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April 27, 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: Pennsylvania Public Utility Commission, *et al.* v. PPL Electric Utilities Corporation
Docket Nos. R-2025-3057164, *et al.*

Exceptions of the Customer-Generator Coalition

Dear Secretary Homsher:

Enclosed please find the Exceptions 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.

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.

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CC: Hon. Christopher P. Bell (*Via E-mail only*)
Hon. Barbara Shadie Nause (*Via E-mail only*)
Commission’s Office of Special Assistants (OSA) (*Via E-mail only*)
Certificate of Service

**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	:	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	:	C-2026-3061118
Kenneth Johnson	:	C-2026-3061424
Mary Bainbridge	:	C-2026-3061706
Diane Cheer	:	
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:

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Dated: April 27, 2026



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**BEFORE THE
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Mary Bainbridge	:	C-2026-3061424
Diane Cheer	:	C-2026-3061706
v.	:	
PPL Electric Utilities Corporation	:	

**EXCEPTIONS 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”)**

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I. INTRODUCTION

On April 17, 2026, the Recommended Decision of presiding Administrative Law Judges Christopher P. Pell and Barbara Shadie Nause was issued in the instant proceeding (“Recommended Decision” or “RD”). The Recommended Decision addresses, among other issues, the proposed modifications to the Maximum Registered Peak Load (“MRPL”) construct and ultimately accepts a framework that permits the incorporation of exported generation into a customer’s demand-based classification.¹

On March 13, 2026, a Joint Petition for Approval of Non-Unanimous Settlement of All Issues (“Joint Petition” or “Settlement”) was filed on behalf of PPL Electric Utilities Corporation (“PPL”), Industrial Energy Consumers of Pennsylvania (“I&E”), the Office of Consumer Advocate (“OCA”), the Office of Small Business Advocate (“OSBA”), the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (“CAUSE-PA”), Convergent Energy and Power LP (“Convergent”), Dimension PA 1, LLC (“Dimension”), the United States Department of Defense and other Federal Executive Agencies (“DOD/FEA”), Eric Joseph Epstein, the Environmental Intervenors (“EI”), the Energy Justice Advocates (“EJA”), the Joint Solar Advocates (“JSA”), the PP&L Industrial Customer Alliance (“PPLICA”), the Retail Energy Supply Association (“RESA”), the Sustainable Energy Fund (“SEF”), Walmart Inc., and the Commission on Economic Opportunity (“CEO”) (collectively, the “Settling Parties”). The only active parties opposing any portion of the Settlement were the Customer-Generator Coalition (“CGC”) and the Professional Dairy Managers of Pennsylvania (“PDMP”), both of which limited their opposition to the provisions of the Settlement addressing the MRPL construct.

The Recommended Decision recommends approval of the Settlement in its entirety on the grounds that “it is in the public interest, consistent with the Public Utility Code, and supported by

¹ Recommended Decision of Administrative Law Judges Christopher P. Pell and Barbara Shadie Nause, Pa. PUC Docket No. R-2025-3057164 (Apr. 17, 2026) .

substantial evidence.”² The CGC respectfully disagrees with the Recommended Decision’s conclusions and supporting analysis regarding the proposed changes to the MRPL and related ratemaking treatment of customer-generators. As set forth more fully below, none of these stated grounds are satisfied with respect to the MRPL provisions.

First, the Recommended Decision endorses a departure from governing law by permitting a tariff construct that conflicts with the Commission’s own regulations and exceeds the Commission’s statutory authority under the Public Utility Code. The Commission’s regulation defines MRPL as a demand-based construct tied expressly to the PJM Peak Load Contribution (“PLC”) methodology, which measures a customer’s contribution to system peak demand.³ That definition does not permit the inclusion of exported generation or net power flows. By approving a tariff that incorporates such elements, the Recommended Decision is no longer simply interpreting an existing definition, it is re-writing it by transforming the demand-based metric into one that incorporates exported generation. In doing so, the Recommended Decision contravenes the limits imposed by the Pennsylvania General Assembly and renders the MRPL construct inconsistent with 66 Pa.C.S. §§ 1301, 1304, and 315.

It is well established that while tariffs carry the force and effect of law, they must conform to governing statutes and duly promulgated regulations, and may not be used to alter or replace those requirements.⁴ The Recommended Decision nevertheless accepts a formulation under which

² RD at 1.

