COMMONWEALTH OF PENNSYLVANIA

May 4, 2026

E-FILED

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

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

Dear Secretary Homsher:

Enclosed please find the Reply Exceptions, on behalf of the Office of Small Business Advocate ("OSBA"), in the above-referenced proceeding.

Copies will be served on all known parties in this proceeding, as indicated on the attached Certificate of Service.

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

Sincerely,

/s/ Steven C. Gray

Steven C. Gray
Senior Attorney
Assistant Small Business Advocate
Attorney ID No. 77538

Enclosures
cc: Maksim Malukoff
Robert D. Knecht
Mark Ewen
Parties of Record

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

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

REPLY EXCEPTIONS
ON BEHALF OF THE
OFFICE OF SMALL BUSINESS ADVOCATE

Steven C. Gray
Senior Attorney
Assistant Small Business Advocate
Attorney I.D. No. 77538

For:
NazAarah Sabree
Small Business Advocate

Commonwealth of Pennsylvania
Office of Small Business Advocate
Forum Place
555 Walnut Street, 1st Floor
Harrisburg, PA 17101

Date: May 4, 2026

TABLE OF CONTENTS

TABLE OF AUTHORITIES

CASES

STATUTES

REGULATIONS

I. INTRODUCTION

On April 17, 2026, Administrative Law Judge ("ALJ") Christopher P. Pell and ALJ Barbara Shadie Nause issued their Recommended Decision ("RD") in this proceeding.

On April 27, 2026, 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, the Customer-Generator Coalition ("CGC"), filed Exceptions to the RD.

The OSBA submits the following Reply Exceptions in response to Exceptions filed by CGC.

II. REPLY EXCEPTIONS

Reply to CGC Exception No. 1: The ALJs correctly concluded that the Settlement MRPL Provisions are consistent with the Public Utility Code (CGC Exceptions, at 6-9)

In its Exceptions, CGC states, as follows:

> 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.

CGC Exceptions, at 6. (citation omitted). CGC fails to include the entire language of 52 Pa. Code § 54.182:

> Maximum registered peak load—The 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*.

52 Pa. Code § 54.182 (Definitions) (emphasis added).

In support of CGC's argument, CGC frequently refers to the "demand-based classification construct" or a "demand-based metric," a "demand-based regulatory construct," or a "demand-based definition."[1] CGC concludes, as follows:

> 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.

CGC Exceptions, at 7.

CGC bases this Exception on its conclusion all "EDC tariff[s] in a particular service territory" must be based upon some type of demand metric. Nowhere in its Exceptions does CGC provide the legal authority for this conclusion. Furthermore, CGC's interpretation of Section 54.182 makes the language of that Section "*and as may be further defined*" a nullity and legally invalid.

CGC's Exceptions also repeals the authority granted to the Commission by the General Assembly. The Commonwealth Court in *Penn Renewables, LLC. vs. Pennsylvania Public Utility Commission*, 337 C.D. 2025 (Pa. Commw. Ct. 2026), stated, as follows:

> Notably, however, Section 5 [of the AEPS Act] expressly mandates that '[t]he [C]ommission shall develop technical and net metering interconnection rules for customer-generators intending to operate renewable onsite generators in parallel with the electric utility grid,' through a 'stakeholder process' for developing such rules. The General Assembly's lack of clear definitional guidance, coupled with its delegation of broad rulemaking authority to the Commission regarding customer-generators and net metering, means that the Commission has been vested via the AEPS Act with authority to determine what constitutes 'full retail value' in this context.

[1] CGC Exceptions, at 6-9.

Penn Renewables, at 7 (citations omitted).

Finally, CGC's narrow interpretation of Section 54.182 also conflicts with the statutory powers conferred upon the Public Utility Commission by the General Assembly:

> ***Enforcement of provisions of part***. — In addition to any powers expressly enumerated in this part, the commission shall have full power and authority, and it shall be its duty to enforce, execute and carry out, by its regulations, orders, or otherwise, all and singular, the provisions of this part, and the full intent thereof; and shall have the power to rescind or modify any such regulations or orders. The express enumeration of the powers of the commission in this part shall not exclude any power which the commission would otherwise have under any of the provisions of this part.

66 Pa. C.S. § 501(a).

The General Assembly granted the Commission the full authority to address the issue of how to determine maximum registered peak load. Therefore, the OSBA respectfully submits that the Commission should reject CGC's narrow, self-serving interpretation of 52 Pa. Code § 54.182.

