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March 20, 2026

VIA ELECTRONIC FILING

Matthew L. Homsher, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor
Harrisburg, PA 17120

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

Dear Secretary Homsher:

Attached for filing with the Pennsylvania Public Utility Commission is the Statement in Support of the Joint Petition for Non-Unanimous Settlement of All Issues of the PP&L Industrial Customer Alliance (“PPLICA”), in the above referenced proceeding.

As evidenced by the attached Certificate of Service, all parties to this proceeding are being duly served with a copy of this document. Thank you.

Very truly yours,

A handwritten signature in black ink, appearing to read 'Adeolu A. Bakare'.

Adeolu A. Bakare
MCNEES WALLACE & NURICK LLC

Counsel to the PP&L Industrial Customer Alliance

c: Deputy Chief Administrative Law Judge Christopher P. Pell (via e-mail)
Administrative Law Judge Barbara Shadie Nause (via e-mail)
Certificate of Service

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a true copy of the foregoing documents upon the participants, listed below, in accordance with the requirements of Section 1.54 (relating to service by a participant).

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Adeolu A. Bakare

Counsel to the PP&L Industrial Customer
Alliance

Dated this 20th day of March, 2026, in Harrisburg, Pennsylvania.

**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 ALL ISSUES OF
THE PP&L INDUSTRIAL CUSTOMER ALLIANCE**

The PP&L Industrial Customer Alliance ("PPLICA"), by and through its counsel, submit that the Joint Petition for Non-Unanimous Settlement of All Issues ("Settlement") filed in the above-captioned proceeding is in the public interest and represents a fair, just and reasonable resolution of PPL Electric Utilities Corporation's ("PPL" or "Company") general rate increase request pursuant to 66 Pa. C.S. § 1308(d) of the Public Utility Code. As a result of settlement discussions, the Company; PPLICA; the Office of Consumer Advocate ("OCA"); Bureau of Investigation and Enforcement ("I&E"); the Office of Small Business Advocate ("OSBA"); the Commission on Economic Opportunity ("CEO"), the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania ("CAUSE-PA"), Convergent Energy and Power LP ("Convergent"), Dimension PA 1 LLC ("Dimension"), U.S. Department of Defense and all other Federal Executive Agencies ("DOD/FEA"), Eric Joseph Epstein, the Environmental Intervenors ("EI" or "Environmental Intervenors"), the Energy Justice Advocates ("EJA"), the Joint Solar Advocates ("JSA"), the Retail Energy Supply Association ("RESA"), the Sustainable Energy Fund ("SEF"), and Walmart Inc. ("Walmart") have agreed upon the terms embodied in the foregoing Settlement. PPLICA and DOD/FEA do not take a position on Paragraph 91(b)(ii) in the Large

Load Interconnections section of the Settlement. Collectively, the aforementioned parties are referred to as the Joint Petitioners.

The only active parties who oppose any aspect of the Settlement are the Customer-Generator Coalition ("CGC") and the Professional Dairy Managers of Pennsylvania ("PDMP"). Their opposition is limited to the provisions of this Settlement concerning the Maximum Registered Peak Load ("MRPL") proposal (see Section J of the Settlement). IGS Solar ("IGS"), the only other active party in this matter, does not take a position regarding the Settlement.

PPLICA offers this Statement in Support ("Statement") to further demonstrate that the Settlement is in the public interest and should be approved.

I. INTRODUCTION

1. On September 30, 2025, PPL Electric filed with the Pennsylvania Public Utility Commission ("Commission" or "PUC") Original Tariff Electric – Pa. P.U.C. No. 202 ("Original Tariff No. 202"), requesting approval of a distribution rate increase of approximately \$356.3 million, or 33.42% over the Company's present annual distribution revenues, to become effective on December 1, 2025.¹

2. On October 31, 2025, PPLICA filed a Complaint in this proceeding. PPLICA is an ad hoc association of energy-intensive industrial customers receiving electric service in PPL's service territory. PPLICA members purchase service from PPL primarily under Rate Schedules LP-4 and LP-5, as well as under available riders. PPLICA members collectively consume over 971 million kWh of electricity annually in manufacturing and other operational processes, and electric costs comprise a significant portion of their production costs. PPLICA was an active Party in PPL's Restructuring Proceeding pursuant to Pennsylvania's Electricity Generation Customer

¹ *Pa. Pub. Util. Comm'n v. PPL Electric Utilities Corp.*, Docket No. R-2025-3057164 (filed Sept. 30, 2025) ("Rate Case Filing").

