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March 20, 2026

VIA ELECTRONIC FILING

Matthew Homsher, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor North
P.O. Box 3265
Harrisburg, PA 17105-3265

Re: PA Public Utility Commission, *et al.* v. PPL Electric Utilities Corporation
Docket Nos. R-2025-3057164, *et al.*

Dear Secretary Homsher:

Enclosed for filing is PPL Electric Utilities Corporation's ("PPL Electric" or the "Company") Statement in Support of the Joint Petition for Non-Unanimous Settlement of All Issues ("Settlement") in the above-referenced proceeding.

Copies of the filing will be provided as indicated on the Certificate of Service.

Respectfully submitted,

Devin Ryan

DR/bfc
Enclosures

cc: The Honorable Barbara Shadie Nause (via email w/ enclosures)
The Honorable Christopher Pell (via email w/ enclosures)
Legal Assistant Eric Ball (via email w/ enclosures)
Legal Assistant Pamela McNeal (via email w/ enclosures)
Certificate of Service

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of this filing has been served upon the following persons, in the manner indicated, in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant).

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Dated: March 20, 2026

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BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission	:	Docket Nos. R-2025-3057164
Coalition For Affordable Utility Services and	:	
Energy Efficiency in Pennsylvania	:	C-2025-3057844
Office of Small Business Advocate	:	C-2025-3057889
Office of Consumer Advocate	:	C-2025-3058130
Brad and Jennifer Wooley	:	C-2025-3057946
PP&L Industrial Customer Alliance	:	C-2025-3058271
Convergent Energy and Power LP	:	C-2025-3058300
Solar Energy Industries Association and The	:	C-2025-3058251
Coalition for Community Solar Access	:	
Rik Bhattacharyya	:	C-2025-3058846
Safiya Junaid	:	C-2025-3058982
Stacey Kimmel-Smith	:	C-2025-3059151
John Gadomski	:	C-2025-3059330
Thatcher Graham	:	C-2026-3060429
Wendy Johnson	:	C-2026-3061012
Kenneth Johnson	:	C-2026-3061118
	:	
v.	:	
	:	
PPL Electric Utilities Corporation	:	

PPL ELECTRIC UTILITIES CORPORATION'S STATEMENT IN SUPPORT OF JOINT PETITION FOR APPROVAL OF NON-UNANIMOUS SETTLEMENT OF ALL ISSUES

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Dated: May 20, 2026

Counsel for PPL Electric Utilities Corporation

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I. INTRODUCTION

PPL Electric Utilities Corporation ("PPL Electric" or the "Company") hereby submits this Statement in Support of the Joint Petition for Approval of Non-Unanimous Settlement of All Issues ("Settlement"), which would fully resolve the issues in the Company's first base rate case in over 10 years, which involved heavily contested issues such as: (1) the Company's proposed base rate revenue increase; (2) parties' proposals related to customer service, low-income customers, and universal service programs; (3) PPL Electric's proposed tariff provisions for large load interconnections and other parties' alternative proposals; (4) the Company's Maximum Registered Peak Load ("MRPL") proposal that would affect the default service rate classification for Rate GSC-1 customer-generators with little to no independent load; and (5) the Company's new Retail and Supplier Tariffs. The Settlement has been entered into by the following active parties, hereinafter referred to as the "Joint Petitioners":

1. The Pennsylvania Public Utility Commission's ("Commission") Bureau of Investigation and Enforcement ("I&E");
2. Office of Consumer Advocate ("OCA");
3. Office of Small Business Advocate ("OSBA");
4. Commission on Economic Opportunity ("CEO");
5. Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania ("CAUSE-PA");
6. Convergent Energy and Power LP ("Convergent");
7. Dimension PA 1 LLC ("Dimension");
8. U.S. Department of Defense and all other Federal Executive Agencies ("DOD/FEA");
9. Eric Joseph Epstein;
10. Environmental Intervenors ("EI" or "Environmental Intervenors");
11. Energy Justice Advocates ("EJA");

12. Joint Solar Advocates ("JSA")[1];

13. PP&L Industrial Customer Alliance ("PPLICA")[2];

14. Retail Energy Supply Association ("RESA");

15. Sustainable Energy Fund ("SEF"); and

16. Walmart Inc. ("Walmart").

As noted in the Settlement, 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 MRPL proposal (see Section II.J, *infra*). IGS Solar, the only other active party in this matter, does not take a position regarding the Settlement.

The Settlement was achieved only after a comprehensive investigation of PPL Electric's operations and finances, which included:

1. Parties conducting a detailed examination of the Company's rate case filing and proposals (see Proposed Finding of Fact No. 31);

2. Parties collectively submitting **thousands** of pages of direct, rebuttal, surrebuttal, rejoinder, surrejoinder, and sur-surrejoinder testimony and exhibits covering a wide range of issues;

3. Parties engaging in extensive formal discovery, with PPL Electric alone responding to **over 100 sets of discovery requests that totaled over 1,500 individual discovery requests** not counting subparts (see Proposed Finding of Fact No. 31);

4. Parties engaging in informal discovery throughout the proceeding; and

[1] JSA supports Section III.J of the Settlement but takes no position on any other Section of the Settlement.

[2] PPLICA and DOD/FEA do not take a position on Paragraph 91(b)(ii) in the Large Load Interconnections Section of the Settlement.

5. The Commission holding five in-person public input hearings and two telephonic public input hearings, at which over 100 individuals testified on the record about the Company's proposals.

The Joint Petitioners agree that the Settlement is reasonable and in the public interest. (*See* Settlement ¶ 47; Proposed Finding of Fact No. 32.) The Joint Petitioners undertook a significant effort to reach a non-unanimous settlement of all issues. The Joint Petitioners each had to compromise on many different and competing issues and proposals in this case. In some instances, and in exchange for reaching an agreement on other issues, the Joint Petitioners collectively agreed to accept or reject a certain party's litigation position or to meet somewhere in between competing litigation positions. As such, when determining whether the Settlement is reasonable and in the public interest, the Commission should view the Settlement as a whole instead of focusing on individual terms and conditions.

Additionally, the Settlement represents a wide array of stakeholder interests, including residential, commercial, and industrial customers; representatives of low-income residential customers; customer-generators; and environmental advocacy groups. The fact that the Settlement was reached among parties displaying the diverse interests of the Joint Petitioners is, itself, strong evidence that the Settlement is reasonable and in the public interest. In fact, the Settlement reflects a carefully balanced compromise of the Joint Petitioners' interests based on their thorough and detailed consideration of the evidence adduced in this case, all of which was entered into the record at the evidentiary hearings conducted on February 17, 2026, and March 9, 2026.

The Joint Petitioners, their counsel, and their expert consultants have considerable experience in base rate proceedings. Their knowledge, experience, and ability to evaluate the strengths and weaknesses of their litigation positions provided a strong foundation upon which to

build a consensus in this proceeding. The Settlement is the product of the active role of the diverse set of parties in this proceeding as well as the many negotiations required to achieve the Settlement.

Significantly, three of the signatories – I&E, OCA, and OSBA – are charged with specific legal obligations to carefully scrutinize all aspects of a utility's request to increase rates. I&E, which has the broadest mandate, functions as an independent prosecutorial bureau within the Commission and, as such, is charged with representing the public interest in utility rate proceedings.[3] The OCA has a statutory obligation to protect the interests of consumers of public utility service,[4] while the OSBA represents the interests of small businesses.[5] As evidenced by their active and extensive participation in all aspects of this case, these statutory parties have seriously and rigorously discharged their statutory obligations. Their joining in and fully supporting the Settlement is strong evidence that the Settlement's terms and conditions are just, reasonable, and in the public interest.[6]

The Joint Petitioners have agreed that PPL Electric's electric distribution base rate increase filing should be approved subject to the terms and conditions of the Settlement. Moreover, the Settlement reflects a carefully balanced compromise of the Joint Petitioners' positions and interests. Thus, the terms and conditions of the Settlement, as detailed and supported in the following sections and in the other Joints Petitioners' Statements in Support, should be approved without modification.

[3] *See Implementation of Act 129 of 2008 Organization of Bureaus and Offices*, Docket No. M-2008-2071852, p. 5 (Order entered Aug. 11, 2011) ("BI&E will serve as the prosecutor bureau for purposes of representing the public interest in ratemaking and service matters . . .").

[4] *See* 71 Pa. C.S. §§ 309-1, *et seq*.

[5] *See* 73 P.S. §§ 399.41, *et seq*.

[6] *See Pa. PUC v. T.W. Phillips Gas and Oil Co.*, Docket Nos. R-2010-2167797, *et al.*, 2010 Pa. PUC LEXIS 1598, at *80-85 (Recommended Decision issued October 5, 2010). Administrative Law Judge Dunderdale's Recommended Decision was approved and adopted by the Commission in its Final Order entered November 4, 2010.

II. SETTLEMENT TERMS

A. REVENUE REQUIREMENT

On September 30, 2025, PPL Electric 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 be effective for serve rendered on or after December 1, 2025. In Tariff No. 202, PPL Electric proposed a general increase in annual base electric distribution revenue of $356,271,443. (Proposed Finding of Fact No. 2.) This amount was based on the testimony, exhibits, and supporting financial documents submitted as part of PPL Electric's initial base rate case filing. (PPL Electric St. No. 1, p. 8; *see, e.g.*, Exhibit Fully Projected Future 1.) The Company's proposed base rate increase was based on PPL Electric's projected capital expenditures and expenses for the Fully Projected Future Test Year ("FPFTY") ending June 30, 2027, the Company's actual capital structure of 56.05% common equity and 43.95% long-term debt,[7] the Company's weighted average cost of long-term debt of 5.08%, and PPL Electric's proposed return on common equity of 11.30%. (*See, e.g.*, PPL Electric St. No. 6, pp. 11-25; PPL Electric St. No. 9, pp. 2-3; PPL Electric St. No. 10, pp. 3-5, 61-65; Schedules B-6, B-7, and C-1 of Exhibit Fully Projected Future 1.)

PPL Electric provided several reasons justifying the proposed base rate increase, including: (1) little to no growth in distribution customers or sales due to slow economic growth and increased distributed generation; (2) increased capital investment that is necessary to maintain 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

[7] On page 61 of PPL Electric Witness Nelson's direct testimony, she noted that the Company was requesting a permanent capital structure consisting of 56.00% common equity and 44.00% long-term debt; however, in her rebuttal testimony, she clarified that the Company is requesting a permanent capital structure consisting of 56.05% common equity and 43.95% long-term debt. (*See* PPL Electric St. No. 10-R, p. 84 n.188.)

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; (5) the need to set rates based on the full class cost of service; and (6) the need to have the opportunity to earn a reasonable return on and of its capital investments. (PPL Electric St. No. 1, pp. 15-16.) On the latter point, PPL Electric forecasted that its return on common equity for the distribution business would fall to the inadequate level of approximately 4.43% in 2027 based on current rates. (PPL Electric St. No. 1, p. 16.)

PPL Electric also explained that it takes its statutory duty to provide safe, reliable, adequate, and efficient electric service at reasonable rates seriously. (PPL Electric St. No. 1-R, p. 9.) As a result, the Company strives to be judicious with its O&M and capital expenditures, recognizing the downstream impact the incurrence of those costs has on customers' rates. (PPL Electric St. No. 1-R, p. 9.) That keen focus has enabled the Company to have among some of the lowest electric distribution rates among the major electric distribution companies ("EDCs") even with the proposed base rate increase, as shown in the following table. (PPL Electric St. No. 1-R, p. 9.)

Typical Bills and Average Rates Report
Rates in effect July 1, 2025 and average revenue data from the year preceding July 1, 2025

	Residential 1,000 kWh		Commercial 1,500 kWh		Industrial 75kW / 15,000 kWh	
	PPL Electric	PA Average	PPL Electric	PA Average	PPL Electric	PA Average
Delivery	$66.77	$87.03	$29.00	$101.00	$400.00	$993.00
Total Rate	$191.67	$201.91	$210.00	$269.00	$2,217.00	$2,284.00

Source: Edison Electric Institute; Revised Summer 2025 Typical Bills and Average Rates Report

(PPL Electric St. No. 1-R, p. 9.) The Company also stayed out of a base rate case for over 10 years by utilizing all available tools in consideration of customer affordability, including increasing its Long-Term Infrastructure Improvement Plan ("LTIIP") spending and seeking and receiving approval of a waiver of its Distribution System Improvement Charge ("DSIC") cap. (PPL Electric St. No. 1-R, p. 10.)

In their direct testimony, I&E and OCA recommended that the Company receive an increase in annual distribution base rate revenue of approximately $258.9 million and $150.04 million, respectively. (I&E St. No. 1, pp. 3-4; OCA St. 1, p. 7; OCA Exhibit LKM-1, p. 1.) I&E's recommendation was based on: (1) a series of adjustments to the Company's rate base and expense claims[8]; (2) a capital structure consisting of 55% common equity and 45% long-term debt instead of PPL Electric's actual capital structure; and (3) a return on common equity of 10.32%. (*See* I&E St. No. 1, pp. 2-4; I&E St. No. 2, p. 2; I&E St. No. 3, p. 6.) Likewise, OCA's recommendation was premised upon: (1) various adjustments to PPL Electric's rate base and expenses[9]; (2) a capital structure of 42% common equity and 58% long-term debt; and (3) a return on common equity of 8.40%. (OCA St. 1, p. 7; OCA St. 3, pp. 59-60; OCA Exhibits LKM-1 through LKM-20.) CAUSE-PA and EJA did not specify a proposed revenue requirement in their direct testimony; however, they advocated for the use of a different capital structure than the Company's actual capital structure, with CAUSE-PA recommending a capital structure of 44% common equity and

[8] I&E proposed adjustments to rate case expense, storm damage expense, bank charges, company sponsorships, membership dues and subscriptions, vegetation management expense, payroll and benefits expense, payroll taxes, incentive compensation, advertising expense, the Company's Infrastructure Investment & Jobs Act ("IIJA") amortization, payment transaction fees, economic development, and cash working capital. (*See, e.g.*, I&E St. No. 1, p. 3; I&E St. No. 2, p. 2.)

[9] Among other things, OCA proposed adjustments to payroll expense, incentive compensation, advertising expense, payment transaction fees, the IIJA amortization, research and development expense, membership dues, Eligible Customer List ("ECL") expenses, rate case expense, company sponsorships, affiliate support – engineering and construction, Public Utility Realty Tax Act ("PURTA") expense, depreciation expense, economic development. (*See, e.g.*, OCA Exhibits LKM-1 and 3 through 19.)

56% long-term debt or at least 50% common equity and 50% long-term debt, and with EJA arguing that a 50% common equity and 50% long-term debt capital structure should be utilized. (*See* CAUSE-PA St. 1, pp. 19-20; EJA St. No. 1, pp. 6, 29.) CAUSE-PA, EJA, and Walmart also raised concerns with the Company's proposed ROE. (*See* CAUSE-PA St. 1, pp. 14-17; EJA St. No. 1, pp. 19-31; Walmart St. No. 1, pp. 5, 10-13.) No party disputed the Company's cost of long-term debt in this proceeding. (*See* I&E St. No. 3, p. 6; OCA Exhibit LKM-20.)

In its rebuttal testimony, PPL Electric noted that its proposed increase in its distribution base rate revenues would be approximately $384.5 million, after accounting for the Company's corrections along with the other parties' recommended adjustments that the Company accepted as part of its rebuttal case. (PPL Electric St. No. 1-R, p. 6.) One of those corrections was to include approximately $34 million for the annual amortization of negative net salvage that was not, but should have been, included as part of the Company's depreciation expense. (PPL Electric St. No. 1-R, p. 2.) Although the Company recognized that it could not receive a base rate increase in excess of the approximately $356.27 million originally requested, PPL Electric maintained that other parties' proposed revenue requirements should include the Company's corrections. (PPL Electric St. No. 1-R, p. 7.) PPL Electric also defended vigorously against other parties' proposed adjustments to its rate base and expenses that the Company was not accepting, providing detailed explanations for why its proposed claims should be adopted in this proceeding. (*See, e.g.*, PPL Electric St. No. 6-R, pp. 7-39; PPL Electric St. No. 13-R, pp. 3-34.) Those adjustments that the Company disputed included: (1) advertising expenses; (2) bank charges; (3) economic development; (4) the IIJA amortization; (5) membership dues and subscriptions; (6) payment transaction fees; (7) payroll and benefits; (8) incentive compensation; (9) rate case expense; (10)

research and development expense; (11) storm damage expense; (12) vegetation management expense; (13) PURTA expense; and (14) cash working capital. (*See, e.g., id.*)

As to the Company's capital structure, PPL Electric presented in depth, expert analysis in support of the use of its actual capital structure. (*See* PPL Electric St. No. 9-R, pp. 5-16; PPL Electric St. No. 10-R, pp. 84-96.) For instance, the Company noted that in Columbia Gas of Pennsylvania, Inc.'s ("Columbia") 2025 Rate Case, the Commission adopted Columbia's actual capital structure because it fell "within the five-year average range of the capital structure ratios of the individual companies that comprise I&E's Natural Gas Utility proxy group."[10] Here, the Company's actual capital structure of 56.05% equity and 43.95% long-term debt falls within both the five-year average range of the capital structures for the operating companies in PPL Electric's proxy group and I&E's proxy group. (*See* PPL Electric St. No. 10-R, pp. 90-91.) Therefore, PPL Electric maintained that the Commission should adopt PPL Electric's actual capital structure in this case as well consistent with the *Columbia* decision and other Commission precedent. (*See* PPL Electric St. No. 9-R, pp. 6-9.)

On the ROE, PPL Electric Witness Nelson argued that OCA's and EJA's ROE recommendations were unjustly low, falling below all authorized ROEs for electric utilities in at least the past 46 years. (PPL Electric St. No. 10-R, p. 5.) Ms. Nelson also contended that other parties' witnesses had flawed applications in their ROE analytical models, misunderstood the current capital market environment, and disregarded the higher long-term capital cost environment since the Company's last base rate case. (*See* PPL Electric St. No. 10-R, pp. 5-6.) Furthermore, Ms. Nelson updated her Discounted Cash Flow ("DCF"), Capital Asset Pricing Model ("CAPM"),

[10] *See Pa. PUC v. Columbia Gas of Pennsylvania, Inc.*, Docket Nos. R-2025-3053499, *et al.*, pp. 205-13 (Order entered Dec. 9, 2025).

and Risk Premium ("RP") results as part of her rebuttal testimony, and based on those results, reaffirmed her recommended ROE of 11.30%. (PPL Electric St. No. 10-R, pp. 82-84.)

In their surrebuttal testimony, I&E and OCA updated their recommended increases in annual distribution base rate revenue to approximately $298.1 million and $186.8 million, respectively. (I&E St. No. 1-SR, p. 4; OCA St. 1, p. 2.) Notably, both I&E and OCA incorporated the approximately $34 million for the annual amortization of negative net salvage in their surrebuttal positions on revenue requirement. (I&E St. No. 1-SR, pp. 4-5; OCA St. 1SR, p. 2; OCA St. 3SR, p. 12.) Additionally, as part of its surrebuttal case, I&E updated its ROE recommendation from 10.32% to 10.31% due to a change in I&E's proxy group. (*See* I&E St. No. 3-SR, p. 2.) Further, although EJA did not propose a specific revenue increase in its direct testimony, EJA did propose an increase in PPL Electric's distribution base rate revenues of approximately $150.9 million in its surrebuttal testimony. (EJA St. No. 1-SR, p. 4.) CAUSE-PA also asserted in its surrebuttal testimony that OCA's recommended ROE of 8.4% is a "more reasonable level." (CAUSE-PA St. 1-SR, p. 4.)

In the Company's rejoinder, PPL Electric observed that I&E and OCA made errors in calculating their updated revenue requirement recommendations. (*See* PPL Electric St. No. 6-RJ, pp. 2-5; PPL Electric Exhibit DSD-1RJ, pp. 1-2.) When correcting for those errors, I&E's and OCA's proposed revenue increases should have been approximately $301.98 million and $182.68 million, respectively. (*See* PPL Electric St. No. 1-RJ, p. 2; PPL Electric Exhibit DSD-1RJ, pp. 1-2.) Therefore, PPL Electric argued that it is from those figures that those parties' proposed increase in PPL Electric's base rate revenue should be evaluated. (PPL Electric St. No. 1-RJ, p. 2.) Additionally, PPL Electric responded to other parties' surrebuttal testimony on ROE, continuing to defend its proposed ROE of 11.30%. (*See* PPL Electric St. No. 10-RJ, pp. 2-11.)

The Settlement reflects a reasonable compromise of the parties' positions. As noted previously, the Company filed for a base rate revenue increase of approximately $356.27 million, but PPL Electric's rebuttal testimony supported a base rate revenue increase of approximately $384.5 million after accounting for various corrections and adjustments accepted by the Company. Conversely, I&E's and OCA's recommended increases, with the corrections identified in PPL Electric's rejoinder testimony, were $301.98 million and $182.68 million, respectively. Also, EJA specified a revenue requirement position for the first time in its surrebuttal testimony, advancing an increase of approximately $150.9 million.

The Settlement provides for a total increase of $275.0 million in additional annual base rate operating revenue, with new rates to become effective July 1, 2026. (Settlement ¶ 49.) The agreed-upon amount will allow the Company to continue providing safe and reliable service to its customers and will provide PPL Electric with an opportunity to earn a reasonable return on and of its investments. Moreover, the Settlement provides that additional changes to the Company's distribution base rates may not go into effect until two years after the effective date of rates in this proceeding. (Settlement ¶ 50.) The reduced revenue increase and two-year rate case stay-out, when coupled with other customer service and rate provisions detailed elsewhere in the Settlement, such as the increase in the maximum Customer Assistance Program ("CAP") credit limits and the $15.00 fixed residential customer charge, are designed to address parties' concerns about the affordability impact of the revenue increase. Therefore, when properly viewed as a whole, PPL Electric believes that the Settlement: (1) provides the Company with the additional revenues necessary to continue furnishing adequate, efficient, safe, and reliable service to its customers; and (2) appropriately balances the need for the Company to have an opportunity to earn a reasonable rate of return with its customers' need for reasonable rates.

In addition, the Settlement's provisions on revenue requirement identify certain items that make up the agreed-upon revenue increase of $275.0 million. They are: (1) the $32,000,000 for reportable storm damage expenses; (2) the approximately $3,779,000 for annual 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 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. (Settlement ¶ 49.)

The Company provided detailed support for its claims of $32 million in reportable storm damage expenses, the annual amortization of the regulatory asset for eligible storm costs in excess of the SDER's 3% cap, and the annual amortization amount of approximately $211,000 for its IIJA regulatory asset in its testimony. (*See, e.g.*, PPL Electric St. No. 13, pp. 11-12; PPL Electric St. No. 22-R, pp. 3-13.) As for the amortization of the negative net salvage, the Settlement amortizes the negative net salvage over 10 years instead of the typical 5-year period utilized by PPL Electric and other utilities in Pennsylvania. (Settlement ¶ 49; PPL Electric St. No. 11-R, pp. 2-3.) However, to help reach a compromise on the overall revenue requirement, the Joint Petitioners agreed to a 10-year amortization, thereby reducing the annual amortization amount included as

part of the Company's depreciation expense by 50%. (Settlement ¶ 49; PPL Electric St. No. 11-R, p. 4.) Importantly, the Commission has approved the use of a 10-year amortization for negative net salvage for settlement purposes in prior base rate cases.[11]

As for the roll-in of the riders into base rates, no parties disputed the Company's proposals on that topic. (*See* PPL Electric St. No. 13, p. 7.) Accordingly, the Settlement memorializes the Company's proposed roll-in of those riders into the overall revenue requirement. (Settlement ¶ 49.) Also, for purposes of calculating its DSIC, the Settlement requires PPL Electric to use the equity return rate for electric utilities contained in the Commission's most recent Quarterly Report on the Earnings of Jurisdictional Utilities. (Settlement ¶ 49.)

