

COMMONWEALTH OF PENNSYLVANIA



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May 4, 2026

Via Electronic Filing

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

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

Dear Secretary Homsher:

Enclosed please find the Reply Exceptions of the Office of Consumer Advocate.

Copies have been served on the parties as indicated on the enclosed Certificate of Service.

Respectfully submitted,

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CERTIFICATE OF SERVICE

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

I hereby certify that I have this day filed electronically on the Commission’s electronic filing system and served a true copy of the following document, the Office of Consumer Advocate’s Reply Exceptions, upon parties of record in this proceeding in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant), in the manner and upon the persons listed below.

Dated this 4th day of May 2026.

Can receive Confidential information. *

Can receive HIGHLY CONFIDENTIAL information. ***

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Dated: May 4, 2026

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

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

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I. INTRODUCTION AND OVERVIEW

On April 17, 2026, Administrative Law Judges Christopher P. Pell and Barbara Shadie Nause (ALJs) issued their Recommended Decision (Recommended Decision or RD). On April 27, 2026, the Customer-Generator Coalition (CGC) filed Exceptions to the RD. The Pennsylvania Office of Consumer Advocate (OCA) files these Reply Exceptions in response thereto.

In the Recommended Decision, the ALJs correctly recommended that the Joint Petition for Approval of Non-Unanimous Settlement of All Issues (Settlement)¹ be approved without modification. The only portion of the Settlement that was opposed by any parties to this proceeding regards PPL's proposal to change its tariff definition of "Maximum Registered Peak Load" (MRPL) which is used to determine the rate classifications customers that take default service from PPL. Under the Settlement, the Joint Petitioners agreed to adopt PPL's proposal in its rate filing, subject to certain conditions and modifications.² CGC opposes the change in definition, in addition to the conditions and modifications provided in the Settlement.³ For the reasons set forth in full below, the RD should be adopted by the Commission without modification, and the exceptions of the CGC should be denied.

¹ The Settlement is joined by: PPL Electric Utilities Corporation (PPL), the Office of Small Business Advocate (OSBA), the Commission on Economic Opportunity (CEO), the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (CAUSE-PA), Convergent Energy and Power LP (Convergent), Dimension PA 1 LLC (Dimension), U.S. Department of Defense and all other Federal Executive Agencies (DOD/FEA), Eric Joseph Epstein, the Environmental Intervenors (EI" or "Environmental Intervenors), the Energy Justice Advocates (EJA), the Joint Solar Advocates (JSA), PP&L Industrial Customer Alliance (PPLICA), the Retail Energy Supply Association (RESA), the Sustainable Energy Fund (SEF), and Walmart Inc. (Walmart) (collectively, Joint Petitioners).

² Settlement ¶¶ 98-105.

³ Professional Dairy Managers of Pennsylvania (PDMP) also submitted Comments in Opposition to the Settlement on March 20, 2026. However, on April 27, 2026, the PDMP filed a letter with the Commission indicating that it would not be filing Exceptions to the Recommended Decision.

II. MAXIMUM REGISTERED PEAK LOAD

Reply to CGC Exception No. 1: The Recommended Decision correctly determined that the MRPL provisions of the Settlement are consistent with the Commission's regulations and the Public Utility Code. R.D. at 255-60; OCA SIS at 61-65.

In its Exceptions, the CGC argues that the R.D. is inconsistent with the Commission's Regulations and Public Utility Code because the Settlement permits PPL to further define MRPL in its tariff and because the CGC argues that the MRPL change is not just and reasonable.⁴ The CGC's averments in its Exception 1 are squarely addressed by the Commission's recent *UGI DSP V*, *Penn Renewables*, and *Citizens 2026* Orders regarding reclassification of customers for purposes of default service rates.⁵

In the R.D., the ALJs discussed the Commission's recent decision in *UGI DSP V*, its affirmance by the Commonwealth Court, as well as the Commission's Order in *Citizens' 2026*.⁶ In these decisions, the Commission and Commonwealth Court specifically found that utilities' proposals to include consideration of a customer's net power flows, instead of demand only, when determining a customer's rate classification is consistent with the Commission's regulations and the Public Utility Code.⁷

The CGC's argument that approval of PPL's definition of MRPL effectively permits PPL to "change the nature of the metric from demand to net power flow," is misplaced.⁸ The Commission's definition of MRPL states that the term "may be further defined by the EDC tariff in a particular service territory."⁹ While the CGC argues that a further definition cannot authorize

⁴ CGC Exc. at 6-9.