Choice and Competition Act, during which the Company's initial unbundled distribution and transmission rates were established, as well as PPL's 2004, 2007, 2010, 2012, and 2015 Distribution Base Rate proceedings. PPLICA's membership consists of the following companies: Air Products and Chemicals, Inc.; Benton Foundry; Hercules Cement Company; Hydro Extrusions, Inc.; Lehigh Valley Health Network; Messer LLC; and TIMET North America.

3. By Order entered October 23, 2025, the Commission suspended Original Tariff No. 202 by operation of law until July 1, 2026, and instituted an investigation into the lawfulness, justness, and reasonableness of PPL Electric's proposed Rate Case Filing. Additionally, the Commission assigned this proceeding to Deputy Chief Administrative Law Judge ("DCALJ") Christopher P. Pell and Administrative Law Judge ("ALJ") Barbara Shadie Nause for the purposes of scheduling hearings and the issuance of a Recommended Decision ("R.D.").

4. On November 5, 2025, the ALJs convened a Prehearing Conference, in which the procedural schedule for this proceeding was developed.

5. On December 22, 2025, PPLICA submitted Direct Testimony and received Direct Testimony from the following parties: the OCA; the OSBA; I&E; CAUSE-PA; CEO; Convergent; CGC; EJA; EI; PDMP; RESA; JSA; the SEF; and Walmart.

6. On January 23, 2026, PPLICA submitted Rebuttal Testimony and received Rebuttal Testimony from the Company; the OCA; the OSBA; I&E; CGC; IGS; PDMP; RESA; JSA; SEF; and Walmart.

7. On February 9, 2026, PPLICA submitted Surrebuttal Testimony and received Surrebuttal Testimony from the following parties: PPL; the OCA; I&E; CAUSE-PA; Convergent; CGC; EJA; EI; IGS; PDMP; RESA; JSA; SEF; and Walmart.

8. On February 13, 2026, PPLICA received written Rejoinder Testimony from the Company.

9. On February 14, 2026, the Company filed a Motion to Sever the MRPL Proposal from the Base Rate Case.

10. On February 17, 2026, an evidentiary hearing was held in this proceeding for the purposes of presenting testimony and performing cross-examination. During the hearing, the ALJs adopted a modified procedural schedule to address issues arising from PPL's MRPL proposal.

11. On March 2, 2026, PPLICA received written Surrejoinder Testimony and exhibits from the following parties: OSBA, CGC, and Walmart.

12. On March 2, 2026, PPLICA received written Sur-surrejoinder Testimony and exhibits from the Company and CGC.

13. On March 10, 2026, an evidentiary hearing was held in this proceeding for the purpose of presenting testimony and performing cross-examination to address issues arising from PPL's MRPL proposal.

14. On March 5, 2026, the parties informed the ALJs that a non-unanimous settlement in principle had been reached.

15. On March 13, 2026, the parties submitted a Joint Petition for Non-Unanimous Settlement of All Issues.

II. STANDARDS FOR APPROVAL OF NON-UNANIMOUS SETTLEMENT

16. It is the policy of the Commission to encourage settlements.²

² 52 Pa. Code § 5.231(a).

17. In the Commission's judgement, the results achieved from a negotiated settlement or stipulation, or both, in which the interested parties have had an opportunity to participate are often preferable to those achieved at the conclusion of a fully litigated proceeding.³

18. The Commission's policy permits parties to enter "partial" or "non-unanimous" settlements.⁴

19. In order to accept a settlement, the Commission must first determine that the proposed terms and conditions are in the public interest.⁵

20. As with full settlements, partial settlements, whether involving a partial settlement of issues or a partial settlement of the parties involved (non-unanimous), must be reasonable and in the public interest.⁶

21. The Commission has approved non-unanimous settlements as being just and reasonable and in the public interest and has not rejected or disfavored settlements because they are non-unanimous.⁷

22. Also relevant to the Commission's approval of a non-unanimous settlement is the due process afforded to non-settling parties, such as whether non-settling parties were provided an opportunity to object to the settlement and to present their positions on the issues, and the range of interests represented in the non-unanimous settlement.⁸

³ 52 Pa. Code § 69.401.