Furthermore, the Settlement requires the Company provide updates to the active parties in this proceeding on its actual capital expenditures, plant additions, and retirements for the Future Test Year ("FTY") and FPFTY. (Settlement ¶ 51.) In the next base rate case, PPL Electric also must prepare and present a comparison of those actual figures to the Company's projections from this case. (Settlement ¶ 51.) These provisions are designed to enhance transparency in the ratemaking process, by enabling the parties to track PPL Electric's actual expenditures and evaluate the reliability of the Company's capital cost and expense projections.

Thus, as a whole, the Settlement's provisions on revenue requirement resolve the parties' positions on the overall annual base distribution revenue increase, eliminate ambiguity as to certain components of the agreed-upon revenue requirement, clarify the application and calculation of various rider mechanisms, and provide for tracking of the Company's actual expenditures. As

[11] *See, e.g., Pa. PUC v. Pennsylvania-American Water Co. Ne. Operations*, 2010 Pa. PUC LEXIS 1990, at *8, 17-20 (Order entered Dec. 16, 2010) (approving settlement under which "the Joint Petitioners agree[d] that PAWC shall amortize its actual negative net salvage incurred through December 31, 2010 over ten years, rather than five years as set forth in its initial filing").

such, these provisions are reasonable and in the public interest and should be approved without modification.

B. REVENUE ALLOCATION

PPL Electric's allocated cost of service study ("ACOSS") was prepared using the same cost-of-service model employed in its last (2015) base rate case[12] and adheres to the cost-of-service principles and methods approved in the Company's fully-litigated 2012 base rate case,[13] including using a minimum system study to identify the customer-related portion of distribution system costs.[14] The Company's ACOSS is consistent with and fully supported by the principles, methods, and procedures described in the National Association of Regulatory Utility Commissioners' ("NARUC") *Electric Utility Cost Allocation Manual* (1992 ed.) ("NARUC *Manual*"), which is the leading treatise on cost allocation for electric utilities. (*See* PPL Electric St. No. 7-R, pp. 7-9.)

The Company's ACOSS employs the well-established NARUC-approved three-part analytic approach of functionalizing, classifying, and allocating costs to rate classes in accordance with the fundamental cost-of-service principle of cost-causation. Specifically, the cost-of-service analysis allocates costs based on how and why those costs are incurred to serve each customer class. (PPL Electric St. No. 7, pp. 5-11.)

Costs are functionalized based on the functions they principally perform, namely, generation, transmission, and distribution.[15] Within the distribution function, certain costs were

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[12] (PPL Electric St. No. 7, p. 5.) Mr. Rimal sponsored the Company's ACOSS, which is identified as PPL Electric Exhibits BR-1 and BR-2. As part of its rebuttal case, PPL Electric submitted a revised ACOSS as PPL Exhibits BR-1R and BR-2R to reflect changes in various components of its revenue requirement that were identified after the Company's rate case was filed and to correct an inadvertent error in the allocation factor for services. (*See* PPL Electric St. No. 7-R, pp. 2-3, 25.) A summary of the results of the revised ACOSS is set forth in Tables 1 and 2, on pages 25-26 of PPL Electric St. No. 7-R.

[13] (*See* PPL Electric St. No. 7-R, p. 9) ("The ACOSS methodology used in this case is consistent with PPL Electric's 2012 and 2015 [base rate] filings.").

[14] *See Pa. PUC v. PPL Elec. Utils. Corp.*, Docket Nos. R-2012-2290597, et al., pp. 111-35 (Order entered Dec. 28, 2012).

[15] Since the electric industry was restructured in the late 1990s to provide open access to competitive generating suppliers, the generation function is no longer subject to price regulation by the Commission. Also, the

sub-functionalized between primary voltage distribution, secondary voltage distribution, and customer accounts and service. (PPL Electric St. No. 7, p. 6.)

Costs are classified based on the primary forces driving cost-causation, which consist of: (1) the number of customers; (2) the need to serve peak demands, and (3) the amount of electricity consumed. However, since generation was deregulated in Pennsylvania, there are no material costs classified as energy-related. (*Id.*, pp. 6-8.)

Once costs are functionalized and classified, they are assigned[16] to individual customers or, as is generally the case for most electric utilities, to customer classes that have relatively similar service characteristics. Most costs cannot be directly assigned because the facilities used, and costs incurred, to provide distribution service are used jointly or commonly by all the customers within a class. (*Id.*) The principal allocation methods are based on the number of customers and peak demand. (*Id.*, pp. 10-14.)

Certain distribution assets, such as poles, conductors, and line transformers, are properly allocated between a customer component and a demand component. Consistent with principles set forth in the NARUC *Manual*, the customer component of those costs is identified and quantified using a minimum system study. (*See* PPL Electric St. No. 7-R, pp. 5-9.)

A minimum system study recognizes that electric distribution is a network industry and, therefore, the distribution system must connect customers to each other to efficiently move power from generation and transmission facilities to individual customers who are geographically distributed throughout a company's service territory. (PPL Electric St. No. 7-R, pp. 5-6.) A minimum system study employs the minimum-sized components currently installed by a company

transmission of electricity in interstate commerce is regulated by the FERC and, therefore, is not a regulatory function of the Commission. Therefore, only electric distribution remains within the Commission's jurisdiction and authority.

[16] (PPL Electric St. No. 7, p. 10.)

to identify the customer component of distribution system costs. (*Id.*, pp. 12-13.) All major electric distribution companies in Pennsylvania classify some portion of their distribution system plant and expenses as customer-related. (*Id.*, p. 8.) This principle was affirmed in the most recent fully-litigated electric distribution rate case[17] and in PPL Electric's fully-litigated 2012 base rate case.[18]

PPL Electric proposed using its ACOSS as the basis for allocating the revenue increase in this case. (PPL Electric St. No. 7, p. 20.) While the goal, in theory, is to bring all classes of customers to their cost of service – that is, to a rate level where the rate of return for each class is equal to the system average rate of return – the Company recognized that doing so in one case would result in substantial percentage increases for some classes and rate reductions for other classes. (*Id.*, p. 21.) Accordingly, the Company proposed mitigation measures to moderate the impact on individual rate classes. (*Id.*) Specifically, the Company proposed to: (1) cap the increase to any class to 1.5 times the overall system increase; and (2) provide no rate class with a rate reduction. (*Id.*) Applying that approach would move all classes closer to their cost of service while assuring that the increase to any one class is moderated. (*Id.*)

Witnesses for other parties submitted testimony addressing the Company's proposed ACOSS, as follows:

- I&E Witness Cline observed that the Company's ACOSS in this case employs the same methodology used in PPL Electric's 2015 base rate case and recommends no adjustments to the Company's ACOSS. (I&E St. No. 4, p. 7.)

- OCA Witness Johnson proposed an alternate approach to classifying certain distribution costs in lieu of the minimum system study used to identify a customer component of those distribution costs. Mr. Johnson also proposed that primary distribution costs be classified as 100% demand. (OCA St. 4, pp. 3-4.)

[17] *Pa. PUC v. UGI Utils., Inc. – Elec. Div.*, Docket Nos. R-2017-2640058, et al., pp. 159-60 (Order entered Oct. 25, 2018).

[18] *Pa. PUC v. PPL Elec. Utils. Corp.*, Docket Nos. R-2012-2290597, et al., pp. 112-13 (Order entered Dec. 28, 2012).

- OSBA Witness Ewen did not prepare his own ACOSS and relied on the Company's ACOSS "because the Company's approach is consistent with the methodology that has been approved by the Commission." (OSBA St. No. 1, p. 3.)

- EJA Witness Rábago recommended that the Commission reject the use of the minimum system to classify costs.[19] (EJA St. No. 1, p. 6.)

- PPLICA Witness LaConte stated, "PPL's class cost-of-service study (CCOSS) generally comports with industry practice" and "should be used to apportion any change in delivery revenues approved" in this proceeding. (PPLICA St. No. 1, p. 2.)

- Walmart Witness Lyon stated that "Walmart does not take a position on the Company's proposed COSS at this time." (Walmart St. No. 1, p. 6.)

Based on their viewpoints about the ACOSS, other parties' witnesses took the following positions on the Company's proposed allocation of the revenue increase in this case:

- Mr. Cline agreed with the Company's revenue allocation and pointed out that the Company's proposal moves each rate class toward the system average rate of return. (I&E St. No. 4, p. 6.)

- Mr. Johnson agreed with the Company revenue allocation methodology. (OCA St. 4, p. 28.)

- OCA Witness Colton and CAUSE-PA Witness Cicero opposed the Company's proposal to eliminate Rate RTS and transfer current Rate RTS customers to Rate RS because they believed that the bill impacts to current Rate RTS customers would be too great. (OCA St. 8, pp. 101-103; CAUSE-PA St. 1, pp. 34-36.)

- Mr. Ewen stated that the Company's revenue allocation is directionally consistent with the results of the ACOSS, but he recommended assigning a somewhat higher increase to the RS class and a correspondingly lower increase to the GS-1 class. (OSBA St. No. 1, p. 11.)

- Ms. LaConte recommended lowering the cap on the increase to any class to 1.3 times the system average increase to prevent substantial increases to the RTS and LP-4 classes. (PPLICA St. No. 1, pp. 2-3.)

- Mr. Lyon stated that "Walmart does not oppose the Company's revenue allocation proposal at this time." However, in the event the Commission approves a lower revenue requirement, he proposed a mechanism to re-distribute the reduction among the various

[19] Mr. Rábago also proposed that the Commission direct the Company to use the "basic customer method" to classify costs to be included in the fixed customer charge for residential customers in future rate cases and direct the Company to include in the customer charge only those costs that vary with the number of customers. (EJA ST. No. 1, p. 6.)

classes by allocating 50% of any revenue reduction as "first dollar" relief to specified classes. (Walmart St. No. 1, p. 6.)

PPL Electric addressed the testimony of Mr. Colton and Mr. Cicero by explaining that Rate RTS customers were already receiving substantial subsidies and, therefore, would have to receive a relatively large increase whether or not Rate RTS were eliminated. (PPL Electric St. No. 8-R, pp. 19-22.) The Company also argued that Rate RTS was closed to new customers 30 years ago because thermal storage did not provide load management benefits that justified the significant subsidy that the RTS class received. (PPL Electric St. No. 8, p. 12, 19-20.)

PPL Electric responded to Mr. Ewen's testimony by explaining that the revenue increase allocated to Rate GS-1 was reasonable and consistent with the principle of gradualism. (PPL Electric St. No. 7-R, p. 21.) The Company also explained that Ms. LaConte's proposal to impose a cap of 1.3 to further mitigate the increases to Rate RTS and LP-4 customers provided insufficient movement toward reducing inter-class subsidies. (*Id.*, pp. 21-22.)

Further, the Company responded to Mr. Lyon's testimony by explaining that it was inappropriate to tie the allocation of revenues to an assumed level of decrease in total revenue requirement. (PPL Electric St. No. 7-R, p. 22.) In addition, the approach Mr. Lyon proposed does not provide any objective standard to determine whether Walmart's proposal would actually ensure that no class would receive an increase that exceeds its cost of service. (*Id.*, pp. 22-23.)

The Joint Petitioners reached a resolution on the issues relating to the ACOSS and revenue allocation by adopting an innovative approach. Specifically, the Joint Petitioners agreed to establish a cost-of-service benchmark based on an 80%/20% weighting of the Company's and the OCA's ACOSS results, respectively. This agreement is supported by the Company's and OCA's evidence. The Company proposed an ACOSS that employed a minimum system study to identify a customer component of distribution system costs, while the OCA opposed using a minimum

system study but agreed that some recognition of a customer-component of distribution costs would be reasonable and acceptable.[20]

In addition, the Joint Petitioners agreed to further mitigation consisting of two elements: (1) Rate RTS would be retained; and (2) the increases to both Rate RTS and Rate LP-4 would be capped at 1.3 times the system average increase, with the amounts not recovered from those classes that is attributable to the additional mitigation being spread across the other customer classes. (Settlement ¶¶ 52-53.) The agreement reached on revenue allocation is embodied in Paragraphs 52 and 53 of the Settlement, as follows:

> 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*.

The Commission has long recognized that cost of service studies, while important, are most useful as a "guide" and, as such, must be employed, along with other factors, in reaching a judgment about a reasonable allocation of revenues among customer classes. The Commission explained this deliberative process in a recent base rate case, as follows:

> The Commission uses the results from cost-of-service studies as a guide in developing appropriate customer class rates. Nevertheless, as we have stated in past rate decisions, cost of service studies are tools to be used in the ultimate design of customer rates, but they are necessarily subject to the philosophies of the analysts preparing them. We, therefore, emphasize that appropriate judgment and discretion is required in analyzing the cost-of-service studies and using them to help set the final customer class rates based on the evidentiary record.[21]

[20] Mr. Johnson recommended using a minimum system study that isolated only the labor component of minimum system costs as customer related. (*See* OCA St. 4, p. 22.)

[21] *Pa. PUC v. Columbia Gas of Pa., Inc*., Docket Nos. R-2022-3031211, et al., 2022 Pa. PUC LEXIS 402, at *47 n.11 (Order entered Dec. 8, 2022).

Thus, the Joint Petitioners have reached a reasonable compromise on an issue that necessarily involves the exercise of judgment applied to a range of factors. The agreed-upon revenue allocation moves all customer classes closer to their cost of service (i.e., class rates of return all move closer to 1.0) while, at the same time, adopting sensible mitigation measures to avoid imposing inappropriately large increases on any class. Therefore, the revenue allocation provisions of the Settlement are reasonable and in the public interest and should be approved.

C. RATE DESIGN

As discussed in the preceding section, revenue allocation is the process of identifying the "target" revenues that each class of customers should pay to move each class closer to its cost of service, while, at the same time, giving due consideration to the principle of gradualism by adopting appropriate mitigation measures to assure no class receives a disruptively large increase. Rate design involves the design of the rates to recover the revenues from each customer class without undue discrimination to customers at different usage levels.

Consistent with the principle of cost-causation, a sound, non-discriminatory rate design strives to recover costs from customers within each class based on the factors that drive how those costs are incurred. As such, costs that do not vary based on either demand or energy usage should properly be recovered in a fixed customer charge. Costs that vary based on demand or energy are properly recovered through variable distribution charges that reflect customers' demand or energy use.[22] In short, the customer charge is designed to recover costs that are "fixed" on a per customer

[22] As explained in the prior section, because of the restructuring of the electric industry in Pennsylvania, energy usage is not part of distribution rates. Customers can choose to shop for their electricity from third-party energy suppliers or obtain default service through their incumbent electric utility on a pure "pass-through" basis under a Commission-supervised procurement process designed to provide the lowest costs over time to customers that choose default service. *See* 66 Pa. C.S. §2807(e) (detailing the Commission-supervised procurement process). For a variety of reasons including customer understandability and rate stability and continuity, PPL Electric's Rates RS (residential service) and GS-1 (small general service) customers (like comparable rate classes of other electric distribution companies) continue to have a variable distribution rate based on kilowatt hours of usage. The Company's other major general service classes have variable distribution rates that are based on demand.

basis, while variable distribution charges are designed to recover costs that vary based on each customer's demand or energy. The principal area of disagreement in this case focused on the Company's proposed customer charge for Rate RS.

PPL Electric proposed a Rate RS customer charge of $17.00 per month. (PPL Electric St. No. 8, p. 10.) The Company's current base customer charge for Rate RS is $14.09, which was established in its 2015 base rate case. However, various distribution riders apply to the customer charge as well as the variable distribution charges. Accordingly, after applying those riders, the effective customer charge Rate RS customers actually pay is currently $15.58. (PPL Electric St. No. 18-R, p. 14.) The Company submitted a detailed analysis of the fixed customer costs for the Rate RS class. If all fixed costs (i.e., all costs that vary based solely on the number of customers unrelated to levels of demand or energy usage) are included in the customer cost analysis, the total for Rate RS is $42.96.[23] (PPL Electric St. No. 7, p. 24.) PPL Electric Witness Rimal also prepared a cost analysis that excluded all of the fixed customer-related costs identified by Mr. Rimal's minimum system study. This analysis showed total fixed customer-related costs of $22.27. (PPL Electric St. No. 7-R, p. 19.) Thus, even if the customer component of distribution system costs identified by the minimum system study are excluded, PPL Electric's fixed customer costs for the Rate RS class exceed $17.00 per month. (*Id.*)

For its other major rate classes, PPL Electric proposed the following customers charges: (1) $30.00 per month for Rate GS-1; (2) $78.00 per month for Rate GS-3; (3) $235.00 per month for Rate LP-4; and (4) $973.44 per month for Rate LP-5. (PPL Electric St. No. 8, pp. 14-18.)

Neither I&E nor OSBA proposed changes to the customer charges proposed by the Company. (*See* I&E St. No. 4, p. 6; OSBA St. No. 1, p. 13.) SEF proposed that the Company's

[23] The cost analysis was revised in rebuttal to $44.13. (*See* PPL Electric St. No. 7-R, p. 19.)

Rate RS customer charge should be raised to the full amount identified in Mr. Rimal's customer cost analysis ($42.96 subsequently revised to $44.13). (SEF St. No. 1, pp. 11-12.) OCA opposed PPL Electric's proposed increase in the Rate RS customer charge. (OCA St. 4, pp. 31-39.) However, OCA stated that if the Commission were inclined to increase the Rate RS customer charge, it should not be set above the current base customer charge plus applicable rider charges of $15.58. (OCA St. 4, p. 4.) CAUSE-PA, CEO, and EJA opposed increasing the Rate RS customer charge on grounds similar to those stated by OCA, namely, that the customer charge sends inappropriate price signals that could inhibit conservation by customers. (CAUSE-PA St. 1, pp. 26-31; CAUSE-PA St. 1-SR, pp. 14-17; CEO St. No. 1, pp. 4-6; EJA St. No. 1, pp. 44-45, 80.) CAUSE-PA and CEO argued that PPL Electric's current customer charge of $14.09 should be maintained, while EJA proposed using a "basic customer cost" analysis to determine the customer charge and proposed reducing the Company's customer charge to $10.20. (*Id.*)

The "basic customer cost" method advocated by witnesses for OCA and EJA would eliminate from the costs properly recognized in the customer charge all indirect and overhead costs. (PPL Electric St. No. 7-RJ, p. 5.) However, the Commission has previously rejected the use of the basis customer cost method because it fails to include costs that should properly be recognized for inclusion in the customer charge.[24] In fact, the Commission followed this same approach of recognizing indirect an overhead costs in the Company's 2012 base rate case.[25]

The only other rate design issue was the Company's proposal to eliminate Rate RTS for thermal storage and migrate all customers currently on that rate to Rate RS. (PPL Electric St. No.

[24] *See Pa. PUC v. Aqua Pa., Inc.*, Docket Nos. R-00038805, et al., 2004 Pa. PUC LEXIS 39, at *98 (Order entered Aug. 5, 2004) ("[W]e find that it is reasonable and proper to include allocated portions of indirect costs, such as employee benefits, local taxes and other general and administrative costs, in a [customer] cost study.").

[25] *Pa. PUC v. PPL Elec. Utils. Corp.*, Docket Nos. R-2012-2290597, et al., p. 131 (Order entered Dec. 28, 2012).

8, p. 12.) Rate RTS has been closed to new customers since 1995 and has approximately 11,509 residential customers currently served on that rate. (*See* CAUSE-PA St. 1, pp. 7-8.) As explained previously, the Company proposed to eliminate Rate RTS in recognition of the fact that residential thermal storage did not provide load management benefits that justified the significant subsidy the RTS class already receives. (PPL Electric St. No. 8, p. 12; PPL Electric St. No. 8-R, pp. 19-20.)

Various parties opposed the elimination of Rate RTS principally on the grounds that the customers currently served under that rate schedule would experience a significant increase if the migration to Rate RS were approved. (*See* CAUSE-PA St. 1, pp. 31-32; OCA St. 4, p. 40.)

The Settlement reflects a reasonable compromise of the parties' positions. The Rate RS base customer charge would be set at $15.00, which is higher than the Company's existing base Rate RS customer charge but still less than the effective customer charge Rate RS customers are now paying customers including distribution rider charges. (Settlement ¶ 54; PPL Electric St. No. 8-R, p. 14.) The customer charges for Rates GS-3 and LP-4 are being set as proposed by PPL Electric without scaling back those charges. (Settlement ¶¶ 55-56.) The Settlement also provides that Rate RTS will not be eliminated and that customers on that rate will not be migrated to Rate RS. (Settlement ¶ 57.) To address the increase that the Rate RTS class would receive, the Joint Petitioners agreed to a further mitigation measure that caps the increase to Rate RTS at 1.3 times the total-company average increase. As explained in Section II.B, *supra*, the further mitigation provided to Rate RTS customers and to Rate LP-4 customers will be recovered through modest additional increases to other rate classes.

For these reasons, the Settlement achieves an appropriate balance among the factors that, collectively, determine a reasonable and non-discriminatory rate design for each of the Company's

rate classes. Thus, the rate design provisions of the Settlement are reasonable and in the public interests and should be approved without modification.

D. DISTRIBUTION SYSTEM IMPROVEMENT CHARGE ("DSIC")[26]

As noted previously, the Company proposed rolling various riders into base rates, including the DSIC capital investment and associated depreciation and tax effects. (PPL Electric St. No. 13, p. 7.) The DSIC also would be reset to 0% upon implementation of new base rates. (*Id.*) The Settlement memorializes these undisputed parts of the Company's rate case filing and is consistent with Section 1358(b) of the Public Utility Code. *See* 66 Pa. C.S. § 1358(b); (Settlement ¶ 59).

In addition, the Settlement provides that 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. (Settlement ¶ 60.) The Statement clarifies that 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. (Settlement ¶ 60.) Moreover, as referenced in Section II.A, *supra*, the Settlement specifies that 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

[26] PPL Electric notes that this header in the Settlement contains a typographical error, defining DSIC as "Distribution Service Improvement Charge," when it should read "Distribution System Improvement Charge."

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). (Settlement ¶ 61.)

All these DSIC-related provisions help resolve any ambiguity as to the base rate case's impact on and the calculation of the DSIC. Accordingly, these provisions of the Settlement are reasonable and in the public interest and should be approved without modification.

