



One PPG Place, Suite 3300
Pittsburgh, PA 15222
412-504-8010
Fax 412-504-8011
www.steptoe-johnson.com

Daniel Garcia
Daniel.Garcia@Steptoe-Johnson.com
412-504-8128

March 25, 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 1705-3265

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

**Corrected filing for CGC Objections to the Joint Petition for Approval of Non-
Unanimous Settlement**

Dear Secretary Homsher:

Enclosed please find the Objections to the Joint Petition for Approval of Non-Unanimous Settlement filed on behalf of Aspen Power Partners LLC, 38 Degrees North, Bollinger Solar, CEP Renewables, LLC, CVE North America, Dynamic Energy Solutions, LLC, EDPR NA Distributed Generation LLC, Encore Renewable Energy, GS Power Partners, Prospect14 LLC, Radial Power LLC, Reading Anthracite Company, Scale Microgrids, Schuylkill Reclamation Corporation, Solar Renewable Energy, LLC, SR1 Captura Sage Holdco I, LLC, and Syncarpha Capital, LLC, collectively as the Customer-Generator Coalition (“CGC”) in the above-captioned proceeding. These objections were served to all parties on March 20, 2026 as directed by the Settlement Letter issued on March 13, 2026. However, when filing electronically I inadvertently only included the cover letter and certificate of service.

Service of these documents has been made upon all parties of record in accordance with the attached Certificate of Service.

If you have any questions, please do not hesitate to contact my office.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Daniel Garcia', written over a horizontal line.

Daniel A. Garcia, Esq., Of Counsel
STEPTOE & JOHNSON PLLC
Counsel for Customer-Generator Coalition

CC: Hon. Christopher P. Pell, (email only)
Hon. Barbara Shadie Nause, (email only)
Certificate of Service

**RBEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission	:	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	:	C-2025-3058251
The Coalition for Community Solar Access	:	C-2025-3058846
Rik Bhattacharyya	:	C-2025-3058982
Safiya Junaid	:	C-2025-3059151
Stacey Kimmel-Smith	:	C-2025-3059330
John Gadomski	:	C-2026-3060429
Thatcher Graham	:	C-2026-3061012
Wendy Johnson	:	
	:	
	:	
v.	:	
	:	
	:	
PPL Electric Utilities Corporation	:	

CERTIFICATE OF SERVICE

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

VIA EMAIL ONLY

Kimberly A. Klock, Esq.
Michael J. Shafer, Esq.
PPL Services Corporation
645 Hamilton Street, Suite 700
Allentown, PA 18101
kklock@pplweb.com
mjshafer@pplweb.com
(*Counsel for PPL*)

Michael A. Podskoch Jr., Esq.
Adam J. Williams, Esq.
Pennsylvania Public Utility Commission and
Bureau of Investigation and Enforcement
400 North Street
Harrisburg, PA 17120
mpodskoch@pa.gov
adawilliam@pa.gov

Devin T. Ryan, Esq.
Alice A. Wade, Esq.
Hayley E. Wilburn, Esq.
Post & Schell, P.C.
One Oxford Centre
31 Grant Street, Suite 3010
Pittsburgh, PA 15219
dryan@postschell.com
alice.wade@postschell.com
hwilburn@postschell.com
(*Counsel for PPL*)

Christy M. Appleby, Esq.
Harrison W. Breitman, Esq.
Jacob D. Guthrie, Esq.
Josiah B. Harmar, Esq.
Johnathan Longhurst, Esq.
Office of Consumer Advocate
5th Floor Forum Place
555 Walnut Street
Harrisburg, PA 17101-1923
cappleby@paoca.org
hbreitman@paoca.org
jguthrie@paoca.org
jHarmar@paoca.org
jlonghurst@paoca.org
OCA25PPLBRC@paoca.org

Ria M. Pereira, Esq.
John W. Sweet, Esq.
Elizabeth R. Marx, Esq.
Lauren N. Berman, Esq.
Pennsylvania Utility Law Project
118 Locust Street
Harrisburg, PA 17101
rpereira@pautilitylawproject.org
jsweet@pautilitylawproject.org
emarx@pautilitylawproject.org
lberman@pautilitylawproject.org

Eric J. Epstein
4100 Hillsdale Road
Harrisburg, PA 17112
epstein@efmr.org

David B. MacGregor, Esq.
Garrett P. Lent, Esq.
Anthony DeCusatis, Esq.
Erin Kawa, Esq.
Post & Schell, P.C.
17 North Second Street, 12th Floor
Harrisburg, PA 17101-1601
dmacgregor@postschell.com
glent@postschell.com
adecusatis@postschell.com
ekawa@postschell.com
(*Counsel for PPL*)

Rebecca Lyttle, Esq.
Steven C. Gray, Esq.
Office of Small Business Advocate
555 Walnut Street, 1st Floor
Harrisburg, PA 17101
relyttle@pa.gov
sgray@pa.gov

Levi Phillips, Esq.
Cause-PA
118 Locust Street
Harrisburg, PA 17108
pulp@pautilitylawproject.org
(*Counsel for PA Utility Law Project*)

Brad and Jennifer Woolley
2914 Hodle Ave
Easton, PA 18045
jwoolley4@rcn.com

Jaime L. Martines, Esq.
Spilman Thomas & Battle, PLLC
301 Grant Street, Suite 3440
jmartines@spilmanlaw.com
(*Counsel for Walmart*)

Rik Bhattacharyya
310 Crest Dr.
Clarks Green, PA 18411
rik.bt.66@gmail.com

Emma H. Bast, Esq.
Jessica R. O'Neill, Esq.
Citizens for Pennsylvania's Future
1429 Walnut St, Suite 701
Philadelphia, PA 19102
bast@pennfuture.org
oneill@pennfuture.org
(*Counsel for Environmental Defense Fund,
Natural Resources Defense Council, and
PennFuture*)

Devin McDougall
Earthjustice
1617 JFK Blvd., Suite 1130
Philadelphia, PA 19103
dmcdougall@earthjustice.org
(*Counsel for Energy Justice Advocates*)

Lt. Colonel Carlos S. Ramirez-Vazquez
US Army Legal Services Agency
Office of The Judge Advocate General
9275 Gunston Road (JALS-TCAP)
Fort Belvoir, Virginia 22060
carlos.s.ramirezvazquez.mil@army.mil

Todd S. Stewart, Esq.
HMS Legal LLP
501 Corporate Circle Suite 302
Harrisburg, PA 17110
tsstewart@hmslegal.com
(*Counsel for Professional Dary Managers of
PA*)

Alan M. Seltzer, Esq.
John F. Povilaitis, Esq.
Buchanan, Ingersoll & Rooney PC
409 North Second Street, Suite 500
Harrisburg, PA 15219
alan.seltzer@BIPC.com
john.povilaitis@BIPC.com
(*Counsel for Joint Solar Advocates*)

Daniel B. Markind, Esq.
Mitchell Kizner, Esq.
Flaster Greenberg, PC
1717 Arch Street, Suite 3300
Philadelphia, PA 19103
daniel.markind@flastergreenberg.com
Mitchell.kinzer@flastergreenberg.com
(*Counsel for Dimension PA*)

