission v. Hope Natural Gas Co*., 320 U.S. 591, 603 (1944).
[347] OCA St. 3SR at 2.
[348]OCA St. 3 at 59. The Commission primarily relies on the DCF and uses "the CAPM as a check upon the reasonableness of the DCF derived equity return." *Pa. PUC v Aqua Pennsylvania, Inc.*, Docket No. R-2021-3027385, 2022 Pa PUC LEXIS 161, *83, (Opinion and Order entered May 16, 2022) (*Aqua 2022*).
[349] *See Aqua 2022* at *83; PPL St. 10 at 33-37; *see also* Mark Ellis, *Rate of Return Equals Cost of Capital* 11 (2025), https://www.economicliberties.us/wp-content/uploads/2025/01/20250102-aelp-ror-v5.pdf (identifying that experts using risk premium models "do not even purport to estimate the cost of equity but merely calculate return on equity based on ... historical regulatory-awarded ROEs....").
[350] OCA St. 3SR at 2-3.

group companies' subsidiaries to conceal the cheap debt that parent companies funnel to their subsidiaries under the guise that it is "equity."[351]

Because Vice Chair Barrow identified the important connection between capital structure and return on equity, this section addresses them in turn. First, this section explains how the OCA evaluated capital structure in alignment with Vice Chair Barrow's statement, and how that consideration was incorporated into the settlement. Second, this section explains how the OCA evaluated ROE in connection with PPL's capital structure, and how that consideration was incorporated into the settlement.

i. Capital Structure

PPL proposed a capital structure of 56% common equity and 44% debt.[352] In response, the OCA argued that the Commission should impute to PPL a capital structure of 58% debt and 42% equity because PPL's low 44% debt level should match PPL's proxy group's much higher debt level for ratemaking purposes.[353] PPL's proposed capital structure had a lower proportion of debt at 44% than the Value Line proxy group has at 58% debt, meaning PPL had less financial risk than its proxy group.[354]

OCA witness Garrett testified that "'[c]apital structure' refers to the way a company finances its overall operations through external financing."[355] Companies primarily obtain long-term, external financing through debt capital and equity capital. The proportion of debt to equity impacts the cost of capital; for example, "[f]irms can reduce their Weighted Average Cost of Capital (WACC) by recapitalizing and increasing their debt financing."[356] Experts use WACC to

[351] OCA St. 3SR at 11.
[352] PPL St. 10 at 4.
[353] *See* OCA St. 3 at 51-54.
[354] *Id.* at 55.
[355] *Id.* at 46.
[356] *Id.* at 47.

properly measure cost of capital by examining the straightforward cost of debt and estimating the cost of equity through financial models.[357] After determining both, experts evaluate the relative level or "weight" of each in proportion to the other.[358] Capital structure refers to this proportion.[359]

Regulated utilities have an incentive not to optimize their WACC the way a competitive firm would.[360] By increasing the proportion of debt up to a certain point, a competitive firm can add value by decreasing its WACC.[361] After that point, "the marginal cost of additional debt outweighs its marginal benefit" because each added amount of debt incurs a higher interest expense, making the firm more likely to lose money.[362] But before that point profit-seeking competitive firms will lower their WACC. In contrast, "utilities can increase their revenue requirement by *increasing* their WACC, not by minimizing it" as a competitive firm would.[363] Thus, because the Commission stands in the place of competition, it "must ensure that the regulated utility is operating at the lowest reasonable WACC."[364]

PPL's proposed capital structure included 44% debt, which is unreasonable when compared to the Value Line proxy group of PPL's peers, which average 58% debt and 42% equity.[365] OCA witness Garrett testified that "this means that PPL has a lower level of financial risk relative to the proxy group."[366]

OCA witness Garrett disputed PPL witness Burgos' suggestion that PPL's proposed capital structure and ROE are necessary for PPL to maintain its credit rating and low-cost access to