E. STORM DAMAGE EXPENSE RIDER ("SDER")

The Company's SDER was approved as a part of its 2015 Rate Case and is a Section 1307(a) automatic adjustment rider that recovers actual storm damage operating and maintenance expenses resulting from Commission-reportable storms. (PPL Electric St. No. 13, p. 9.) The Company recovers storm damage expenses from non-reportable storms through base rates. (*Id*.) The current SDER recognizes that base rates provide for the recovery of $14.7 million annually in storm damage expenses for reportable storms, so the SDER recovers from or refunds to customers only applicable expenses from reportable storms that are greater than or less than, respectively, the $14.7 million recovered annually through base rates. (PPL Electric St. No. 13, pp. 9-10.) There is another $5.3 million in the current base rates associated with the amortization of extraordinary storms as well, as approved in the Company's 2015 Rate Case. (PPL Electric St. No. 13, p. 10.) A storm event with storm damage expenses exceeding 5% of the Company's annual distribution net income is considered "extraordinary" for SDER recovery purposes. (PPL Electric St. No. 13-R, p. 5.) Additionally, costs from "major" storm events, are recovered in the SDER, plus interest, over three years and are reflected in SDER Rates commencing in the application year after the storm occurred. (PPL Electric St. No. 13-R, pp. 4-5.)

PPL Electric proposed to continue amortizing major and extraordinary storm expenses over three years for recovery through its SDER. (PPL Electric St. No. 13-R, p. 5.) The Company also proposed to increase the baseline for Commission-reportable storm damage expenses from $14.7

million to $32 million, and to modify the SDER to include the recovery of an additional $10.5 million for expenses related to non-reportable storms. (PPL Electric St. No. 13, pp. 11-12.)

I&E opposed the Company's proposal to include the $10.5 million for expenses related to non-reportable storms in the SDER. (I&E St. No. 1, p. 12.) I&E also recommended that the Company clarify language in its tariff regarding the three-year amortization period for major storms. (I&E St. No. 1, pp. 12-13.) Additionally, while I&E initially disputed the Company's proposed $32 million baseline for Commission-reportable storm damage expenses, I&E later withdrew its recommended adjustment related to this amount. (I&E St. No. 1-SR, p. 13.) Thus, no party in the case ultimately disputed the $32 million claim for expenses associated with reportable storms.

In the Settlement, the Joint Petitioners agreed that under the SDER, the R Factor for July 1, 2026, and thereafter, unless modified by the Commission in a subsequent base rate case, shall equal $32,000,000, which for purposes of this SDER constitutes the amount of expense from reportable storms currently recovered through base rates. (Settlement ¶ 62.) To the extent that actual eligible storm damage expenses associated with reportable storms are more or less than the $32,000,000 that PPL Electric is recovering through base rates, this over/under collection will be refunded/recouped during the applicable SDER recovery period. (Settlement ¶ 63.) The SDER rate effective July 1, 2026, shall continue to reflect and be designed to recover the amortizations of extraordinary storm events, including the two extraordinary storm events from 2024. (Settlement ¶ 64.) Finally, as part of its compliance Retail Tariff filing, PPL Electric will revise the SDER tariff language to clarify what costs can be amortized and the methodology for how those amortization amounts will be recovered. (Settlement ¶ 65; Settlement Appx. G.)

The Settlement reflects a reasonable compromise of the parties' positions. Under the Settlement, PPL Electric will not include the expenses from non-reportable storms in the SDER, as the Company originally proposed in this matter. As for Commission-reportable storm damage expenses, no parties ultimately opposed the Company's proposed $32 million baseline for those expenses. Therefore, the Settlement, in allowing the R Factor for July 1, 2026, to equal $32 million, accurately represents the positions of the parties on that expense claim and will allow the Company to appropriately recover expenses related to reportable storms, while establishing an accurate baseline of such expenses for the SDER. Additionally, the Company's revision of the SDER tariff language will provide clarity to help resolve I&E's concerns with the existing language in the tariff. For these reasons, the SDER-related provisions of the Settlement are reasonable and in the public interest and should be approved without modification.

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

1. Termination of Service Procedures

PPL Electric did not propose any changes to termination of service procedures in its initial filing. However, OCA raised issues concerning the Company's training of field technicians to provide personal contact prior to termination, alleging, among other things, that there were deficiencies in the Company's written training materials for those personnel. (OCA St. 7, pp. 25-26.) OCA pointed to the Company's obligations under its 2016 remote involuntary termination settlement at Docket No. P-2016-2524581, detailing various termination procedures in which field representatives must receive training, asserting that the Company's current written training materials do not reflect all of these requirements. (OCA St. 7, pp. 26-27.)

PPL Electric responded to those allegations in its rebuttal testimony, denied that its existing training on personal contact was deficient, and argued that it was complying with its obligations

to provide personal contact prior to termination. (PPL Electric St. No. 18-R, pp. 17-18.) Further, the Company noted that personal contact training for field technicians is delivered verbally as part of their onboarding process. (PPL Electric St. No. 18-R, pp. 16-17.) The Company stated, however, that it would be willing to revise its written training materials to include personal contact requirements. (PPL Electric St. No. 18-R, p. 17.)

Under the Settlement, PPL Electric will revise its written training materials for new field technicians by July 1, 2027, 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. (Settlement ¶ 66.) The Company will revise its training and training materials to be consistent with the terms of the settlement. (Settlement ¶ 66.) Although PPL Electric disputed OCA's allegations, these Settlement provisions are designed to strengthen the Company's existing training materials, bolster the training received by PPL Electric's personnel, and help ensure that the Company complies with its obligations related to termination of service procedures. As such, these provisions are reasonable and in the public interest and should be approved.

2. Medical Certificates

In its direct testimony, CAUSE-PA raised some concerns regarding PPL Electric's process for accepting medical certificates, alleging that PPL Electric's call scripts do not clearly explain payment obligations during active medical certificates, that the process for submitting medical certificate forms is too restrictive, and that bills do not adequately inform customers with active medical certificates of their payment responsibilities. (CAUSE-PA St. 1, p. 105.) CAUSE-PA also claimed that PPL Electric does not offer sufficiently flexible payment arrangements for customers with an active medical certificate. (*Id.*)

In rebuttal, PPL Electric disagreed with CAUSE-PA's claims regarding the Company's methods regarding medical certificates. Specifically, PPL Electric disputed that the Company's call scripting fails to accurately and adequately inform customers about payment requirements for active medical certificates, that the Company's process for customers to submit medical certificate forms is overly restrictive, and that the Company should modify its monthly billing for customers with active medical certificates. (PPL Electric St. No. 18-R, pp. 22-24.) The Company bolstered its position by explaining that: (1) PPL Electric's customer service representatives are trained on the Commission's requirements governing medical certificates and are required to relay that information to customers during contacts about billing and termination issues; (2) PPL Electric provides information and the medical certificate form to customers through a variety of methods, including on its website and by email; and (3) PPL Electric's bills provide all the information required under the Commission's regulations, including 52 Pa. Code § 56.15, which do not require the information proposed by CAUSE-PA. (*Id.*)

In the interest of settlement, PPL Electric has agreed to make changes to its medical certificate processes and procedures. By July 1, 2027, PPL Electric will update its call scripting and training materials for the customer service representatives and revise these documents so that PPL Electric's representatives are correctly informing customers that they may continue to renew their medical certificates past two renewals if they are able to pay their current charges and will direct customers seeking medical protections to where they can find additional informational materials (as developed pursuant to this paragraph) on the Company's website. (Settlement ¶ 67.) PPL Electric will also develop Plain Language[27] informational materials for households protected by a medical certificate, which will be posted on the Company's website. (Settlement ¶ 67.) These

[27] As utilized in the Settlement, the term "Plain Language" is intended to refer to the Commission's policy statement on plain language guidelines. *See* 52 Pa. Code § 69.251.

informational materials will include a summary of the rights and obligations while protected by a medical certificate, and a sample bill showing where the customer can find the amount of their bill that constitutes their current charges, which need to be paid to continue renewing their medical certificate. (Settlement ¶ 67.) Within 180 days of the effective date of rates, PPL Electric will provide a draft of its revised call scripting, training materials, and informational materials to the parties to this proceeding and will evaluate recommendations received from the parties on a good-faith basis. (Settlement ¶ 67.) As a result, the Settlement strikes a reasonable balance between the interests of CAUSE-PA and the Company, while helping ensure that PPL Electric's medical certification processes and procedures are updated, compliant, and easier for customers to understand. Thus, these Settlement provisions are reasonable and in the public interest and should be approved.

3. Call Center Performance

OCA raised concerns with the Company's third-party call center performance standards, claiming that they do not ensure compliance with Chapter 56 and that PPL Electric has not adequately audited, documented, or acted on vendor violations. (OCA St. 7, pp. 14-15.) OCA recommended that the Company: (1) update vendor-provided training materials to reflect current Pennsylvania policies and PPL Electric commitments; (2) conduct regular Chapter 56 compliance audits of call centers; (3) expand audits beyond complaint-based or call-monitoring reviews to proactively identify problematic actions or transactions; (4) include contract provisions allowing penalties tied to audit findings and Bureau of Consumer Services ("BCS") infractions; and (5) maintain audit documentation for discovery in future base rate cases or complaint investigations. (OCA St. 7, pp. 5-6.) OCA also asserted that PPL Electric's call center performance is below average and recommended that the Company be required to conform to the average performance

of other Pennsylvania EDCs by answering 80% of calls within 30 seconds and achieving an abandonment rate of less than 9%. (OCA St. 7, pp. 6-7.)

In its rebuttal, PPL Electric disagreed with most of these recommendations and provided key context for OCA's concerns. PPL Electric stated that it takes its responsibility to provide quality customer service to its customers seriously. (PPL Electric St. No. 18-R, p. 3.) It explained that it continually evaluates changes to its customer service processes and procedures, including updates to training materials or adjustments to its customer service representative staffing, and upgrades to its IT that can improve customer experience, all with a goal to provide quality customer service that exceeds its peer electric utilities in Pennsylvania. (PPL Electric St. No. 18-R, p. 3.) Further, regarding concerns that the Company has not adequately acted on vendor violations, PPL Electric noted that it can impose penalties under its contracts with third party call center if there are sustained performance issues. (PPL Electric St. No. 18-R, p. 15.) The Company also indicated that the Commission's 2024 Customer Service Performance Report as well as the results of the Company's customer service survey showed that PPL Electric's efforts in these areas are producing favorable results. (PPL Electric St. No. 18-R, pp. 3-5.)

Regarding OCA's recommendations on training materials and third-party call centers, PPL Electric disagreed with Items 1 through 4 and in part with Item 5. (PPL Electric St. No. 18-R, pp. 11-12.) PPL Electric argued that its training materials for the third-party call centers do not need to be updated, that the Company provides proper oversight of its call centers and takes corrective action when needed, and that the Company cannot update its contract with the third-party call center vendor until the contract renews. (PPL Electric St. No. 18-R, p. 11.) Thus, as a practical matter, some of the requested changes are not possible. (PPL Electric St. No. 18-R, p. 11.) The Company also noted that it maintains comprehensive compliance mechanisms that ensure

adherence to all applicable Commission regulations, including Chapter 56. (PPL Electric St. No. 18-R, p. 10.) Further, although the Company would retain copies of any audits and investigations of the call center's performance, no determination as to the discoverability of such materials needs to be made in this case. (PPL Electric St. No. 18-R, pp. 11-12.)

On the Company's call center performance, PPL Electric is taking several steps to improve its performance in the Commission's metrics for call abandonment rate and calls answered within 30 seconds, such as adding internal and external resources and enhancing self-service functionality. (PPL Electric St. No. 18-R, pp. 5-6.) Regarding calls answered within 30 seconds specifically, PPL Electric noted that it was the only major electric utility in the Commission's report that does not include Interactive Voice Response ("IVR") calls in the calculations for this metric for 2024, per Commission guidance. (PPL Electric St. No. 18-R, pp. 5-6.) This key distinction was recognized by the Commission in its report, with the Commission indicating that comparisons of utilities across the industry are not valid. (PPL Electric St. No. 18-R, p. 6.)[28] The Company stated that the inclusion of IVR would improve the Company's metric and would result in 74% of calls being answered within 30 seconds for 2024. (PPL Electric St. No. 18-R, p. 6.)

The Settlement reflects a reasonable compromise of the parties' positions. Under the Settlement, 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. (Settlement ¶ 68.) 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. (Settlement ¶ 69.) To the extent that PPL Electric is unable to achieve this

[28] Citing PaPUC 2024 Customer Service Performance Report, p. 29 (Dec. 2025), *available at* https://www.puc.pa.gov/media/3762/2024-customer-service-performance-report-final.pdf.).

level of performance, PPL Electric will promptly meet with the parties to discuss those areas of challenge and its plan to improve service levels. (Settlement ¶ 69.) 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 IVR calls. (Settlement ¶ 70.) As a result, the Settlement addresses a variety of customer service issues and recommendations related to the Company's call center performance in this proceeding. The provisions properly balance the parties' competing positions, reflect the time needed for PPL Electric to implement these provisions of the Settlement, and clarify how the Company's performance under these provisions will be evaluated. For these reasons, the Settlement provisions are reasonable and in the public interest and should be approved without modification.

4. Root Cause Analysis

The Company did not make any proposals in its initial filing related to root cause analyses. However, in its direct testimony, OCA contended that PPL Electric does not perform regular root cause analyses of customer complaints and findings from BCS. (OCA St. 7, p. 7.) OCA recommended that the Company begin performing these regular root cause analyses by investigating customer complaints and BCS findings, formally tracking recommendations received, documenting steps taken in response to complaints and BCS findings, and evaluate, on an ongoing basis, whether its response to the root cause evaluations have achieved their intended purpose. (OCA St. 7, p. 7.)

While the Company stated that it is not opposed to performing root cause analysis and that it already does so for major issues, PPL Electric also argued that root cause analyses are not appropriate for every situation and that individual remedial training may be more appropriate for routine incidents and corrections. (PPL Electric St. No. 18-R, p. 15.)

Per the Settlement, 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. (Settlement ¶ 71.) 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. (*Id.*)

These Settlement provisions are a reasonable compromise of the parties' positions. The Company has agreed to perform the root cause analysis and will make the results of the same available to I&E, OCA, OSBA, and CAUSE-PA. At the same time, PPL Electric will not be performing the analyses to an extent that is unreasonable or performing the analyses in place of better remedial alternatives, such as individual remedial training. As such, these provisions are reasonable and in the public interest and should be approved.

5. Confirmed Low-Income Customers

In its direct testimony, OCA recommended expanding PPL Electric's definition of confirmed low-income ("CLI") customers. Specifically, OCA recommended (1) accepting the same documentation used for deposit exemption eligibility; (2) treating anyone who received a Low Income Home Energy Assistance Program ("LIHEAP") grant in the current or prior two years as CLI; (3) allowing customers removed from CAP for failure to recertify to retain CLI status for 12 months; (4) postponing disconnection for CLI customers who wish to apply for CAP until the application is completed; and (5) requiring PPL Electric to give CLI customers a plain language

notice—before entering a payment arrangement—explaining CAP, arrearage forgiveness benefits, and ensuring customers knowingly choose between CAP and a deferred payment arrangement ("DPA"). (OCA St. 8, pp. 4-5.) CAUSE-PA also made several recommendations related to CLI customers, including, in relevant part, that PPL Electric revise its policies and procedures to ensure low income customers are identified at the time a payment arrangement is assessed through PPL Electric's IVR systems and transferred to a customer service representative to apply for CAP and/or the hardship fund or otherwise be assessed for an income-based payment arrangement. (CAUSE-PA St. 1, p. 104.)

In rebuttal, PPL Electric disagreed with OCA and CAUSE-PA's recommendations, arguing that: (1) the Company's confirmed low-income identification process is consistent with Commission regulations and the CAP Policy Statement, as the Company accepts multiple forms of verification, including verbal income verification, LIHEAP confirmation, and OnTrack enrollment; and (2) the Company already informs every customer of its assistance programs, including CAP, when a customer requests a payment arrangement. (PPL Electric St. No. 18-R, pp. 30-32.) Further, PPL Electric stated that some of OCA's recommendations, including expanding the definition of CLI to include Supplemental Nutrition Assistance Program ("SNAP") or multi-year LIHEAP lookbacks, are better suited for a Universal Service and Energy Conservation Plan ("USECP") proceeding and not a base rate case proceeding. (*Id.*) PPL Electric Witness Norden also noted the Company's ongoing efforts to utilize self-service recertification tools and proactive outreach to reduce CAP attrition, as well as data-sharing agreements with the Pennsylvania Department of Human Services ("DHS") to broaden identification of CLI customers. (*Id.*, pp. 30-31.)

Under the Settlement, the Joint Petitioners have achieved a reasonable resolution of these issues. PPL Electric has agreed to 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 its CAP within the last 12 months. (Settlement ¶ 72.) Additionally, beginning January 1, 2027, before PPL Electric enters into a DPA with a customer which the Company either: (1) knows to be a CLI 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 arrearage forgiveness benefits. (Settlement ¶ 73.) PPL Electric will develop this Plain Language notice in collaboration with its Universal Service Advisory Committee ("USAC"). (Settlement ¶ 73.) Thus, the Settlement's modifications to the Company's CLI definition and payment arrangement process strike a reasonable balance between the interests of the Company, OCA, and CAUSE-PA, are reasonable and in the public interest, and should be approved without modification.

6. Maximum CAP Credits

OnTrack is the Company's CAP, a special payment program for payment troubled low-income households at or below 150 percent of the Federal Poverty Income Guidelines ("FPIG"). (PPL Electric St. No. 18-R, p. 27.) Under PPL Electric's CAP, participating customers pay a reduced bill that is based on the selected CAP rate (Percent of Income Payment ("PIP"), average bill, or minimum bill). (CAUSE-PA St. 1, p. 52.) The difference in cost between the customer's CAP rate and their full tariff residential rate is known as the CAP revenue shortfall or CAP credit. (CAUSE-PA St. 1, p. 52.) The amount of assistance provided to a customer under CAP is limited to the maximum CAP credit amount; those credit limits are tiered based on the customer's heating source and income, i.e., customers with lower incomes have a higher maximum CAP credit as do

customers with electric heating. (CAUSE-PA St. 1, pp. 52-53.) When customers reach their CAP credit limit, they are transferred to OnTrack Budget Billing ("OTBB"). (CAUSE-PA St. 1, p. 51.)

Though the Company did not propose changes to the maximum CAP credit as part of its initial filing, CAUSE-PA recommended that PPL Electric be required to eliminate its maximum CAP credit policy or, alternatively, increase the credit limits by at least 60%, asserting that the current limits are insufficient. (CAUSE-PA St. 1, pp. 54-55, 60-62.) PPL Electric disagreed with CAUSE-PA's recommendation, arguing that the Company's current maximum CAP credit covered approximately 90% of all OnTrack participants and has resulted in an 89% success rate and that there is a process in place to allow for exceptions to maximum cap credit for eligible customers. (PPL Electric St. No. 18-R, pp. 52-53.) I&E also opposed CAUSE-PA's recommendation, reasoning that CAUSE-PA's proposal would impact all non-CAP residential customers by increasing the amount of CAP costs. (I&E St. No. 2-R, pp. 5-8.)

Under the Settlement, the Joint Petitioners have reached an agreement that resolves CAUSE-PA's recommendation. Beginning January 1, 2027, PPL Electric will increase its maximum CAP credits as follows:

FPL Tier	Account Classification	12-Month Maximum Credit Limit
0% to 50%	Electric Heat	$5,040
51% to 100%	Electric Heat	$4,000
101% to 150%	Electric Heat	$3,440
0% to 50%	Non-Electric Heat	$3,120
51% to 100%	Non-Electric Heat	$2,400
101% to 150%	Non-Electric Heat	$2,000

(Settlement ¶ 74.) In the earlier of its next filed rate case or its next default service petition, PPL Electric will propose an adjustment to the maximum CAP credit thresholds to account for proposed adjustments in generation and distribution rates in the interim or will explain why it does not believe any such adjustment is necessary. (Settlement ¶ 74.) Consequently, the Settlement incorporates CAUSE-PA's alternative recommendation to increase the maximum CAP credit limits by 60%, which, when viewed as a part of the overall Settlement, is a reasonable compromise of the parties' competing litigation positions. Furthermore, these increased maximum CAP credit limits will help CAP customers pay down more of their balances in arrears, while being mindful of the downstream costs that elimination of the limits entirely would have had on Universal Service Rider ("USR") costs. Thus, this provisions is reasonable and in the public interest and should be approved without modification.

7. Low-Income Usage Reduction Program ("LIURP")

WRAP is the Company's LIURP, a statutorily-mandated universal service program which helps customers reduce their electric bills and improve comfort through weatherization measures. (PPL Electric St. No. 18-R, p. 27.)

Several parties recommended an increase in the Company's annual LIURP budget. CAUSE-PA recommended an increase in the Company's annual LIURP budget by $2.4 million. (CAUSE-PA St. 1, pp. 74-79.) CEO recommended an increase in the annual budget of $900,000. (CEO St. No. 1, pp. 7-8.) SEF recommended an increase of at least $2 million in year one, with an additional increase in the budget by 5% each following year until the program has assisted at least 50% of low-income households within the Company's service territory, or until the Company's next base rate case. (SEF St. No. 1-R, pp. 1-2.) Finally, I&E stated that, while an increase "may be necessary," it is important to consider that increases in the LIURP budget should be balanced against USR costs for other customers. (I&E St. No. 2-R, pp. 8-9.)

The Company initially disagreed with the parties' proposed increases to the annual LIURP budget, contending, in part, that its LIURP budget had increased by $2 million in its most recent USECP proceeding. (PPL Electric St. No. 18-R, pp. 57-58, 61; PPL Electric St. No. 18-SR, pp. 3-4.) However, the Company stated in its surrebuttal testimony that it would be willing to consider an adjustment to the annual LIURP budget. (PPL Electric St. No. 18-SR, p. 4.)

Under the Settlement, beginning January 1, 2027, PPL Electric will increase its LIURP annual budget by $1.5 million for a total of $13.5 million. (Settlement ¶ 76.) PPL Electric also will roll over any unspent budgeted amounts in any year to the next year's LIURP budget. (Settlement ¶ 76.) This amount in the LIURP budget represents a reasonable middle ground of the parties' proposals, providing for an increase in the budget that will improve the program's reach, while considering the resulting USR costs for other customers and the Company's most recent LIURP budget increase from its USECP proceeding. Therefore, this provision of the Settlement is reasonable and in the public interest and should be approved.

8. Customer Screening

In his direct testimony, CAUSE-PA Witness Cicero made recommendations regarding the Company's CAP enrollment efforts, specifically how to better screen customers for CAP eligibility. (CAUSE-PA St. 1, p. 63-74.) To increase the Company's screening efforts, Mr. Cicero proposed, among other things, to: (1) use DHS Data Sharing Program information to auto-enroll eligible households and file a USECP amendment within 120 days; (2) conduct routine income and CAP-eligibility screening for applicants and callers; (3) offer income-screening for all new and moving customers and expand screening through phone and web; and (4) implement these screening and referral processes within 120 days. (*Id.*, pp. 69-72.)

In rebuttal, PPL Electric Witness Norden explained that the Company already participates in the DHS Data Sharing Program and uses LIHEAP information to expedite and streamline CAP

enrollment for income-qualified customers. (PPL Electric St. No. 18-R, p. 54.) Further, the Company also already has measures in place to screen customers for CAP enrollment, including multi-channel communication, targeted campaigns, in-person engagement, language accessibility, seasonal and recurring communications, enhanced digital tools, and community and stakeholder engagement. (*Id.*, p. 55.) The Company recognized that these efforts should be routinely evaluated and enhanced as necessary; however, the Company argued that the blanket screening that Mr. Cicero recommended is not practical or consistent with current customer service standards. (*Id.*, pp. 55-56.)

