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May 4, 2026

VIA ELECTRONIC FILING


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

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

Dear Secretary Homsher:

Enclosed for filing are the Replies of PPL Electric Utilities Corporation to the Customer-Generator Coalition's Exceptions in the above-referenced proceeding. Copies will be provided as indicated on the Certificate of Service.

Respectfully submitted,



Devin Ryan

DR/bfc
Enclosures

cc: Certificate of Service
Honorable Christopher P. Pell (*via Email*)
Honorable Barbara Shadie Nause (*via Email*)
The Office of Special Assistants (*via Email*)

CERTIFICATE OF SERVICE

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

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I. INTRODUCTION

PPL Electric Utilities Corporation (“PPL Electric” or the “Company”), pursuant to 52 Pa. Code § 5.535, hereby respectfully submits these Replies to the Exceptions filed by Aspen Power Partners LLC, 38 Degrees North, Bollinger Solar, CEP Renewables, LLC, CVE North American, 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, Syncarpha Capital, LLC (collectively, “Customer-Generator Coalition” or “CGC”) in the above-captioned proceeding.

On April 17, 2026, the Pennsylvania Public Utility Commission (“Commission”) issued the Recommended Decision (“RD”) of Deputy Chief Administrative Law Judge Christopher P. Pell and Administrative Law Judge Barbara Shadie Nause (“ALJs”), which recommends that the Commission approve the Joint Petition for Approval of Non-Unanimous Settlement of All Issues (“Settlement”) “in its entirety without modification because it is in the public interest, consistent with the Public Utility Code, and supported by substantial evidence.” (RD at 1.) Relevant here, the ALJs specifically recommend approval of the Maximum Registered Peak Load (“MRPL”)¹ provisions of the Settlement and rejection of “the litigation position of the Intervenors, Customer-Generation Coalition and the Professional Dairy Managers of Pennsylvania.” (RD at 2.) PPL Electric established that the MRPL is necessary to prevent the Small C&I customers taking default service from bearing the financial burden for projects that, by virtue of their size and output, should

¹ The MRPL would assign default supply customers on the Generation Supply Charge (“GSC”) to Rate GSC-1 and Rate GSC-2 based on their MRPL. (PPL Electric St. No. 15, p. 2.) Under the proposed Retail Tariff, “maximum registered peak load” is defined as “a customer’s net demand contribution impact to the Company’s default service procurement activity, as determined upon the net power flow from or into the Company’s distribution system.” (PPL Electric St. No. 15, p. 5.)

be classified as Large C&I. (PPL Electric St. No. 15, pp. 3-4.) Specifically, the Company demonstrated that:

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

CGC and the Professional Dairy Managers of Pennsylvania (“PDMP”) were the only active parties to oppose the Settlement, and their opposition was limited entirely to the Settlement’s MRPL provisions. Although CGC filed Exceptions to the RD on April 17, 2026, PDMP did not file any Exceptions. Thus, CGC now stands alone as the sole active party challenging the MRPL provisions of the Settlement.

As explained herein, CGC’s Exceptions have no merit and should be denied. After conducting an in-depth and exhaustive review of the evidentiary record and the parties’ legal arguments, the ALJs correctly concluded that “the Company’s MRPL proposal, as modified by the Settlement, is just and reasonable and fully comports with the [Alternative Energy Portfolio Standards (‘AEPS’)] Act, the Public Utility Code, the Commission’s regulations, and, importantly, Commission precedent.” (RD at 184-202, 238-60.) PPL Electric’s MRPL, as modified by the Settlement, is further supported by Commonwealth Court’s recent ruling in *Penn Renewables v. Pa. PUC*,² which affirmed the Commission’s ruling in UGI Utilities, Inc. – Electric Division’s

² 2026 Pa. Commw. Unpub. LEXIS 104 (Pa. Cmwlth. 2026) (“*Penn Renewables*”).

(“UGI Electric”) Default Service Plan V (“DSP V”) proceeding, where the Commission approved essentially the same proposal as PPL Electric’s as-filed MRPL.³

Meanwhile, the ALJs noted severe flaws CGC’s case, particularly the failure of CGC’s only witness, Guy Sharfman, to review and know the specifics of the MRPL Settlement provisions despite being aware that a Settlement was reached. (RD at 259.) Based on that “admission,” the ALJs concluded that his “testimony on the MRPL issue” was “less than convincing.” (RD at 259.) Tellingly, CGC’s Exceptions fail to specifically dispute this finding by the ALJs.