Michael Zimmerman, Esq.
Environmental Defense Fund
257 Park Ave S.
New York, NY 10010
mzimmerman@edf.org
(*Counsel for Environmental Defense Fund*)

John J. McNutt, Esq.
Regulatory Law Counsel
US Army Legal Services Agency
Office of The Judge Advocate General
9275 Gunston Road (JALS-ELD)
Fort Belvoir, Virginia 22060
john.j.mcnutt.civ@army.mil

Barry A. Naum, Esq.
Steven W. Lee, Esq.
Spilman Thomas & Battle, PLLC
1100 Bent Creek Blvd, Suite 101
Mechanicsburg, PA 17050
bnaum@spilmanlaw.com
slee@spilmanlaw.com
(*Counsel for Walmart*)

Adeolu A Bakare, Esq.
Victoria A. Geddis, Esq.
McNees Wallace & Nurick LLC
100 Pine Street
PO Box 1166
Harrisburg, PA 17108-1166
abakare@mcneeslaw.com
vgeddis@mcneeslaw.com
(*Counsel for PPLICA*)

Judith Cassel, Esq.
Micah R. Bucy, Esq.
HMS Legal LLP
501 Corporate Circle Suite 302
Harrisburg, PA 17110
jdcassel@hmslegal.com
mrbucy@hmslegal.com
(*Counsel for SEF*)

Susan E. Bruce, Esq.
Rebecca Kimmel, Esq.
McNees Wallace & Nurick LLC
100 Pine Street
PO Box 1166
Harrisburg, PA 17108-1166
rkimmel@mcneeslaw.com
sbruce@mcneeslaw.com
(*Counsel for Convergent*)

Renardo L. Hicks, Esq.
Bryce Beard, Esq.
Eckert Seamans Cherin & Mellott, LLC
213 Market Street, 8th Floor
Harrisburg, PA 17101
rhicks@eckertseamans.com
bbeard@eckertseamans.com

Joseph L. Vullo, Esq.
Commission of Economic Opportunity
1460 Wyoming Avenue
Forty Fort, PA 18704
jlvullo@bvrrlaw.com
(*Counsel for CEO*)

Safiyah Junaid
216 Magic Mountain Rd.
Henryville, PA 18332
snjunaid2@gmail.com

Stacey Kimmel-Smith
P.O. Box 819 Nantucket Circle
Bethlehem, PA 18015
Sek4278@gmail.com

Deanne M. O'Dell, Esq.
Eckert Seamans Cherin & Mellott, LLC
213 Market Street, 8th Floor
Harrisburg, PA 17101
dodell@eckertseamans.com
(*Counsel for Retail Energy Supply Association*)

Lauren M. Burge, Esq.
Eckert Seamans Cherin & Mellott, LLC
600 Grant Street, 4th Floor
Pittsburgh, PA 15219
lburge@eckertseamans.com
(*Counsel for Retail Energy Supply Association*)

VIA FIRST CLASS MAIL ONLY

John Gadowski
446 Bidwell Hill Rd.
Lake Ariel, PA 18436
Wendy S. Johnson
112 Miller Drive
Manheim, PA 17545

Thatcher Graham
1605 Dry Tavern Rd.
Denver, PA 17517

Dated: March 25, 2026



Daniel A. Garcia (PA Attorney ID 311503)
Counsel for Customer-Generator Coalition

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission	:	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 Coalition for Community Solar Access	:	C-2025-3058251
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
	:	
	:	
v.	:	
	:	
	:	
PPL Electric Utilities Corporation	:	

**OBJECTIONS TO THE JOINT PETITION FOR APPROVAL OF NON-UNANIMOUS
SETTLEMENT - MRPL ONLY
OF ASPEN POWER PARTNERS LLC, 38 DEGREES NORTH, BOLLINGER SOLAR, CEP
RENEWABLES, LLC, CVE NORTH AMERICA, DYNAMIC ENERGY SOLUTIONS, LLC,
EDPR NA DISTRIBUTED GENERATION LLC, ENCORE RENEWABLE ENERGY, GS
POWER PARTNERS, PROSPECT14 LLC, RADIAL POWER LLC, READING
ANTHRACITE COMPANY, SCALE MICROGRIDS, SCHUYLKILL RECLAMATION
CORPORATION, SOLAR RENEWABLE ENERGY, LLC, SR1 CAPTURA SAGE HOLDCO
I, LLC, AND SYNCARPHA CAPITAL, LLC, COLLECTIVELY AS THE CUSTOMER-
GENERATOR COALITION (“CGC” OR “COALITION”)**

Daniel A. Garcia (PA Attorney ID 311503)
Brian Pulito (PA Attorney ID 203952)
Sarah M. Rambin (PA Attorney ID 313717)
Steptoe and Johnson, PLLC
1 PPG Place, Suite 3300
Pittsburgh, PA 15222
412-504-8010 (telephone)
412-504-8011 (fax)
Daniel.Garcia@Steptoe-Johnson.com
Brian.Pulito@Steptoe-Johnson.com
Sarah.Rambin@Steptoe-Johnson.com
Counsel for Customer-Generator Coalition

DATED: March 20, 2026

TABLE OF CONTENTS

I.	INTRODUCTION	1
II.	DESCRIPTION OF THE CUSTOMER-GENERATOR COALITION	2
III.	PROCEDURAL POSTURE OF THE SETTLEMENT	2
IV.	LEGAL STANDARD FOR APPROVAL OF A NON-UNANIMOUS SETTLEMENT	3
V.	SUMMARY OF CGC POSITION (MRPL ONLY)	4
VI.	ARGUMENT	5
A.	The Settlement’s MRPL Provision Conflicts with the Commission’s Regulatory Definition of Maximum Registered Peak Load	5
B.	The Settlement Conflicts with the AEPS Act and the Statutory Net-Metering Framework	9
C.	The Settlement’s MRPL Provision Would Operate as Impermissible Retroactive Ratemaking	13
D.	Even Assuming <i>Arguendo</i> that the Commission Could Adopt PPL Electric’s MRPL Redefinition, the Company has Failed to Meet its Evidentiary Burden.....	15
E.	The MRPL Settlement Provision Would Produce Unreasonable and Discriminatory Rate Classifications.....	18
VII.	CONCLUSION	20

TABLE OF AUTHORITIES

Cases

ARIPPA v. Pa. PUC,
792 A.2d 636 (Pa. Cmwlth. 2002)..... 3

Barasch v. Pa. PUC,
562 A.2d 414 (Pa. Cmwlth. 1989)..... 15, 16, 18

Brangs v. Brangs,
595 A.2d 115 (Pa. Super. 1991) 13

Brockway Glass Co. v. Pa. PUC,
437 A.2d 1067 (Pa. Cmwlth. 1981)..... 4

Columbia Gas v. Pa. PUC,
613 A.2d 74 (Pa. Cmwlth.1992)..... 13

Dauphin Cnty. Indus. Dev. Auth. v. Pa. PUC,
123 A.3d 1124 (Pa. Cmwlth. 2015)..... 7, 8, 10, 11, 12