⁵ *Petition of UGI Utils., Inc. – Elec. Div. for Approval of a Default Serv. Plan for the Period of June 1, 2025, through May 31, 2029*, 2025 Pa. PUC LEXIS 68, *26 (Order entered Feb. 20, 2025) (*UGI DSP V*), affirmed sub nom., *Penn Renewables, LLC v. Pa. PUC*, 2026 Pa. Commw. Unpub. LEXIS 104 (Pa. Cmwlth. 2026) (*Penn Renewables*); *Pa. PUC v. Citizens' Electric Co.*, 2026 PA. PUC LEXIS 17, *64-66 (Order entered Jan. 15, 2026) (*Citizens' 2026*).

⁶ R.D. at 255-57.

⁷ *UGI DSP V* at *35-36; *Penn Renewables* at *14-16; *Citizens' 2026* at *66.

⁸ CGC Exc. at 7.

⁹ 52 Pa. Code § 54.182.

a change in the nature of the metric from considering only demand to also considering exports onto the distribution system, the Commission explicitly permitted Citizens' Electric Co. to define "Billing Demand" in its tariff to include both consumption and production of energy.¹⁰ The Commission's regulations are not so limited as to preclude considering exports of energy when determining a customer's default service rate classification, when the regulations already provide for consideration of energy imports.¹¹ Further, that PPL's proposal utilizes a term which appears in the Commission's regulations does not distinguish this matter from *UGI DSP V* or *Citizens' 2026*, because the MRPL proposal is, similar to supply peak load impact and billing demand, merely the mechanism by which PPL classifies its default service customers; to hold differently would put form over substance.¹²

As the Commission stated, "new technologies continue to be introduced that are changing the nature of the distribution system to become increasingly bi-directional."¹³ The CGC's arguments directly contradict this fact of the evolving nature of electric distribution infrastructure, which the Commission has previously and correctly considered when interpreting and applying its regulations.¹⁴ For these reasons, and the reasons set forth in the OCA's Statement in Support¹⁵, the CGC's Exception 1 should be denied and the Commission should adopt the well-reasoned R.D. without modification.

¹⁰ Compare CGC Exc. at 7 with *Citizens' Elec.* at *65.

¹¹ See 52 Pa. Code §§ 54.152 (defining "small business customer" in part based on MRPL), 54.186(c) (requiring a default service provider's implementation plan to provide load data "for rate schedules or maximum registered peak load groupings") (emphasis added), 54.187 (grouping customers based on MRPL with respect to how frequently the customer's default service rate can be adjusted).

¹² CGC Exc. at 8.

¹³ *Citizens' Elec.* at *65.

¹⁴ *Coalition for Affordable Util. Servs. & Energy Efficiency in Pa. v. Pa. PUC*, 120 A.3d 1087, 1095 (Pa. Cmwlth. 2015) (the Commission's interpretation of its own regulations is entitled to deference unless clearly erroneous).

¹⁵ OCA SIS at 61-65.

Reply to CGC Exception No. 2: The MRPL provisions of the Settlement are in the public interest. R.D. at 255-60; OCA SIS at 61-65.

The CGC argues that, because the MRPL provisions of the Settlement “rest on a tariff construct that departs from the Commission’s regulatory framework,”¹⁶ are not supported by substantial evidence, involves materially different treatment among similarly situated customer-generators, and creates regulatory uncertainty, the Settlement is not in the public interest.¹⁷

The ALJs determined:

PPL Electric demonstrated that the MRPL is necessary to properly classify these projects for purposes of default service and mitigate the rate impact that the projects’ net metering compensation has on Small C&I customers’ default service rates. Although the Company initially opposed any grandfathering in the litigation, the Settlement provides a reasonable process that permits existing and certain projects to remain in Rate GSC-1, while mitigating the potential rate impact that other grandfathering proposals would have. As noted in PPL Electric’s sur-surrejoinder testimony, the 140-MW Cap would cover the capacity of existing Rate GSC-1 customer-generators as of the date of the Company’s rate case filing (i.e., approximately 15.5 MW) along with the amount of capacity of Rate GSC-1 customer-generators’ projects that have been placed into service after the rate case filing, or are in the interconnection queue and slated to be placed in service by September 30, 2026 (i.e., approximately 124.5 MW).¹⁸

Based on this conclusion, the ALJs found the Settlement to be an equitable balancing of the interests among the Settling Parties.¹⁹

First, as described *supra*, the R.D. included discussion of the appropriate recent precedent which supports implementation of the MRPL as being consistent with the Commission’s regulations and the Public Utility Code and not departing from the Commission’s regulatory framework.²⁰ Though PPL utilizes a different term for how it looks at a customer’s demand when determining that customer’s classification for purposes of default service, the function is identical

¹⁶ CGC Exc. at 10.