⁴ 52 Pa. Code §§ 69.401, 5.232, and 69.406.

⁵ See *Pa. Pub. Util. Comm'n v. Windstream Pa., LLC*, Docket No. M-2012-2227108, 2012 Pa. PUC LEXIS 1535 (Opinion and Order entered Sept. 27, 2012); *Pa. Pub. Util. Comm'n v. C.S. Water & Sewer Assoc.*, Docket No. R-00881147, 74 Pa. PUC 767 (Opinion and Order entered July 22, 1991).

⁶ See *Pa. Pub. Util. Comm'n v. City of Bethlehem – Water Dep't*, Docket No. R-2020- 3020256, 2021 Pa. PUC LEXIS 116 (Apr. 15, 2021) (City of Bethlehem Water).

⁷ See *City of Bethlehem Water*.

⁸ *Id.*

23. In this case, all parties were afforded an opportunity to participate in the settlement negotiations. The only parties who are opposing any part of the Settlement (CGC and PDMP) have limited their opposition to the provisions of this Settlement concerning the MRPL proposal.⁹

24. PPLICCA believes that the Settlement is just, reasonable, in the public interest, and should be approved without modification.

III. SETTLEMENT TERMS

25. This Settlement was achieved by the Settlement Parties after an extensive investigation of the Company's base rate filing, including formal and informal discovery and the submission of direct testimony, rebuttal testimony, surrebuttal testimony, and rejoinder testimony by certain of the Settlement Parties. The Settlement is lawful and supported by the record of this proceeding.

26. Resolving PPL's rate increase request and related issues through settlement is more cost-effective than pursuing these issues further through litigation.

A. REVENUE REQUIREMENT

27. The Joint Petitioners agreed to a stipulated increase in PPL's annual revenue requirement of \$275.00 million, to become effective for service rendered on and after July 1, 2026.¹⁰ The increase in annual operating revenue is in lieu of the as filed net increase of approximately \$356.27 million.¹¹

28. The stipulated increase is \$81.27 million less than PPL initially requested and represents a negotiated increase which balances multiple advocacy positions put forth by the Joint

⁹ See Joint Petition for Settlement ¶¶ 98-105.

¹⁰ See *id.* at ¶ 49.

¹¹ See *id.*

Petitioners.¹² While PPLICA did not take a position on the revenue requirement increase, PPLICA believes this negotiated amount is reasonable and in the public interest because it represents a compromise between Joint Petitioners and a balance between their competing interests.

B. REVENUE ALLOCATION

29. The Settlement provides that the Allocated Cost of Service Study ("ACOSS") as included in Appendix B to the Settlement shall be used for allocating revenues to the rate classes.¹³

30. The Settlement also directs that the revenue allocation will be proportionally scaled back to reflect the adopted distribution rate revenue increase set forth in Settlement ¶ 49.¹⁴

31. Under the Settlement revenue allocation, revenue increases for rate classes LP-4 and Residential-Thermal Storage ("RTS") are limited to 1.3 times the system average increase.¹⁵

32. In testimony, PPLICA argued that in this case, the nearly 60% proposed increases to the RTS and LP-4 rate classes were substantial, would result in rate shock, and were not consistent with the principle of gradualism.¹⁶

33. As such, PPLICA advocated that the rate increase cap on the system increase should be limited to 1.3 times the system average increase, instead of PPL's proposed cap of 1.5 times the system average increase.¹⁷

34. PPLICA also recommended that if the Commission approves a lower revenue increase than PPL proposed, rate revenues should be scaled down proportionately.¹⁸

¹² See OCA Statement No. 1 at 7; I&E Statement No. 1 at 3; OSBA Statement No. 1 at 5.