Under the Settlement, PPL Electric has agreed to update its customer screening process, which will be developed and implemented by July 1, 2027. (Settlement ¶ 77.) PPL Electric will develop and implement a process to screen new and moving customers for income level at the time their service is established to determine whether the customer should be: (1) classified as a confirmed low income customer; and (2) referred to the CAP application process and any other universal service programs. (Settlement ¶ 77.) Additionally, existing customers will be screened for income level on any non-emergency calls, if that customer has not been screened within the past six months and has not previously opted out of providing such information, to determine whether the customer should be: (1) classified as a confirmed low income customer; and (2) referred to the CAP application process and any other universal service programs. (Settlement ¶ 77.) As part of an overall resolution of the issues in this case, these Settlement provisions resolve the parties' positions on the Company's screening process, while also providing the time that PPL Electric needs to implement these changes. Therefore, these provisions are reasonable and in the public interest and should be approved.

9. CAP Recovery Offset

As part of its initial rate case filing, PPL Electric proposed eliminating the existing $100 CAP recovery offset. (PPL Electric St. No. 18, p. 14.) The existing CAP recovery offset was established pursuant to Paragraph 47 of the Commission-approved 2015 Rate Case Settlement, which provides:

> To address the bad debt, arrearage forgiveness, and Cash Working Capital issues raised in OCA Statement No. 4, PPL Electric will provide a fixed Universal Service Rider ("USR") credit of $100 per month for all CAP customers above 44,000. The Joint Petitioners further agree to evaluate further revisions in the USR credit and arrearage forgiveness and to recommend additional changes in the Company's next universal service proceeding. The Joint Petitioners retain the right to review and file testimony concerning any such proposals as permitted by the normal Commission process for review of the Universal Service Plan.

(PPL Electric St. No. 18, p. 14.) PPL Electric claimed its proposal to eliminate the CAP recovery offset should be approved because it more appropriately reflects how the Company recovers its bad debt expense. (PPL Electric St. No. 18, p. 14.)

OCA opposed the Company's proposal, arguing, among other things, that eliminating the existing $100 CAP recovery offset would result in double recovery because portions of CAP credits and arrearage forgiveness are already reflected in base rates. (OCA St. 8, pp. 6, 65-78.)

In rebuttal, PPL Electric responded to OCA's arguments and maintained that its proposal should be approved; however, if the Commission were to decide that the CAP Offset should remain, the Company should only pay the $100 offset amount on customers participating above the 75,000 enrollment level, which is the Company's projected CAP participation level for the FPFTY going forward. (PPL Electric St. No. 18-R, pp. 48-51.) The Company stated that the 44,000 enrollment level under current CAP recovery offset reflects the Company's average level

of customers participating in CAP at the time of the 2015 Rate Case, which established the current CAP recovery offset. (PPL Electric St. No. 18-R, p. 50.)

Under the Settlement, PPL Electric's proposal to eliminate the $100 USR CAP cost recovery offset is withdrawn without prejudice. (Settlement ¶ 78.) Further, the CAP participation threshold used for determining when to start applying the $100 credit shall be increased from 44,000 to 75,000. (Settlement ¶ 78.) These provisions reflect a reasonable compromise of the parties' positions, by preserving the Company's right to propose, in a future proceeding, the elimination of the CAP cost recovery offset, while updating the enrollment level under the CAP cost recovery offset to reflect the CAP participation level for the FPFTY. Therefore, these provisions are reasonable and in the public interest and should be approved.

10. CAP Enrollment

In its direct testimony, CAUSE-PA recommended that PPL Electric: (1) use Pennsylvania DHS Data Sharing Program information to auto-enroll eligible households and file a USECP amendment within 120 days; (2) revise its auto-enrollment letter to clearly outline rights, responsibilities, and opt-out options; (3) apply a 15-day hold when a customer applies for CAP; and (4) allow terminated customers or applicants with arrears to reconnect through CAP enrollment without added barriers. (CAUSE-PA St. 1, pp. 69-70, 73-74.)

PPL Electric disagreed with these recommendations, stating that the Company participates in the DHS Data Sharing Program and uses LIHEAP information to expedite and streamline CAP enrollment for income-qualified customers and that PPL Electric follows the data-privacy conditions and consent requirements, asking the customer to confirm their participation. (PPL Electric St. No. 18-R, p. 54.) The Company also averred that under its current processes an initial referral to OnTrack creates a Suspend Charge (hold) on the account for 21 days to allow the customer time to apply. (PPL Electric St. No. 18-R, p. 20.) As for the proposed reconnection

change, PPL Electric argued that customers who are not enrolled in assistance programs are reasonably expected to make required payments to reconnect service. (PPL Electric St. No. 18-R, p. 56.)

In surrebuttal, CAUSE-PA modified its recommendation for the hold process when a CAP application is submitted in an attempt to address PPL Electric's concerns with CAUSE-PA's original recommendation; however, CAUSE-PA maintained that its recommendation to allow customers or applicants whose service has been terminated to reconnect service through CAP enrollment without added barriers. (CAUSE-PA St. 1-SR, pp. 25-27.)

The Settlement resolves these issues by requiring PPL Electric to streamline CAP enrollment in the following ways:

a) As of the effective date of rates, PPL Electric will continue to place a temporary hold once per year on termination of accounts that are referred to CAP to allow time for the household to enroll in CAP. PPL Electric will inform customers that they have placed this hold on their accounts. PPL Electric will continue this temporary hold for 21 days. If the customer submits a CAP application within this 21-day period, PPL Electric will extend the hold until the CAP application is fully processed. If the CAP application is approved, PPL Electric will cancel the termination.

b) By July 1, 2027, customers who have had their service terminated but have not yet reverted to the status of an applicant (i.e., they are within the 30 day window before their final bill becomes past due), may reconnect service without upfront payment of arrears or a reconnection fee upon the successful enrollment into PPL Electric's CAP. PPL Electric will revise its policies, procedures, and call

scripting to ensure that customers seeking to reconnect service will be screened for CAP eligibility and informed of the option to reconnect by successfully enrolling in CAP.

c) By July 1, 2027, PPL Electric will begin utilizing LIHEAP data for the purpose of processing CAP applications and recertifications without requiring additional affirmative customer consent and will begin allowing applicants to enroll in CAP by phone if their income and household composition information is available through the LIHEAP data.

(Settlement ¶ 79.) These provisions reasonably balance the parties' positions on the CAP enrollment issues and recommendations. Their intent is to help streamline customer enrollment in CAP, a program that helps participating low-income customers pay down their balances in arrears, maintain electric service, and afford their monthly electric bills. The Settlement also builds in the time necessary for PPL Electric to implement these modifications to its CAP enrollment processes. Therefore, these Settlement provisions are reasonable and in the public interest and should be approved.

11. CAP Billing Review Process

CAUSE-PA recommended that PPL Electric modify its monthly CAP bill review process to review rates for all CAP customers, such that the Company determine whether the average bill option is better than the PIP option for average bill customers. (CAUSE-PA St. 1, p. 52.) Although the Company initially disputed this recommendation in its rebuttal testimony (see PPL Electric St. No. 18-R, p. 52), PPL Electric stated in its rejoinder testimony that the Company is willing to agree do this recommendation. (PPL Electric St. No. 18-RJ, p. 8.)

The Settlement memorializes this position. Specifically, within 120 days of the effective dates of rates, PPL Electric will modify its monthly CAP bill review process to review rates for all

CAP customers, including those receiving the average bill and PIP CAP rate, to ensure they are always receiving the lesser of their applicable PIP rate or their average bill whichever is most advantageous available rate. (Settlement ¶ 80.) Accordingly, the Settlement ensures that the Company will incorporate this change to tis monthly CAP bill review process, while providing the necessary time for PPL Electric to implement this modification. Thus, this provision is reasonable and in the public interest and should be approved.

12. Live Customer Service Representative Access for Low-Income Customers

The Company did not make any proposals in its direct testimony related to live customer service representative access for low-income customers. However, in OCA's direct testimony discussing the Company's call center performance, OCA noted the Company's use of IVR as well as web-based forms and data entry and argued that "customers should not be required to choose between an automated an internet based transaction and a personal interaction with a qualified customer representative." (OCA St. 7, p. 17.) Further, CAUSE-PA expressed concerns related to the information available to customers interacting with IVR regarding payment arrangements and the Company's CAP as an alternative to these payment arrangements. (CAUSE-PA St. 1, p. 102.)

In response, the Company averred that its proposed IT upgrades, IVR system, and smartphone applications are designed in part to improve the Company's customer service experience. (PPL Electric St. No. 18-R, p. 12.) The Company also emphasized that its IVR and smartphone applications enable live agents to focus on assisting customers with complex inquiries that the IVR system may not be able to handle. (*Id.*)

Under the Settlement, within 120 days of the effective date of rates, PPL Electric will revise its policies and procedures for issuing payment arrangements through IVR systems to ensure that low income customers are provided with the opportunity to be transferred to a live customer

service representative. (Settlement ¶ 81.) Customers who provide income information indicating low-income status will be informed of the benefits of CAP and hardship funds and provided with the opportunity to apply during the call. (Settlement ¶ 81.) This Settlement represents a reasonable resolution of the parties' positions, by helping facilitate low-income customers' access to information from a live customer service representative regarding payment arrangements and assistance programs, while accounting for the time needed for PPL Electric to implement this change in policies and procedures. Therefore, this aspect of the Settlement is reasonable and in the public interest and should be approved.

13. Universal Service and Energy Conservation Plan ("USECP") Employees' Salaries and Wages

PPL Electric proposed recovery of the expenses associated with its USECP employees' salaries and wages through the USR instead of base rates. (PPL Electric St. No. 18, p. 10.) The Company stated that these employees administer the programs under the Company's USECP, which collectively provides several forms of assistance to customers to help them pay their electric service bills and pay down their balances in arrears. (PPL Electric St. No. 18, p. 10.)

The Company's proposal was opposed by I&E, OCA, CAUSE-PA, and EJA, largely on the grounds that the proposal would ensure recovery of these expenses. (I&E St. No. 2, p. 15; OCA St. 8, pp. 61-64; CAUSE-PA St. 1, pp. 96-97; EJA St. No. 1, p. 17.)

In response, the Company supported its proposal by reinforcing the appropriateness of recovering these expenses through the USR, given that any cost savings attributable to decreases in USECP staffing would flow back to customers through the USR. (*See* PPL Electric St. No. 18-R, pp. 44-47.) PPL Electric also noted that if the Commission were to deny the Company's proposal, then an additional $1.4 million would need to be added to the salary and wage expense reflected in the Company's revenue requirement. (PPL Electric St. No. 18-R, p. 47.)

Under the Settlement, the Company's proposal to recover USECP employees' salaries and wages through the USR is withdrawn without prejudice. (Settlement ¶ 82.) As one component of the overall Settlement, this provision helps resolve this issue in the matter, while also preserving the Company's right to make this proposal in a future proceeding if it chooses to do so. Therefore, this provision is reasonable and in the public interest and should be approved.

14. Universal Service Rider ("USR") Reconciliation

In its rebuttal testimony, the Company agreed to establish a customer charge to recover $10 million of its total projected USR costs to the newly-established LP-6 rate class, and, related to this change, proposed to change its USR rate filing from once per year in January to three times per year, in January, May, and September. (PPL Electric St. No. 16-R, p. 25.) Changing the USR rate filing's frequency would provide the Company an opportunity to update the LP-6 rate and spread costs evenly to newly-connected LP-6 customers. (PPL Electric St. No. 16-R, p. 25.)

As explained in Section II.I, *infra*, the Settlement increases that annual allocation of USR costs to Rate LP-6 from $10 million to $11 million. Due to the inclusion of that allocation, the Settlement provides for the Company's proposed adjustment to the frequency by which the USR rate filing occurs, consistent with the Company's rebuttal testimony. (Settlement ¶ 83.) This change will be incorporated in PPL Electric's compliance Retail Tariff filing. (Settlement ¶ 83.) Accordingly, and for the reasons set forth in Section II.I, *infra*, regarding the Large Load Interconnections provisions of this Settlement, this agreed-upon change to the USR rate filing frequency is reasonable and in the public interest and should be approved.

15. Reconnection Fees

In his direct testimony, CAUSE-PA Witness Cicero raised issues regarding PPL Electric charging residential customers a flat reconnection fee of $14, regardless of CAP participation or other considerations. (CAUSE-PA St. 1, p. 129.) Specifically, he expressed a concern about the

reconnection fees' impact on low-income households. (*Id.*, p. 130.) Removing reconnection fees for low-income households, he argued, would minimize additional barriers they face and streamline the process of reconnecting their service, ensuring they can remain safe and healthy. (*Id.*) Further, he argued that the associated costs should be recovered as a normalized expense in PPL Electric's next base rate case. (*Id.*)

In rebuttal, the Company stated that it is "permitted under the Commission's regulations to assess reconnection fees to customers, including confirmed low-income customers" and that "reconnection fees cover the Company's costs to restore service after the lawful termination of service." (PPL Electric St. No. 18-R, p. 41.) PPL Electric also opposed the recommendation to defer the associated cost recovery as a normalized expense until its next base rate case, stating that "as a cost incurred on a regular basis as a cost of doing business, it does not make sense for the Company to defer and request these costs at a later point in time." (PPL Electric St. No. 5-R, p.19.) Therefore, while PPL Electric disagreed with the proposed waiver of reconnection fees, if that recommendation were adopted, a three-year normalization period should be utilized instead. (PPL Electric St. No. 18-R, pp. 41-42; PPL Electric St. No. 5-R, p. 4.)

In surrebuttal, CAUSE-PA stated that it did not oppose adding this normalized expense amount to the overall revenue request in this base rate case and that such expense amount should be derived using a five-year normalization period. (CAUSE-PA St. 1-SR, p. 50.)

The Settlement provides that beginning July 1, 2027, PPL Electric will waive reconnection fees for all customers who have household income at or below 150% of the federal poverty level. (Settlement ¶ 84.) As such, the Settlement will enable these households to reconnect service without paying an extra $14, which CAUSE-PA argued in this proceeding can pose as a barrier to customers reconnecting service after termination. For these reasons, the Settlement as a whole

reflects a compromise of the parties' positions, and this provision should be approved because it is reasonable and in the public interest.

16. Security Deposits

In their direct testimony, OCA Witness Colton and CAUSE-PA Witness Cicero made several recommendations regarding the Company's treatment of cash security deposits. Mr. Colton recommended that the Company: (1) amend PPL Electric's tariff to broaden low-income deposit exemptions and require staff to ask applicants if they can provide income information; (2) refund deposits to all customers classified as CLI; (3) review all existing deposits within three months, refund those qualifying for exemptions, and report results to BCS and the USAC; and (4) limit PPL Electric's discretion over how deposits are refunded and require customer consent before applying deposits as bill or arrearage credits. (OCA St. 8, p. 5.) Conversely, Mr. Cicero recommended that the Company: (1) adopt a more flexible security-deposit policy by allowing customers to self-attest to income without additional verification; (2) give CAP-eligible customers the choice to have previously-assessed deposits refunded or applied to their bills, and prohibiting the application of deposits to arrears eligible for CAP forgiveness without the customer's affirmative consent; and (3) update related policies, procedures, training, and customer communications within 120 days of the rate-effective date. (CAUSE-PA St. 1, pp. 123- 21 27.)

In her rebuttal testimony, PPL Electric Witness Norden explained why the Company opposed the recommendations of both witnesses: (1) PPL Electric's tariff and practice for security deposits complies with 52 Pa. Code § 56.32(e); (2) customers not participating in the program have the option to provide their income information to have the deposit waived; (3) waiving all deposits for CLI customers is overly broad and not consistent with Commission practice; and (4) the Company's current refund practices are consistent with Commission rules, and deposits are applied as credits to the account unless the customer requests otherwise. (PPL Electric St. No. 18-R, p.

33.) Therefore, Ms. Norden stated that PPL Electric's tariff and practices comply with Chapter 56 and Commission policy and that implementing Mr. Colton's and Mr. Cicero's proposed changes would add complexity without measurable benefit.

In surrebuttal, Mr. Colton suggested that the Company should accept information about participation in public assistance programs to qualify the customers for cash security deposit exemptions and to identify them as confirmed low-income customers. (OCA St. 8-SR, pp. 26-29.)

In her rejoinder testimony, Ms. Norden explained that this proposal should be rejected because the Company's existing practices and processes are consistent with the Commission's requirements and the Company has developed systems and processes for its cash security deposit exemptions and for identifying confirmed low-income customers. (PPL Electric St. No. 18-RJ, p. 4.) The Company also does not have the ability to verify participation in other public assistance programs, and it would effectively become customers self-certifying low income status. Changing this process is unnecessary and would result in costly IT system enhancements that Mr. Colton has not shown to be warranted. (*Id.*, pp. 4-5.)

Additionally, Mr. Cicero opposed the Company's policy of applying security deposit refunds to confirmed low-income customers' past due balances. (CAUSE-PA St. 1-SR, pp. 52-53.) In her rejoinder testimony, Ms. Norden stated that PPL Electric will update its policy to give confirmed low-income customers the option of whether to apply the refund to their bills or have it refunded to them directly, regardless of whether they have a past due balance, are enrolled in CAP, or have a payment arrangement. (PPL Electric St. No. 18-RJ, p. 10.)

Under the Settlement, PPL Electric has agreed to modify its cash security deposit policies to address the other parties' concerns. By July 1, 2027, PPL Electric 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 Electric's CAP, PPL Electric 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. (Settlement ¶ 85.) Upon implementation of this revised policy, the Company 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. (Settlement ¶ 85.) PPL Electric also will 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. (Settlement ¶ 85.) As a result, these Settlement provisions, which modify the Company's cash security deposit policies, reflect a reasonable balance of the positions of the other parties and the Company. They also help clarify the treatment of cash security deposits and are designed to ensure that the Company refunds cash security deposits to customers pursuant to the terms of the Settlement. Thus, these provisions are reasonable and in the public interest and should be approved.

G. VEGETATION MANAGEMENT

The Company proposed a program under which it would negotiate with landowners to acquire and record enhanced easement rights for hazard and danger trees in order to engage in off right-of-way ("ROW") tree removal. (PPL Electric St. No. 17, p. 11.) Related to this proposal, the Company proposed to capitalize the first removal of hazard and danger trees after the acquisition of these additional rights. (PPL Electric St. No. 17, p. 11.)

OCA disagreed with the Company's proposal, alleging that the Commission should deny the proposal consistent with the Federal Energy Regulatory Commission's ("FERC") Uniform System of Accounts ("USOA"). (OCA St. 1, pp. 28-29.)

Although the Company rebutted OCA's position, arguing that the USOA authorizes the Company to propose capital treatment of these expenses, the Settlement provides that the Company withdraws without prejudice its request for capitalized treatment of the costs associated with the first removal of hazard and danger trees after the acquisition of additional ROWs to address off-ROW trees. (PPL Electric St. No. 22-R, pp. 11-13; Settlement ¶ 87.) As a result, the Settlement reasonably resolves this part of the litigation, while preserving parties' rights to litigate it if the Company makes a proposal in a future proceeding. Thus, when viewed as part of the whole Settlement, this provision is reasonable and in the public interest and should be approved.

H. RELIABILITY

In its direct testimony, the Company stated that its system reliability performance is generally better than most of its national utility peers and is well-managed, while also recognizing that improvement is still needed in reliability to improve the Company's overall customer experience. (PPL Electric St. No. 16, pp. 2-4.) OCA provided an analysis of the Company's reliability performance, ultimately asserting that the Company "is not currently meeting most of the Commission-ordered targets for reliability, and its reliability scores for major metrics have [worsened] in recent years." (OCA St. 5, p. 62.) OCA also argued that the Company's reliability has worsened from 2015 to present and that PPL Electric is not performing at the level of its peers. (OCA St. 5, pp. 62-74.) OCA proposed that the Commission impose additional reporting and accountability requirements related to service reliability as a condition of the Company's recovery of reliability investments and its base rate increase. (OCA St. 5, pp. 62-63, 76-77.)

The Company again acknowledged the room available to improve its reliability performance, reiterating two major reasons being the need for increased vegetation management efforts and the increased need to harden the distribution system against severe weather. (PPL Electric St. No. 16-R, pp. 33, 37.) However, the Company also reinforced its position that it has

maintained a reasonable level of reliability performance by generally outperforming its peers since its last base rate increase in 2015. (PPL Electric St. No. 16-R, pp. 33-34.)

The Settlement reasonably addresses the parties' concerns regarding the reliability of PPL Electric's service. Under the Settlement, the Company is required to file an annual reliability accountability report in this docket that: (1) tracks the Company's approved reliability programs in relation to the Commission's existing reliability metric targets; and (2) includes program-level reporting addressing spending, work completed, locations targeted, justification, and reliability outcomes. (Settlement ¶ 88.) This reporting will continue until the Company's next base rate proceeding. (Settlement ¶ 88.) PPL Electric also 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. (Settlement ¶ 89.) Finally, PPL Electric will file an annual report describing the vegetation management program and detailing measures such as the extent of expanded ROWs obtained, the scope of associated tree removal, and estimated changes in relevant reliability metrics attributable to the expanded ROWs. (Settlement ¶ 90.) Therefore, the Settlement will allow the Company to continue pursuing increased reliability performance, while providing for accountability measures that will permit interested parties and the Commission to monitor the Company's reliability performance until the Company's next base rate case.

I. LARGE LOAD INTERCONNECTIONS

As the Company explained in its direct testimony, data centers and other large load customers are increasing in Pennsylvania, representing not only increased economic opportunities for the Commonwealth, but a large load influx on the Company's system. (PPL Electric St. No. 16, p. 15.) As a result of this projected load growth, the Company expects to double its system demand within 5 to 6 years. (*Id.*) The Company's current interconnection pipeline includes approximately 20,000 megawatts of new large load which is subject to agreement under a Letter

Of Authorization ("LOA") or Electric Service Agreement ("ESA"). (Tr. 836.) To implement protections to prevent stranded assets, unrecovered costs, and cross-subsidization from other ratepayers, the Company asserted the need to invest in its transmission system to interconnect new large load customers and proposed to revise its Rate Schedule LP-5 to mirror its ESA process for large load customers. (PPL Electric St. No. 16, pp. 16, 18.) The revisions included: minimum load guarantees, load ramp schedules, security instruments, early termination procedures, and guidelines for cost responsibility for new large load customers requiring upgrades. (PPL Electric St. No. 16, p. 16; PPL Electric Exhibit GEO-1, p. 98.)

Several parties provided recommendations related to the Company's large load proposal. OCA recommended that new large load customers with anticipated maximum peak demands of at least 20 MW at a single point of interconnection or 50 MW in the aggregate be subject to the provisions of PPL Electric's large load tariff provisions. (OCA St. 5SR, p. 29.) OSBA, CAUSE-PA, and PPLICA recommended the creation of a separate rate class for new large load customers to reflect considerations unique to these new large load customers. (OSBA St. No. 1, pp. 4, 16; CAUSE-PA St. 2, pp. 20-21; PPLICA St. No. 1, pp. 4, 13-15.) CAUSE-PA recommended that the new rate class apply to customers with peak loads at or above 50 MW and argued that this separate rate class would permit the Company to separately assign costs to large load customers that may differ from the costs created and assigned to existing LP-5 customers. (CAUSE-PA St. 2, pp. 20-21.) Parties also raised other concerns, regarding costs to serve new large load customers being allocated to existing customers, the possibility of new large loads engaging in peak shaving to avoid paying transmission costs, insufficiency of the minimum load guarantee and contract term, interconnection process transparency, and reliability impacts. (*See, e.g.*, OCA St. 5, pp. 23, 37, 42; CAUSE-PA St. 1, p. 11; CAUSE-PA St. 2, pp. 6-7; EI St. No. 1, pp. 10-21, 23.)