³ 52 Pa. Code § 54.182 (defining Maximum Registered Peak Load as a demand-based metric tied to PJM Peak Load Contribution).

⁴ *Brockway Glass Co. v. Pa. PUC*, 437 A.2d 1067, 1070-71 (Pa. Cmwlth. 1981) (recognizing that tariffs must be consistent with the Public Utility Code and subject to Commission review for reasonableness); *PPL Elec. Utils. Corp. v. Pa. PUC*, 912 A.2d 386, 402-03 (Pa. Cmwlth. 2006) (tariffs have the force of law but must be applied consistent with statutory requirements); *Pa. Elec. Co. v. Pa. PUC*, 663 A.2d 281, 284-85 (Pa. Cmwlth. 1995) (tariffs are binding only insofar as they comply with the Public Utility Code, including 66 Pa. C.S. § 1302); *see also* 66 Pa. C.S. §§ 1302, 1303, 1501.

exported generation is incorporated into MRPL, thereby altering the foundational nature of the metric from one based on demand to one that includes production.⁵

It further adopts a construct that produces unreasonable and discriminatory outcomes for similarly situated customer-generators, contrary to the public interest. Finally, the record lacks substantial evidence demonstrating that the inclusion of exported generation within MRPL is cost-based, reflects actual system impacts, or is necessary to ensure just and reasonable rates. For these reasons, the MRPL provisions of the Settlement cannot be approved and must be rejected.

This departure from the Commission's regulation raises a threshold legal issue. The Public Utility Code requires that rates and rate structures be just, reasonable, and applied in conformity with applicable law, and prohibits unreasonable or discriminatory classifications.⁶ A tariff that departs from binding regulatory definitions exceeds the scope of permissible ratemaking authority. While the Commission retains authority over rate design and cost allocation, that authority does not extend to redefining foundational regulatory constructs or employing rate mechanisms that effectively alter the operation of statutory frameworks through indirect means.⁷

The Recommended Decision further implicates the statutory and regulatory framework governing customer-generators under Pennsylvania law. The AEPS Act establishes the structure through which customer-generators are credited for excess generation on an annual basis.⁸ The incorporation of exported generation into MRPL, and the resulting reclassification and rate impacts, is not merely a rate design adjustment. MRPL is a demand-based construct grounded in

⁵ RD at 255-260.

⁶ 66 Pa. C.S. §§ 1301, 1304.

⁷ *Hommrich v. Commonwealth*, 231 A.3d 1027, 1036-38 (Pa. Cmwlth. 2020) (agency may not exercise regulatory authority in a manner that effectively alters or departs from statutory mandates); *Philadelphia Suburban Water Co. v. Pa. PUC*, 808 A.2d 1044, 1055 (Pa. Cmwlth. 2002) (Commission may not disregard statutory requirements under the guise of ratemaking authority); cf. *Pennsylvania Elec. Co. v. Pa. PUC*, 135 A.3d 1, 9-10 (Pa. Cmwlth. 2015) (recognizing Commission discretion in rate design within statutory bounds).

⁸ 73 P.S. § 1648.5 (establishing net metering and annual reconciliation of customer-generator output and consumption); see also 52 Pa. Code § 75.13 (implementing net metering requirements, including annual true-up and compensation structure).

peak load contribution, as defined by Commission regulation.⁹ The proposed changes to the MRPL departs from that framework by incorporating exported generation as an input into a demand-based cost responsibility mechanism. In doing so, it repurposes exported energy as a proxy for demand and uses it to influence rate treatment in a manner that alters how customer-generators are treated within the broader statutory and regulatory scheme, including the structure established by the AEPS Act, which prescribes how excess generation is measured, credited, and compensated on an annual basis and does not authorize its use as an input into demand-based cost responsibility mechanisms.¹⁰

In addition to these legal deficiencies, the Recommended Decision relies on a record that does not contain substantial evidence sufficient to support the conclusions reached with respect to MRPL and the treatment of customer-generators. The record lacks empirical analysis demonstrating that the inclusion of exported generation in MRPL is cost-based, reflects actual system impacts, or is necessary to ensure just and reasonable rates. As discussed in more detail below, PPL did not conduct a cost-of-service study, perform a class cost allocation analysis specific to the proposed MRPL construct, or undertake any system impact analysis to support the inclusion of exported generation in a demand-based metric.¹¹ Nor did PPL present empirical data quantifying how exported generation affects default service procurement obligations or system costs.¹² In the absence of such evidence, PPL has failed to meet its burden under 66 Pa.C.S. § 315 to demonstrate that the proposed tariff is just, reasonable, and supported by a sufficient evidentiary foundation.¹³

⁹ 52 Pa. Code § 54.182 (defining Maximum Registered Peak Load based on demand consistent with PJM peak load contribution methodology).