¹⁷ CGC Exc. at 9-12.

¹⁸ R.D. at 257 (citations and footnotes omitted).

¹⁹ R.D. at 258.

²⁰ R.D. at 255-57 (citing *UGI DSP V; Penn Renewables; Citizens’ 2026*).

to the “supply peak load impact” and “billing demand” terminology used by UGI Utilities, Inc. – Electric Division and the Citizens’ Electric Co., respectively.²¹

Second, the ALJs relied on substantial evidence to support their recommendation, as described in more detail *infra*, in response to the CGC’s Exception 3.²²

Third, the CGC’s argument that the 140 megawatt (MW) cap contained in the grandfathering provisions of the Settlement is arbitrary, unduly discriminatory, and fails to consider the basis that PPL provided for the cap. As the ALJs pointed out, the cap is not arbitrary, but reflects the total amount of capacity for customer-generators that would be subject to customer reclassification under the MRPL proposal that will have interconnected by September 30, 2026.²³ The CGC’s argument overlooks the importance of this date: specifically, PPL’s initial rate filing occurred on September 30, 2025, meaning that customer-generators will have had one year’s notice following the rate filing to review the MRPL proposal and factor the proposal into their decisions regarding interconnection in PPL’s service territory. The selected cap appropriately protects those customer-generators that could not be said to have had reasonable notice regarding the change in customer classification.

While the CGC is correct that the cap was not selected based on a cost of service study or system impact analysis²⁴, the cap does not create an unreasonable preference or advantage for grandfathered customers because customer classifications are often time-limited, such as PPL’s RTS rate classification.²⁵ Further, the CGC has not indicated how there is an advantage to

²¹ See *UGI DSP V* at *26 (describing supply peak load impact); *Citizens’ 2026* at *58-61 (describing Citizens’ “Billing Demand” proposal).

²² *Infra*, OCA Reply to CGC Exc. 3.

²³ R.D. at 257 (*citing* PPL St. 15-SSRJ at 3).

²⁴ CGC Exc. at 11. The OCA disputes that a cost of service study would be relevant to determining the reasonableness of any aspect of the MRPL proposal, including the grandfathering provisions of the Settlement. *Infra*, OCA Reply to CGC Exc. 3.

²⁵ PPL St. 14 at 8-9 (Rate RTS “is available only to service locations served under this application prior to December 31, 1995, and thereafter for the life of the existing thermal storage units.”).

customer-generators captured within the cap which comes at a disadvantage to customer-generators that will not be eligible for the grandfathering provisions, as is required for a showing of unreasonable discrimination in rates.²⁶

Fourth, the function of the grandfathering provision of the Settlement is to prevent regulatory uncertainty by providing those customer-generators already in the interconnection queue with a near-term in-service date with the likelihood of retaining their current anticipated rate classification. By virtue of the Commission and Commonwealth Court's recent decisions in *UGI DSP V*, *Penn Renewables*, and *Citizens' 2026*, customer-generators are on notice that a utility may be able to classify them for default service purposes based on both exports and imports of energy, instead of imports alone; approval of the Settlement would create further certainty, not uncertainty.

For these reasons, the CGC's Exception 2 should be denied and the R.D. should be adopted without modification.

Reply to CGC Exception No. 3: The MRPL provisions of the Settlement are supported by substantial evidence. R.D. at 255-60; OCA SIS at 61-65.

The CGC avers that the MRPL provisions of the Settlement are not supported by substantial evidence because PPL submitted a revised analysis in its rejoinder testimony and did not submit a cost of service study.²⁷

The ALJs supported their recommendation with substantial evidence, including making 23 findings of fact specific to the MRPL portion of the Settlement, fully discussing the positions of the parties and the evidence presented regarding the MRPL issue, and thoroughly describing and responding to the objections to the Settlement made by the CGC and the PDMP.²⁸

²⁶ 66 Pa. C.S. § 1304; *Phila. Elec. Co. v. Pa. PUC*, 470 A.2d 654, 657 (Pa. Cmwlth. 1984) (quoting *Alpha Portland Cement Co. v. Pa. PSC*, 84 Pa. Super. 255, 272 (1925)).

²⁷ CGC Exc. at 12-15.