The Company addressed and replied to the other parties' concerns through discovery responses and subsequent rounds of testimony. PPL Electric first stated that it was willing to create a new LP-6 rate class for customers with peak demands of 100 MW and above. (PPL Electric St. No. 16-R, p. 29.) The Company also explained that new large load customer-related upgrades only benefitting the customer will be charged through a Contribution in Aid of Construction ("CIAC") payment, while upgrades with multi-customer benefits will be recovered through its FERC Formula Rate. (PPL Electric St. No. 16-R, p. 9.) PPL Electric further asserted that its minimum load guarantee and standby charges are designed to ensure that new large load customers are paying their appropriate share of costs of system upgrades. (PPL Electric St. No. 16-R, p. 12.) Moreover, the Company stated that it was not opposed to submitting ESAs to the Commission for informational purposes, but that the Commission's review of them should not grant the ability to reject the Company's allocation of interconnection costs. (PPL Electric St. No. 16-R, p. 17.) Finally, the Company asserted that, while its distribution base rate case is not the appropriate forum to address generation and capacity resource adequacy concerns, it does study each interconnection application to ensure that new customers can safely and reliably interconnect to the Company's grid. (PPL Electric St. No. 16-R, pp. 19-20.)

Parties made several other recommendations related to the Company's large load proposal. For example, OCA and EJA recommended that new large load customers take service under a mandatory requirement that their load be interruptible. (OCA St. 5, p. 49; EJA St. No. 1, p. 79.) PPL Electric disagreed but claimed a willingness to provide a voluntary interruptible option in its tariff that would allow the Company to curtail certain customers during times of system stress. (PPL Electric St. No. 16-R, p. 21.) Additionally, OCA and EI raised concerns about the Company's current load forecasting procedures. (OCA St. 5, pp. 50-51; EI St. No. 1, pp. 39-45.)

The Company disagreed, arguing that it strives to be transparent in its load forecasting, while also stating that it is willing to share load forecasting information with regulators and stakeholders. (PPL Electric St. No. 16-R, pp. 22-23.)

In addition, both CAUSE-PA and OCA recommended that new large load customers contribute to the Company's USR costs, with CAUSE-PA claiming that large load additions are driving higher costs for consumers. (CAUSE-PA St. 1, pp. 90-94, 96; OCA St. 8, p. 96.) CAUSE-PA recommended that this amount be $10 million in USR costs and that remaining USR costs were assigned on all ratepayers based on kWh usage for each rate class projected as of the FPFTY. (CAUSE-PA St. 1, p. 94.) OSBA did not oppose allocating USR costs outside of the residential class if there was a cost basis for doing so. (OSBA St. 1, pp. 18-19.) In response, the Company agreed to allocate $10 million of the total projected USR costs to the new Rate LP-6 rate class effective January 1, 2027. (PPL Electric St. No. 16-R, p. 25.)

EI opposed the Company's proposal to have the option to own, operate, and maintain Rate LP-5 customer substations, based on a concern regarding the ability of large load customers to take service at distribution voltages without paying distribution rates. (EI St. No. 1, pp. 37-39.) PPL Electric argued that these concerns are unfounded because its proposal involves directly assigning these costs to the customer taking service from the substation; therefore, no costs would be recovered from other customers. (PPL Electric St. No. 16-R, p. 27.)

Under the Settlement, the Company has agreed to adopt the LP-6 tariff schedule governing the rates, terms and conditions of service to large load (data center) customers, consistent with PPL Electric Witness Lookup's rebuttal testimony, including minimum requirements for the terms and conditions included in ESAs and implementation of voluntary interruptible service. (Settlement ¶ 91(a).) The Settlement also puts forth modifications to the Company's proposal, including: (1) the

LP-6 Rate Schedule will be applicable to customers whose service commenced on or after October 1, 2025; (2) minimum peak electric demand and requirements to ensure that the appropriate customers are subject to their appropriate respective Rate Schedules; and (3) requirement to execute an ESA as a condition of receiving distribution utility service under the LP-6 Rate Schedule. (Settlement ¶ 91(b).)

The Settlement also requires certain terms and conditions of the LP-6 Rate Schedule to be set forth in the ESA, including: (1) a security requirement known as the Rate Base Security Obligation; (2) 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, and which 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 FERC Transmission Formula Rate revenue requirement; and (3) the requirement of CIAC payments ahead of work performed for the cost of directly assignable transmission and distribution upgrades. (Settlement ¶ 92.) The Settlement also mandates protections in the ESAs for distribution- and customer-side infrastructure if there is critical load. (*Id.*)

PPL Electric also 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. (Settlement ¶ 94.) The Company also agreed to 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. (Settlement ¶ 94.) The Settlement also provides that the Company will submit annual load forecasts to the

Commission, along with a breakdown of forecasted load based on requests of customers with ESAs, LOAs, and inquiries, and shall include such breakdown along with forecasts submitted to PJM, consistent with PPL Electric's obligations under Act 45 of 2025 regarding Electric Load Forecast Accountability, Sections 1801-B through 1806-B, although any information not covered by this paragraph but required by the Act must still be submitted by PPL Electric to the Commission. (Settlement ¶ 95.)

Beginning January 1, 2027, PPL Electric will allocate $11 million of USR costs annually to the new LP-6 rate class through a non-bypassable customer charge. (Settlement ¶ 96.) 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. (Settlement ¶ 96.) 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. (Settlement ¶ 97.) 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. (Settlement ¶ 97.) The Joint Petitioners agree that, following any final order of the Commission in the Docket No. M-2025-3054271 proceeding, any Joint Petitioner 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 would not be construed

as breaking this Settlement. (Settlement ¶ 97.) All Joint Petitioners reserve all rights with respect to such a filing made pursuant to this provision. (Settlement ¶ 97.)

The Settlement regarding the Company's large load interconnections proposal has required PPL Electric and several other parties to delve into an emerging issue within the electric utility industry. All these parties, including the Company, worked diligently to understand the issues surrounding the projected influx of large load interconnections and has worked to come to a reasonable compromise of the parties' positions through this Settlement. Taken as a whole, these provisions of the Settlement will enable the Company to provide service to large load customers in an adequate, efficient, safe, and reliable manner, while implementing many customer protections against the potential impact of these customers on other customers' service and costs. Thus, these Settlement provisions are reasonable and in the public interest and should be approved without modification.

J. MAXIMUM REGISTERED PEAK LOAD

In this proceeding, the Company put forth its MRPL proposal, which would assign default supply customers on the Generation Supply Charge ("GSC") to Rate GSC-1 and Rate GSC-2 based on their MRPL. (PPL Electric St. No. 15, p. 2.) Under the proposed Retail Tariff, "maximum registered peak load" is defined as "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 system." (PPL Electric St. No. 15, p. 5.) The MRPL that is 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. (PPL Electric St. No. 15, p. 5.) For new customers without a 12-month billing history, the MRPL 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. (PPL Electric St. No. 15, p. 5.) As related to

customer-generators, this estimate shall also be inclusive of the nameplate capacity of the generation system. (PPL Electric St. No. 15, p. 5.)

PPL Electric explained that a key driver of this change is the notable increase in "no load" net metering installations. (PPL Electric St. No. 15, p. 3.) These projects typically feature generation capacities exceeding 1 MW and can reach up to the maximum allowed 3 MW. (PPL Electric St. No. 15, p. 3.) Unlike traditional commercial and industrial customers, these installations have little or no onsite electric load—meaning they consume minimal energy from the grid—but they generate large amounts of electricity, and export significant excess generation back to the system. (PPL Electric St. No. 15, p. 3.) As a result, those customer-generators by design produce excess generation that is banked until the end of the PJM Planning Year on May 31, at which point their banked generation is cashed out at the Price-to-Compare ("PTC"). (PPL Electric St. No. 15, p. 6.) The costs associated with the net metering credits and cash-outs are recovered from the default service customers in the customer-generators' respective customer classes. (PPL Electric St. No. 15, p. 6.)

Under the current classification structure, the split between GSC-1 ("Small C&I") and GSC-2 ("Large C&I") customers is determined by a threshold of 100 kW peak demand. (PPL Electric St. No. 15, p. 3.) Customers with demand below this limit are categorized as GSC-1. (PPL Electric St. No. 15, p. 3.) However, no load net metering installations, despite their substantial generation output, have negligible net demand and, therefore, fall into the GSC-1 Small C&I category. (PPL Electric St. No. 15, p. 3.)

The current classification does not account for the true nature or impact of these projects. (PPL Electric St. No. 15, p. 3.) While labeled as "small," these customer-generators often have infrastructure, financial investment, and grid impacts more akin to those of Large C&I entities.

(PPL Electric St. No. 15, p. 3.) Under net metering rules, when these customers generate excess energy and receive compensation, the costs associated with paying for this excess generation are recovered from the same customer class as the customer-generator. (PPL Electric St. No. 15, p. 3.) Currently, this means the costs are allocated to Small C&I (GSC-1) customers taking default service—even though the scale and influence of these installations align more closely with Large C&I customers. (PPL Electric St. No. 15, p. 3.)

This misalignment can result in an unfair distribution of default service costs, as the Small C&I customers taking default service end up bearing the financial burden for projects that, by virtue of their size and output, should be classified as Large C&I. (PPL Electric St. No. 15, pp. 3-4.) In fact, PPL Electric prepared and presented analyses in this proceeding showing that without the MRPL, severe rate impacts on Small C&I default service customers are on the horizon, even assuming the Company's experienced project cancellation rate of 36% continues and even after incorporating a lower capacity factor of 17.3% and accounting for the impact of the projects' excess generation offsetting PPL Electric's default service procurement requirements. (PPL Electric St. No. 15-RJ, p. 6; PPL Electric Exhibit AC-4RJ, pp. 7-8.) Specifically, the Company demonstrated that:

- **The Rate GSC-1 PTC could increase from $0.12114 in 2025 to $0.30562 per kWh in 2029**. (PPL Electric St. No. 15-RJ, p. 6; PPL Electric Exhibit AC-4RJ, pp. 7-8.)
- **PPL Electric would be paying an annual premium of approximately $414,198,666 by 2029** for the supply from the no-load customer-generators, compared to the cost of the supply that PPL Electric could obtain through its full requirements contracts. (PPL Electric
- **That equates to a PTC rate premium of $0.22032 per kWh** (i.e., the PTC rate of $0.30562 per kWh minus the procurement rate under the full requirements contracts) to compensate these projects for their excess generation from these projects as opposed to procuring that supply under the Company's default service contracts. (PPL Electric St. No. 15-R, pp. 6-7.)

The Company's analyses using 50% and 75% cancellation rates continued to show adverse impacts, although the increases in the PTC rate and total net metering compensation are more gradual: a PTC of $0.23423 per kWh in 2029 and $354,868,530 in total net metering compensation in 2029 under the 50% cancellation rate scenario, and a PTC of $0.16178 per kWh in 2029 and $118,804,292 in total net metering compensation in 2029 under the 75% cancellation rate scenario. (PPL Electric St. No. 15-RJ, p. 7.)

Therefore, due to the influx of these projects, the current default service classification construct undermines the principle of equity in cost recovery and can distort the rate structure for default service customers in the Small C&I class. (PPL Electric St. No. 15, p. 4.) Thus, the Company proposed to revise the definition of MRPL in its tariff to account for not only peak demand, but also peak export to rectify this misalignment. (PPL Electric St. No. 15, p. 4.)

PPL Electric's proposal received support from the direct testimony of OCA, OSBA, and CAUSE-PA. (*See* OCA St. 6, p. 3; OSBA St. No. 1, pp. 4, 13-15; CAUSE-PA St. 1, pp. 113-15.) OCA averred that the Company's MRPL will make the Company's default service procurement more efficient by reducing uncertainty around volumetric procurement and avoid shifting risk included in supply contract premiums and that approval of the proposal would create fairness across customers and customer classes in which compensation for customer generators would not "corrupt the efficiency of the procurement process." (OCA St. 6, pp. 3-4.) Likewise, OSBA argued that the current classification construct is causing the Rate GSC-1 default service customers to incur a higher cost burden to pay for the net metering excess generation cashouts of minimal load customers. (OSBA St. No. 1, pp. 14-15.) Further, CAUSE-PA expressed concerns about affordability, particularly to multifamily, subsidized housing providers to low-income households, due to excess compensation to these generators. (CAUSE-PA St. 1, pp. 113-15.)

Meanwhile, CGC, JSA, PDMP, and Walmart expressed opposition to the Company's proposal in their direct testimony. (CGC St. No. 1, pp. 5-30; JSA St. No. 1, pp. 4-49; JSA St. No. 2, pp. 4-46; PDMP St. No. 1, pp. 1-10; PDMP St. No. 2, pp. 3-8; Walmart St. No. 1, pp. 19-21.) Among other things, CGC raised concerns about the financial impact of the MRPL proposal on its members' projects that are in development and would be reclassified to Rate GSC-2, JSA opposed the proposal and disputed the Company's justification and data supporting the proposal, PDMP expressed concerns about the proposal's impact on dairy farmers with anerobic digesters that would be reclassified to Rate GSC-2, and Walmart averred that the Company's proposal would adversely affect Walmart's clean energy initiatives. (CGC St. No. 1, pp. 5-30; JSA St. No. 1, pp. 4-49; JSA St. No. 2, pp. 4-46; PDMP St. No. 1, pp. 1-10; PDMP St. No. 2, pp. 3-8; Walmart St. No. 1, pp. 19-21.)

CGC and JSA also offered grandfathering proposals if the Commission were to approve the MRPL. CGC Witness Sharfman stated in his direct testimony that "should the Commission adopt the PPL proposal, then yes, [he] believe[s] the same principal [sic] should apply and existing GSC-1 customer generators should be grandfathered under the current rules." (CGC St. No. 1, p. 30.) In his rebuttal testimony, however, Mr. Sharfman changed his position and asserted, for the first time, that "[p]rojects that apply for PPL interconnection on or before July 4, 2026, should be grandfathered." (CGC St. No. 1-R, p. 9.)

Meanwhile, JSA presented an extensive set of modifications to the Company's MRPL proposal, under which "legacy rights" would be provided to: (1) existing facilities (i.e., facilities that "were either operational or for which interconnection upgrade work orders are under construction as of the date of PPL's rate filing in this proceeding"); and (2) transition facilities (i.e., "facilities with pending interconnection requests submitted prior to the date of PPL's rate

application in this proceeding, for which" the customer-generator "makes a one-time election to both: (i) make a non-refundable deposit of 50% of the Company's estimated costs of distribution upgrades (cumulative), and (ii) transfer AECs produced by the project to PPL at no cost for the term of the legacy rights period"). (JSA St. No. 2, pp. 37-38.)

PPL Electric presented significant testimony and analyses in support of its MRPL proposal and rebutting the opposing parties' proposals and recommendations at the rebuttal, surrebuttal, and rejoinder stages. (*See* PPL Electric St. Nos. 15, 15-R, 15-SR, 15-RJ.) Then, on March 5, 2026, PPL Electric filed a Joint Stipulation and Settlement with JSA, which modified the MRPL proposal being litigated in this proceeding. Under that Joint Stipulation and Settlement, PPL Electric's MRPL proposal would be approved with two key changes: (1) a grandfathering process allowing existing systems and other projects to remain on Rate GSC-1 up to a cap of 140 Megawatts ("MW"); and (2) changes to and clarifications of the Rate GSC-2 rate that is used to calculate the compensation for Rate GSC-2 customer-generators, including the addition of a capacity component, line losses, and a gross-up for the Gross Receipts Tax ("GRT"), which collectively increase the rate used for calculating such compensation. PPL Electric submitted sur-surrejoinder testimony on March 6, 2026, responding to CGC's surrejoinder testimony and providing support for the terms and conditions in the Joint Stipulation and Settlement. (*See* PPL Electric St. No. 15-SSRJ.) That Joint Stipulation and Settlement has been incorporated into the broader Settlement that is the subject of this Statement in Support. (Settlement ¶¶ 98-105.)

Specifically, the Settlement provides a process by which certain customer-generators shall be grandfathered into their existing default service rate for a period of 10 years (i.e., until December 31, 2036), at which time they will become subject to classification pursuant to the terms

of PPL Electric's default service rate classifications that are in place on or after January 1, 2037. (Settlement ¶ 98.) Customer-generators will be grandfathered in the following order:

a. Customer-generators who submitted to PPL Electric an interconnection application on or before September 30, 2025,[29] which is the date on which PPL Electric filed the instant rate case, and whose generating facilities either (i) receive a Permission to Operate[30] ("PTO"), or (ii) provide to PPL Electric a completed copy of their Certificate of Completion[31] on or before December 31, 2026, which is 15 months from the instant rate case application date; then

b. Customer-generators who submitted to PPL Electric an interconnection application on or before September 30, 2025, up to the "Cap" defined below, based sequentially on the date of their signed *original* Notification of Customer Intent ("NOCI").[32] PPL Electric will utilize the process set forth in Appendix H of the Settlement to (1) notify customer-generators who submitted to PPL Electric an interconnection application on or before September 30, 2025 of their eligibility for a capacity allocation under the Cap, and (2) track remaining Cap capacity information and regularly publish such information on its website.

(Settlement ¶ 98.) No additional customer-generators shall be grandfathered under Paragraph 98 of the Settlement once the total amount of nameplate AC capacity for Rate GSC-1 customer-generator systems that receive PTO reaches 140 MW-AC ("Cap"). (Settlement ¶ 98.) The Settlement further provides that for the remainder of the grandfathering period ending December 31, 2036, PPL Electric will not propose, as part of any Commission proceeding, to modify the grandfathered rights for customer-generators set forth in Paragraph 98 of the Settlement. (Settlement ¶ 103.)

[29] Under the Settlement, the date of the applicant's submission of an interconnection application to PPL Electric will be determined by when it has received approval for its submitted one-line diagram, it has paid the interconnection application fee, and the Company has concluded that the interconnection application is complete.

[30] "Permission to Operate" or "PTO" is the letter or other communication from PPL Electric to a customer-generator granting authorization to operate a generating facility. If partial PTO is granted, then the full nameplate of the customer generator application is applied to the 140 MW Cap.

[31] A Certificate of Completion, as defined in 52 Pa. Code § 75.22, is a certificate in a form approved by the Commission containing information about the interconnection equipment to be used, its installation and local inspections.

[32] A "Notification of Customer Intent" or "NOCI" is a formal document indicating the customer-generator's agreement to the scope of work required to interconnect the project, as provided by PPL Electric, and advance the engineering and design work required to bring the project online.

In addition, through the period ending December 31, 2041, PPL Electric will not propose, as part of any Commission proceeding, to make any changes to the structural components of Rate GSC-2 as described in Paragraph 104 of the Settlement that would result in different components being used for calculating the Rate GSC-2 rate paid by non-customer-generators and the Rate GSC-2 rate used to determine the net metering compensation for customer-generators. (Settlement ¶ 103.) PPL Electric also shall compensate each customer-generator taking service under Rate GSC-2 for excess generation produced by that customer-generator based on all the components set forth in Paragraph 104 of the Settlement. (Settlement ¶ 104.)

The Settlement represents a reasonable compromise of the parties' positions on the MRPL, especially considering that: (1) most of the parties that presented testimony on the MRPL, namely PPL Electric, OCA, OSBA, CAUSE-PA, JSA, and Walmart, have agreed to and support the Settlement[33]; and (2) JSA, Dimension, and Walmart, all of whom were staunch opponents to the Company's proposal, support the Settlement. (Settlement, pp. 1-2.) As noted previously, PPL Electric demonstrated that the MRPL is necessary to properly classify these projects for purposes of default service and mitigate the rate impact that the projects' net metering compensation has on Small C&I customers' default service rates. Although the Company initially opposed any grandfathering in the litigation, PPL Electric ultimately reached an agreement on grandfathering, which is reflected in the Joint Stipulation and Settlement with JSA (and then incorporated into the broader Settlement) and provides a reasonable process that permits existing and certain projects to remain in Rate GSC-1, while mitigating the potential rate impact that other grandfathering proposals would have. Indeed, as noted in PPL Electric's sur-surrejoinder testimony, the 140-MW Cap would cover the capacity of existing Rate GSC-1 customer-generators as of the date of the

[33] Dimension did not submit testimony but was opposed to the MRPL as proposed by the Company. (*See* Dimension Petition to Intervene, pp. 2-4.)

Company's rate case filing (i.e., approximately 15.5 MW) along with the amount of capacity of Rate GSC-1 customer-generators' projects that have been placed into service after the rate case filing or are in the interconnection queue and slated to be placed in service by September 30, 2026 (i.e., approximately 124.5 MW). (PPL Electric St. No. 15-SSRJ, p. 3.)

The Settlement also helps address other parties' concerns about the financial impact of the MRPL proposal on projects that are not grandfathered and are reclassified to Rate GSC-2. In its sur-surrejoinder testimony, PPL Electric observed that the MRPL proposal, as modified by the Joint Stipulation and Settlement, would provide current Rate GSC-2 cash out rates for Rate GS-3 and Rate LP-4 customer-generators of $0.09601 per kWh and $0.12646 per kWh, respectively. (PPL Electric St. No. 15-SSRJ, pp. 3-4.) The Company stated that the inclusion of the capacity component, line loss, and a gross-up for GRT adds $0.02062 per kWh and $0.01897 per kWh to the GSC-2 cash out rates for GS-3 and LP-4 customer-generators, respectively. (PPL Electric St. No. 15-SSRJ, p. 4.) Comparatively, the Company's current rate for cash-out, the Small C&I PTC is $0.12681 per kWh. (PPL Electric St. No. 15-SSRJ, p. 4.) That is a difference of $0.0308 per kWh for Rate GS-3 customer-generators and a mere $0.00035 per kWh for Rate LP-4 customer-generators. (PPL Electric St. No. 15-SSRJ, p. 4.) As such, the Rate GSC-2 changes that would result from the Settlement are projected to significantly reduce the financial impact of the Company's proposal on projects that would be classified as Rate GSC-2.

For these reasons, the Settlement produces a reasonable and equitable outcome that is designed to address PPL Electric's and other parties' concerns regarding the impact of large customer-generators on the Rate GSC-1 PTC, while providing for grandfathering of existing and other projects up to a cap of 140 MW and changing the Rate GSC-2 rate components used to

calculate the annual cash-out of banked excess generation, which address opponents' concerns about the impact of the proposal on existing projects and projects in the interconnection queue.

Nevertheless, CGC and PDMP oppose the MRPL-related provisions of the Settlement. In addition to the reasons set forth above in support of the MRPL proposal, as modified by the Settlement, PPL Electric anticipates that CGC and PDMP will raise flawed legal and factual arguments in purported support of their positions. The ALJs and Commission should reject their arguments.