¹⁰ 73 P.S. § 1648.5; 52 Pa. Code § 75.13.

¹¹ RD at 184-260.

¹² *Id.*, at 13-14.

¹³ 66 Pa. Cons. Stat. § 315(a); see also *Lower Frederick Twp. v. Pa. Pub. Util. Comm'n*, 409 A.2d 505, 507 (Pa. Commw. Ct. 1980).

The Recommended Decision places significant weight on the fact that a majority of parties support the Settlement, including certain parties that previously opposed aspects of PPL's MRPL proposal. While that procedural posture may be relevant to understanding the evolution of the case, it is not the legal standard governing Commission approval. The Commission's obligation is not to ratify a compromise based on the number of settling parties, but to determine whether the proposed tariff provisions comply with applicable statutes and duly promulgated regulations and are supported by substantial evidence of record.

Accordingly, the CGC raises the following Exceptions to preserve its legal and factual objections to the Recommended Decision and to ensure that the Commission's review is conducted in accordance with applicable law and supported by substantial evidence of record. To the extent the Commission adopts the Recommended Decision, the Coalition expressly preserves each of the issues raised herein for purposes of further administrative and judicial review.

II. STANDARD GOVERNING REVIEW OF THE RECOMMENDED DECISION AND NON-UNANIMOUS SETTLEMENT

The Commission's review of the Recommended Decision is not limited to determining whether the Settlement reflects compromise among the settling parties. The Recommended Decision itself recognizes that, although Commission policy favors settlements, the Commission "does not simply rubber stamp settlements without further inquiry," and must determine whether the proposed terms and conditions are in the public interest.¹⁴ The Recommended Decision further recognizes that the standards for approving a non-unanimous settlement are the same as those applicable in a fully contested case: the settlement must be supported by substantial evidence, the

¹⁴ RD at 28; *Pa. PUC v. PECO Energy Co.*, Docket No. R-2018-3000164, *slip op.* at 15 (Order entered Dec. 20, 2018).

rates agreed to must be just and reasonable, the settlement must be in the public interest, and the settlement must conform to the Commission's orders and regulations.¹⁵

III. CGC'S EXCEPTIONS

A. Exception #1 - The Recommended Decision Errs as a Matter of Law in Concluding that the Settlement MRPL Provisions are Consistent with the Public Utility Code.

The Recommended Decision recommends approval of the Settlement's treatment of MRPL based principally on three rationales: first, that the MRPL provisions represent a reasonable compromise supported by most parties that litigated the MRPL issue; second, that the proposal is supported by Commission precedent, including the UGI Electric Default Service Plan proceeding and Citizens' Electric; and third, that the Settlement should be approved as part of the broader non-unanimous settlement package.¹⁶ Respectfully, none of those rationales resolves the controlling legal defect raised by CGC: the Settlement redefines a regulatory term through tariff language and uses exported generation as an input into a demand-based classification construct.¹⁷

The Recommended Decision accurately recites the CGC's position that MRPL is defined by Commission regulation, which incorporates a reference to PJM's Peak Load Contribution construct, and that the regulation therefore establishes a demand-based metric measuring a customer's contribution to system peak demand.¹⁸ The Recommended Decision also recites the CGC's argument that PPL's proposed tariff language would redefine 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," thereby incorporating exported generation into the MRPL calculation even where the customer's actual demand remains

¹⁵ RD at 29; 66 Pa. C.S. § 1301.

¹⁶ RD at 255-258.

¹⁷ RD at 239-241; see also PPL Electric St. No. 15, p. 5.