²⁸ R.D. at 13-17 (MRPL-related findings of fact), 184-202 (describing the MRPL provisions of the Settlement), 238-60 (describing the objections of CGC and PDMP to the Settlement and approving the Settlement) (citing PPL St. 15-SSRJ; OCA St. 6; Tr. 1074-75).

At the outset, the OCA incorporates by reference the portions of its Statement of Support which discuss the evidence presented in this proceeding regarding the MRPL proposal.²⁹ Significant evidence was presented in this proceeding to support both the initial MRPL proposal and the proposal as modified by the Settlement. The Joint Petitioners share the burden of proof with respect to approval of the Settlement³⁰; as a result, the CGC erred in only looking to PPL's principal analysis to determine whether substantial evidence supports that the Settlement is in the public interest.³¹ Notwithstanding that PPL, alone, may have presented sufficient evidence to support adoption of the MRPL proposal, the comprehensive record described in the OCA's Statement in Support³² provides more than sufficient evidence to be substantial support for the Settlement.

Further, while the revisions to PPL's analysis supporting the MRPL were significant, the revisions were directionally consistent with the initial analysis because they demonstrated that PPL had *underestimated* the rate impact to small business customers over the next several years as a result of customer-generators' net energy metering if the MRPL proposal were not adopted.³³ The CGC had the opportunity to respond to this evidence through sur-rejoinder testimony and cross-examination at the evidentiary hearings in this manner, and the CGC took that opportunity.³⁴ That the ALJs gave less weight to the CGC's evidence does not mean there is a deficiency in the record.

Importantly, the CGC is incorrect that a "cost-of-service study, class cost allocation analysis, or system impact analysis" is necessary to satisfy the burden of proof for the MRPL

²⁹ OCA SIS at 61-65 (*citing* OCA St. 6; OCA St. 6R; PPL St. 15; PPL Exh. GEO-1; PPL Exh. GEO-2; JSA St. 2).

³⁰ 66 Pa. C.S. § 332(a); *Pa. PUC v. City of Bethlehem – Water Dept.*, 2021 PA. PUC LEXIS 116 (Order entered April 15, 2021).

³¹ CGC Exc. at 10.

³² OCA SIS at 61-65.

³³ PPL St. 15-RJ at 4.

³⁴ CGC St. 1-SRJ; CGC St. 1-SSRJ; Tr. 957-1047.

provisions in the Settlement.³⁵ Rather, the MRPL issue pertains to rate classifications for the purposes of PPL's default service rate; the default service rate is not subject to cost-of-service ratemaking, but is a rate to provide recovery of the costs associated with providing default service on a full and current, pass-through basis under a Commission-approved default service plan.³⁶ By a contrast, a cost-of-service study provides a comprehensive review of the embedded costs of providing distribution service for the purposes of establishing a distribution rate without considering the costs of providing default service or the allocation thereof.³⁷ While the Commission reviews default service rates to ensure that there is no cross-class subsidization³⁸, the function of default service rate classifications is to ensure that default service supply is procured to produce the least cost to consumers over time.³⁹ The CGC's argument that the Settlement is deficient because it is not supported by a class cost of service study or revenue allocation analysis fails to consider the considerable rate impact analyses that were conducted in this proceeding, and the clear indication that, in the absence of adopting the MRPL, PPL will no longer be procuring default service at the least cost to consumers over time.⁴⁰

For these reasons, the CGC's Exception 3 should be denied and the Recommended Decision should be adopted without modification.

³⁵ CGC Exc. at 14.

³⁶ 66 Pa. C.S. § 2807(e); *Masthope Rapids Property Owners Council v. Pa. PUC*, 581 A.2d 994, 1000 (Pa. Cmwlth. 1990) (the Commission's review of a surcharge under Section 1307(a) is "mathematical" to align a utility's projected cost of a discrete, identifiable expense with the actual costs incurred).

³⁷ See OCA St. 4 at 5-8.

³⁸ 66 Pa. C.S. § 2807(e)(7).

³⁹ 66 Pa. C.S. § 2807(e)(3.4); *Penn Renewables* at *13-15.

⁴⁰ R.D. at 258.

Reply to CGC Exception No. 4: The ALJs conducted a thorough analysis of an expansive record as part of their recommendation that the Commission adopt the Settlement. R.D. at 255-60; OCA SIS at 61-65.