[357] *Id.*
[358] OCA St. 3 at 47.
[359] *Id.*
[360] *Id.* at 50.
[361] *Id.* at 48.
[362] *Id.*
[363] OCA St. 3 at 50.
[364] *Id.*
[365] *Id.* at 51.
[366] *Id.*

capital.[367] Ms. Burgos' testimony is inaccurate because the relationship between capital structure and ROE, lower credit ratings, and cost of debt is far more nuanced than Ms. Burgos suggests.[368] First, Mr. Garrett's imputed capital structure conforms to the applicable legal standards for calculating a fair rate of return for ratemaking purposes, while PPL's actual capital structure—outside of ratemaking—remains within PPL management's discretion.[369] Second, Ms. Burgos's assertion that the Commission's authorized rate of return for PPL directly link to PPL's credit metrics ignores PPL management's role in maintaining its credit rating.[370] Mr. Garrett asserts that PPL can maintain a strong credit rating through prudent management in a scenario in which PPL's capital structure and ROE conform to the legal standards and empirical economic data.[371] Third, Mr. Garrett testified as follows:

> [E]ven if the Commission authorized a lower ROE and/or higher ratemaking debt ratio for PPL, and it resulted in a one-notch credit rating downgrade (again this is largely a function of management), the marginal impact it would have on the embedded cost of debt would be minimal compared to the overall savings customers would receive from having a lower ROE and overall rate of return. In other words, customers would gladly pay a slightly higher cost of debt to achieve lower overall capital costs.[372]

Regarding Vice Chair Barrow's statement about capital structure and ROE, the Settlement provides:

> 142. ... **Capital Structure:** On several occasions, regulated utilities have requested to be awarded common equity ratio and debt capital outside of the apparently reasonable 50% equity and 50% debt capital structure, along with their requested return on equity (ROE). These deviations result in millions of dollars that go into the rates of utility customers as higher common-equity ratio results in higher rates for public utility services. Therefore, a careful and detailed review of PPL's claimed capital structure and ROE, is warranted.[373]

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[367] *Id.* at 57 (citation omitted).
[368] *See* OCA St. 3 *id*.
[369] *Id.*
[370] *Id.* at 57-58.
[371] *Id.*
[372] *Id.* at 58.
[373] (quoting Vice Chair Barrow Statement, pp. 1-2) (footnote omitted)).

143. The Company's proposed capital structure and return on equity ("ROE") were the subject of extensive discovery and testimony in this proceeding.

144. The Joint Petitioners' positions on these issues were duly considered when determining the agreed-upon increase in the Company's revenue requirement.

In accordance with Vice Chair Barrow's statement, the OCA accounted for this by advocating for an imputed capital structure of 58% debt and 42% equity. The OCA considered PPL's capital structure in this proceeding in response to Vice Chair Barrow's statement and took capital structure into account when negotiating the Settlement regarding PPL's revenue requirement.

ii. Return on Common Equity (ROE)

PPL proposed an excessive 11.3% return on equity.[374] The OCA argued that the Commission should adopt OCA witness Garrett's 8.4% ROE because Mr. Garrett used the Commission's chosen methodologies to determine PPL's lawful, adequate rate of return based on empirical economic data.[375] OCA witness Garrett's recommendation reflects "the two most widely used and widely-accepted financial models for calculating cost of equity in utility rate proceedings: the CAPM and DCF Model."[376]

By contrast, PPL witness Nelson relied in part on a Risk Premium approach that departs from the Commission's chosen methods.[377] Ms. Nelson also relied on past ROEs not based on the applicable legal standards and empirical market realities, but instead merely based on what other utilities have gotten in past proceedings in various jurisdictions.[378] Mr. Garrett testified that Ms.

[374] PPL St. 10 at 3.
[375] *See Aqua 2022* at *83 (explaining Commission's chosen methodologies).
[376] OCA St. 3 at 59.
[377] *Cf.* PPL St. 10 at 33-37.
[378] OCA St. 3SR at 2-3.