¹⁸ RD at 239-241; 52 Pa. Code § 54.182.

unchanged.¹⁹ But the Recommended Decision does not resolve that legal conflict. Instead, it relies on party support and prior proceedings without explaining how a tariff provision may lawfully convert a demand-based regulatory construct into one that includes exported generation.²⁰

Section 1301 of the Public Utility Code requires rates to be just and reasonable and “in conformity with regulations or orders of the commission.” Where, as here, a proposed settlement modifies tariff language and rate classification, the threshold question is whether that tariff treatment conforms to existing law and Commission regulations.²¹

The governing regulation 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.”²² The operative phrase is “highest level of demand.” The tariff clause allowing MRPL to be “further defined” by an EDC tariff cannot reasonably be read to authorize an EDC to change the nature of the metric from demand to net power flow. A further definition must remain within the framework established by the regulation; otherwise, the tariff language would override the regulation rather than implement it.²³

The underlying premise of PPL’s proposal further underscores this conflict. The concept of “load” in ratemaking has long been understood as demand drawn from the system, not energy supplied to it. As recognized by the Commonwealth Court, “[a] utility’s load is the sum of all customer demands at a given time,” and peak load reflects the highest point of that demand over a defined period.²⁴ Incorporating exported generation into MRPL collapses that distinction by

¹⁹ RD at 239; PPL Electric St. No. 15, p. 5.

²⁰ RD at 255-256.

²¹ 66 Pa. C.S. § 1301.

²² 52 Pa. Code § 54.182.

²³ See 66 Pa. C.S. § 1301; *Brockway Glass Co.*, 437 A.2d at 1070-71; *Pa. Elec. Co.*, 663 A.2d at 284-85.

²⁴ *W. Penn Power Co. v. Pa. PUC*, 615 A.2d 951 (Pa. Cmwlth. 1992) (citing Pennsylvania Public Utility Commission Rate Case Handbook, at 12-14) (defining “load” as the sum of customer demand and “peak load” as the highest level of such demand over a defined period).

treating production as a proxy for demand. The Recommended Decision does not explain how that approach can be reconciled with the demand-based definition embedded in Section 54.182.

Instead, the Recommended Decision states that UGI Electric's Supply Peak Load Impact proposal was "substantially similar" to PPL's as-filed MRPL proposal and relies on that proceeding as support for approving the Settlement.²⁵ But the comparison to UGI is incomplete. UGI involved a utility proposal concerning "Supply Peak Load Impact," not the redefinition of MRPL.²⁶ UGI does not answer whether PPL may alter the meaning and application of a defined regulatory term through tariff language. The Recommended Decision therefore treats UGI as controlling without addressing the legal distinction that makes this case different.

Further, the Recommended Decision emphasizes that most parties presenting MRPL testimony support the Settlement, including JSA, Dimension, and Walmart, which previously opposed aspects of PPL's proposal.²⁷ That fact may explain the negotiated posture of the Settlement, but it does not establish conformity with the Public Utility Code or Commission regulations. The Recommended Decision itself recognizes that non-unanimous settlements must be supported by substantial evidence and must conform to Commission orders and regulations.²⁸

The record confirms why that independent review is necessary. PPL's own testimony describes the proposed MRPL definition 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."²⁹ PPL further explained that, for customer-generators without a 12-month billing history, the MRPL estimate would be inclusive of the nameplate capacity of the generation system.³⁰ Those features demonstrate that the proposed construct is not

²⁵ RD at 255-256.

²⁶ RD at 255-256; 52 Pa. Code § 54.182.

²⁷ RD at 255.

²⁸ RD at 28-29.

²⁹ PPL Electric St. No. 15, p. 5; RD Finding of Fact No. 25.

³⁰ PPL Electric St. No. 15, p. 5; RD Finding of Fact No. 28.

merely measuring customer demand, but rather it incorporates generation-related characteristics and exported power into the classification analysis. That evidentiary failure is addressed separately below, but it reinforces the same legal point: PPL cannot use tariff language to expand a regulatory construct beyond its defined scope.

For these reasons, the Recommended Decision errs as a matter of law in concluding that the MRPL provisions are consistent with the Public Utility Code and Commission regulations. The Commission should sustain this Exception and reject the MRPL provisions of the Settlement.

B. Exception #2 - The Recommended Decision Errs in Concluding that the MRPL Provisions of the Joint Settlement are in the Public Interest.