FirstEnergy Pa. Elec. Co. v. Pa. PUC,
349 A.3d 165 (Pa. 2026)..... 16

Hommrich v. Pa. PUC,
231 A.3d 1027 (Pa. Cmwlth. 2020)..... 7, 11

Lower Frederick Twp. Water Co. v. Pa. PUC,
409 A.2d 505 (Pa. Cmwlth. 1980)..... 4

Norfolk & W. Ry. Co. v. Pa. PUC,
413 A.2d 1037 (Pa. 1980)..... 18

Penn Renewables, LLC v. Pa. PUC,
No. 337 C.D. 2025 (Pa. Cmwlth. Ct., filed Mar. 13, 2026) 4, 16

Peoples Natural Gas Co. v. Pa. PUC,
409 A. 2d 446 (Pa. Cmwlth. 1979)..... 19

Phila. Suburban Water Co. v. Pa. PUC,
808 A.2d 1044 (Pa. Cmwlth. 2002)..... 7

Pittsburgh v. Pa. PUC,
526 A.2d 1243 (Pa. Cmwlth. 1987)..... 17

Popowsky v. Pa. PUC,
642 A.2d 648 (Pa. Cmwlth. 1994)..... 13, 16, 18

<i>Popowsky v. Pa. PUC</i> , 695 A.2d 448 (Pa. Cmwlt. 1997).....	13, 15, 18
<i>Popowsky v. Pa. PUC</i> , 910 A.2d 38 (Pa. 2006).....	10, 13
<i>R & P Servs., Inc. v. Pa. Dep't. of Rev.</i> , 541 A.2d 432 (Pa. Cmwlt. 1988).....	13, 14, 15
<i>Schmukler v. Pa. PUC</i> , 302 A.3d 247 (Pa. Cmwlt. 2023).....	18
<i>Stroback v. Camaioni</i> , 674 A.2d 257 (Pa. Super. 1996)	13
Statutes	
1 Pa. C.S. § 1921(b).....	6
1 Pa. C.S. § 1926.....	13, 14
2 Pa. C.S. § 704.....	18
66 Pa. C.S. § 1301.....	15, 16, 17, 18
66 Pa. C.S. § 1303.....	8, 15, 16
66 Pa. C.S. § 1304.....	18
66 Pa. C.S. § 315(a)	4
73 P.S. § 1648.2	1, 2, 9, 12
73 P.S. § 1648.3(a)(3)(ii)	10
73 P.S. § 1648.5	2, 9, 12
Regulations	
52 Pa. Code § 5.231	3
52 Pa. Code § 75.13(d)	10
52 Pa. Code §§ 75.12–75.16	2
Administrative Proceedings	
Joint Application of <i>West Penn Power Company d/b/a Allegheny Power, Trans-Allegheny Interstate Line Company and FirstEnergy Corp.</i> , Docket Nos. A-2010-2176520 and A-2010-2176732 (Order entered March 8, 2011)	4

<i>Pa. PUC v. C. S. Water and Sewer Associates,</i> 74 Pa. P.U.C. 767 (1991).....	3
<i>Pa. PUC v. City of Lancaster - Bureau of Water,</i> Docket No. R-2010-2179103 (Opinion and Order entered July 14, 2011)	3
<i>Pa. PUC v. PECO Energy Co.,</i> 2024 PA. PUC LEXIS 356.....	4
<i>Warner v. GTE North, Inc.,</i> Docket No. C-00902815 (Opinion and Order entered April 1, 1996).....	3
Other	
N.T. at 1003-04 (Mar. 9, 2026).....	16
N.T. at 1030-31 (Mar. 9, 2026).....	11
N.T. at 1038-39 (Mar. 9, 2026).....	17
N.T. at 1044 (Mar. 9, 2026)	17
PJM Manual 18: PJM Capacity Market, § (Capacity Obligation – Peak Load Contribution).....	8
PJM Manual 19: Load Forecasting and Analysis	8
PPL Electric Motion to Sever the Maximum Registered Peak Load Proposal From the Base Rate Case, filed February 17, 2026 at Docket No. R-2025-3057164	11
PPL Electric St. No. 14 (Olsen)	14, 17
PPL Electric St. No. 14-R (Olsen)	14, 17
PPL Electric St. No. 14-SR (Olsen).....	14
PPL Electric St. No. 15-SSRJ (Castanaro)	19
PPL Electric Tariff No. 202, Original Page No. 5C (Definitions).....	6

I. INTRODUCTION

1. The Customer-Generator Coalition (“CGC” or “Coalition”) submits these Objections to the Maximum Registered Peak Load (“MRPL”) provisions contained in the Joint Petition for Approval of Non-Unanimous Settlement (“Joint Petition”) filed in this proceeding.

2. CGC’s opposition is limited solely to the settlement provisions addressing the calculation and application of MRPL for customer-generators. The Coalition does not oppose the settlement in its entirety.

3. CGC’s members develop and operate distributed solar generation facilities that participate in Pennsylvania’s net-metering framework as customer-generators.¹ These projects were developed and financed in reliance on the regulatory framework established by the Commission and the statutory structure enacted by the General Assembly, including the Alternative Energy Portfolio Standards Act (“AEPS Act”), 73 P.S. §§ 1648.1–1648.8. Under that framework, customer-generators interconnect as retail customers and receive compensation for excess generation pursuant to the AEPS Act.

4. The settlement’s MRPL provisions depart from this framework by redefining how customer load is measured for purposes of rate classification and eligibility. Commission regulations already define MRPL by reference to a customer’s Peak Load Contribution (“PLC”) under the PJM Interconnection system.² By incorporating PJM’s PLC construct, the regulation establishes a demand-based metric, measuring a customer’s contribution to system peak demand. Because the settlement’s MRPL provisions conflict with Commission regulations, depart from the statutory framework governing customer-generators, and lack evidentiary support, they cannot satisfy the Commission’s obligation to approve only those settlements that are lawful, reasonable, and in the public interest.

¹ The Alternative Energy Portfolio Standards Act defines “customer-generator” as “[a] nonutility owner or operator of a net metered distributed generation system with a nameplate capacity of not greater than 50 kilowatts if installed at a residential service or not larger than 3,000 kilowatts at other customer service locations...” 73 P.S. § 1648.2.

² See 52 Pa. Code § 54.182.

5. The Commission should therefore decline to approve the MRPL provisions of the proposed settlement.

II. DESCRIPTION OF THE CUSTOMER-GENERATOR COALITION

6. The Customer-Generator Coalition is an ad hoc coalition of solar developers and customer-generators with existing and planned distributed generation facilities interconnected to PPL Electric's distribution system.

7. The Coalition's members operate or intend to operate customer-generator facilities as defined under the AEPS Act³ and the Commission's implementing regulations at 52 Pa. Code Chapter 75. These facilities generate electricity primarily to serve on-site load, with excess generation exported to the distribution system and credited through retail billing mechanisms consistent with Pennsylvania's net-metering framework.⁴

8. The Coalition participates in this proceeding to ensure that the statutory protections afforded to customer-generators under the AEPS Act and the Commission's regulations are preserved.