Failing to defend the glaring issues with its own evidence, CGC instead bases its Exceptions on misunderstandings and misapplications of applicable law and mischaracterizations and oversights of the evidence presented by other parties, including PPL Electric. All these arguments should be rejected, and the Commission should adopt the ALJs’ well-reasoned ruling and approve the Settlement, including the MRPL provisions, without modification.

For these reasons, and as explained in more detail herein, the Company respectfully requests that the Commission deny CGC’s Exceptions, adopt the RD without modification, and approve PPL Electric’s electric base distribution revenue increase, as modified by the Settlement, in its entirety and without modification.

³ See *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*, Docket Nos. P-2024-3049343, 2025 Pa. PUC LEXIS 68 (Order entered Feb. 20, 2025) (“*UGI DSP V*”).

II. REPLIES TO EXCEPTIONS

A. REPLIES TO EXCEPTIONS NOS. 1-5: THE ALJS CORRECTLY CONCLUDED THAT THE SETTLEMENT'S MRPL PROVISIONS ARE CONSISTENT WITH THE PUBLIC UTILITY CODE, THE AEPS ACT, AND THE COMMISSION'S REGULATIONS, ARE IN THE PUBLIC INTEREST, AND ARE SUPPORTED BY SUBSTANTIAL EVIDENCE

CGC erroneously contends that the Settlement's MRPL provisions run afoul of the Public Utility Code and the AEPS Act. (*See* CGC Exceptions, pp. 2-4, 6-7, 9-10, 12-19.) According to CGC, the MRPL would not produce "just and reasonable" rates under Section 315(a) and 1301 of the Public Utility Code and would result in an unreasonable discrimination in rates in violation of Section 1304 of the Public Utility Code. (CGC Exceptions, pp. 2-4, 6-7, 9-10, 13-19.) CGC also avers that the MRPL provisions are inconsistent with the AEPS Act,⁴ which "establishes the framework under which customer-generators produce and receive compensation for excess generation." (CGC Exceptions, pp. 3-4, 12.) Further, CGC argues that the Settlement's MRPL provisions conflict with the Commission's regulations. (CGC Exceptions, pp. 2-4, 6-8, 12, 17-19.) The Commission should soundly reject CGC's arguments.

1. The MRPL Provisions Will Result in Just and Reasonable Rates, Are in the Public Interest, and Are Supported by Substantial Evidence

The record fully supports the ALJs' finding that the Settlement's MRPL Provisions will result in just and reasonable rates, are in the public interest, and are supported by substantial evidence. (RD at 259-60.) In fact, the MRPL provisions are necessary to ensure that Small C&I customers pay just and reasonable default service rates, instead of paying unnecessary and significant premiums for supply from no-load customer-generators. (RD at 257.)

Under the MRPL, PPL Electric would assign default supply customers on the GSC to Rate GSC-1 and Rate GSC-2 based on their MRPL. (PPL Electric St. No. 15, p. 2.) As defined in the

⁴ 73 P.S. §§ 1648.1-1648.8.

proposed Retail Tariff, “maximum registered peak load” would mean “a customer’s net demand contribution impact to the Company’s default service procurement activity, as determined upon the net power flow from or into the Company’s distribution system.” (PPL Electric St. No. 15, p. 5.) PPL Electric explained that a key driver of this change is the notable increase in “no load” net metering installations. (PPL Electric St. No. 15, p. 3.) These projects typically feature generation capacities exceeding 1 MW and can reach up to the maximum allowed 3 MW. (PPL Electric St. No. 15, p. 3.) Unlike traditional commercial and industrial customers, these installations have little or no onsite electric load—meaning they consume minimal energy from the grid—but they generate large amounts of electricity, and export significant excess generation back to the system. (PPL Electric St. No. 15, p. 3.) As a result, those customer-generators by design produce excess generation that is banked until the end of the PJM Planning Year on May 31, at which point their banked generation is cashed out at the Price-to-Compare (“PTC”). (PPL Electric St. No. 15, p. 6.) The costs associated with the net metering credits and cash-outs are recovered from the default service customers in the customer-generators’ respective customer classes. (PPL Electric St. No. 15, p. 6.)

The current classification does not account for the true nature or impact of these projects. (PPL Electric St. No. 15, p. 3.) While labeled as “small,” these customer-generators often have infrastructure, financial investment, and grid impacts more akin to those of Large C&I entities. (PPL Electric St. No. 15, p. 3.) Under net metering rules, when these customers generate excess energy and receive compensation, the costs associated with paying for this excess generation are recovered from the same customer class as the customer-generator. (PPL Electric St. No. 15, p. 3.) Currently, this means the costs are allocated to Small C&I (GSC-1) customers taking default

service—even though the scale and influence of these installations align more closely with Large C&I customers. (PPL Electric St. No. 15, p. 3.)