The Recommended Decision errs in concluding that the MRPL provisions of the Joint Settlement are in the public interest. The Commission's public interest determination requires an independent assessment of whether the contested provisions are lawful, supported by substantial evidence, and consistent with the Public Utility Code's requirement that rates be just, reasonable, and non-discriminatory.³¹ The existence of support among settling parties, while relevant to the procedural posture of the case, does not satisfy that standard.

The Recommended Decision's error is particularly significant because CGC and PDMP opposed only the limited MRPL provisions of the Settlement.³² The CGC does not seek to unravel the broader revenue requirement settlement, customer service provisions, or other negotiated terms. Rather, the CGC seeks rejection of the discrete MRPL provisions because those provisions redefine a demand-based regulatory construct, alter the treatment of customer-generators, and create unreasonable distinctions among similarly situated projects without the evidentiary foundation required by the Public Utility Code.³³

³¹ RD at 28-29; 66 Pa. C.S. §§ 1301, 1304, 315(a).

³² Joint Petition for Approval of Non-Unanimous Settlement of All Issues ("Joint Petition") at 2; RD at 8-9.

³³ RD at 238-249.

The MRPL provisions cannot be deemed in the public interest where they rest on a tariff construct that departs from the Commission’s regulatory framework. As discussed above, the Settlement redefines a demand-based construct to incorporate exported generation without reconciling that change with the governing regulation. The Recommended Decision does not resolve that conflict, and an unresolved inconsistency with Commission regulations cannot support a public-interest finding.

The record also does not provide substantial evidence for concluding that the MRPL provisions serve the public interest. PPL’s principal analysis was revised during the proceeding to correct errors in cancellation-rate assumptions and to account for previously understated excess generation from no-load customer-generator projects. Those revisions materially changed projected excess generation levels, Price to Compare (“PTC”), and net metering compensation outcomes. At the same time, the analysis depends on forward-looking assumptions regarding customer behavior, project completion, and default service conditions that were revised during the proceeding and were not supported by empirical validation. A public-interest finding cannot rest on a framework built on evolving assumptions rather than stable, cost-based evidence.

The Public Utility Code requires that rates be just, reasonable, and non-discriminatory, and places the burden on the utility to establish that its proposed rate treatment satisfies those standards.³⁴ It also prohibits unreasonable differences in rates, classifications, and service among similarly situated customers.³⁵ Those statutory requirements are not displaced by settlement. They are the very standards the Commission must apply before approving the Settlement.

The MRPL provisions result in materially different treatment among similarly situated customer-generators. The Settlement establishes a grandfathering structure and aggregate cap that

³⁴ 66 Pa. C.S. §§ 1301, 315(a).

³⁵ 66 Pa. C.S. § 1304.

determine whether projects remain under existing GSC-1 treatment or are shifted into GSC-2.³⁶ Once the cap is reached, projects that may be materially similar in size, technology, interconnection posture, and operational characteristics may receive materially different rate treatment based on timing and administrative allocation rather than demonstrated cost causation.³⁷ The CGC does not oppose grandfathering; to the contrary, reliance-based grandfathering is necessary to recognize the substantial investments made by customer-generators in reliance on existing tariffs and regulatory frameworks. The defect lies in the arbitrary 140 MW cap. Once that cap is reached, projects that are materially similar in size, technology, interconnection posture, and operational characteristics may receive materially different rate treatment based solely on timing and the utility's administrative processes, rather than any demonstrated difference in cost causation or system impact. The Recommended Decision does not explain how this outcome is consistent with the Public Utility Code's prohibition on unreasonable discrimination.

The Recommended Decision acknowledges the CGC's objection that the record lacks cost-of-service, class cost allocation, or system impact analysis supporting differential treatment, but it does not identify record evidence demonstrating that customer-generators impose incremental costs sufficient to justify that distinction.³⁸ Nor does it account for the interconnection-related upgrade costs funded by customer-generators, which directly offset or mitigate the system impacts attributed to those same customers. The absence of that analysis undermines the conclusion that the resulting rate treatment is non-discriminatory.

The Recommended Decision's reliance on UGI Electric and Citizens Electric does not alter this analysis. As discussed above, those proceedings did not involve the redefinition of MRPL, a term expressly defined by Commission regulation. The Recommended Decision therefore does

³⁶ Joint Petition, Section III.J; Appendix H; RD at 245.

³⁷ RD at 245.