<u>Reply to CGC Exception No. 2</u>: The ALJs correctly concluded that the Settlement MRPL Provisions are in the Public Interest (CGC Exceptions, at 9-12)

The OSBA respectfully submits that it is in the Public Interest, and the interest of the Commonwealth as a whole, to keep small businesses operating in Pennsylvania.

As currently in effect, the dividing line between customer class GSC-1 ("Small C&I") and customer class GSC-2 ("Large C&I") customers is set at 100 kW peak demand.[2] The CGC entities are what PPL calls "no load" net metering installations.[3] Such installations can have generation capacity from 1 MW up to 3 MW. However, these installations on their own consume

[2] PPL Electric Statement No. 15, at 3.
[3] *Id*.

little electricity supply, while exporting massive amounts of excess generation back into the grid.[4] Since these installations consume little supply, PPL currently classifies them under GSC-1.

However, PPL's small business customers are also classified under GSC-1. Therefore, when the customer generator gets reimbursed at the full Price to Compare ("PTC"), rather than at the wholesale price, the price of that electric supply obtained at the PTC is passed along to PPL's small business customers.

The impact upon PPL's small business customers is significant and is forecasted to be devastating. As OSBA's witness Mark D. Ewen explained, the amount paid to no load net-metering installations will rise from $10.8 million in 2025 to $795 million in 2029. This would also result in a PTC for PPL's small business customers of $0.30 kWh by 2030. Mr. Ewen characterized that as "an extraordinary burden on small businesses."[5]

The situation gets even worse when the non-generating small businesses start switching to alternative suppliers to avoid the rising cost of the PTC from PPL. This will cause the number of small businesses that remain on PPL's PTC to dwindle, further increasing the PTC. This death spiral will continue and result in severe harm to the Commonwealth's small businesses.

Therefore, from the perspective of the Commonwealth's small businesses, and specifically those in PPL's service territory, the ALJs were correct that the Settlement MRPL provisions were in the public interest.

As set forth below, the Settlement MRPL provisions are also in the public interest as they in no way harm CGC's no load net-metering installations.

---

[4] *Id*.
[5] OSBA Statement No. 1-SRJ, at 2.

<u>Reply to CGC Exception No. 3</u>: The ALJs correctly concluded that the Settlement MRPL Provisions are supported by Substantial Evidence (CGC Exceptions, at 12-15)

Respectfully, this CGC Exception is baseless. As set forth above, Mr. Ewen testified extensively about the impact upon small businesses if the Settlement MRPL Provisions are not adopted.[6]

Besides the extensive evidence set forth in PPL's original filing, as well as the Company's witness testimony, other parties submitted testimony on the issues concerning no load net-metering and the proposed Settlement MRPL Provisions. For example, the Office of Consumer Advocate ("OCA") provided testimony, as well as a statement in support, addressing the impact of no load net-metering upon PPL's small business customers and how the Settlement MRPL Provisions are a just and reasonable solution to that and other electric supply issues.[7]

CGC, in Exceptions, acknowledges PPL's evidence that the current no load net-metering reimbursement structure is negatively affecting the Company's small business customers:

> 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.

CGC Exceptions, at 14 (emphasis added).

The OSBA respectfully submits that the record is replete with substantial evidence on the issues of both no load net-metering and the basis for supporting the proposed Settlement MRPL Provisions. CGC Exception No. 3 is a red herring and should be rejected by the Commission.

[6] *See also*, OSBA Statement No. 1, at 13-15; OSBA Statement No. 1-R, at 4-6.
[7] OCA Statement in Support, at 61-65; OCA Statement No. 6, at 3,12; OCA Statement No. 6R, at 9.

<u>Reply to CGC Exception No. 4</u>: The ALJs provided a thorough and reasonable analysis of the arguments raised by CGC in this proceeding (CGC Exceptions, at 15-17)

CGC's Exception No. 4 appears to be a catch-all, generalized complaint about the quality of the ALJs' Recommended Decision. The OSBA submits that CGC's Exception No. 4 is both absurd and highly inappropriate. The ALJs fully addressed CGC's legal and factual arguments, in detail, on pages 238 through 260 of their Recommended Decision. Nevertheless, CGC argues as follows:

> However, the Disposition does not resolve those [CGC's] 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. Those considerations do not constitute a reasoned response to the legal and evidentiary defects identified by CGC.

CGC Exceptions, at 16 (citation omitted). The OSBA submits that CGC's summary of the Disposition, set forth on pages 255-260 of the Recommended decision, is a disingenuous mischaracterization of the ALJ's reasoning used to reach their decision on this issue.