III. PROCEDURAL POSTURE OF THE SETTLEMENT

9. On September 30, 2025, PPL Electric Utilities Corporation ("PPL Electric" or "Company") filed Original Tariff Electric – Pa. P.U.C. No. 202 ("Tariff No. 202") and Original Tariff Electric – Pa. P.U.C. No. 2S ("Tariff No. 2S") seeking approval of revised tariffs and related rate design changes applicable within its Pennsylvania service territory.

10. Among other matters, the filing proposed revisions affecting customer-generators, including changes related to the calculation and application of MRPL. At that time, numerous distributed generation projects were in various stages of development within PPL Electric's service territory, including projects represented by CGC members.

³ See 73 P.S. § 1648.2.

⁴ See 73 P.S. § 1648.5; 52 Pa. Code §§ 75.12–75.16.

11. Evidentiary hearings were held on February 17, 2026, and March 9, 2026. The March 9 hearing was limited to cross-examination regarding the Company’s MRPL proposal. Those hearings developed a record including testimony, exhibits, and cross-examination addressing PPL Electric’s proposed interpretation of MRPL and its potential impact on customer-generators.

12. Settlement discussions among the parties during early 2026 resulted in an agreement between PPL Electric and certain parties, including the Joint Solar Advocates, regarding the treatment of MRPL. The settlement did not achieve unanimous support, as CGC and Professional Dairy Managers of Pennsylvania (“PDMP”) oppose the MRPL provisions.

13. On March 5, 2026, the Joint Petitioners advised the ALJs that the parties had reached a non-unanimous settlement in principle and requested a schedule establishing March 13, 2026 as the deadline to file the Joint Petition and March 20, 2026 as the deadline for parties to file statements in support or opposition.

14. Because the settlement is not unanimous, the CGC submits these Objections to the Joint Petition to preserve its objections to the MRPL provisions contained in the proposed settlement and to assist the Commission in evaluating whether those provisions satisfy the legal standards governing approval of non-unanimous settlements.

IV. LEGAL STANDARD FOR APPROVAL OF A NON-UNANIMOUS SETTLEMENT

15. The Commission’s review of a non-unanimous settlement is not perfunctory.⁵ Although the Commission encourages settlements,⁶ a contested settlement may be approved only if its terms are lawful, supported by the record, and affirmatively shown to be in the public interest. The public interest inquiry requires examination of the settlement’s effect on ratepayers, shareholders, and the regulated community.⁷

⁵ *ARIPPA v. Pa. PUC*, 792 A.2d 636, 658-60 (Pa. Cmwlth. 2002).

⁶ *See* 52 Pa. Code § 5.231.

⁷ *See Pa. PUC v. City of Lancaster - Bureau of Water*, Docket No. R-2010-2179103 (Opinion and Order entered July 14, 2011), citing *Warner v. GTE North, Inc.*, Docket No. C-00902815 (Opinion and Order entered April 1, 1996); *Pa. PUC v. C. S. Water and Sewer Associates*, 74 Pa. P.U.C. 767 (1991).

16. Where a settlement is non-unanimous, the Commission evaluates it under the same standards applicable to a fully litigated case.⁸

17. Section 315(a) of the Public Utility Code places the burden on the utility to prove that proposed rates are just and reasonable.⁹ The Commonwealth Court has repeatedly held that this burden remains on the utility and must be supported by substantial evidence.¹⁰

18. As the Commonwealth Court recently reaffirmed in *Penn Renewables*, Commission approval of a settlement must be supported by the evidentiary record developed in the proceeding.¹¹ Here, the evidentiary record does not support the MRPL provisions proposed in the Joint Settlement.

V. SUMMARY OF CGC POSITION (MRPL ONLY)

19. The Joint Petition asks the Commission to approve settlement provisions adopting PPL Electric's proposed reinterpretation of MRPL. Those provisions would materially alter the regulatory treatment of customer-generators under the Company's tariff.

20. First, the settlement conflicts with the Commission's existing regulatory definition of Maximum Registered Peak Load ("MRPL"). Commission regulations define MRPL by reference to a customer's Peak Load Contribution ("PLC") under the PJM Interconnection system, thereby adopting a demand-based metric that measures a customer's contribution to system peak demand. The proposal to incorporate exported generation into that construct departs from this demand-based framework and is not a permissible application of the existing definition. Using exported generation as a basis for reclassification and reduced compensation would undermine the AEPS Act.

21. Second, the settlement conflicts with the statutory framework governing customer-generators under Pennsylvania law. The AEPS Act establishes the structure under which customer-

⁸ *Pa. PUC v. PECO Energy Co.*, 2024 PA. PUC LEXIS 356, *71, citing Joint Application of *West Penn Power Company d/b/a Allegheny Power, Trans-Allegheny Interstate Line Company and FirstEnergy Corp.*, Docket Nos. A-2010-2176520 and A-2010-2176732 (Order entered March 8, 2011).

⁹ 66 Pa. C.S. § 315(a).

¹⁰ *Lower Frederick Twp. Water Co. v. Pa. PUC*, 409 A.2d 505, 507 (Pa. Cmwlth. 1980); *Brockway Glass Co. v. Pa. PUC*, 437 A.2d 1067, 1070-71 (Pa. Cmwlth. 1981).

¹¹ *Penn Renewables, LLC v. Pa. PUC*, No. 337 C.D. 2025 (Pa. Cmwlth. Ct., filed Mar. 13, 2026).

generators interconnect to the distribution system and receive compensation for excess generation. The settlement's MRPL provisions undermine that framework by redefining how customer load is measured and applied in a manner not contemplated by the AEPS Act or the Commission's implementing regulations.

22. Third, the settlement effectively operates as retroactive ratemaking. Although framed as prospective, the settlement operates with a retroactive effect. CGC members developed, financed, and advanced distributed generation projects through the interconnection process in reliance on the regulatory framework in place at the time of those investments. By conditioning eligibility for existing rate treatment on the timing of interconnection outcomes, many of which are driven by utility-controlled processes, the settlement attaches new regulatory consequences to prior development decisions and capital commitments.

23. Fourth, the MRPL provisions are unsupported by substantial evidence in the record. The record contains no cost-of-service analysis, class cost allocation study, or system impact analysis demonstrating that the proposed reinterpretation of MRPL is necessary to ensure just and reasonable rates.

24. Finally, even if the Commission were to conclude that the proposed MRPL construct is permissible, the resulting tariff would still violate the Public Utility Code by creating unreasonable discrimination among similarly situated customer-generators. The settlement draws an arbitrary distinction based solely on the timing of interconnection and an administratively imposed capacity cap, rather than any difference in cost causation or system impact.