The CGC argues that, although its objections to the Settlement were discussed in the R.D., the ALJs did not resolve the issues it raised.⁴¹

While the ALJs did not address each and every issue raised by the CGC in the R.D., the ALJs provided a sufficient basis to recommend approval of the Settlement.⁴² The CGC’s “central arguments” regarding the demand basis for customer classification and changes thereto, the evidentiary basis for those changes, and purported rate discrimination⁴³ are squarely addressed by the block quotation of *UGI DSP V* and the referenced portions of *Citizens’ 2026*.⁴⁴ Each of these primary concerns was heard by the Commonwealth Court in *Penn Renewables* and firmly rejected,⁴⁵ and the sound evidentiary basis for approval of the MRPL provisions of the Settlement is described *supra*.

As a result, though the ALJs may not have framed the discussion regarding their recommendation for approval of the MRPL provisions of the Settlement in terms of the arguments raised by the CGC, the ALJs provided sufficient legal and factual support for their recommendation. For these reasons, the CGC’s Exception 4 should be dismissed and the R.D. should be adopted without modification.

⁴¹ CGC Exc. at 15-17.

⁴² *Consolidated Rail Corp. v. Pa. PUC*, 625 A.2d 741, 744 (Pa. Cmwlth. 1993) (the Commission is not required to address each and every argument raised before it, so long as its decision is supported by substantial evidence and consistent with governing law).

⁴³ CGC Exc. at 16.

⁴⁴ R.D. at 255-57.

⁴⁵ *Penn Renewables* at *15-20.

Reply to CGC Exception No. 5: The ALJs applied the correct legal standard for approval of a non-unanimous settlement. R.D. at 26-29, 255-60; OCA SIS at 4-6, 61-65.

The CGC correctly describes the law governing approval of non-unanimous settlements before the Commission, but incorrectly argues that the ALJs erred in applying an erroneous legal framework with respect to the MRPL provisions of the Settlement.⁴⁶ Specifically, the CGC argues that the R.D. “does not determine whether [the MRPL provisions] satisfy the governing regulatory definition, whether the evidentiary record supports the proposed rate treatment, or whether the resulting classification is non-discriminatory.”⁴⁷

In the R.D., the ALJs explicitly state that the Commission and Commonwealth Court’s decisions in *UGI DSP V*, *Penn Renewables*, and *Citizens’ 2026* “are persuasive that PPL Electric’s MRPL is consistent with applicable law.”⁴⁸ The ALJs further state that “the MRPL is necessary to properly classify [customer-generator] projects for purposes of default service” while “the Rate GSC-2 changes that would result from the Settlement are projected to significantly reduce the financial impact of the Company’s proposal on projects that would be classified as Rate GSC-2.”⁴⁹ These factual conclusions are based on specific evidence presented by PPL regarding the costs and impacts of the current use of peak demand, alone, to determine customer-generators’ rate classification for default service. Further, they support the ALJs’ legal conclusion that “the proposed MRPL methodology will classify customers into their appropriate rate class based on their impact to the distribution system, in furtherance of least cost procurement.”⁵⁰

Additionally, the ALJs state that “[t]he compensation rates for customer generators in these larger commercial classes are reasonable, while offering protection for GS-1 small business

⁴⁶ CGC Exc. at 17-19.

⁴⁷ CGC Exc. at 18.

⁴⁸ R.D. at 257.

⁴⁹ R.D. at 257-58.

⁵⁰ R.D. at 258-59 (*citing* OCA St. 6 at 3); 66 Pa. C.S. § 2807(e)(3.4).

customers,” demonstrating that, in assessing the justness and reasonableness of the MRPL provisions of the Settlement, the ALJs weighed the impact of the Settlement on all affected customers.⁵¹ The ALJs concluded their recommendation on the MRPL provisions by stating: “we find that the Company’s MRPL proposal, as modified by the Settlement, is just and reasonable and fully comports with the AEPS Act, the Public Utility Code, the Commission’s regulations, and importantly, Commission precedent.”⁵² Contrary to the arguments made by the CGC, the ALJs conducted an independent evaluation of the MRPL provisions in the Settlement, balanced the interests of the affected parties, looked to relevant statutory and regulatory frameworks, and considered recent decisions by the Commission and the Commonwealth Court, entirely within the context of the ample factual record presented in this proceeding. In doing so, they answered each of the questions necessary to warrant approval of the Settlement. For these reasons, the CGC’s Exception 5 should be denied and the Recommended Decision should be adopted without modification.

⁵¹ R.D. at 259.

⁵² R.D. at 259-60 (citations omitted).

X. CONCLUSION

Based on the foregoing and for the reasons articulated in the OCA's Statement in Support, the OCA respectfully requests that the Commission deny the Exceptions of the Customer Generator Coalition and grant the OCA's Exceptions in this matter.

Respectfully submitted,

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