The Company's MRPL proposal, as modified by the Settlement, fully comports with the Alternative Energy Portfolio Standards ("AEPS") Act,[34] the Public Utility Code, and the Commission's regulations. As noted above, the Commission's regulations specifically contemplate further defining "maximum registered peak load" in an EDC's tariff, as the Company has proposed doing here. *See* 52 Pa. Code § 54.182; (PPL Electric St. No. 15, p. 4.) Moreover, the Company has obligations to procure default service supply that is designed to ensure adequate and reliable service to customers at the least cost to those customers over time. *See* 66 Pa. C.S. § 2807(e)(3.4). CGC and PDMP's position is that the Company should be forced to compensate customer-generators at a premium for their excess generation that offsets the default service supply, as opposed to procuring cheaper default service supply under its full requirements contracts to serve Small C&I default service customers. If their position is accepted, the Company's Rate GSC-1 default service rate will continue to increase as these customer-generators come online, thereby directly and negatively impacting the Company's ability to provide default service to Small C&I customers at the least cost over time. Also, as the PTC rate increases, the risk that default service customers will switch to Electric Generation Suppliers ("EGSs") to no

[34] 73 P.S. §§ 1648.1-1648.8.

longer pay the increased PTC also increases. This "switching risk" could lead to fewer customers on Rate GSC-1 being able to absorb these costs in the PTC rate, in turn leading to the rate increasing even further. (PPL Electric St. No. 15-RJ, p. 5.) Thus, CGC's and PDMP's positions directly conflict with PPL Electric's least cost procurement responsibility.

Moreover, recent rulings from the Commission and Commonwealth Court provide a sound legal basis for approving the MRPL as modified by the Settlement and rejecting any claims that the proposal violates the AEPS Act, Public Utility Code, or Commission's regulations. The Commission first approved a substantially similar proposal in UGI Utilities, Inc. - Electric Division's ("UGI Electric") most recent Default Service Plan ("DSP") proceeding. UGI Electric's proposal, termed the Supply Peak Load Impact ("SPLI") proposal, is nearly identical to PPL Electric's as-filed MRPL proposal. As the Commission summarized in its decision approving the SPLI:

> UGI proposed to determine a customer's SPLI based upon the 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 system. UGI stated that customers with a SPLI below 100 kW will be classified as GSR-1 customers, while customers with a SPLI that is greater than or equal to 100 kW will be classified as GSR-2 customers. The Company stated that this approach would include reviewing net metering customer-generators based upon their net SPLI. The Company added that both a non-residential customer with a peak demand of 100 kW or above, and a non-residential customer-generator with a peak injection into the Company's distribution grid of 100 kW or above, will be classified as GSR-2 customers because both have respective SPLIs of 100 kW or above. UGI St. 2 at 27-28; OCA St. 1-R at 7-8. According to the Company, this proposal prudently groups large customer-generators with large load customers for default service purposes and avoids disparate impacts on small customers. UGI M.B. at 2.[35]

[35] *Petition of UGI Utils., Inc. – Elec. Div. for Approval of a Default Serv. Plan for the Period of June 1, 2025 through May 31, 2029*, 2025 Pa. PUC LEXIS 68, at *26 (Order entered Feb. 20, 2025) ("*UGI DSP V*"), *affirmed sub*

The Commission approved the SPLI proposal and rejected the solar developer's arguments that the SPLI should be denied, and on March 13, 2026, the Commonwealth Court issued an unreported opinion affirming the Commission's decision.[36] Critically, the Commonwealth Court held that: (1) the Commission's regulations and ruling provide for compensation to customer-generators at the "full retail value" in compliance with the AEPS Act[37]; (2) the SPLI complies with Section 2807 of the Public Utility Code and provides customers with least cost service over time "by ensuring that price and supply volatility caused by customer-generators with SPLIs over the aforementioned threshold would not impact residential customers and commercial or industrial customers with lesser SPLIs"; (3) the SPLI does not constitute unreasonable discrimination in rates in violation of Section 1304 of the Public Utility Code; (4) the Commission's approval of the SPLI was not "arbitrary, capricious, and in violation of the AEPS Act's goal of fostering distributed generation of electricity"; and (5) the Commission did not improperly grant a waiver of its regulations in approving the SPLI.[38]

Also, earlier this year and after its decision in *UGI DSP V*, the Commission approved a proposal by Citizens' Electric Company of Lewisburg ("Citizens' Electric") that is similar to PPL

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nom., *Penn Renewables, LLC v. Pa. PUC*, 2026 Pa. Commw. Unpub. LEXIS 104 (Pa. Cmwlth. 2026) ("*Penn Renewables*").

[36] *See UGI DSP V*, at *34-42; *Penn Renewables*, at *10-20.

[37] Of note, CGC Witness Sharman conceded that the PTC is a retail rate under cross-examination. (Tr. 1084.) This was a key fact underlying the Commonwealth Court's ruling in *Penn Renewables*, as the Commonwealth Court reasoned:

> Furthermore, James Crist, Penn's sole witness who testified regarding this issue during the Commission's proceedings, admitted that UGI was providing retail service to its customers via the GSR-2 rate. Comm'n Hearing Tr., 10/1/24, at 103. Under these circumstances, we cannot conclude that the Commission improperly determined that the GSR-2 rate will compensate Penn for the full retail value of its excess generated electricity.

Penn Renewables, 2026 Pa. Commw. Unpub. LEXIS 104, at *14.

[38] *Penn Renewables*, 2026 Pa. Commw. Unpub. LEXIS at *10-20. On the last point about waivers, PPL Electric similarly here requested any and all such waivers of the Commission's regulations, including the customer groupings recommended in 52 Pa. Code §§ 54.187 and 69.1805, that are needed to implement the MRPL. (*See* PPL Electric St. No. 15, p. 9.)

Electric's MRPL in Citizens' Electric's 2025 Rate Case.[39] In that ruling, the Commission cited Section 2807(e)(7) of the Public Utility Code and explained that the statute "prohibits a utility from charging default service rates to one class that subsidize the costs for other customer classes."[40] Importantly, "Citizens' proposed new definition for Billing Demand," which is similar to PPL Electric's MRPL proposal, "offers a solution to the subsidization issue posed by large customer-generators."[41] Thus, these decisions by the Commission and Commonwealth Court establish that PPL Electric's MRPL comports with applicable law and should be approved.

As for CGC's and PDMP's factual arguments, they were fully rebutted in the Company's testimony in this proceeding. (*See* PPL Electric St. No. 15-R, pp. 11-24, 40-41; PPL Electric St. No. 1-SR, p. 2; PPL Electric St. No. 15-RJ, pp. 11-12; PPL Electric St. No. 15-SSRJ, pp. 3-9.) Additionally, CGC failed to account for the importance of the Joint Stipulation and Settlement and how it modified the Company's litigation position. To be clear, CGC's opposition is no longer to PPL Electric's as-filed MRPL proposal. Rather, CGC's opposition is now to the modified MRPL proposal, which was set forth in the Joint Stipulation and Settlement filed on March 5, 2026, was supported through PPL Electric Witness Castanaro's sur-surrejoinder testimony, and was incorporated into the broader Settlement. (*See* Settlement ¶¶ 98-105; PPL Electric St. No. 1-SSRJ, pp. 2-4.)

Yet, CGC's only witness, Guy Sharfman, admitted under cross-examination that he did not know the terms of that Joint Stipulation and Settlement that was served on March 5, 2026, as the following exchange during PPL Electric's cross-examination of Mr. Sharfman demonstrates:

[39] *See Pa. PUC v. Citizens' Electric Co.*, Docket Nos. R-2025-3054394, *et al.*, pp. 68-76 (Order entered Jan. 15, 2026) ("*Citizens' Electric*").

[40] *Id.*, p. 71.

[41] *Id.*

> Q. Are you aware of the joint stipulation and the settlement that was filed by PPL Electric and the Joint Solar Advocates on March 5th, 2026?
>
> A. I am aware that there was a joint settlement, but **I do not - I have not reviewed it and do not know all the specifics contained within**.
>
> Q. Okay. So – so you do not know the manner in which the MRPL proposal in this proceeding has been modified by the provision[s] set forth in that stipulation and settlement. Correct?
>
> A. So for clarification, you are asking me if – if – if and just – **you're asking me if I know that the new definition of the MRPL contained in a document that I've never read?** Is that – is that what you're asking me?
>
> Q. I am asking you if you're aware that the MRPL proposal has been modified by the provisions set forth in the joint stipulation and settlement. And if the answer is no, then -.
>
> A. The only thing I know about the joint settlement is that there's a document associated with a settlement. I don't know if it's a final settlement. **I don't know what basically it contains, and I certainly wouldn't know anything about definition changes within that document**.

(Tr. 1074-75) (emphasis added). Therefore, Mr. Sharfman essentially was trying to oppose, through both his sur-surrejoinder testimony served on March 6, 2026, and under cross-examination on March 9, 2026, a modified MRPL proposal that he neglected to know the terms of.

Mr. Sharfman's failure to know the Joint Stipulation and Settlement's terms is fatal to CGC's case, as key issues raised by Mr. Sharfman are addressed through those terms. For instance, the modified MRPL contains grandfathering provisions, which, although different from Mr. Sharfman's proposal,[42] reflect a reasonable compromise given the amount of projects that are already interconnected and that are in the interconnection queue. (*See* Settlement ¶ 98; *see also* PPL Electric St. No. 15-SSRJ, pp. 2-3.)

[42] (*See* CGC St. No. 1-R, p. 9.)

Also, in his surrejoinder testimony, Mr. Sharfman tried to criticize the Company for failing to present a quantification of the Rate GSC-2 with a capacity component included. (*See* CGC St. No. 1-SRJ, p. 9.) Then, in his sur-surrejoinder testimony, he asserted that "[t]he PPL GSC-2 solar credit omits capacity, even though capacity is charged for in the GSC-2 PTC" and that "PPL has not provided detail on how the capacity credit component will be derived and assessed to customer-generators." (CGC St. No. 1-SSRJ, p. 4.) Mr. Sharfman even reiterated this position at the March 9, 2026 hearing, contending that he does not have information "on exactly how" PPPL Electric "would add a capacity payment" to Rate GSC-2. (Tr. 1101.)

However, the Joint Stipulation and Settlement, which has been incorporated into the broader Settlement, lays out in great detail how the capacity component will be derived. (*See* Settlement ¶ 102.)[43] Mr. Castanaro also presented an exhibit showing a calculation of the Rate GSC-2 with the capacity component, line losses, and GRT gross-up included as part of his sur-surrejoinder testimony. (*See* PPL Electric Exhibit AC-1SSRJ.) As noted previously, Mr. Sharfman did not review and did not know the terms of the Joint Stipulation and Settlement. When questioned about Mr. Castanaro's exhibit, Mr. Sharfman said that he "may have" reviewed it but was "not familiar with that exhibit off the top of [his] head." (Tr. 1101-02.) As explained previously, the inclusion of that capacity component, and the other changes made to the Rate GSC-

[43] Paragraph 102 of the Settlement provides the following:

> 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[43] for the applicable GSC-2 period, divided by the total forecasted Large C&I kWh load for the applicable GSC-2 period.

2 rate calculation under the Settlement, significantly reduce the financial impact to projects that would be classified as Rate GSC-2 instead of Rate GSC-1. Therefore, the ALJs and the Commission should reject Mr. Sharfman's testimony that PPL Electric failed to include a capacity component or to quantify that component's impact on the Rate GSC-2 rate used for calculating customer-generators' net metering compensation.

Mr. Sharfman made other admissions on cross-examination that undermined his testimony. In his surrejoinder testimony, Mr. Sharfman asserted that if the PTC increases due to the increased net metering compensation, then Rate GSC-1 customers could avoid those rate impacts by shopping with EGSs. (CGC St. No. 1-SRJ, pp. 6-7.) He maintained, however, that "[i]f the PPL PTC exceeds the market cost to supply PPL customers, then PPL customers would leave PPL for EGS service." (CGC St. No. 1-SRJ, p. 6.) On cross-examination, Mr. Sharfman acknowledged that as customers leave default service there remain fewer customers that would be allocated the default service costs. (Tr. 1104.) It is axiomatic that reducing the denominator while holding the numerator constant will result in a higher number (e.g., 10 / 5 = 2, while 10 / 2 = 5). As Mr. Castanaro explained, "an increase in shopping customers would leave fewer default service customers paying the PTC, meaning that there would be fewer customers over which to spread default service costs, which would drive up the PTC even more than is shown in [his] analyses." (PPL Electric St. No. 15-SSRJ, p. 7.)

Relatedly, while Mr. Sharfman argued that non-customer-generators could shop with an EGS to avoid increases in the PTC, he never suggested in his written testimony that customer-generators do the same if they wanted to be paid a rate different than Rate GSC-2 and avoid the rate impacts of the MRPL. (*See* CGC St. No. 1-SRJ, p. 4.) However, under cross-examination, he acknowledged that shopping would be an option for customer-generators that wanted to avoid

those MRPL-related rate impacts, stating, "I believe the EGS is – is -is an option. Yeah. Customers can always negotiate a deal with an EGS and – and get off of PPL['s] tariff." (Tr. 1107-08.)

Furthermore, Mr. Sharfman's claim that EGS pricing does not follow the PTC was undercut by his testimony under cross-examination. (*See* CGC St. No. 1-SRJ, p. 5; Tr. 1084.) In his written testimony, Mr. Sharfman maintained that the evidence does not establish that EGSs price their rate offerings in comparison to the PTC, so he asserted that PPL Electric's claim that the PTC increases will negatively affect shopping customers, too, should be rejected. (CGC St. No. 1-SRJ, pp. 4-5.) Mr. Sharfman admitted on cross-examination, however, that when he managed Enron Energy Services' ("Enron") retail commodity positions in the Midwest region and was responsible for developing such rate offerings, he would compare those offerings to the utilities' default service rates when devising Enron's rate offerings. (Tr. 1084.) Therefore, Mr. Sharfman's own professional experience undermines his position.

To the extent that CGC argues that a cost of service study is needed to support the MRPL, that argument should be rejected as well. A cost of service study is needed when costs cannot be directly assigned to customer classes. As noted in Section II.B, *infra*, most distribution costs cannot be directly assigned because the facilities used, and costs incurred, to provide distribution service are used jointly or commonly by all the customers within a class. That is why the Company's proposed base rates needed to be supported by a sound cost of service study.

Here, the costs associated with the customer-generators' net metering compensation can be directly assigned—the costs associated with compensating Rate GSC-1 customer-generators for their banked excess generation are assigned to and recovered from the Rate GSC-1 default service customers. (*See, e.g.*, PPL Electric St. No. 15-R, pp. 7-8; PPL Electric St. No. 15-RJ, p. 8.) Indeed, the costs associated with the net metering compensation for Rate GSC-1 customer-

generators are "recovered through the reconciliation of the Rate GSC-1, which is reflected in the "E-Factor" value in the PTC calculation." (PPL Electric St. No. 15-RJ, p. 8.) Thus, no need exists to conduct a cost of service study to determine how to allocate these default service costs.

As for PDMP, PDMP Witness Harbach agreed under cross-examination that his system would be grandfathered under the Settlement. (Tr. 1117.) Therefore, the alleged adverse impact that the Company's original MRPL proposal would have on his system, along with any similarly situated existing anerobic digesters connected to the Company's distribution system, is effectively resolved through the modifications to the MRPL under the Settlement.

In the end, PPL Electric's MRPL proposal, as modified by the Settlement, is reasonable, supported by extensive evidence and legal precedent, and appropriately balances solar developers' interests with the need to mitigate the rate and affordability impacts of no-load customer-generators' projects on the PTC paid by Small C&I customers. Nothing presented by CGC and PDMP should warrant disrupting the well-designed MRPL provisions of the Settlement.

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

In his direct testimony, PPL Electric Witness Conrad described the Company's proposed Electric Vehicle ("EV") Time-of-Use ("TOU") Charging Rebate Program, to help mitigate future impacts of EV charging on the Company's distribution grid, particularly during peak periods. (PPL Electric St. No. 20, p. 4.) In general, program participants would agree to charge their EVs using Level 2 chargers during the off-peak hours as opposed to the on-peak hours established for this program (i.e., 4:00 PM to 7:00 PM in the summer months of June, July, and August, and two daily periods in the winter months of December, January, and February - 6:00 AM to 9:00 AM and again 6:00 PM to 8:00 PM). (PPL Electric St. No. 20, p. 5; PPL Electric St. No. 20-R, p. 4; PPL Electric Exhibit GEO-1, p. 87.) If the customer conducts at least 80% of their charging during

the off-peak hours in the applicable billing period, the Company would provide a flat rebate of $10 to the customer in each billing period for which the criteria are met. (PPL Electric St. No. 20, p. 5.) All residential customers who own or purchase an EV will be eligible for the program, provided their EV charging is conducted with equipment that is on a list of compatible equipment certified by the Company. (PPL Electric St. No. 20, p. 5.) The program also would be open to all residential EV owners for participation, but the participation would be capped at 2,000 customers. (PPL Electric St. No. 20, p. 5.) Additionally, PPL Electric may conduct targeted marketing to customers in areas where EV growth is forecasted to start causing system constraints in the next 5-7 years. (PPL Electric St. No. 20, p. 5.)

Other parties raised various concerns and recommendations regarding the Company's proposal, centering around: (1) alignment of on-peak and off-peak time periods and minimizing customer confusion; (2) evaluation, metrics, and reporting; (3) targeted marketing and cost discipline; (4) customer communications and implementation materials; and (5) program duration and review. (SEF St. No. 1, pp. 25-26; OCA St. 5, pp. 101-03, 109, 117-18, 123; OCA St. 7, p. 9; EI St. No. 1, pp. 57-61.)

In rebuttal, PPL Electric maintained its proposed on-peak definition should be utilized until data was gathered to refine time periods in future iterations of the program, agreed with principles of evaluation and periodic reporting but disagreed with requiring the Company to develop a comprehensive evaluation plan, disagreed with the position that participation should be limited to constrained areas of its distribution system or that separate caps for non-constrained areas should be instituted, stated that it would share customer communications and implementation materials with other parties, and agreed that the program should have an initial term and be reevaluated before continuation beyond that term. (PPL Electric St. No. 20-R, pp. 8-11.)

Under the Settlement, PPL Electric's EV TOU Charging Rebate Program would be approved as modified pursuant to the Settlement. These modifications collectively reflect compromises by the parties on their various positions and recommendations concerning the program. To address parties' concerns about a term of years for the program, the Settlement specifies that the EV TOU Charging Rebate Program shall run from July 1, 2026, until June 30, 2030.[44] (Settlement ¶ 107.) 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.[45] (Settlement ¶ 108.) The Settlement also requires PPL Electric to 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. (Settlement ¶ 110.) 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 Energy Efficiency and Conservation ("EE&C") Plan. (Settlement ¶ 116.) Stakeholders shall be afforded an opportunity to participate in the applicable proceeding. (Settlement ¶ 116.)

Regarding the on-peak and off-peak hours under the program, the Settlement provides that 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. (Settlement ¶ 109.) No rebates will be paid to program participants in the six shoulder months. (Settlement ¶ 109.)

As for the communications and implementations materials, the Settlement states that PPL Electric will share with interested stakeholders the proposed application form, customer

[44] 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. (Settlement ¶ 107.)

[45] *E.g.*, Program Year 1 would be July 1, 2026, to May 30, 2027. (Settlement ¶ 108.)

communications with the requirements and program rules, marketing materials, and the proposed areas where marketing will be conducted. (Settlement ¶ 111.) PPL Electric will provide a collaborative forum for discussion of the proposed materials and will offer interested stakeholders the opportunity to provide feedback to the Company on the materials and proposed marketing targets. (Settlement ¶ 111.) Further, 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. (Settlement ¶ 115.)

For evaluation and tracking, PPL Electric will develop an evaluation plan with detailed objectives to assess the EV TOU Charging Rebate Program throughout the program and at the end of its initial term.[46] (Settlement ¶ 112.) Within 60 calendar days following the end of each Program Year, PPL Electric will file and serve a report at this docket providing the following information, with individualized customer information anonymized: (a) number of customers who participated; (b) total rebates awarded to participating customers; (c) customers' charging behavior metrics; and (d) customer satisfaction. (Settlement ¶ 114.)

Finally, 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. (Settlement ¶ 117.) PPL Electric will propose in its next base rate case to establish

[46] 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. (Settlement ¶ 112.) This full evaluation plan will include milestones with 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. (Settlement ¶ 112.)

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. (Settlement ¶ 113.)

EV distribution rates for third-party public-facing EV DCFCs and residential customers. (Settlement ¶ 117.)

In sum, these Settlement provisions are designed to address parties' concerns and recommendations related to the Company's EV TOU Charging Rebate Program and EV charging more generally. PPL Electric will be able to conduct the program as modified, gathering valuable data about customers' charging activities to help inform future rate design, while also encouraging customers to shift EV charging to off-peak hours. Thus, these provisions are reasonable and in the public interest and should be approved.

L. IT UPGRADES

1. Capitalization of IT Upgrades

PPL Electric proposed capitalization of certain IT costs, arguing that such treatment is consistent with the NARUC and Commission guidance. (PPL Electric St. No. 3, pp. 5-6.) The Company stated that the total cost of these projects PPL Electric is seeking to capitalize is approximately $53.9 million, inclusive of Allowance for Funds Used During Construction ("AFUDC") through the FPFTY. (PPL Electric St. No. 3, p. 6.) PPL Electric asserted that these software implementation costs are related to shared IT platforms resulting from an organizational consolidation, including: (1) a cloud hosted, customer information system ("CIS"); (2) a cloud-hosted, Enterprise Resource Planning system ("ERP"); (3) consolidated work management systems; (4) an on premises, consolidated advanced distribution management system ("ADMS") platform; (5) a cloud hosted, consolidated geographic information system ("GIS"); and (6) other shared infrastructure services that are discussed in the testimony of PPL Electric Witness Daniel Johnson (PPL Electric St. No. 19). (PPL Electric St. No. 3, pp. 6-7.) No parties disputed these underlying allowances.

Under the Settlement, PPL Electric is permitted to capitalize the costs associated with its planned IT upgrades. (Settlement ¶ 118.) Parties retain the right, however, to challenge the reasonableness and prudency of any such capitalized expenditures in future base rate cases. (Settlement ¶ 118.) Given that the parties did not dispute the specific costs and allowances associated with these upgrades, this provision reflects the parties' positions, preserves their right to challenge claims in future proceedings, and provides PPL Electric with the necessary accounting approvals to capitalize these costs. Therefore, these provisions are reasonable and in the public interest and should be approved.

2. Coordination of IT Upgrades with Electric Generation Suppliers

The only point of controversy about the IT upgrades concerned a series of proposals made by RESA demanding increased coordination with EGSs. RESA recommended that the Commission direct the Company to "provide daily updates to competitive suppliers and weekly updates to Commission staff for at least the first 90 days of any system upgrade/transition, including reporting on the number of issues identified by suppliers, the estimated number of customers impacted, an explanation of PPL Electric's effort to resolve those issues without placing undue burden on suppliers, and an estimated timeline for resolution." (RESA St. No. 1, p. 15.)

PPL Electric asserted in rebuttal that RESA's proposal would result in EGSs micromanaging the daily operations of the Company, which is unwarranted and unduly burdensome and presupposes a problem and lack of communication. (PPL Electric St. No. 19-R, p. 4.)