VI. ARGUMENT

A. The Settlement's MRPL Provision Conflicts with the Commission's Regulatory Definition of Maximum Registered Peak Load

25. PPL Electric seeks to redefine "Maximum Registered Peak Load" for purposes of classifying certain customer-generator facilities. Specifically, PPL Electric proposes to define MRPL 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."¹² Under that formulation, exported generation would be incorporated into the MRPL calculation and could affect customer classification even where the customer's actual demand on the system remains unchanged.

26. That proposal conflicts with the Commission's regulation, which defines MRPL as "[t]he highest level of demand for a particular customer, based on the PJM Interconnection, LLC, 'Peak Load Contribution Standard,' or its equivalent, and as may be further defined by the EDC tariff in a particular service territory."¹³ By tying MRPL to PJM's PLC construct, the regulation adopts a demand-based metric measuring a customer's contribution to system peak demand. It does not authorize treating exported generation as demand or substituting generation output for customer load.

27. Neither the Commission's regulations nor the PJM "Peak Load Contribution Standard" authorizes the incorporation of generation exports into that demand-based metric. Because MRPL is defined by Commission regulation as a demand-based construct, it cannot be interpreted to incorporate generation exports or net power flows as proposed by the Company.

28. Where regulatory language is clear, it must be applied according to its plain meaning and may not be expanded through interpretation or policy considerations. The Statutory Construction Act provides that when the words of a statute are clear and free from ambiguity, "the letter of it is not to be disregarded under the pretext of pursuing its spirit."¹⁴

29. The Commission's regulation defines MRPL in terms of customer "demand." In electric utility usage, "load" refers to electricity required to serve customer demand on the system, not electricity supplied to the system. That understanding is reinforced by the regulation's incorporation of PJM's Peak Load Contribution construct, which measures contribution to system peak demand

¹² See PPL Electric Tariff No. 202, Original Page No. 5C (Definitions).

¹³ 52 Pa. Code § 54.182 (defining Maximum Registered Peak Load).

¹⁴ 1 Pa. C.S. § 1921(b).

during PJM coincident peak intervals. The MRPL regulation therefore reflects a demand-based construct, not one based on exported generation.

30. Ambiguity exists only where statutory or regulatory language is reasonably susceptible to more than one interpretation. The MRPL regulation is not.

31. PPL Electric relies on the final clause of the regulation stating that MRPL may be “further defined by the EDC tariff in a particular service territory.” That language does not authorize an EDC to replace the Commission’s demand-based definition with a different methodology based on net exports or generation output.¹⁵

32. The phrase “as may be further defined by the EDC tariff” does not grant authority to alter the fundamental nature of the underlying metric. The Commission’s regulation ties MRPL to the PJM Peak Load Contribution construct, which measures customer demand. Any further definition must, therefore, remain within that demand-based framework. Incorporating exported generation, i.e., energy flowing from the customer to the system, does not refine how demand is measured; it introduces a different concept altogether. That is not further definition; it is substitution.

33. Allowing such a change through tariff language would permit a utility to expand a regulatory definition beyond the limits established by the Commission’s authority.¹⁶

34. If the clause were read as broadly as PPL Electric suggests, each EDC could alter the meaning of MRPL through tariff language. Nothing in the Commission’s regulations permits that result.¹⁷

¹⁵ 52 Pa. Code § 54.182.

¹⁶ See *Hommrich v. Pa. PUC*, 231 A.3d 1027, 1040-41 (Pa. Cmwlth. 2020); *Dauphin Cnty. Indus. Dev. Auth. v. Pa. PUC*, 123 A.3d 1124 (Pa. Cmwlth. 2015).

¹⁷ See *Phila. Suburban Water Co. v. Pa. PUC*, 808 A.2d 1044, 1056 (Pa. Cmwlth. 2002) (an administrative agency may not disregard or waive governing legal requirements on the theory that doing so would advance policy objectives).

35. PPL Electric's interpretation also is not supported by the PJM methodology incorporated by the regulation. The PJM PLC construct measures a load-serving entity's share of system peak demand based on customer load during the PJM system's five coincident peak hours.¹⁸

36. Nothing in the PJM PLC framework treats exported generation as demand or permits generation output to be substituted for load in calculating peak load contribution. The tariff clause on which PPL Electric relies therefore cannot reasonably be read to authorize departure from the Commission's demand-based regulatory framework.

37. Pennsylvania administrative law requires that tariff provisions conform to governing statutes and Commission regulations. Although tariffs establish the rates, terms, and conditions of service, they cannot be used to depart from or substitute for regulatory standards established by the Commission.¹⁹

38. That principle controls here. The Commission has already defined MRPL as the "highest level of demand for a particular customer" based on the PJM Peak Load Contribution construct.²⁰ Whatever applications PPL Electric seeks to attach to that term in its tariff, it cannot substitute a materially different definition.

39. Changes of that nature cannot be addressed through tariff revisions proposed by an individual utility in a rate proceeding. Even if the Commission were to consider whether the definition of MRPL could be modified, such a change would raise significant concerns under the AEPS Act.

40. The AEPS Act establishes a framework under which customer-generators are entitled to receive full retail value for excess generation, reflecting a policy determination by the General Assembly to encourage distributed generation.²¹ Redefining MRPL to incorporate exports or generation would fundamentally alter the treatment of those same customer-generators by using their

¹⁸ See PJM Manual 18: PJM Capacity Market, § (Capacity Obligation – Peak Load Contribution); PJM Manual 19: Load Forecasting and Analysis (describing calculation of coincident peak load).

¹⁹ See 66 Pa. C.S. § 1303 (requiring utility rates and practices to be in conformity with law).

²⁰ 52 Pa. Code § 54.182.

²¹ *Dauphin Cnty. Indus. Dev. Auth.*, 123 A.3d at 1131.

production as a basis for reclassification and reduced compensation. Such a shift would not merely clarify an existing regulatory term but would instead represent a substantive change to the net metering framework that cannot be accomplished through the settlement presented here.

41. Allowing a utility to redefine a regulatory term through tariff language in a base rate case would bypass those safeguards and place the meaning of Commission regulations in the hands of individual utilities rather than the Commission. For that reason, as well, the MRPL provision contained in the proposed settlement cannot be approved.

B. The Settlement Conflicts with the AEPS Act and the Statutory Net-Metering Framework

42. The MRPL provision also conflicts with the statutory framework governing customer-generators under Pennsylvania's AEPS Act. The AEPS Act establishes the structure under which distributed generation facilities owned by retail customers may operate in parallel with the electric distribution system and receive credit for excess electricity supplied to the grid.

43. The statute expressly requires electric distribution companies to offer net metering to eligible customer-generators.²² The AEPS Act defines a "customer-generator" as "[a] nonutility owner or operator of a distributed generation system that operates in parallel with the electric distribution system and is intended to offset part or all of the customer's electricity requirements."²³

44. The statute further provides that when a customer-generator produces electricity in excess of its consumption during a billing period, the electric distribution company must credit that excess generation against the customer's retail electric bill.²⁴ It further directs that "[e]xcess generation from net-metered customer-generators shall receive full retail value for all energy produced on an annual basis."²⁵

²² 73 P.S. § 1648.5.

²³ 73 P.S. § 1648.2.