Nelson's calculations would "result[] in an inappropriate transfer of wealth from ratepayers to shareholders."[379] This testimony aligns with Vice Chair Barrow's statement.

OCA witness Garrett correctly applied the Discounted Cash Flow analysis—the Commission's primary method for determining ROE—to generate a DCF model based on analyst growth projections and another based on sustainable growth projections.[380] The Analyst Growth DCF Model resulted in an ROE of 8.7%, and the Sustainable Growth DCF Model resulted in an ROE of 7.3%.[381]

OCA witness Garrett used CAPM to determine a lawful ROE for PPL.[382] Mr. Garrett's applied the CAPM to PPL using the proxy group average debt ratio to determine an 8.4% cost of equity.[383] To account for PPL's especially low debt level and correspondingly low risk compared to its peer utilities, Mr. Garrett also applied the Hamada CAPM model to determine a 7.6% cost of equity.[384]

Regarding Vice Chair Barrow's statement about capital structure and ROE, the Settlement provides:

> 142. ... **Capital Structure:** On several occasions, regulated utilities have requested to be awarded common equity ratio and debt capital outside of the apparently reasonable 50% equity and 50% debt capital structure, along with their requested return on equity (ROE). These deviations result in millions of dollars that go into the rates of utility customers as higher common-equity ratio results in higher rates for public utility services. Therefore, a careful and detailed review of PPL's claimed capital structure and ROE, is warranted.[385]

143. The Company's proposed capital structure and return on equity ("ROE") were the subject of extensive discovery and testimony in this proceeding.

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[379] *Id.* at 8.
[380] OCA St. 3 at 18-27.
[381] *Id.* at 59.
[382] OCA St. 3 at 28-38.
[383] *Id.* at 37.
[384] *Id.*
[385] (quoting Vice Chair Barrow Statement, pp. 1-2) (footnote omitted)).

144. The Joint Petitioners' positions on these issues were duly considered when determining the agreed-upon increase in the Company's revenue requirement.[386]

Because traditional CAPM analysis substitutes the proxy group debt ratio of 58% debt and 42% equity for PPL's much lower 44% debt figure, OCA witness Garrett used the Hamada model to account for PPL's lower risk.[387] Mr. Garrett correctly applied the DCF method, as well as the traditional CAPM and the Hamada, model to adjust PPL's ROE to account for PPL's low-risk capital structure. Thus, the OCA argued for an evidence-based ROE based on sound ratemaking, in accordance with Vice Chair Barrow's statement. The OCA took this into account when negotiating the settlement regarding PPL's revenue requirement, and the overall result is within the range of litigated outcomes. Thus, the OCA considered PPL's Capital structure in this proceeding in response to Vice Chair Barrow's statement.

iii. Tracking Capital from Parent Company (Settlement ¶¶ 145-147)

OCA witness Garrett testified that PPL witness Nelson deviated from empirical ratemaking by using the proxy group companies' subsidiaries to conceal the cheap debt that parent companies funnel to their subsidiaries under the guise that it is "equity."[388] Mr. Garrett accounted for PPL's low-debt deviation by imputing to PPL the proxy group capital structure.[389] This correction accurately reflects PPL's risk and proportionately lower return on equity, as discussed above in the Capital Structure section.

Regarding Vice Chair Barrow's statement about capital structure and ROE, the Settlement provides:

> 145. **... Tracking Capital from Parent Company:** I understand that utilities often file existing or relevant affiliated interest agreements involving financial transactions between or among them and their parent companies or subsidiaries/affiliates with the Commission.

[386] Settlement ¶¶ 142-144.
[387] *Id.* at 54-55.
[388] *Id.* at 11.
[389] OCA St. 3 at 54.