¹³ See *id.* at ¶ 52.

¹⁴ See *id.* at ¶ 53.

¹⁵ See *id.* at Appendix B, column K.

¹⁶ See PPLICA Statement No. 1 at 7.

¹⁷ See *id.* at 2-3 and 7-9; PPLICA Statement No. 1S at 3-4.

¹⁸ See *id.* at 9.

35. The Settlement includes PPLICA's recommended proportionate scaleback and revenue allocation limit of 1.3 times the system average increase. PPLICA asserts that these Settlement provisions are reasonable and in the public interest as they prevent rate shock and are consistent with the principle of gradualism.

C. RATE DESIGN

36. The Settlement affirms that the proposed Rate LP-4 customer charge shall not be subject to scaleback.¹⁹

37. PPLICA presented testimony regarding rate shock and advocating for gradualism.²⁰ While PPLICA did not present a litigation position specifically advocating that the LP-4 customer charge shall not be subject to scaleback, this provision was presented and supported in settlement discussions as a rate design solution supporting gradualism and further preventing rate shock.

D. DISTRIBUTION SERVICE IMPROVEMENT CHARGE ("DSIC")

38. PPLICA did not take a position in testimony regarding PPL's DSIC eligible plant or DSIC equity return. Nevertheless, PPLICA believes that the Settlement provisions regarding these issues²¹ represent a compromise between the Joint Petitioners that is reasonable and in the public interest because it balances the competing interests represented in this proceeding.

E. STORM DAMAGE EXPENSE RIDER ("SDER")

39. PPLICA did not take a position in testimony regarding the SDER. Nevertheless, PPLICA believes that the Settlement provisions regarding the issue²² represent a compromise

¹⁹ See Joint Petition for Settlement ¶ 55.

²⁰ See PPLICA Statement No. 1 at 7.

²¹ See Joint Petition for Settlement ¶¶ 59-61.

²² See *id.* ¶¶ 62-65.

between the Joint Petitioners that is reasonable and in the public interest because it balances the competing interests represented in this proceeding.

F. CUSTOMER SERVICE, LOW INCOME AND UNIVERSAL SERVICE ISSUES

40. Except for cost allocation, PPLICA did not take a position in testimony regarding customer service, low income, and associated universal service issues.²³ Nevertheless, PPLICA believes that the Settlement provisions regarding these issues²⁴ represent a compromise between the Joint Petitioners that is reasonable and in the public interest because it balances the competing interests represented in this proceeding.

G. VEGETATION MANAGEMENT

41. PPLICA did not take a position in testimony regarding vegetation management. Nevertheless, PPLICA believes that the Settlement provision regarding this issue²⁵ is reasonable and in the public interest.²⁶

H. RELIABILITY

42. PPLICA did not take a position in testimony regarding reliability issues. Nevertheless, PPLICA believes that the Settlement provisions regarding these issues²⁷ represent a compromise between the Joint Petitioners that is reasonable and in the public interest because it balances the competing interests represented in this proceeding.

²³ PPLICA did take a position on the allocation of universal service program costs; however, this issue is addressed under the Settlement provisions regarding Large Load Interconnections and is addressed in Statement ¶¶ 52-53.

²⁴ See Joint Petition for Settlement ¶¶ 66-86.

²⁵ See *id.* at ¶ 87.

²⁶ See *id.* at ¶ 87; I&E Statement No. 1 at 29; OCA Statement No. 5 at 63; OCA Statement No. 1 at 28-29.

²⁷ See *id.* at ¶¶ 88-90.

I. LARGE LOAD INTERCONNECTIONS

43. The Settlement provides a collection of tariff changes designed to protect existing customers from the costs and risks associated with new large load interconnections.²⁸ These provisions include the adoption of a new LP-6 tariff for large load (data center) customers, a set of minimum requirements to be included in Electric Service Agreements ("ESAs"), a requirement for PPL to submit annual load forecasts to the Commission, and an allocation of \$11 million of Universal Service Rider ("USR") costs annually to the new LP-6 rate class.