³⁸ RD at 245-246.

not establish that the MRPL provisions adopted here are lawful, cost-based, or in the public interest.³⁹ Nor does the existence of similar proposals by other utilities establish that the proposal before the Commission is lawful, cost-based, or non-discriminatory. The Commission must decide the record before it.

Finally, the MRPL provisions unreasonably undermine regulatory certainty for customer-generators that developed projects under the existing statutory and regulatory framework. The AEPS Act defines “customer-generator” and “net metering” and establishes the framework under which customer-generators produce and receive compensation for excess generation.⁴⁰ Pennsylvania appellate authority has recognized that the Commission may not redefine statutory eligibility standards or impose additional requirements inconsistent with the AEPS Act.⁴¹ The CGC does not contend that the Commission lacks all rate-design authority affecting customer-generators. Rather, the CGC’s position is narrower and more fundamental: the Commission may not approve a settlement that uses tariff language to restructure the treatment of customer-generators in a manner inconsistent with the Public Utility Code, the AEPS framework, and the Commission’s own demand-based MRPL regulation.

For these reasons, the Recommended Decision’s conclusion that the MRPL provisions are in the public interest is legally and evidentially deficient. The Commission should sustain this Exception and reject the MRPL provisions of the Settlement.

C. Exception #3 - The Recommended Decision Errs in Concluding that the MRPL Provisions are Supported by Substantial Evidence.

The Recommended Decision errs in concluding that the MRPL provisions are supported by substantial evidence. The Public Utility Code requires that proposed rates and classifications

³⁹ RD at 255-256; 52 Pa. Code § 54.182.

⁴⁰ 73 P.S. § 1648.2; 73 P.S. § 1648.5.

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

be supported by record evidence demonstrating that the resulting rates are just, reasonable, and grounded in a rational connection to cost causation.⁴² The burden rests with the utility and is not diminished by the existence of a settlement.⁴³ The record does not contain the evidence needed to support the proposed MRPL construct.

At the outset, the Recommended Decision adopts the characterization of the MRPL construct as a forward-looking analytical framework designed to estimate the impact of customer-generators on default service procurement and rate design.⁴⁴ However, the evidentiary foundation for that framework was neither stable nor consistent throughout the proceeding. PPL's witness, Andrew Castanaro, testified that material corrections were required to the Company's primary analytical exhibits, including revisions to assumed project cancellation rates and the treatment of excess generation from no-load customer-generator projects in the interconnection queue.⁴⁵ These corrections resulted in updated analyses that materially altered the projected levels of excess generation, PTC, and net metering compensation outcomes relied upon to support the MRPL construct.⁴⁶

These revisions were not minor. They affected core inputs underlying the Company's analysis, including cancellation rates, capacity factors, and projected excess generation. This materially changed the resulting estimates of system impact and customer cost. At the same time, the MRPL construct depends on forward-looking assumptions regarding customer behavior, load migration, and future default service conditions. The resulting framework reflects assumptions that were revised during the proceeding and not supported by empirical validation rather than stable, cost-based evidence.

⁴² 66 Pa. C.S. § 1301; *Popowsky v. Pa. PUC*, 695 A.2d 448, 452-53 (Pa. Cmwlth. 1997).

⁴³ 66 Pa. C.S. § 315(a); RD at 28-29.

⁴⁴ RD at 242-244.

⁴⁵ PPL Electric Statement No. 15-RJ, pp. 2-3.

⁴⁶ *Id.* at pp. 3-5.

The record also lacks foundational evidence linking the MRPL construct to cost causation. As mentioned above, there is no cost-of-service study, class cost allocation analysis, or system impact analysis demonstrating that customer-generators impose costs consistent with the proposed classification framework.⁴⁷ In the absence of such evidence, the requirements of Section 315(a) are not satisfied.⁴⁸

The evidentiary deficiencies are further underscored by the outcomes reflected in the Company's own analysis. PPL's witness, Mr. Castanaro, acknowledged that projected increases in the PTC associated with customer-generator activity could produce "catastrophic impacts" in the Small C&I market, including significant rate increases and customer migration that would further exacerbate cost allocation pressures.⁴⁹ These concerns go directly to the reasonableness and stability of the proposed rate construct. Those conclusions, however, are not grounded in the type of analysis typically required to support a rate design of this nature. In the absence of a cost-of-service study, class cost allocation analysis, or system impact analysis demonstrating that customer-generators impose the burdens claimed by the Company, its projections are nothing more than unverified modeling outcomes rather than evidence of cost causation. This leaves no basis to conclude that the projected impacts are attributable to customer-generators or that the MRPL construct is necessary to address them. As such, the MRPL provisions are not supported by substantial evidence.