The OSBA recommends that the Commission reject CGC Exception No. 4.

<u>Reply to CGC Exception No. 5</u>: The ALJs apply the proper legal standard for approving a non-unanimous settlement (CGC Exceptions, at 17-19)

Section 5.231(a) of the Commission's regulations, 52 Pa. Code § 5.231(a) (Formal Proceedings; Hearings; Settlement and Stipulations; Offers of Settlement) states, as follows:

> It is the policy of the Commission to encourage settlements.

Similarly, Section 69.401 of the Commission's regulations, 52 Pa. Code § 69.104 (Settlement Guidelines and Procedures for Major Rate Cases – Statement of Policy; General) states, as follows:

> In the Commission's judgment, the results achieved from a negotiated settlement or stipulation, or both, in which the

> interested parties have had an opportunity to participate are often preferable to those achieved at the conclusion of a fully litigated proceeding.

In its Exception No. 5, CGC states, as follows:

> The Commission must determine whether the resulting rates are just and reasonable, supported by substantial evidence, and consistent with applicable law and Commission regulations. That determination must be based on the record and cannot be satisfied by the existence of agreement among certain parties.
>
> The Recommended Decision does not apply that standard to the MRPL provisions.

CGC Exceptions, at 17-19. The OSBA submits that CGC is simply incorrect.

The ALJs fully addressed all the issues CGC listed: just and reasonable rates; substantial evidence; consistency with the Public Utility Code; consistency with Commission's regulations. The Commission can read pages 238 through 260 of the ALJs' Recommended Decision to come to the same conclusion as the OSBA.

What is missing from CGC's Exception No. 5 are any specifics where the ALJs failed, in any way, to not follow the law or regulations. Instead, CGC states a series of generalizations but *no* citations to any passage in the Recommended Decision where the ALJs failed to follow the law or regulations. CGC Exception No. 5 must be rejected by the Commission on that failure alone.

Furthermore, CGC failed to provide a "proper legal standard for approving a non-unanimous settlement." That is also a basis for the Commission to reject CGC Exception No.5.

III. CONCLUSION

For the reasons set forth herein, the OSBA respectfully requests that the Commission deny CGC Exceptions No. 1, 2, 3, 4, and 5.

Respectfully Submitted,

/s/ Steven C. Gray
Steven C. Gray
Senior Attorney
Assistant Small Business Advocate
Attorney ID No. 77538

Commonwealth of Pennsylvania
Office of Small Business Advocate
Forum Place
555 Walnut Street, 1st Floor
Harrisburg, PA 17101

Dated: May 4, 2026

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission	:	
	:	**Docket Nos. R-2025-3057164**
v.	:	**C-2025-3057889**
	:	
PPL Electric Utilities Corporation	:	

CERTIFICATE OF SERVICE

I hereby certify that true and correct copies of the foregoing have been served via email (*unless otherwise noted below*) upon the following persons, in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant).

The Honorable Christopher P. Pell
Administrative Law Judge
Pennsylvania Public Utility Commission
Philadelphia District Office
801 Market Street
Philadelphia, PA 19107
cpell@pa.gov

The Honorable Barbara Shadie Nause
Administrative Law Judge
Pennsylvania Public Utility Commission
Philadelphia District Office
801 Market Street
Philadelphia, PA 19107
bshadienau@pa.gov

Legal Assistant Pamela McNeal
pmcneal@pa.gov

Legal Assistant Eric Ball
erball@pa.gov

Michael A. Podskoch, Jr., Esquire
Adam J. Williams, Esquire
Bureau of Investigation & Enforcement
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17120
mpodskoch@pa.gov
adawilliam@pa.gov

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

Devin T. Ryan, Esquire
Alice A. Wade, Esquire
Hayley E. Wilburn, Esquire
Post & Schell, P.C.
One Oxford Centre
301 Grant Street, Suite 3010
Pittsburgh, PA 15219
dryan@postschell.com
alice.wade@postschell.com
hwilburn@postschell.com

Kimberly A. Klock, Esquire
Michael J. Shafer, Esquire
PPL Services Corporation
645 Hamilton Street, Suite 700
Allentown, PA 18104
kklock@pplweb.com
mjshafer@pplweb.com

David B. MacGregor, Esquire
Garrett P. Lent, Esquire
Anthony C. DeCusatis, Esquire
Erin R. Kawa, Esquire
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

Joseph L. Vullo, Esquire
Burke Vullo Reilly Roberts
1460 Wyoming Avenue
Forty Fort, PA 18704
jlvullo@bvrrlaw.com