Under the Settlement, PPL Electric will engage in communications with the EGSs regarding planned changes to its IT systems which have the potential to impact the Supplier Portal before such changes are implemented. (Settlement ¶ 118.) The Company also will review in good faith any feedback provided by EGSs regarding such planned IT system changes. (Settlement

¶ 118.) However, PPL Electric retains ultimate discretion regarding the design and implementation of its IT systems and shall be under no obligation to incorporate the EGSs' suggestions. (Settlement ¶ 118.) These provisions strike an appropriate balance between the parties' positions, by requiring communications and consideration of feedback, while preserving the Company's ultimate discretion to design and implement its IT systems as it sees fit. Therefore, these provisions are reasonable and in the public interest and should be approved.

3. Distributed Energy Resources Management System ("DERMS")

EI raised issues and made recommendations related to the Company's DERMS, asserting, among other things, that the Distributed Energy Resources ("DER") Orchestration Plan that the Company is required to filed under the Commission's Order at Docket No. P-2024-3049223 could significantly reduce the costs of the Second DER Management Plan, and that the Company's Second DER Management Plan is costly (at $1,700 per device). (EI Statement No. 1, pp. 52-54.)

PPL Electric responded in its rebuttal testimony, arguing that EI's positions are flawed for a number of reasons. First, the Company's claim for the FPFTY is actually understated due to the Commission's approval of the Second DER Management Plan, which, among other things, eliminates the cap of 3,000 on the number of DER Management devices that could be installed. (PPL Electric St. No. 20-R, p. 16.) Second, the Commission has determined that the Second DER Management Plan will produce benefits in excess of its costs. (PPL Electric St. No. 20-R, p. 17.) Third, the Company noted that EI overstated the per device costs of DER Management devices. (PPL Electric St. No. 20-R, p. 17.) Fourth, PPL Electric demonstrated that the DER Orchestration Plan could not be implemented in sufficient time to have any impact on the Company's capital costs in the FPFTY. (PPL Electric St. No. 20-R, pp. 19-20.)

The Settlement reasonably balances the parties' competing positions. The Company has agreed that to the extent that it must develop a DER Orchestration Plan under the Commission's

Order at Docket No. P-2024-3049223,[47] it will hold one stakeholder working group with the parties to this proceeding before filing its DER Orchestration Plan with the Commission. (Settlement ¶ 119.) During the stakeholder working group meeting, the Company shall provide substantive updates regarding the process and anticipated content of such Plan, address stakeholder questions, and solicit stakeholder feedback. (Settlement ¶ 119.) PPL Electric commits to considering any such stakeholder feedback in good faith as part of the Company's finalization of the DER Orchestration Plan before filing with the Commission. (Settlement ¶ 119.) This Settlement reasonably balances the parties' positions, by providing the parties in this case an opportunity to provide feedback on the DER Orchestration Plan, while maintaining PPL Electric's ability to timely prepare and submit the DER Orchestration Plan pursuant to the Commission's Orders at Docket No. P-2024-3049223. Thus, these provisions are reasonable and in the public interest and should be approved.

M. RETAIL TARIFF

1. Payment Transaction Fees

In its direct testimony, the Company stated that currently a customer who makes a one-time payment using a credit or debit card or makes a payment via a walk-in location, such as through Western Union or Fiserv, is charged a separate fee set by the outside vendor. (PPL Electric St. No. 18, p. 7.) The amount of that fee depends on the method and amount of the payment. (PPL Electric St. No. 18, p. 7.) Specifically, the current credit/debit card fees online or through apps such as Venmo and PayPal are $2.50 per transaction of up to $1,000 for residential customers and

[47] PPL Electric notes that the Commission recently entered an Order on March 12, 2026, at Docket No. P-2024-3049223 denying OCA's Petition for Reconsideration and/or Clarification and the Joint Solar Parties' Petition for Clarification and Stay/Supersedeas of the Commission's Order approving the Second DER Management Plan. *See Petition of PPL Elec. Utils. Corp. for Approval of its Second Distributed Energy Resources Mgmt. Plan*, Docket No. P-2024-3049223, pp. 33-34 (Order entered March 12, 2026). The 30-day period for the filing of Petitions for Review with the Commonwealth Court has not yet expired as of the filing of this Statement in Support.

$7.50 per transaction of up to $1,500 for non-residential customers. (PPL Electric St. No. 18, p. 7.) The walk-in fee is $2.00 per transaction. (PPL Electric St. No. 18, p. 7.)

As part of its initial filing, PPL Electric proposed to recover the costs of these payment transaction fees through base rates, rather than making the customer cover the transaction fee separately. (PPL Electric St. No. 18, p. 7.) This would apply to credit and debit card fees as well as electronic payment methods such as Venmo and PayPal. (PPL Electric St. No. 18, p. 7.) The Company asserted that its proposal would provide the following benefits: (1) help customers avoid termination of service or late payments; (2) eliminate the burden of the transaction fee on customers; (3) reduce confusion between the third-party transaction fees and the Company's charges for electric service; (4) increase customer satisfaction; and (5) reduce the inconvenience of customers sending a check via mail. (PPL Electric St. No. 18, p. 8.)

I&E and OCA agreed with the Company's proposal to recover the costs of payment transaction fees in base rates but disagreed with the Company's claim amount. (I&E St. No. 2, pp. 25-28; OCA St. 1, pp. 12-13.) CAUSE-PA also supported the Company's proposal. (CAUSE-PA St. 1, pp. 110-11.)

In rebuttal, PPL Electric clarified that as explained by the Company in its response to discovery request OCA XXV-18 (see PPL Electric Exhibit LN-10R), the expense amount included in the FPFTY is $5.2 million, not approximately $4.98 million. (PPL Electric St. No. 18-R, p. 42.) Also, the Company responded to the parties' arguments and continued to defend its proposed expense claim amount for the payment transaction fees. (PPL Electric St. No. 18-R, pp. 42-44.)

Under the Settlement, PPL Electric's proposal to eliminate third party payment fees and roll these costs into rates is adopted. (Settlement ¶ 119.) The Settlement also provides that amount rolled into rates is included in the overall revenue requirement increase agreed to by the parties in

Paragraph 49 of the Settlement. (Settlement ¶ 119.) Although the dollar amount is not specified in the agreed-upon revenue requirement, as that remained a point of dispute among the parties in the litigation, all parties agreed in testimony that this category of costs should be recovered through base rates. Therefore, the Settlement is reasonable and in the public interest and should be approved without modification.

2. Economic Development

The Company proposed to recover $400,000 in expenses related to the implementation and operation of its Opportunity Pennsylvania Program, a program geared toward assisting communities in attracting job creation and private investment by encouraging those communities to secure funding and to complete key pre-development activities that will attract investment and new business development. (PPL Electric St. No. 21, pp. 2-4, 7-8.)

I&E, CAUSE-PA, OCA, and OSBA raised concerns related to this program regarding demonstrated customer benefits, the prudency of a utility implementing such a program, Commission and Company precedent, and coordination with government. (I&E St. No. 2, pp. 30-32; CAUSE-PA St. 1, p. 112; OCA St. No. 1, p. 24; OSBA St. No. 1, p. 5.)

Under the Settlement, PPL Electric's Opportunity Pennsylvania Program costs will not be recovered through base rates in this proceeding. (Settlement ¶ 121.) As such, the Settlement does not prohibit PPL Electric from implementing the Opportunity Pennsylvania Program if it so chooses, while clarifying that the agreed-upon base distribution revenue increase does not include the costs associated with the program. When viewed as a part of the broader Settlement, this provision is reasonable and in the public interest and should be approved.

3. Rule 6

In its direct testimony, PPL Electric proposed to replace its existing standby service provisions under Rule 6 and Rule 6A with a new consolidated standby service, which is set forth

in its proposed retail tariff (PPL Electric Exhibit GEO-1). (PPL Electric St. No. 8, p. 20.) The new tariff would apply to non-residential customers with on-site generation facilities greater than 3 MW and to other non-residential customers with on-site generation who do not qualify for net metering service. (PPL Electric St. No. 8, pp. 20-21.) The Company stated that the proposed tariff simplifies the structure by consolidating the Company's standby service obligations into a single schedule and ensures that customers with on-site generation pay appropriately for the system resources they require, including capacity that must be available to serve them when their generation is not operating. (PPL Electric St. No. 8, p. 21.)

PPLICA provided testimony on the new Rule 6 and recommended in its direct testimony that the Company should clarify that the demand charges impacted by Rule 6 are limited to distribution demand charges. (PPLICA St. No. 1, pp. 9-10.)

In rebuttal, PPL Electric stated that it is reasonable to clarify Rule 6 and noted that the back-up demand charges set forth in the table in the proposed Rule 6 needed to be updated to equal 30% of the applicable standard distribution demand charges under Rate Schedule GS-3, LP-4 or LP-5. (PPL Electric St. No. 8-R, pp. 36, 39.)

Under the Settlement, the Company's compliance Retail Tariff filing will: (a) clarify that the Rule 6 capacity reservation charge is limited to distribution demand charges; and (b) incorporate corrected back-up power reservation charges in Rule 6 that are equal to 30% of the applicable standard distribution demand charge under Rate Schedule GS-3, LP-4, or LP-5. (Settlement ¶ 121.) These changes have been incorporated in Appendix G of the Settlement. As such, the Settlement reflects a reasonable compromise of PPL Electric's and PPLICA's positions and will add clarity to the Company's Retail Tariff. Therefore, these provisions are reasonable and in the public interest and should be approved.

4. Alternative Energy Credit ("AEC") Ownership

In his rebuttal testimony, PPL Electric Witness Olsen clarified that there was language about the ownership of AECs that was incorrectly included in the Net Metering for Renewable Customer Generators section of the proposed tariff. The edit can be found on page 263 of PPL Electric Exhibit GEO-1, which states:

> Additional metering equipment for the purpose of qualifying alternative energy credits **generated** ~~owned~~ by the customer-generator shall be paid for by the customer-generator. The Company shall take title to the alternative energy credits **(AECs)** produced by a customer-generator ~~where the customer-generator has expressly rejected title to the credits. In the event that the Company takes title to the alternative energy credits, the Company will pay for and install the necessary metering equipment to qualify the alternative energy credits. The Company shall, prior to taking title to any alternative energy credits, fully inform the customer-generator of the potential value of those credits and options available to the customer-generator for their disposition~~.

Mr. Olsen explained that the language about the ownership of AECs would be removed in the Retail Tariff compliance filing by changing that paragraph to the following:

> Additional metering equipment for the purpose of qualifying alternative energy credits owned by the customer-generator shall be paid for by the customer-generator. The Company shall take title to the alternative energy credits produced by a customer-generator where the customer- generator has expressly rejected title to the credits. In the event that the Company takes title to the alternative energy credits, the Company will pay for and install the necessary metering equipment to qualify the alternative energy credits. The Company shall, prior to taking title to any alternative energy credits, fully inform the customer-generator of the potential value of those credits and options available to the customer-generator for their disposition.

(PPL Electric St. No. 14-R, p. 8.) No party opposed the Company's proposed revision to remove the AEC ownership language.

The Settlement memorializes this commitment by the Company to make this change as part of its Retail Tariff compliance filing. (Settlement ¶ 122.) Therefore, this Settlement provision is reasonable and in the public interest and should be approved.

5. Definition of "Tenant"

In its direct testimony, CAUSE-PA raised concerns regarding the definition of "tenant" in the Company's proposed tariff, arguing that the Company's proposed definition was too narrow. (CAUSE-PA St. 1, p. 112.) CAUSE-PA also indicated concern regarding the Company's proposed changes to submetering rules explained that submetering facilitates the resale of electric service to tenants because it cuts off tenants from universal service and energy conservation programs and critical consumer protections and increases the risk of overcharging without a clear or accessible remedy. (CAUSE-PA St. 1, pp. 119-120.) CAUSE-PA proposed clarifications to the definition of "tenant" as well as to Rule 5(E) of the Company's tariff in order to resolve these concerns. (CAUSE-PA St. 1, p. 112, 122.)

In its rebuttal testimony, the Company offered to make modifications to its tariff in response to CAUSE-PA's concerns. (PPL Electric St. No. 14-R, pp. 2-6.) Specifically, PPL Electric proposed updating its Tariff to include the following definition of "tenant":

> Any person or group of persons who occupies or is entitled to occupy a residential or commercial unit within a multitenancy building, parcel, or mobile home park and who is contractually obligated to make rental payments to a landlord or landlord ratepayer pursuant to a written or oral lease or rental arrangement. The term includes occupants of residential or commercial units where electric service is provided as an included service under the rental agreement and where the occupant is not the ratepayer of the utility providing such service. For purposes of this definition, a multitenancy building shall include any structure containing three (3) or more separate and distinct residential or commercial units, and tenancy may be expected to be for a duration of one (1) year or more.

(PPL Electric St. No. 14-R, pp. 2-3.) Relatedly, PPL Electric stated that it was willing to amend Rule 5(E)(1) of the Retail Tariff as follows in response to CAUSE-PA's concerns:

> E. REDISTRIBUTION OF SERVICE
>
> (1) At the service locations covered hereunder connected after May 21, 1980, each tenant shall be served, metered and billed individually by the Company under the appropriate rate schedule except where the Company

> has permitted master metering with resale in accordance with the provision of Tariff Rule 5(E)(2). Upon application to the Company, any owner (or their duly authorized representative) of a new multi-tenancy commercial building may seek an exception to Tariff Rule 5(E) by demonstrating that the installation of individual electric meters at each separate unit within the building is neither feasible nor practical from a financial, technical, engineering, and/or any other valid reason. If the Company approves an exception to this Rule, the master meter must be designed so that it will not ~~achieve any notable reduction in the consumption of electricity by the tenants in the building than if the tenant units had individual electric meters within the building with efficient heat controls.~~ result in a notable increase in consumption but is designed to allow the master metered customer to either maintain or reduce consumption.

(PPL Electric St. No. 14-R, pp. 4-5.) However, the Company disagreed with CAUSE-PA's proposed revision to Rule 5(E)(2) of the Retail Tariff. (PPL Electric St. No. 14-R, p. 5.) CAUSE-PA then responded in its surrebuttal testimony, recommending, among other things, minor editions to the Company's proposed definition of "tenant" set forth in the Company's rebuttal testimony. (CAUSE-PA St. 1-SR, p. 48.)

Ultimately, under the Settlement, the Company shall revise the definition of "tenant" as specified on pages 2-3 of PPL Electric St. No. 14-R and as further modified on page 48, lines 16-26 of CAUSE-PA St. 1-SR and revise Rule 5(E)(1) as set forth on pages 4-5 of PPL Electric St. No. 14-R. (Settlement ¶ 122.) By incorporating these revisions, the Settlement will help clarify the intent and application of PPL Electric's Retail Tariff and ultimately resolve the concerns about these issues raised in the proceeding. Thus, these provisions are reasonable and in the public interest and should be approved.

6. Small Business Payment Arrangements

Various parties raised concerns about affordability in this proceeding. (*See, e.g.*, OCA St. 8, pp. 7-40; OCA St. 9, pp. 2-8; CAUSE-PA St. 1, pp. 4-6, 31-48; EJA St. No. 1, pp. 8-18.) As noted in the Company's rebuttal testimony, PPL Electric takes its statutory duty to provide safe, reliable, adequate, and efficient electric service at reasonable rates seriously. (PPL Electric St. No.

1-R, p. 9.) To that end, PPL Electric strives to be judicious with its O&M and capital expenditures, recognizing the downstream impact the incurrence of those costs has on customers' rates. (PPL Electric St. No. 1-R, p. 9.) Furthermore, PPL Electric offers a series of customer assistance programs under its USECP and Act 129 EE&C Plan that are designed to help customers reduce their energy usage and bills. (PPL Electric St. No. 1-R, p. 9.)

To help address affordability for small business customers specifically, the Settlement provides that the Company will add a Rule 9(I) to its Retail Tariff, through its compliance filing, that provides PPL Electric with the discretion to enter into a flexible payment arrangement of up to 6 months with Rate GS-1 and GS-3 customers under terms acceptable to the Company. (Settlement ¶ 121.) The Company also will prepare proactive customer communications regarding small business payment arrangements upon the filing of the compliance tariff. (Settlement Appx. G.) These provisions will help address affordability concerns for small business customers, while providing the Company with flexibility to work with individual customers to develop payment arrangements that work best for them and PPL Electric. Therefore, the provisions are reasonable and in the public interest and should be approved.

7. Customer Transformation Equipment under Rate LP-5

In its direct testimony, EI expressed concerns related to the provision in the Company's LP-5 tariff regarding the construction and maintenance of LP-5 customers' transformation equipment. (EI St. No. 1, pp. 37-38.) EI argued that the provision would allow large customers to take service at distribution voltages while avoiding payment of commensurate distribution rates, and recommended that the Commission direct the Company to strike this provision from its LP-5 tariff. (EI St. No. 1, p. 38.)

In rebuttal, PPL Electric argued that its proposal involves directly assigning these costs to the customer taking service from the substation. (PPL Electric St. No. 16-R, p. 27.) There will be

no recovery from other customers, and this is the same type of direct assignment these witnesses have advocated for in the recovery of system upgrade costs for interconnections. (PPL Electric St. No. 16-R, p. 27.) Therefore, the Company maintained that its proposal should be approved because there has not been any showing that it will involve any cross-subsidization with other customers. (PPL Electric St. No. 16-R, p. 27.)

Under the Settlement, the Company shall modify the proposed paragraph headed "CUSTOMER TRANSFORMATION EQUIPMENT" in Rate Schedule LP-5 to apply to customers with a peak demand of less than 50 MW and facilities for which the Commission has approved an exemption under Paragraph 91(b)(ii). (Settlement ¶ 122.) The Company will include provisions in its agreement with the customer that ensure that no costs associated with owning, operating, and maintaining the customer transformation equipment will be recovered from other customers. (Settlement ¶ 122.) This provides the necessary clarification and specificity to address EI's concerns, protects existing customers, and allows the Company to include customer transformation equipment provisions in Rate LP-5. Accordingly, these provisions are reasonable and in the public interest and should be approved.

N. SUPPLIER TARIFF

As part of its initial filing, PPL Electric proposed to adopt a new Supplier Tariff, Tariff – Electric Pa. P.U.C. No. 2S. (PPL Electric St. No. 18, p. 15.) Both clean and blackline versions of the proposed Supplier Tariff are provided in PPL Electric Exhibit LN-1. (PPL Electric St. No. 18, p. 15.) The Company explained that its current Supplier Tariff initially became effective back on August 27, 1998, during the advent of retail electric supply market. (PPL Electric St. No. 18, pp. 15-16.) Although some provisions have been modified since that time, the Supplier Tariff is well overdue for an update to address current policies and procedures governing PPL Electric's interaction with and charges to EGSs and other issues. (PPL Electric St. No. 18, p. 16.) The

Company also explained that as part of updating its Supplier Tariff, PPL Electric benchmarked its existing Supplier Tariff against its Pennsylvania peer EDCs, particularly FirstEnergy Pennsylvania Electric Company ("FE PA") given that FE PA's and PPL Electric's service territories share significant boundaries. (PPL Electric St. No. 18-R, p. 64.) Many of the proposed changes are consistent with FE PA's Supplier Tariff, so they should not be new to EGSs operating in Pennsylvania. (PPL Electric St. No. 18-R, p. 64.)

RESA was the only party that raised any issues with the Company's proposed Supplier Tariff. RESA argued that the Company's changes to the Supplier Tariff are not appropriately raised in a base rate proceeding and that the Commission should reject the Company's Supplier Tariff as a result. (RESA St. No. 1, p. 6.) However, if the Commission does consider the proposal, then RESA asked that the Commission reject: (1) the proposal to assess EGSs the Electronic Data Interchange ("EDI") and Data Universal Numbering System ("DUNS") testing costs that are currently passed onto ratepayers through base rates; (2) the proposed credit requirements for suppliers; (3) the proposed rule defining "Standard Rates" and limiting the amount per quarter an EGS is permitted to submit; and (4) any new proposal to require EGSs to provide written authorization a pre-condition to receiving the information necessary to serve their customers. (RESA St. No. 1, pp. 3-5.)

In rebuttal, PPL Electric disputed RESA's position that the Supplier Tariff should not be addressed in this proceeding. (PPL Electric St. No. 18-R, pp. 63-65.) Among other reasons, PPL Electric observed that the Commission has approved changes to supplier tariffs in other base rate cases, that RESA and other parties had months to review the proposed Supplier Tariff and engage in discovery about the provisions set forth therein, that it has been decades since the Company revised its Supplier Tariff, and that the proposed changes to the recovery of EDI and DUNS testing

fees must be addressed as part of a base rate case, so that its FPFTY claim could be adjusted downward to remove those costs from base rates. (PPL Electric St. No. 18-R, pp. 63-65.)

The Company also disagreed with RESA's arguments concerning PPL Electric's proposal to recover of EDI transaction and DUNS testing fees from EGSs. (PPL Electric St. No. 18-R, pp. 68-71.) PPL Electric argued that well-established principles of cost causation support the direct assignment of costs to the entities who cause the incurrence of such costs, which, in this case, are the EGSs. (PPL Electric St. No. 18-R, p. 68.) For example, PPL Electric is forced to incur a one-time full DUNS testing fee of $4,867.20 to set up a new EGS and a one-time abbreviated DUNS testing fee of $2,215.98 when an existing EGS request to set up a new DUNS number. (PPL Electric St. No. 18-R, pp. 68-69.) In both cases, PPL Electric only incurs those costs when the EGS requests the testing. (PPL Electric St. No. 18-R, p. 68.) Similarly, the EDI transaction fees that PPL Electric proposes to assess EGSs include the cancel/rebill transactions initiated by the EGS. (PPL Electric St. No. 18-R, p. 69.) PPL Electric would not bill the EGSs for any cancel/rebill transactions that are initiated by the Company. (PPL Electric St. No. 18-R, p. 69.) As a result, PPL Electric's proposal would directly assign, on an individual EGS basis, the specific costs of the EDI transactions and DUNS testing that they caused the Company to incur. (PPL Electric St. No. 18-R, p. 69.)

As for the Company's proposed credit requirements, the Company defended its proposal but nevertheless stated that it would be willing to amend its Supplier Tariff as part of this compliance filing to specify that the credit requirements apply to the EGSs that are not participating in the POR Program. (PPL Electric St. No. 18-R, pp. 71-72.) PPL Electric also stated that it would be willing to reduce the required credit amount to $50,000, which matches the credit

amount for the West Penn Rate District in FE PA's Supplier Tariff. (PPL Electric St. No. 18-R, p. 72.)

Additionally, PPL Electric incorporated certain modifications in its rebuttal case to address RESA's concerns, such as withdrawing Rule 3.1(f) regarding the setting of "Standard Rates," agreeing to clarify language in its Load Data Supply Charge section to align it with Rule 5.3.3 of the Supplier Tariff about the provision of customer-specific information, including a definition of "Bill Ready," and adding a "Rate Ready" billing scenario in the Competitive Billing Specifications Rider. (PPL Electric St. No. 18-R, pp. 72-76.)