Substantial evidence requires a demonstrated, rational connection between the proposed rate design and the costs it is intended to recover.⁵⁰ That standard is not met where the record reflects revised assumptions, corrected analyses, and acknowledged uncertainty regarding the magnitude and direction of impacts. The Commission cannot conclude that a rate classification

⁴⁷ RD at 245-246.

⁴⁸ 66 Pa. C.S. § 315(a).

⁴⁹ PPL Electric Statement No. 15-RJ, p. 5.

⁵⁰ *Popowsky*, 695 A.2d at 453-54.

construct is supported by substantial evidence where the underlying analytical framework lacks consistency and empirical validation.

The Recommended Decision does not identify record evidence that resolves these deficiencies. While it references CGC's objections regarding the absence of cost-of-service support and the speculative nature of the Company's analysis, it does not explain how the evidentiary record satisfies the requirements of Section 315(a).⁵¹ The Commission must determine whether the record supports the specific rate treatment adopted by the Settlement. The Recommended Decision does not make that determination.

The existence of a negotiated settlement does not cure the lack of evidentiary support. A non-unanimous settlement must still be supported by substantial evidence and must result in just and reasonable rates. Agreement among certain parties does not substitute for the utility's burden to establish a factual basis for its proposed rate design.⁵²

The record reflects that the MRPL construct is based on revised and evolving modeling assumptions, lacks empirical support demonstrating cost causation, and produces acknowledged extreme outcomes. These deficiencies preclude a finding that the MRPL provisions are supported by substantial evidence. The Commission should sustain this Exception and reject the MRPL provisions of the Settlement.

D. Exception #4 - The Recommended Decision Fails to Provide a Reasoned Analysis of the Dispositive Issues Raised by the Customer-Generator Coalition.

The Recommended Decision does not resolve the dispositive legal and factual issues raised by the CGC. While the Recommended Decision includes a detailed summary of CGC's objections,

⁵¹ RD at 245-246.

⁵² RD at 28-29; 66 Pa. C.S. § 1301.

its Disposition does not provide a reasoned explanation addressing those issues, leaving the basis for approval of the MRPL provisions incomplete.⁵³

The Commission's review of the Recommended Decision must be based on the record and supported by reliable, probative, and substantial evidence.⁵⁴ In addition, the Public Utility Code requires that decisions include findings, conclusions, and the reasons or basis for those determinations on all material issues of fact, law, or discretion presented on the record.⁵⁵ That obligation requires more than a summary of party positions; it requires an explanation of how the record and governing law support the result reached.

Here, the Recommended Decision recites CGC's central arguments: that MRPL is a demand-based construct defined by Commission regulation; that the Settlement improperly incorporates exported generation into that construct; that the record lacks empirical support for the proposed treatment; and that the MRPL provisions produce discriminatory outcomes among similarly situated customer-generators.⁵⁶ However, the Disposition does not resolve those issues. Instead, the Recommended Decision concludes that the Settlement should be approved based on the existence of supporting parties, prior Commission proceedings, and the general desirability of compromise.⁵⁷ Those considerations do not constitute a reasoned response to the legal and evidentiary defects identified by CGC.

As mentioned above, the Recommended Decision does not explain how the MRPL provisions are reconciled with the governing regulation, how the evidentiary record satisfies the utility's burden under Section 315(a), or how the resulting rate treatment avoids unreasonable

⁵³ RD at 238-249, 255-258.

⁵⁴ 66 Pa. C.S. § 332(b).

⁵⁵ 66 Pa. C.S. § 335(c).

⁵⁶ RD at 238-249.

⁵⁷ RD at 255-258.

discrimination.⁵⁸ The absence of that analysis leaves the conclusions unsupported by a stated connection to the governing law and record.

This gap is particularly significant in the context of a non-unanimous settlement. As the Recommended Decision recognizes, such settlements must be supported by substantial evidence, must result in just and reasonable rates, must be in the public interest, and must conform to Commission regulations and orders.⁵⁹ Those standards require an independent determination that the contested provisions satisfy the law and the record. The Recommended Decision does not provide that determination.