44. Initially, PPL proposed various modifications to the LP-5 tariff to "mirror what it is currently requiring in its ESA with large customers."²⁹

45. In testimony, PPLICA expressed concern that PPL's proposed tariff modifications to serve very large load customers were premature in light of the Commission's pending docket for a Model Large Load Tariff. PPLICA also expressed concern that PPL has not explained nor quantified how it would determine which interconnection costs would be paid for by large load customers and which would be socialized.³⁰

46. PPLICA recommended that PPL develop a new, separate tariff for large load customers.³¹ This recommendation is adopted in the Settlement as the creation of an LP-6 tariff.³²

47. Alternatively, PPLICA recommended that PPL clarify the contract language used in its ESAs to better protect other customers from unreasonable cost subsidization.³³ The Settlement includes various minimum term requirements for ESAs designed to protect other

²⁸ See *id.* at ¶¶ 91-97.

²⁹ See PPL Statement No. 16 at 17.

³⁰ See PPLICA Statement No. 1 at 10.

³¹ See *id.* at 13.

³² See Joint Petition for Settlement ¶ 91.

³³ See PPLICA Statement No. 1 at 13.

customers from subsidizing the costs of large load customers. Such protections include an initial term of not less than ten years, a revenue guarantee to be paid for by the large load customer in the amount of line extension costs that were not directly charged, and an exit fee.³⁴

48. PPLICA further averred that PPL had not provided sufficiently specific guidance or analysis as to how it would determine which interconnection upgrades benefit only the very large load customers and which costs would be socialized.³⁵

49. This concern regarding the lack of transparency surrounding the large load interconnection process and associated upgrade costs was shared by other parties and it was recommended that ESAs should be submitted for PUC review and approval.³⁶

50. The Settlement provides transparency into the allocation of socialized and directly recovered costs by requiring PPL to submit compliant ESAs and a breakdown of the allocation of system upgrade costs to the Commission.³⁷

51. Additionally, the Settlement includes language addressing the fact that the Commission's Model Large Load Tariff has not yet been finalized and acknowledges that the Joint Petitioners reserve all rights with respect to the proceeding at Docket No. M-2025-3054271. This provision reflects PPLICA's concern regarding the prematurity of terms regarding large load interconnection while the Model Large Load Tariff is still pending.

52. In direct testimony, several parties recommended revising the USR to recover Universal Service costs from all customers³⁸, or only large load customers.³⁹ PPLICA specifically

³⁴ See Joint Petition for Settlement ¶¶ 91-93.

³⁵ See PPLICA Statement No. 1 at 12.

³⁶ See OCA Statement No.5 at 8,19; EJA Statement No. 1 at 77-78; EL Statement No. 1 at 5-6, 38-39.

³⁷ See Joint Petition for Settlement ¶ 94.

³⁸ See CAUSE-PA Statement No. 1 at 90.

³⁹ See OCA Statement No. 8 at 6, 87; EJA Statement No. 1 at 18.

opposed recovering Universal Service costs from all non-residential customers.⁴⁰ Alternately, PPLICA recommended that, reflective of the unique and unprecedented impacts of large load customers, only those customers classified as large load under PPL's new tariff rate schedule contribute to the recovery of Universal Service costs.⁴¹

53. In an effort to reach a compromise and finalize settlement and based on the specific facts on the record in this proceeding, PPLICA supports the Settlement's provision to allocate \$11 million in USR costs to the large load customers subject to PPL's newly created LP-6 tariff.⁴²

54. Importantly, PPLICA takes no position on Settlement ¶ 91(b)(ii), which sets forth the demand threshold for LP-6 eligibility at 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. PPLICA testified in support of establishing a reasonable eligibility threshold for the LP-6 tariff and did not contest the Company's proposed 100 MW threshold. PPLICA is not able to support the large load eligibility threshold defined in the settlement and thus take no position on Settlement ¶ 91(b)(ii).

J. MAXIMUM REGISTERED PEAK LOAD

55. PPLICA did not take a position in testimony regarding the MRPL. Nevertheless, PPLICA believes that the Settlement provisions regarding these issues⁴³ represent a compromise between the Joint Petitioners that is reasonable and in the public interest because it balances the competing interests represented in this proceeding.