²⁴ 73 P.S. § 1648.5.

²⁵ *Id.*

45. The Act also recognizes that electric distribution companies may incur costs in providing these credits and identifies the Public Utility Code’s automatic adjustment mechanisms as the means for recovering those costs under 66 Pa. C.S. § 1307 as a cost of generation supply under 66 Pa. C.S. § 2807.²⁶ That provision is a cost-recovery mechanism; it does not convert net-metering credits into default service procurement costs or authorize reclassification of customer-generator exports as supply resources.

46. The Commission’s implementing regulations reflect the same structure. Excess generation is credited against the customer’s retail electricity consumption through the customer’s bill, with remaining credits carried forward.²⁷ Under that framework, customer-generators participate as retail customers taking service under Commission-approved tariffs, not as wholesale suppliers in PJM markets.

47. The Commonwealth Court has likewise recognized that the AEPS Act reflects a legislative policy determination regarding customer-generator exports and the compensation mechanism applicable to them. The *Dauphin County Industrial Development Authority* court rejected the argument that rate-impact concerns justified altering that statutory framework and held that the Commission’s duty to ensure just and reasonable rates does not authorize it to disregard other statutory directives.²⁸

48. By redefining MRPL to incorporate “net power flow from or into the Company’s distribution system” and implying that metric is related to default service procurement activity, PPL Electric’s proposal conflates customer-generator exports as an input to a procurement-related classification framework. The evidentiary record does not support that linkage. During cross-examination, Company witness Andrew Castanaro acknowledged that the credits associated with

²⁶ See 73 P.S. § 1648.3(a)(3)(ii).

²⁷ 52 Pa. Code § 75.13(d).

²⁸ *Dauphin Cnty. Indus. Dev. Auth.* 123 A.3d at 1135-36; see also *Popowsky v. Pa. PUC*, 910 A.2d 38, 53 (Pa. 2006).

customer-generator exports arise from the statutory net-metering framework and are not the result of wholesale electricity transactions or participation in energy or capacity markets.²⁹

49. The record likewise confirms that customer-generators do not participate in or function as wholesale supply resources within PJM markets or the Company's default service procurement processes. Mr. Castanaro acknowledged that customer-generators taking service under PPL Electric's net-metering tariff do not register with PJM as load-serving entities, are not required to be PJM members, do not assume PJM capacity or energy procurement obligations, do not enter into default service contracts with PPL Electric, and do not participate in the Company's wholesale procurement process.³⁰

50. These admissions confirm that customer-generators do not bid electricity into PJM markets, do not participate in wholesale procurement mechanisms, and do not function as supply resources for default service customers.³¹ Nor does the record demonstrate that their exports affect or are incorporated into the Company's default service procurement obligations.

51. The issue is not whether customer-generators are formally treated as wholesale suppliers; they are not. The issue is that the Company is using customer-generator exports as an input into a metric designed to allocate default service procurement costs. As reflected in the Company's own filings, including its Motion to Sever³², the MRPL construct is framed in a way that conflates it with default service cost responsibility. Using exported generation within that construct functionally links net-metered exports to supply cost allocation, even though those exports do not arise from, and do not participate in, the Company's wholesale procurement process. The AEPS Act does not contemplate such treatment, and the Commission therefore may not approve a tariff provision that departs from that statutory framework.³³

²⁹ N.T. at 1030-31 (Mar. 9, 2026).

³⁰ *Id.*

³¹ *Id.* at 1030.

³² See PPL Electric Motion to Sever the Maximum Registered Peak Load Proposal From the Base Rate Case, filed February 17, 2026 at Docket No. R-2025-3057164.

³³ *Hommrich*, 231 A.3d at 1040-41; *Dauphin Cnty. Indus. Dev. Auth.*, 123 A.3d at 1136.

52. The defect in the Company's proposal is not merely that it affects the level of compensation provided to customer-generators, but that it alters the treatment of those transactions within the regulatory framework. The AEPS Act establishes a retail net-metering structure in which excess generation is credited against a customer's retail consumption.³⁴ By conflating exported generation within the MRPL construct with default service procurement activity, the Company effectively uses retail net-metering credits as an input to a procurement-based classification framework. Nothing in the AEPS Act authorizes such a reclassification. Nothing in the AEPS Act authorizes that linkage. While the Commission retains discretion in determining the manner in which full retail value is calculated, that discretion does not extend to redefining how customer-generator exports are treated within the statutory framework.

53. As the Commonwealth Court has made clear, the Commission may not interpret its authority in a manner that alters the legislative structure established by statute. Nor may concerns about the economic consequences of net-metering credits justify departing from the statutory framework governing customer-generator treatment.³⁵

54. Even if the Commission retains discretion in rate design, that discretion must be exercised on a reasonable basis supported by the record. Here, the Company's justification rests on the premise that net-metering credits function as default service procurement costs. The record does not support that premise. As acknowledged by Company witnesses, customer-generator exports do not arise from wholesale market participation and do not reflect procurement obligations incurred by the Company. Absent that linkage, the proposed reclassification lacks a rational cost-based foundation.

³⁴ 73 P.S. §§ 1648.2, 1648.5.

³⁵ *Dauphin Cnty. Indus. Dev. Auth.*, 123 A.3d at 1135-36.

C. The Settlement’s MRPL Provision Would Operate as Impermissible Retroactive Ratemaking

55. The settlement’s MRPL provision would also produce impermissible retroactive ratemaking by altering the regulatory treatment of customer-generator facilities developed in reliance on the existing statutory and regulatory framework governing net metering.

56. Pennsylvania law recognizes a fundamental principle of public utility regulation: Ratemaking is *prospective* in nature.³⁶ The Commonwealth Court has repeatedly emphasized that ratemaking is a prospective process designed to establish rates for future service rather than to adjust past economic outcomes.³⁷

57. Pennsylvania law applies a strong presumption against retroactive changes that alter the legal consequences of prior transactions. The Statutory Construction Act provides that “[n]o statute shall be construed to be retroactive unless clearly and manifestly so intended by the General Assembly.”³⁸ A law operates retroactively when it “relates back to and gives a previous transaction a legal effect different from that which it had under the law in effect when it transpired.”³⁹

58. Courts have therefore emphasized that statutory or regulatory changes affecting substantive rights or contractual expectations are presumed to apply prospectively unless the legislature clearly provides otherwise.⁴⁰

59. These principles apply equally to public utility tariffs. Under Pennsylvania law, approved tariffs have the force and effect of law and establish the legal rights and obligations governing the relationship between utilities and customers.⁴¹

³⁶ *Columbia Gas v. Pa. PUC*, 613 A.2d 74, 76 (Pa. Cmwlth.1992).

³⁷ *See Popowsky v. Pa. PUC*, 695 A.2d 448, 451 (Pa. Cmwlth. 1997); *Popowsky v. Pa. PUC*, 642 A.2d 648 (Pa. Cmwlth. 1994) (allowing retroactive ratemaking would render the “test year” method meaningless and violate the principle that customers who use power should pay for its production, rather than shifting costs to future ratepayers).