This omission is not merely procedural. Where a recommended decision does not address material issues raised in the record, the Commission must independently determine whether the conclusions are supported by substantial evidence and consistent with law. Without that analysis, the basis for review is incomplete.

For these reasons, the Recommended Decision's approval of the MRPL provisions cannot be sustained.

E. Exception #5 - The Recommended Decision Fails to Apply the Proper Legal Standard for Approval of a Non-Unanimous Settlement.

The Recommended Decision errs by applying an incorrect legal framework to the approval of the MRPL provisions. While it recites general principles applicable to settlement approval, its analysis effectively treats the existence of compromise and party support as sufficient to sustain the contested provisions. That approach is inconsistent with the standards the Commission must apply in evaluating a non-unanimous settlement.

The Commission must determine whether the resulting rates are just and reasonable, supported by substantial evidence, and consistent with applicable law and Commission

⁵⁸ 52 Pa. Code § 54.182; RD at 239-241, 255-258; 66 Pa. C.S. § 315(a); RD at 245-246; 66 Pa. C.S. § 1304; RD at 245-246.

⁵⁹ RD at 28-29; 66 Pa. C.S. § 1301; 52 Pa. Code § 5.537.

regulations.⁶⁰ That determination must be based on the record and cannot be satisfied by the existence of agreement among certain parties.⁶¹

The Recommended Decision does not apply that standard to the MRPL provisions. Although it recognizes that those provisions were contested, it does not determine whether they satisfy the governing regulatory definition, whether the evidentiary record supports the proposed rate treatment, or whether the resulting classification is non-discriminatory.⁶² Instead, it accepts the Settlement framework without undertaking the independent evaluation required by the Public Utility Code to determine whether the differential treatment created by the Settlement's grandfathering and cap provisions avoids unreasonable discrimination among similarly situated customer-generators.⁶³

The MRPL provisions are not merely settlement terms among private litigants; they are proposed tariff provisions that would govern rate classification and compensation treatment for customer-generators in PPL's service territory. Under the Public Utility Code, rates, rules, practices, classifications, and contracts affecting compensation for utility service fall within the statutory definition of "rate," and the utility bears the burden of proving that the rate treatment is just and reasonable.⁶⁴ The Commission therefore cannot approve the MRPL provisions simply because they are embedded in a negotiated settlement. It must determine whether those provisions satisfy the same statutory and evidentiary requirements that would apply in a fully litigated case.

As mentioned above, the Recommended Decision's reliance on prior proceedings does not cure this defect. Even assuming UGI Electric and Citizens' Electric provide relevant context, those proceedings do not relieve the Commission of its obligation to apply the governing legal standard

⁶⁰ RD at 29; 66 Pa. C.S. § 1301.

⁶¹ 66 Pa. C.S. §§ 315(a), 332(b); 52 Pa. Code § 5.537.

⁶² RD at 8-9, 238-249, 255-258.

⁶³ 66 Pa. C.S. §§ 315(a), 1301, 1304; RD at 245-246.

⁶⁴ 66 Pa. C.S. §§ 102, 315(a), 1301.

to the record in this case.⁶⁵ Nor do they answer the specific questions presented here: whether PPL may use tariff language to alter the application of a regulatory MRPL construct, whether the inclusion of exported generation is supported by cost-causation evidence, and whether the resulting treatment of customer-generators is just, reasonable, and non-discriminatory.⁶⁶

This is reflected in the Recommended Decision's treatment of the MRPL construct as a permissible outcome of compromise rather than a rate design that must independently satisfy statutory and regulatory requirements. A negotiated settlement does not alter the Commission's obligation to ensure that tariff provisions comply with governing law or relieve the utility of its burden to establish that its proposed rate treatment is just and reasonable.⁶⁷

The Commission should therefore reject the Recommended Decision's approval of the MRPL provisions.

IV. CONCLUSION

For the reasons set forth above, CGC respectfully requests that the Commission reject the Recommended Decision and deny approval of the proposed MRPL provisions.

Respectfully submitted,



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⁶⁵ RD at 255-256.

⁶⁶ 52 Pa. Code § 54.182; 66 Pa. C.S. §§ 315(a), 1301, 1304.

⁶⁷ 66 Pa. C.S. §§ 332(b), 335(c).

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