⁴⁰ See PPLICA Statement No. 1R at 14.

⁴¹ See *id.* at 15.

⁴² See Joint Petition for Settlement ¶ 96.

⁴³ See *id.* at ¶¶ 98-105.

K. ELECTRIC VEHICLE ("EV") TIME-OF-USE ("TOU") CHARGING REBATE PROGRAM AND DIRECT CURRENT FAST CHARGER ("DCFC") RATE

56. PPLICA did not take a position in testimony regarding the EV TOU charging rebate program or the DCFC rate. Nevertheless, PPLICA believes that the Settlement provisions regarding these issues⁴⁴ represent a compromise between the Joint Petitioners that is reasonable and in the public interest because it balances the competing interests represented in this proceeding.

L. IT UPGRADES

57. PPLICA did not take a position in testimony regarding IT upgrades. Nevertheless, PPLICA believes that the Settlement provisions regarding these issues⁴⁵ represent a compromise between the Joint Petitioners that is reasonable and in the public interest because it balances the competing interests represented in this proceeding.

M. RETAIL TARIFF

58. PPLICA did not take a position in testimony regarding retail tariff issues. Nevertheless, PPLICA believes that the Settlement provisions regarding these issues⁴⁶ represent a compromise between the Joint Petitioners that is reasonable and in the public interest because it balances the competing interests represented in this proceeding.

N. SUPPLIER TARIFF

59. PPLICA did not take a position in testimony regarding supplier tariff issues. Nevertheless, PPLICA believes that the Settlement provisions regarding these issues⁴⁷ represent a

⁴⁴ See *id.* at ¶¶ 106-117.

⁴⁵ See *id.* at ¶¶ 118-119.

⁴⁶ See *id.* at ¶¶ 120-122.

⁴⁷ See *id.* at ¶ 123.

compromise between the Joint Petitioners that is reasonable and in the public interest because it balances the competing interests represented in this proceeding.

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

60. PPLICA did not take a position in testimony regarding behind-the-meter non-exporting battery energy storage systems. Nevertheless, PPLICA believes that the Settlement provision regarding this issue⁴⁸ represents a compromise between the Joint Petitioners that is reasonable and in the public interest because it balances the competing interests represented in this proceeding.

P. MISCELLANEOUS TERMS

61. The miscellaneous terms of the Settlement⁴⁹ reflect standard terms and conditions that are included in many settlements before the Commission and accurately reflect the Joint Petitioner's common understandings surrounding their participation in a joint settlement.

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

62. The ALJs directed that the Joint Petition and the Statements in Support address the items set forth in Vice Chair Barrow's Statement dated October 23, 2025.

63. PPLICA responds to each of those items below to the extent that the identified issue(s) were addressed in PPLICA's testimony.

64. 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

⁴⁸ See *id.* at ¶ 124.

⁴⁹ See *id.* at ¶¶ 125-132.

the aforementioned factors and how they can be addressed in this proceeding and going forward.⁵⁰

65. PPLICA concurs with the statements addressing these concerns in the Joint Petition for Settlement.⁵¹ In addition, PPLICA specifically addresses the potential for rate shock in direct testimony⁵² for rate classes RTS and LP-4. The Settlement includes a cap on the rate increase of 1.3 times the system average increase for rate RTS and LP-4 which specifically mitigates concerns of rate shock for those rate classes.⁵³

66. Second, Vice Chair Barrow averred:

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.⁵⁴

67. PPLICA did not take a position or submit testimony regarding PPL's capital structure in this case. However, PPLICA concurs with the statements addressing these concerns in the Joint Petition for Settlement.⁵⁵

68. Third, Vice Chair Barrow stated:

Tracking Capital from Parent Company: I understand that utilities often file existing or relevant affiliated interest agreements involving financial transactions between or among them and their parent companies or subsidiaries/affiliates with the Commission. However, it is also important to note that often times these transactions may result in costs being inadvertently shifted to the utilities and ultimately gets passed to their

⁵⁰ See Vice Chair Barrow Statement, p. 1 (footnote omitted).