³⁸ 1 Pa. C.S. § 1926.

³⁹ *R & P Servs., Inc. v. Pa. Dep’t. of Rev.*, 541 A.2d 432, 434 (Pa. Cmwlth. 1988).

⁴⁰ *See Stroback v. Camaioni*, 674 A.2d 257, 261-62 (Pa. Super. 1996) (asserting a law is retroactive if it changes the legal effect of past transactions); *Brangs v. Brangs*, 595 A.2d 115, 118 (Pa. Super. 1991) (expressing substantive statutory changes are presumed to apply prospectively, particularly where retroactive application would disturb vested rights or contractual obligations).

⁴¹ *See, e.g., Popowsky*, 910 A.2d at 53 (asserting tariffs approved by the Commission establish the legal framework governing utility rates and services).

60. The MRPL settlement provision would produce precisely the type of retroactive effect those cases caution against. Under the settlement term sheet, only a limited number of existing projects would qualify for grandfathered treatment under the current GSC-1 customer-generator rate classification, and that treatment would be subject to an aggregate cap of 140 MW. Once that cap is reached, additional projects that are developed under the existing customer-generator regulatory framework would instead be moved into the GSC-2 classification, where compensation for exported generation is materially reduced.

61. While the proposal is framed as prospective, its application turns on historical events—namely, when projects entered and progressed through the interconnection queue. Projects developed, financed, and submitted under the existing regulatory framework may be excluded from the grandfathered classification based solely on delays in a utility-controlled process. In that respect, the proposal operates with a retroactive effect, attaching new regulatory consequences to prior investments and development decisions. Because tariffs have the force and effect of law, that change raises the same retroactivity concerns Pennsylvania courts have repeatedly cautioned against.⁴²

62. The record illustrates the problem. PPL Electric filed this rate case on September 30, 2025. As PPL Electric witness Gregory Olsen explained, there were “over 250 large DER applications in the Company’s interconnection queue.”⁴³ He further testified that customer-generators must undergo an interconnection review process and are responsible for the costs of engineering studies, equipment, and construction required for interconnection.⁴⁴

63. Applying the revised MRPL definition in this manner would alter the legal and economic consequences of transactions undertaken under the prior tariff structure. Such a result fits squarely within the definition of retroactive action recognized by Pennsylvania courts because it would

⁴² See 1 Pa. C.S. § 1926; *R & P Servs.*, 541 A.2d at 434.

⁴³ PPL Electric St. No. 14-R (Olsen), at 12.

⁴⁴ PPL Electric St. No. 14 (Olsen), at 12; PPL Electric St. No. 14-SR (Olsen), at 15.

give previously undertaken investments “a legal effect different from that which [they] had under the law in effect when [they] transpired.”⁴⁵

D. Even Assuming *Arguendo* that the Commission Could Adopt PPL Electric’s MRPL Redefinition, the Company has Failed to Meet its Evidentiary Burden

64. Even if the Commission were to conclude that PPL Electric may lawfully redefine the MRPL construct in this proceeding, the settlement still cannot be approved because the Company has failed to satisfy its burden of proof.

65. A public utility seeking to modify its tariff bears the burden of proving that the proposed rates and classifications are just, reasonable, and supported by substantial evidence in the record.⁴⁶ That requirement applies to rate classifications and rate design as well.⁴⁷

66. That burden has not been satisfied here. The record contains no comprehensive cost-of-service analysis, class cost allocation study, system impact analysis, or other quantitative evidence demonstrating that the proposed MRPL definition appropriately assigns costs among customer classes.⁴⁸

67. PPL Electric has suggested that a cost-of-service analysis is unnecessary because the MRPL construct relates to default service procurement rather than base distribution rates. That argument fails because the proposal does not merely adjust an internal procurement mechanism; it changes the classification and compensation framework applicable to customer-generator facilities.

68. The MRPL provisions here present a different issue. Rather than addressing procurement of generation supply, the proposed settlement would reinterpret a regulatory term and apply that reinterpretation to alter how retail customers are classified under the Company’s tariff. In practical effect, the proposal would shift costs between Rate Schedule GSC-1 and Rate Schedule GSC-2 customers without evidentiary support traditionally required in ratemaking proceedings.

⁴⁵ *R & P Servs.*, 541 A.2d at 434.

⁴⁶ *See* 66 Pa. C.S. § 1301; *Barasch v. Pa. PUC*, 562 A.2d 414, 416-17 (Pa. Cmwlth. 1989) (the utility bears the burden of demonstrating that proposed rates satisfy the statutory standard).

⁴⁷ *See Popowsky*, 695 A.2d at 449, n. 1.

⁴⁸ *See* 66 Pa. C.S. §§ 1301, 1303.

69. The Company's proposal reallocates cost responsibility among customer classes based on MRPL. That reallocation necessarily rests on an assumption that the affected class imposes distinct costs on the system. Yet the Company did not quantify those costs, did not analyze whether customer-generators materially affect default service procurement obligations, and did not perform any cost-of-service analysis to support differential treatment. Absent such evidence, the proposed classification lacks a rational, cost-based justification. Company witness Andrew Castanaro acknowledged that the Company did not conduct empirical studies evaluating the actual system impacts of the distributed generation facilities affected by the MRPL proposal and instead relied on forward-looking modeling assumptions.⁴⁹

70. While such models may be offered as evidence, they cannot substitute for proof.⁵⁰ Pennsylvania courts have repeatedly held that ratemaking must be grounded in evidence of actual costs and cost causation, not speculation or unsupported assumptions.⁵¹

71. *Penn Renewables* does not support approval here. Unlike that case, where the Commission relied on record testimony explaining the resulting rate classifications, PPL Electric presented no cost-of-service study, class cost allocation analysis, or empirical system impact analysis, relying instead on forward-looking modeling based on hypothetical inputs.⁵²

72. Pennsylvania law requires that utility rate classifications and rate structures be supported by record evidence demonstrating that the resulting allocation of costs among customer classes is just and reasonable.⁵³

73. Where a utility seeks to alter rate classifications affecting particular customers, the Commission must rely on substantial evidence demonstrating the reasonableness of the resulting cost

⁴⁹ N.T. at 1003-04 (Mar. 9, 2026).

⁵⁰ See *FirstEnergy Pa. Elec. Co. v. Pa. PUC*, 349 A.3d 165 (Pa. 2026).

⁵¹ See *Barasch*, 562 A.2d at 418 n. 11; *Popowsky*, 642 A.2d at 650 n. 4.

⁵² See *Penn Renewables*, *supra*.

⁵³ See 66 Pa. C.S. §§ 1301, 1303; *Barasch*, 562 A.2d at 416-17 (stating the utility bears the burden of proving that proposed rate structures satisfy the statutory standard).

allocation.⁵⁴ The requirement that rates be “just and reasonable” under Section 1301 of the Pennsylvania Public Utility Code⁵⁵ is not satisfied by generalities or sweeping statements.