Daniel A. Garcia, Esquire
Brian Pulito, Esquire
Sarah M. Rambin, Esquire
Steptoe & Johnson, PLLC
1 PPG Place
Pittsburgh, PA 15222
Daniel.Garcia@Steptoe-Johnson.com
Brian.Pulito@Steptoe-Johnson.com
Sarah.Rambin@Steptoe-Johnson.com

Devin McDougall, Esquire
Clean Energy Program
Earthjustice
1617 John F. Kennedy Blvd, Suite 2020
Philadelphia, PA 19103
dmcdougall@earthjustice.org

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

Lauren M. Burge, Esquire
Eckert Seamans Cherin & Mellott, LLC
600 Grant Street, 44th Floor
Pittsburgh, PA 15219
lburge@eckertseamans.com

Daniel B. Markind, Esquire
Mitchell H. Kizner, Esquire
Flaster Greenberg, PC
1717 Arch Street, Suite 3300
Philadelphia, PA 19103
Daniel.markind@flastergreenberg.com
Mitchell.Kizner@flastergreenberg.com

Ria M. Pereira, Esquire
Elizabeth R. Marx, Esquire
John W. Sweet, Esquire
Lauren N. Berman, Esquire
Levi A. Phillips, Esquire
Pennsylvania Utility Law Project
118 Locust Street
Harrisburg, PA 17101
pulp@pautilitylawproject.org

Alan Michael Seltzer, Esquire
John F. Povilaitis, Esquire
Buchanan Ingersoll & Rooney PC
409 N. Second Street, Suite 500
Harrisburg, PA 17101-1357
alan.seltzer@bipc.com
john.povilaitis@bipc.com

Emma H. Bast, Esquire
Jessica R. O'Neill, Esquire
Citizens for Pennsylvania's Future
1429 Walnut St, Suite 701
Philadelphia, PA 19102
bast@pennfuture.org
oneill@pennfuture.org

Michael Zimmerman, Esquire
Environmental Defense Fund
257 Park Ave. S.
New York, NY 10010
mzimmerman@edf.org

Deanne M. O'Dell, Esquire
Eckert Seamans Cherin & Mellott, LLC
213 Market Street, 8th Floor
Harrisburg, PA 17101
dodell@eckertseamans.com

Todd S. Stewart, Esquire
HMS Legal LLP
501 Corporate Circle, Suite 302
Harrisburg, PA 17110
tsstewart@hmslegal.com

Jamie L. Martines, Esquire
Spilman Thomas & Battle, PLLC
301 Grant Street, Suite 3440
Pittsburgh, PA 15219
jmartines@spilmanlaw.com

Judith Cassel, Esquire
Whitney E. Snyder, Esquire
Micah Bucy, Esquire
Kathryn C. Read-Fisher, Esquire
HMS Legal LLP
501 Corporate Circle, Suite 302
Harrisburg, PA 17110
jdcassel@hmslegal.com
wesnyder@hmslegal.com
mrbucy@hmslegal.com
kcr@hmslegal.com

Susan E. Bruce, Esquire
Rebecca Kimmel, Esquire
McNees Wallace & Nurick LLC.
100 Pine Street
P. O. Box 1166
Harrisburg, PA 17108-1166
sbruce@mcneeslaw.com
rkimmel@mcneeslaw.com

Adeolu A. Bakare, Esquire
Victoria A. Geddis, Esquire
McNees Wallace & Nurick, LLC
100 Pine Street
P.O. Box 1166
Harrisburg, PA 17108-1166
abakare@mcneeslaw.com
vgeddis@mcneeslaw.com

Logan Welde, Esquire
Lauren Otero, Esquire
Clean Air Council
1617 John F. Kennedy Blvd., Suite 1130
Philadelphia, PA 19103
lwelde@cleanair.org
lotero@cleanair.org

John Joseph McNutt, Esquire
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, Esquire
Steven W. Lee, Esquire
Spilman Thomas & Battle, PLLC
1100 Bent Creek Boulevard, Suite 101
Mechanicsburg, PA 17050
bnaum@spilmanlaw.com
slee@spilmanlaw.com

Lt. Colonel Carlos S. Ramirez-Vazquez,
Esquire
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

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

Karl R. Rábago
Rábago Energy
1350 Gaylord St.
Denver, CO 80206
karl@rabagoenergy.com

Commission's Office of Special Assistants
ra-OSA@pa.gov

Date: May 4, 2026

/s/ Steven C. Gray
Steven C. Gray
Senior Attorney
Assistant Small Business Advocate
Attorney I.D. No. 77538