Under the Settlement, the Company has agreed to make several modifications to its Supplier Tariff to address RESA's concerns and reach a compromise on the disputed issues. (Settlement ¶ 123.) Specifically, as part of its compliance Supplier Tariff filing, PPL Electric shall make the following modifications: (a) remove Rule 3.1(f) and renumber subsequent provisions accordingly; (b) clarify the Load Data Supply Charge section as stated on page 73 of PPL Electric St. No. 18-R; (c) include the definition of "Bill Ready" as set forth on page 75 of PPL Electric St. No. 18-R; (d) revise the Competitive Billing Specifications Rider to address a Rate Ready billing scenario as specified on page 76 of PPL Electric St. No. 18-R; (e) delete the credit requirements detailed in Rule 4.14; (f) revise Rule 4.18 to remove the recovery of "EDI Transaction Fees" from the Coordination Service Charges; (g) revise Rule 4.18 to institute a January 1, 2027 effective date for the inclusion of "DUNS Testing Fees" in the Coordination Service Charges; and (h) update the rate classes in Rule 12.9 for the Purchase of Receivables ("POR") Program to reflect the relevant rate classes approved in this proceeding. (Settlement ¶ 123.) The Settlement further provides that all EGSs currently registered and operating in its service territory will be allowed to continue service on an uninterrupted basis regardless of the changes to Rule 3.1 (and subsections thereof)

of the Supplier Tariff until January 1, 2028. (Settlement ¶ 123.) The EGSs currently registered and operating in the Company's service territory will need to provide the information and materials required under Rule 3.1 (and subjections thereof) no later than January 1, 2028, to continue operating in PPL Electric's service territory. (Settlement ¶ 123.) PPL Electric also agrees that EGSs can satisfy applicable requirements under Rule 3.1 (and subsections thereof) through affiliates. (Settlement ¶ 123.) The Company will communicate the requirements under Rule 3.1 to all EGSs currently registered in the Company's service territory within 60 days of the entry date of the Commission's Final Order in this proceeding. (Settlement ¶ 123.)

Collectively, these provisions are designed to provide clarity to the interpretation and implementation of the new Supplier Tariff, set forth clear parameters regarding the application of the Supplier Tariff's requirements to existing EGSs, and enable PPL Electric to finalize and adopt an overdue update to its Supplier Tariff. Moreover, the Joint Petitioners reached a compromise on the Company's proposal to charge EGSs for the EDI transaction and DUNS testing fees, by providing for the recovery of the DUNS testing fees (subject to the provisions in the Settlement) and withdrawing the Company's proposal to recover the EDI transaction fees. On balance, these provisions reflect a reasonable resolution to the issues raised concerning the Supplier Tariff. Thus, the Settlement provisions are reasonable and in the public interest and should be approved without modification.

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

In its direct testimony, Convergent argued that PPL Electric's current approach for the interconnection of non-exporting behind-the-meter ("BTM") battery energy storage systems ("BESS") is unjust and unreasonable because the Company: (1) has not established rules applicable to this class of resource; and (2) applies requirements developed for generation

resources in lieu of such rules. (Convergent St. No. 1, p. 5.) To address its concerns, Convergent proposed that PPL Electric be required to develop and seek Commission approval of interconnection rules specific to non-exporting BTM BESS. (Convergent St. No. 1, p. 5.)

PPL Electric disagreed with Convergent's characterizations of the Company's interconnection process, asserting that its PPL Distribution Energy Storage Interconnection Policy and Guidance provides clear technical standards and expectations for an interconnection application for a BTM BESS to the Company's distribution system. (PPL Electric St. No. 14-R, p. 9.) PPL Electric also argued that it is appropriate to treat and classify BTM BESS as a generation source because BESS units can be electrically coupled with characteristics that are nearly indistinguishable from traditional generation resources in terms of electrical physics and their interaction with the utility system. (PPL Electric St. No. 14-R, pp. 9-10.) Notwithstanding, PPL Electric stated that it remains committed to reviewing its existing interconnection rules and standards to determine whether enhancements are warranted. (PPL Electric St. No. 14-R, p. 11.) This review will focus on refining the specific provisions applicable to non-exporting BTM BESS installations, with the objective of establishing clear, equitable, and cost-effective requirements that uphold the safe and reliable operation of the electric grid. (PPL Electric St. No. 14-R, p. 11.)

Under the Settlement, the Joint Petitioners have reached a reasonable compromise on Convergent's issues and recommendations. The Settlement provides that PPL Electric will review within 120 days of the entry date of the Commission's Final Order any behind-the-meter non-exporting battery energy storage projects currently being reviewed for interconnection behind a customer's meter to determine if the requirements being imposed are in line with industry best practices and available studies. (Settlement ¶ 123.) This provision establishes a process by which the Company will benchmark its requirements with industry best practices and available studies,

while being mindful of the time necessary for PPL Electric to conduct that review. Thus, this provision is reasonable and in the public interest and should be approved.

P. MISCELLANOUS TERMS

The Settlement also includes several boilerplate provisions that clarify interpretation of the Settlement's terms, address certain procedural and precedential aspects of the Settlement, preserve parties' rights with respect to taking positions on issues resolved through the Settlement in other proceedings, and the impact of subsequent rulings by the ALJs and Commission on the Settlement. (Settlement ¶¶ 125-132.) These provisions are necessary to ensure the proper interpretation and effect of the Settlement, particularly if any part of the Settlement is modified by the ALJs or the Commission. Therefore, these provisions are reasonable and in the public interest and should be approved.

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

As noted in the Settlement, 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. (Settlement ¶ 133.) In addition to the averments set forth in Paragraphs 134 through 158 of the Settlement addressing that Statement, PPL Electric provides the following.

First, regarding the "Extended Stay Out" section of Vice Chair Barrow's Statement,[48] PPL Electric Witness Martin testified that the Company strives to be judicious with its O&M and capital

[48] Vice Chair Barrow stated in that section:

> **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.

(Settlement ¶ 135.)

expenditures, recognizing the downstream impact the incurrence of those costs has on customers' rates. (PPL Electric St. No. 1-R, p. 9.) In fact, even with the proposed base rate increase, PPL Electric would have some of the lowest electric distribution rates among the major EDCs. (PPL Electric St. No. 1-R, p. 9.) Also, over the last decade, during which the Company has not sought any base rate increase, PPL Electric has utilized all available tools in consideration of customer affordability. (PPL Electric St. No. 1-R, p. 10.) In the face of reliability concerns, the Company has increased its LTIIP spend and was approved for a waiver of its DSIC cap. (PPL Electric St. No. 1-R, p. 10.) This gave the Company the opportunity to make significant reliability investments and mitigate rate shock for customers, while also continuing to maintain consumer protections with a price cap. (PPL Electric St. No. 1-R, p. 10.) This serves as evidence that the Company has explored and utilized available options before seeking the instant base distribution rate increase. (PPL Electric St. No. 1-R, p. 10.)

Furthermore, as noted in the Settlement, the Settlement provides for a reduced revenue requirement than the one requested by PPL Electric as well as a two-year rate case stay-out. (*See* Settlement Section III.A.) The Settlement also addresses the allocation of the revenue increase among the Company's customer classes, with the average bill impacts in Appendix C of the Settlement. (*See* Settlement Section III.B.) 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* Settlement Section III.F.) As a whole, the Settlement reasonably balances the Company's need for rate relief with the impact of the revenue increase on customers' bills.

Second, Vice Chair Barrow raised concerns about the Company's claimed capital structure and ROE in the "Capital Structure" section of her Statement. (Settlement ¶ 142.) As explained in

Section II.A of this Statement in Support, the parties engaged in extensive discovery and presented multiple rounds of in-depth testimony about the Company's and other parties' proposed capital structure and ROE. Although the Settlement does not specify a capital structure or ROE that was used to determine the agreed-upon revenue increase, the Settlement provides that the Joint Petitioners' positions on these issues were duly considered when determining the agreed-upon increase in the Company's revenue requirement. (Settlement ¶ 143.) The Joint Petitioners devoted a significant amount of time and effort to investigating and litigating these issues in this case and drew upon their extensive experience in rate case proceedings in negotiating the Settlement and evaluating their positions. Given the fact that every party that presented testimony on these issues reached agreement on the overall revenue requirement, the Settlement should be approved without modification.

Third, in the "Tracking Capital from Parent Company" section of her Statement, Vice Chair Barrow asked parties to "critically review these transactions between PPL and its parents/affiliates in this investigation." (Settlement ¶ 145.) As stated in the Settlement, 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. (Settlement ¶ 146.) 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. (Settlement ¶ 146.)

In fact, PPL Electric presented substantial testimony as part of its rebuttal case about the joint venture and the protections in place to protect against any potential conflicts of interest. (*See* PPL Electric St. No. 5-R, pp. 32-34.) As the Company explained, the Company has robust protections to guard against conflicts of interest with affiliates. (PPL Electric St. No. 5-R, p. 32.)

PPL Electric continues to be managed separately from the joint venture with appropriate structural protections that have historically and continue to be in place, including bankruptcy protections, separate credit ratings, capital structure requirements under stand-alone credit facility agreements, collateral requirements under debt financing agreements and independence of board of directors. (PPL Electric St. No. 5-R, p. 32.) These structural protections have historically been in place, including when PPL Corporation had a subsidiary in Pennsylvania that owned generation assets and provided electric generation supply service. (PPL Electric St. No. 5-R, p. 32.) Also, PPL Electric and any affiliates operating in Pennsylvania have and will continue to comply with all applicable laws and regulations, including, but not limited to, the Electricity Generation Customer Choice and Competition Act (66 Pa. C.S. § 2801, et seq.), Chapter 54 of the Commission's regulations (52 Pa. Code §§ 54.1, et seq.), and the FERC Standards of Conduct (18 C.F.R. § 358.1, et seq.). (PPL Electric St. No. 5-R, p. 32.)

Fourth, Vice Chair Barrow asked the parties to address the connection between customer service performance and the Company's requested ROE. (Settlement ¶ 148.) As the Settlement observes, parties engaged in extensive discovery about PPL Electric's customer service and presented a significant amount of testimony and exhibits on the matter. (Settlement ¶ 149.) Also, as shown in Section II.F of this Statement in Support, the Settlement addresses issues and proposals raised by parties about the Company's customer service. Furthermore, the Company's claimed ROE was fully investigated as part of this proceeding, as noted previously, and the parties' competing positions on ROE and customer service were duly considered when reaching agreement on the overall revenue requirement. (Settlement ¶ 151.)

Fifth, in the "Cost Allocation" section of her Statement, Vice Chair Barrow raised concerns about cost allocation in the face of "new ordinary customer loads" as well as "city-sized loads"

that are being interconnected with the distribution system, questioning if "[s]ome of our methods may be outdated, with sophisticated customers able to avoid consumption in a few peak hours to avoid their entire contribution." (Settlement ¶ 152.) Revenue allocation was a significant issue that the parties presented testimony on and made recommendations regarding, as summarized in Section II.B of this Statement in Support. The Settlement also recognizes that the parties devoted a significant amount of time and attention to these issues concerning the appropriate allocation of costs for large load interconnections. (Settlement ¶ 153.) The Settlement provides several terms and conditions that are designed to address those issues with large load interconnections. (*See* Settlement Section III.I.) As for Vice Chair Barrow's concerns about peak shaving, the Settlement would approve PPL Electric's new Rule 6 for standby charges, as modified by the Settlement. (*See* Settlement Section III.M.)

Finally, Vice Chair Barrow asked the parties, in the "Universal Service" section of her Statement, to address whether large load customers "should be allocated a share of the universal services charges, currently only charged to the residential rate class." (Settlement ¶ 156.) As noted in the Settlement, this issue was fully investigated by the parties in this proceeding. (Settlement ¶ 157.) Ultimately, the Joint Petitioners agreed to allocate $11 million of USR costs annually to the new LP-6 rate class through a non-bypassable customer charge. (Settlement ¶ 96.) Therefore, the Settlement directly addresses Vice Chair Barrow's concern about the potential impact of these large load customers on the USR costs currently borne by residential customers.

IV. CONCLUSION

The Settlement is the result of a detailed examination of PPL Electric's proposals, substantial discovery requests, multiple rounds of testimony, numerous settlement discussions, and compromises by the Joint Petitioners. PPL Electric believes that fair and reasonable compromises have been achieved on all issues in this case, particularly given the fact that the Joint Petitioners have such diverse and competing interests in this proceeding and have reached a Settlement on all issues. PPL Electric fully supports this Settlement and respectfully requests that Deputy Chief Administrative Law Judge Christopher P. Pell and Administrative Law Judge Barbara Shadie Nause and the Pennsylvania Public Utility Commission:

(i) Approve the Joint Petition for Approval of Non-Unanimous Settlement of All Issues without modification;

(ii) Approve the proposals set forth in PPL Electric's above-captioned electric distribution base rate increase filing subject to the terms and conditions of the Joint Petition for Approval of Non-Unanimous Settlement of All Issues;

(iii) Approve the proof of revenues attached to the Joint Petition for Approval of Settlement of All Issues as Appendix A;

(iv) Authorize the Company to file compliance tariff supplements to its proposed Retail and Supplier Tariffs consistent with the Joint Petition for Approval of Non-Unanimous Settlement of All Issues;

(iv) Mark the Formal Complaints filed by CAUSE-PA, OSBA, OCA, JSA, PPLICA, Convergent, and the individual customer complainants as satisfied and closed[49]; and

(vi) Mark the investigation at Docket No. R-2025-3057164 closed.

Respectfully submitted,

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Dated: March 20, 2026

Counsel for PPL Electric Utilities Corporation

[49] PPL Electric notes that on March 18, 2026, the Company was served with a complaint against the rate case filed by Kenneth Johnson, which is why Mr. Johnson's complaint at Docket No. C-2026-3061118 was not included in the Proposed Ordering Paragraphs submitted as part of the Settlement on March 13, 2026.

Appendix A
List of Acronyms and Initialisms

Acronym/Initialism	Long Form
ACCOS	Allocated Class Cost-of-Service
ACOSS	Allocated Cost of Service Study
ACR	Act 129 Compliance Rider
ACRS	Accelerated Cost Recovery System
ADIT	Accumulated Deferred Income Taxes
ADMS	Advanced Distribution Management System
AEC	Alternative Energy Credit
AEMS	Advanced Energy Management System
AEPS	Alternative Energy Portfolio Standards
AFUDC	Allowance for Funds Used During Construction
AICPA	American Institute of Certified Public Accountants
ALICE	Asset Limited, Income Constrained, Employed
ALJ	Administrative Law Judge
AMI	Advanced Metering Infrastructure
ARAM	Average Rate Assumption Method
ARPR	Annual Resource Planning Report
ASU	Accounting Standards Update
BCS	Bureau of Consumer Services
BES	Bulk Electric System
BLS	U.S. Bureau of Labor Statistics
BTM	Behind the Meter
BTM DG	Behind-the-Meter Distributed Generation
BUSS	Basic Utility Supply Service
BYPRP	Bond Yield Plus Risk Premium
C&I	Commercial and Industrial
CAGR	Compound Annual Growth Rate
CAIDI	Customer Average Interruption Duration Index
CAM	Cost Allocation Manual
CAMD	Clean Air Market Division
CAP	Customer Assistance Program
CAPM	Capital Asset Pricing Model
CARES	Customer Assistance and Referral Evaluation Service
CAUSE-PA	Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania
CBI	Community Betterment Initiative
CBOE	Chicago Board Options Exchange
CCOSS	Class Cost-of-Service Study
CCSA	Coalition for Community Solar Access

Appendix A
List of Acronyms and Initialisms

Acronym/Initialism	Long Form
CDD	Cooling Degree Days
CELID	Customers Experiencing Long Interruption Duration
CEMI	Customers Experiencing Multiple Interruptions
CEO	Commission on Economic Opportunity
CER	Competitive Enhancement Rider
CERI	Customers Experiencing Recent Interruptions
CES	Consumer Expenditure Survey
CGC	Customer-Generator Coalition
CIAC	Contribution in Aid of Construction
CIS	Customer Information System
CLI	Confirmed Low-Income
COMED IL	Commonwealth Edison (Illinois)
CPI-U	Consumer Price Index for All Urban Consumers
CTP	Certified Treasury Professional
CWC	Cash Working Capital
DAM	Distribution Accountability Meeting
DCC	Distribution Control Center
DCF	Discounted Cash Flow
DCFC	Direct Current Fast Charging
DEP	Pennsylvania Department of Environmental Protection
DER	Distributed Energy Resource
DERMS	Distributed Energy Resource Management System
DEU	Dominion Energy Utah
DHS	Pennsylvania Department of Human Services
DLR	Dynamic Line Ratings
DOE	Department of Energy
DP&L	Delmarva Power & Light
DPA	Deferred Payment Arrangement
DPS	Dividend Per Share
DRIPE	Demand Induced Market Price Effects
DSIC	Distribution System Improvement Charge
DSM	Demand Side Management
DSP	Default Service Plan
DUNS	Data Universal Numbering System
EAP	Energy Association of Pennsylvania
ECAPM	Empirical Capital Asset Pricing Model
ECL	Eligible Customer List
EDC	Electric Distribution Company

Appendix A
List of Acronyms and Initialisms

Acronym/Initialism	Long Form
EDI	Electronic Data Interchange
EE&C	Energy Efficiency and Conservation
EEI	Edison Electric Institute
EGS	Electric Generation Suppliers
EIA	U.S. Energy Information Administration
EITC	Education Improvement Tax Credit
EJA	Energy Justice Advocates
EOG	East Ohio Gas
EPRI	Electric Power Research Institute
EPS	Earnings Per Share
ERP	Equity Risk Premium
ESA	Electric Service Agreement
EVSE	Electric Vehicle Supply Equipment
FASB	Financial Accounting Standards Board
FEOC	Foreign Entity of Concern
FERC	Federal Energy Regulatory Commission
FFO	Funds from Operations
FICA	Federal Insurance Contributions Act
FOMC	Federal Open Market Committee
FPFTY	Fully Projected Future Test Year
FPIG	Federal Poverty Income Guidelines
FPL	Federal Poverty Level
FRED	Federal Reserve Economic Data
FTM DG	Front-of-the-Meter Distributed Generation
FTY	Future Test Year
GAAP	Generally Accepted Accounting Principles
GEV	GE Vernova Inc.
GIS	Geographic Information System
GLV	Greater Lehigh Valley
GRT	Gross Receipts Tax
GSC	Generation Supply Charge
H.P.S.	High-Pressure Sodium
HCM	Human Capital Management
HDD	Heating Degree Days
HPS	Household Pulse Survey
HTY	Historic Test Year
HUD	U.S. Department of Housing and Urban Development
I&E	Bureau of Investigation and Enforcement

Appendix A
List of Acronyms and Initialisms

Acronym/Initialism	Long Form
I&M	Inspection and Maintenance
ICAP	Installed Capacity
IEEE	Institute of Electrical and Electronics Engineers
IGS	IGS Solar, LLC
IIJA	Infrastructure Investment & Jobs Act
IIR	Interconnection Impact Review
IPA	Illinois Power Agency
IPP	Independent Power Producer
IVM	Integrated Vegetation Management
IVR	Interactive Voice Response
JCOSS	Jurisdictional Cost of Service Study
JSA	Joint Solar Advocates
KPL	Kansas Power & Light (Westar Energy)
KYCPA	Kentucky Society of Certified Public Accountants
LED	Light Emitting Diode
LG&E	Louisville Gas and Electric Company
LIDAR	Light Detection and Ranging
LIHEAP	Low Income Home Energy Assistance Program
LIURP	Low-Income Usage Reduction Program
LOA	Letter Of Authorization
LSE	Load Serving Entity
LTIIP	Long-Term Infrastructure Improvement Plan
LTN	Low Tension Network
LVCF	Lehigh Valley Community Foundation
LVEDC	Lehigh Valley Economic Development Corporation
MACRS	Modified Accelerated Cost Recovery System
MAIFI	Momentary Average Interruption Frequency Index
MBA	Master of Business Administration
MDMS	Meter Data Management Systems
MED	Major Event Days
MFC	Merchant Function Charge
MIS	Management Information Systems
MOS	Maintenance Optimization Strategy
MPUC	Minnesota, the Public Utilities Commission
MRP	Market Risk Premium
MRPL	Maximum Registered Peak Load
MTTR	Mean Time to Recover
NARUC	National Association of Regulatory Utility Commissioners

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List of Acronyms and Initialisms

Acronym/Initialism	Long Form
NEETRAC	National Electric Energy Testing, Research, and Application Center
NJBPU	New Jersey Board of Public Utilities
NLP	Natural Language Processing
NOI	Net Operating Income
NPP	Neighborhood Partnership Program
NWE	NorthWestern Energy Group, Inc.
O&M	Operating and Maintenance
OATT	Open Access Transmission Tariff
OBBBA	One Big Beautiful Bill Act
OCA	Office of Consumer Advocate
OCMO	Office of Competitive Market Oversight
ODP	Old Dominion Power
OIBD	Office of International Business Development
OLT	Original Life Table
OSBA	Office of Small Business Advocate
P/B	Price-to-Book
PA SITES	Pennsylvania Strategic Investments to Enhance Sites
PAWC	Pennsylvania-American Water Company
PCE	Personal Consumption Expenditures
PDMP	Professional Dairy Managers of Pennsylvania
PECO	PECO Energy Company
PFT	Predictive Failure Technology
PIP	Percentage of Income Payment
PJM	PJM Interconnection, LLC
PLC	Peak Load Contribution
POLR	Provider of Last Resort
POR	Purchase of Receivables
PP&E	Property, Plant, and Equipment
PPA	Power Purchase Agreement
PPL	PPL Electric Utilities Corporation
PPLICA	PP&L Industrial Customer Alliance
PTC	Price to Compare
PTO	Permission to Operate
PUC	Pennsylvania Public Utility Commission
PURA	Connecticut Public Utilities Regulatory Authority
PURTA	Public Utility Realty Tax Act
R&D	Research & Development
REMSI	Rules for Electric Metering and Service Installations

Appendix A
List of Acronyms and Initialisms

Acronym/Initialism	Long Form
REP	Required Equity Premium
RESA	Retail Energy Supply Association
RFP	Request for Proposal
RFQ	Request for Quotes
RIE	The Narragansett Electric Company d/b/a Rhode Island Energy
RMI	Rocky Mountain Institute
ROE	Return on Equity
ROR	Rate of Return
ROW	Right-of-Way
RRA	Regulatory Research Associates
RTS	Residential Thermal Storage
S&P	Standard & Poor's
SAIDI	System Average Interruption Duration Index
SAIFI	System Average Interruption Frequency Index
SCADA	Supervisory Control and Data Acquisition
SCI	Small Commercial and Industrial
SDER	Storm Damage Expense Rider
SEC	Securities and Exchange Commission
SEF	Sustainable Energy Fund
SEIA	Solar Energy Industries Association
SEPA	Smart Electric Power Alliance
SML	Security Market Line
SMR	Smart Meter Rider
SMS	Short Message Service
SNAP	Supplemental Nutrition Assistance Program
SOP	Standard Offer Program
SPLI	Supply Peak Load Impact
STAS	State Tax Adjustment Surcharge
SWE	Statewide Evaluator
T&D	Transmission and Distribution
TAM	Transmission Accountability Meeting
TCJA	Tax Cuts and Jobs Act
TOTI	Taxes Other Than Income tax
TOU	Time-of-Use
TRUM	Technology Retrofit and Updating Model
TSC	Transmission Service Charge
UPSC	Utah Public Service Commission
USAC	Universal Service Advisory Committee

Appendix A
List of Acronyms and Initialisms

Acronym/Initialism	Long Form
USEC	Universal Service and Energy Conservation
USECP	Universal Service and Energy Conservation Plan
USEPUINDXD	Economic Policy Uncertainty Index for United States
USOA	Uniform System of Accounts
USR	Universal Service Rider
UTP	Uncertain Tax Positions
WACC	Weighted Average Cost-of-Capital
WMPA	Wholesale Market Participation Agreement