> However, it is also important to note that often times these transactions may result in costs being inadvertently shifted to the utilities and ultimately gets passed to their ratepaying customers thereby negatively impacting such customers. Therefore, I implore the parties to critically review these transactions between PPL and its parents/affiliates in this investigation.[390]

146. Parties investigated the Company's transactions with its affiliates, including the services provided by PPL Services Corporation to PPL Electric and the allocation of PPL Services Corporation's costs among its affiliates.

147. Parties also examined the Joint Venture announced by PPL Corporation and Blackstone Infrastructure and raised issues concerning the appropriate protections against potential conflicts of interest.[391]

OCA witness Garrett identified that PPL witness Nelson used the proxy group companies' subsidiaries to conceal the cheap debt that parent companies funnel to their subsidiaries under the guise that it is "equity."[392] This is the kind of cost-shifting manipulation that Vice Chair Barrow specifically requested the parties to review. The OCA took this into account when negotiating the settlement regarding PPL's revenue requirement, and the overall result is within the range of litigated outcomes. Thus, the OCA considered PPL's Capital structure in this proceeding in response to Vice Chair Barrow's statement.

iv. Customer Service Issues & Impact on ROE

PPL did not make any proposals regarding customer service in its filing. As discussed in more detail *supra*, OCA witness Alexander made several recommendations to improve PPL's customer service.[393] Regarding Vice Chair Barrow's statement about customer service issues and ROE, the Settlement provides:

[390] (quoting Vice Chair Barrow Statement, p. 2.)
[391] Settlement ¶¶ 145-147.
[392] OCA St. 3 at 11.
[393] See OCA St. 7SR at 16-18.

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

Settlement ¶ 148 (quoting *Vice Chair Barrow PPL Statement* at 2).

As discussed in detail in Section III.F, there are several important customer service provisions in the Settlement that are aimed at improving PPL's customer service. The OCA agrees with Vice Chair Barrow's perspective on customer service issues impacting the ROE and took PPL's customer service into account in arriving at the Settlement.

v. Cost Allocation

Regarding Vice Chair Barrow's statement about cost allocation, the Settlement provides:

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

Settlement ¶ 152 (quoting *Vice Chair Barrow PPL Statement* at 2).

The Settlement addresses cost allocation and the impact of electrification on the PPL's system in several ways. As discussed in detail in Section III. B above, the proposed revenue allocation presented in Appendix B represents a reasonable resolution of the proposals presented by the parties. In particular, the revenue allocation reflects a compromise of the OCA and PPL's positions in the case, but also represents a reflection a reasonable compromise of the spectrum of potential litigation results. The revenue allocation under the Settlement is weighted 80% to PPL's

ACOSS and 20% to OCA's ACOSS, while adopting PPLICA's proposal to limit the increase to Rates RTS and LP-4 to 1.3 times the system average increase.[394] The allocation will better move the classes towards the system average as shown in Appendix B of the Settlement.

Moreover, as discussed in Section III. C above, the proposed rate design and customer charge increases adopted better reflect the Company's customer cost components and as discussed by OCA witness Johnson provide clearer price signals and energy conservation incentives.

In addition, as discussed in Section III. I.1., the development of the Rate LP-6 tariff and the provisions for large loads will provide for important consumer protections and help ensure PPL's recovery from large load customers of the cost impacts caused by large loads customers.

As discussed in Section III.K., the Electric Vehicle pilot program provisions will better align with the Company's Phase V EE&C Plan and provides for important modifications to pilot the impact of an EV rebate program to address peak demand. The reporting provisions and evaluation proposed as a part of the Settlement will also help to better understand how the pilot program provides benefits ratepayers and EV customers.

V. CONCLUSION

The OCA submits that the terms and conditions of the proposed Settlement, viewed as a total package, represents a fair and reasonable resolution of the issues and claims arising in this proceeding. The OCA further submits that, for the reasons detailed above, the Commission should approve the Settlement without modification as it is in the public interest.

Respectfully submitted,

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[394] Settlement App. B; Proposed FOF No. 74.

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