74. The MRPL proposal affects the classification of customer-generator facilities by determining whether they remain in GSC-1 or are moved into GSC-2, where compensation for exported generation is reduced. The Commission, therefore, cannot evaluate whether the resulting classification structure is just and reasonable without evidence demonstrating the cost impacts associated with those customers’ participation in the system.

75. The record contains no such analysis. Instead, the Company relied on forward-looking modeling built on assumed inputs rather than empirical analysis of existing system costs.

76. Customer-generators also finance substantial upgrades to PPL Electric’s distribution system through the interconnection process. As PPL Electric witness Gregory Olsen explained, distributed generation developers must fund engineering studies and distribution system upgrades required for safe and reliable interconnection.⁵⁶ Once installed, those facilities become part of PPL Electric’s distribution system and remain utility property. The result is that customer-generators fund infrastructure improvements that increase the capacity and capability of PPL Electric’s system while the utility retains ownership of the assets.⁵⁷

77. The Company’s MRPL proposal does not account for those contributions. During cross-examination, Company witness Andrew Castanaro acknowledged that PPL Electric did not quantify the infrastructure upgrade payments made by customer-generators when developing the MRPL proposal.⁵⁸ Nor did the Company evaluate the interconnection engineering studies that identify the distribution system reinforcements required to interconnect distributed generation facilities.⁵⁹

⁵⁴ See *Pittsburgh v. Pa. PUC*, 526 A.2d 1243, 1245 (Pa. Cmwlth. 1987).

⁵⁵ 66 Pa. C.S. § 1301.

⁵⁶ See PPL Electric St. No. 14-R (Olsen), at 15:1-11; PPL Electric St. No. 14 (Olsen), at 12.

⁵⁷ *Id.*

⁵⁸ N.T. at 1044 (Mar. 9, 2026).

⁵⁹ See PPL Electric St. No. 14-R (Olsen), at 15; N.T. at 1038-39 (Mar. 9, 2026).

Instead, the Company relied on forward-looking modeling assumptions rather than empirical analysis of system costs or impacts.

78. A Commission decision approving the settlement must be supported by substantial evidence.⁶⁰ Substantial evidence requires relevant evidence that a reasonable mind might accept as adequate to support a conclusion.⁶¹ The record here contains no cost-of-service study, class cost allocation analysis, or empirical system impact study demonstrating that customer-generator exports impose the system costs asserted by the Company. Where a proposed tariff change rests on untested modeling assumptions rather than empirical evidence, the substantial evidence standard cannot be satisfied.

E. The MRPL Settlement Provision Would Produce Unreasonable and Discriminatory Rate Classifications

79. Even if the Commission were to conclude that the MRPL construct proposed in the settlement is legally permissible, the resulting tariff structure would still violate the Public Utility Code because it creates unreasonable discrimination among similarly situated customer-generators.

80. Pennsylvania law requires that public utility rates and rate classifications be just, reasonable, and non-discriminatory.⁶² Section 1304 specifically provides that a public utility may not “make or grant any unreasonable preference or advantage to any person, corporation, or municipal corporation, or subject any person, corporation, or municipal corporation to any unreasonable prejudice or disadvantage.”⁶³ Pennsylvania courts have consistently recognized that while utilities may establish reasonable rate classifications, those classifications must be supported by legitimate distinctions grounded in the evidentiary record and may not arbitrarily treat similarly situated customers differently.⁶⁴

⁶⁰ 2 Pa. C.S. § 704.

⁶¹ *Norfolk & W. Ry. Co. v. Pa. PUC*, 413 A.2d 1037, 1047 (Pa. 1980); *Schmukler v. Pa. PUC*, 302 A.3d 247, 255 (Pa. Cmwlth. 2023).

⁶² 66 Pa. C.S. §§ 1301, 1304.

⁶³ 66 Pa. C.S. § 1304.

⁶⁴ See *Barasch*, 562 A.2d at 418; *Popowsky*, 695 A.2d at 454; and *Popowsky*, 642 A.2d at 651.

81. The settlement would create precisely that kind of discriminatory structure. Under the settlement term sheet, only a limited subset of customer-generator projects may remain in GSC-1, subject to an aggregate cap of 140 MW.⁶⁵ Once that cap is reached, otherwise identical customer-generator facilities would be assigned to GSC-2, where compensation for exported generation is materially reduced.

82. The result is materially different rate treatment for customer-generator facilities operating under the same statutory and regulatory framework based solely on whether they fall within the limited pool allowed to remain under the existing tariff structure.

83. Nothing in the record demonstrates that this distinction is supported by legitimate cost-based differences among the affected projects. To the contrary, the projects affected by the settlement are similarly situated customer-generator facilities developed under the AEPS Act and the Commission's net-metering regulations.

84. The record contains no analysis demonstrating that projects exceeding the 140 MW threshold impose materially different costs on the system than those within the grandfathered category, or that projects assigned to GSC-2 differ in any meaningful operational or cost-causation sense from those remaining in GSC-1.

85. The 140 MW cap does not distinguish among customer-generators based on operational characteristics, cost causation, or system impact. Instead, it differentiates solely based on timing within the interconnection queue; a process controlled by the Company itself. As a result, similarly situated customer-generators may receive materially different rate treatment based not on any relevant distinction, but on administrative sequencing. That outcome is not the product of reasoned classification; it is arbitrary and not allowed, as the classification must have a reasonable basis.⁶⁶

⁶⁵ See PPL Electric St. No. 15-SSRJ (Castanaro) at 2-3 (describing the settlement provision establishing a 140 MW grandfathering limit for Rate GSC-1 customer-generators).

⁶⁶ *Peoples Natural Gas Co. v. Pa. PUC*, 409 A. 2d 446, 455 (Pa. Cmwlth. 1979).

VII. CONCLUSION

86. The burden in this proceeding rests with the Company to demonstrate that its proposed classification is just, reasonable, and supported by the record. CGC's position is not that it must quantify harm, but that the Company has failed to meet that burden. In the absence of empirical support linking customer-generator exports to default service procurement costs, the proposed MRPL construct rests on an unsubstantiated premise and cannot be sustained.

87. For the reasons set forth above, the MRPL provision contained in the proposed settlement cannot be approved. The provision conflicts with the Commission's regulatory definition of Maximum Registered Peak Load, is inconsistent with the statutory framework governing customer-generators under the Alternative Energy Portfolio Standards Act, would operate as impermissible retroactive ratemaking, lacks the evidentiary support required to satisfy the Public Utility Code's ratemaking standards, and would create unreasonable and discriminatory rate classifications among similarly situated customer-generators.

Respectfully submitted,



Daniel A. Garcia (PA Attorney ID 311503)
Brian Pulito (PA Attorney ID 203952)
Sarah M. Rabin (PA Attorney ID 313717)
Steptoe and Johnson, PLLC
1 PPG Place, Suite 3300
Pittsburgh, PA 15222
412-504-8010 (telephone)
412-504-8011 (fax)
Daniel.Garcia@Steptoe-Johnson.com
Brian.Pulito@Steptoe-Johnson.com
Sarah.Rabin@Steptoe-Johnson.com
Counsel for Customer-Generator Coalition

Date: March 20, 2026