⁵¹ See Joint Petition for Settlement ¶¶ 136-141.

⁵² See PPLICA Statement No. 1 at 7.

⁵³ See *id.* at 2-3 and 7-9; PPLICA Statement No. 1S at 3-4.

⁵⁴ See Vice Chair Barrow Statement, pp. 1-2 (footnote omitted).

⁵⁵ See Joint Petition for Settlement ¶¶ 143-144.

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.⁵⁶

69. PPLICA did not take a position or submit testimony regarding transactions between PPL and its parent/affiliate in this case. However, PPLICA concurs with the statements addressing these concerns in the Joint Petition for Settlement.⁵⁷

70. Fourth, Vice Chair Barrow stated:

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.⁵⁸

71. PPLICA did not take a position or submit testimony regarding customer service issues or their connection to ROE in this case. However, PPLICA concurs with the statements addressing these concerns in the Joint Petition for Settlement.⁵⁹

72. Fifth, Vice Chair Barrow stated:

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

⁵⁶ See Vice Chair Barrow Statement, p. 2.

⁵⁷ See Joint Petition for Settlement ¶¶ 146-147.

⁵⁸ See Vice Chair Barrow Statement, p. 2 (footnote omitted).

⁵⁹ See Joint Petition for Settlement ¶¶ 149-151.

measure beyond just the top few peak hours to determine the true benefits that particular customers and customer classes receive from the system.⁶⁰

73. Issues surrounding large load interconnection were a major focal point of PPLICA's testimony in this proceeding. PPLICA specifically expressed concern that PPL has not explained nor quantified how it would determine which interconnection costs would be paid for by large load customers and which would be socialized. The Settlement proposes a collection of provisions designed to protect existing customers from the costs and risks associated with new large load interconnections and elicits a commitment from PPL to submit ESAs to the Commission for transparency.

74. Sixth, Vice Chair Barrow stated:

Universal Service: Large load additions and forecasts have substantially increased capacity prices in the last two PJM auctions. According to PJM's market monitor, 55% of the increase in capacity prices is attributable to large load growth. That is over \$7 billion dollars. Those costs have begun to flow down to customers' bills. The change in rates as of June 1, 2025, will increase the cost paid by residential customers to support the CAP program by \$37 million a year. This translates to increases ranging from 5 to 41% on a customer bill. I ask the Parties to address whether, consistent with the ratemaking principle of cost causation, whether cost causers should be allocated a share of the universal services charges, currently only charged to the residential rate class.⁶¹

75. Under the Settlement, \$11 million in USR costs will be assigned to the new Rate LP-6 class. PPLICA compromised in the spirit of settlement and supports the settlement provision to allocate some costs to the large load customers subject to PPL's LP-6 tariff rate.

⁶⁰ See Vice Chair Barrow Statement, p. 2.

⁶¹ See Vice Chair Barrow Statement, p. 2.

V. CONCLUSION

76. PPLICA supports the Settlement because it is in the public interest; however, in the event the ALJs or the Commission rejects the Settlement, PPLICA will resume its litigation position.

77. As noted above, PPLICA submits that the proposed Settlement serves the public interest and adheres to the Commission's policies favoring negotiated settlements. This Settlement was achieved after settlement discussions. While the Parties have invested time and resources in the negotiation of the Settlement, this process has allowed the Parties and the Commission to avoid expending the substantial resources that would have been required to fully litigate these proceedings while still reaching a just, reasonable and non-discriminatory result. The Parties have thus reached an amicable resolution to this dispute as embodied in the proposed Settlement. Approval of the Settlement will permit the Commission and the Parties to avoid incurring the additional time, expense and uncertainty of further litigation of issues in these proceedings.⁶²

WHEREFORE, the PP&L Industrial Customer Alliance respectfully requests that the Pennsylvania Public Utility Commission approve the Joint Petition for Non-Unanimous Settlement of All Issues submitted in this proceeding.

Respectfully submitted,

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⁶² See 52 Pa. Code § 69.391.

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