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

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

The Company's analyses using 50% and 75% cancellation rates continued to show adverse impacts, although the increases in the PTC rate and total net metering compensation are more gradual: a PTC of \$0.23423 per kWh in 2029 and \$354,868,530 in total net metering compensation in 2029 under the 50% cancellation rate scenario, and a PTC of \$0.16178 per kWh in 2029 and \$118,804,292 in total net metering compensation in 2029 under the 75% cancellation rate scenario.

(PPL Electric St. No. 15-RJ, p. 7.) Due to the influx of these projects, the current default service classification construct undermines the principle of equity in cost recovery and can distort the rate structure for default service customers in the Small C&I class. (PPL Electric St. No. 15, p. 4.) Thus, as demonstrated by the substantial evidence presented in this proceeding, the MRPL is necessary to ensure just and reasonable rates for Small C&I customers receiving default service under Rate GSC-1.

At the same time, substantial evidence in the record establishes that the MRPL provisions will produce just and reasonable rates for Rate GSC-2. Specifically, the Joint Stipulation and Settlement filed by PPL Electric and the Joint Solar Advocates (“JSA”), which was incorporated into the broader Settlement, directly addresses concerns about the rates that will be used to compensate customer-generators that are classified under Rate GSC-2. Under that Joint Stipulation and Settlement, the Rate GSC-2 rate that is used to calculate the compensation for Rate GSC-2 customer-generators would be modified to include a capacity component, line losses, and a gross-up for the Gross Receipts Tax (“GRT”). (Joint Stipulation ¶ 4.) These changes collectively increase the rate used for calculating such compensation. (See PPL Electric St. No. 15-SSRJ, pp. 3-4; PPL Electric Exhibit AC-1SSRJ.) Indeed, in its sur-surrejoinder testimony, PPL Electric observed that the MRPL proposal, as modified by the Joint Stipulation and Settlement, would provide current Rate GSC-2 cash out rates for Rate GS-3 and Rate LP-4 customer-generators of \$0.09601 per kWh and \$0.12646 per kWh, respectively. (PPL Electric St. No. 15-SSRJ, pp. 3-4.) The inclusion of the capacity component, line loss, and a gross-up for GRT adds \$0.02062 per kWh and \$0.01897 per kWh to the GSC-2 cash out rates for GS-3 and LP-4 customer-generators, respectively. (PPL Electric St. No. 15-SSRJ, p. 4.) Comparatively, the Company’s current rate for cash-out, the Small C&I PTC is \$0.12681 per kWh. (PPL Electric St. No. 15-SSRJ, p. 4.) That

is a difference of \$0.0308 per kWh for Rate GS-3 customer-generators and a mere \$0.00035 per kWh for Rate LP-4 customer-generators. (PPL Electric St. No. 15-SSRJ, p. 4.) As such, the Rate GSC-2 changes that would result from the Settlement are projected to significantly reduce the financial impact of the Company's proposal on projects that would be classified as Rate GSC-2.

Nevertheless, CGC attempts to challenge the ALJs' finding that the MRPL provisions of the Settlement will result in just and reasonable rates, largely on the belief that a cost of service study is needed to support the MRPL proposal. (See CGC Exceptions, pp. 4, 14.) CGC's position reflects a misunderstanding about the purpose of cost of service studies and why no such cost of service study is required here.

A cost of service study is needed when costs cannot be directly assigned to all customer classes. Most distribution costs cannot be directly assigned because the facilities used, and costs incurred, to provide distribution service are used jointly or commonly by all the customers within a class. (See PPL Electric St. No. 7, p. 10.) That is why the Company's proposed base rates needed to be supported by a sound cost of service study. However, the costs associated with the customer-generators' net metering compensation can be directly assigned—the costs associated with compensating Rate GSC-1 customer-generators for their banked excess generation are assigned to and recovered from the Rate GSC-1 default service customers. (See, e.g., PPL Electric St. No. 15-R, pp. 7-8; PPL Electric St. No. 15-RJ, p. 8.) In fact, the costs associated with the net metering compensation for Rate GSC-1 customer-generators are “recovered through the reconciliation of the Rate GSC-1, which is reflected in the “E-Factor” value in the PTC calculation.” (PPL Electric St. No. 15-RJ, p. 8.) Thus, there is no need to conduct a cost of service study to determine how to allocate these default service costs or to find whether the default service rate classifications will result in just and reasonable rates.

2. The MRPL Provisions Will Not Result in an Unreasonable Discrimination in Rates

The ALJs properly rejected CGC's argument that the MRPL provisions will result in an unreasonable discrimination in rates under Section 1304 of the Public Utility Code. (RD at 248, 255-60, 279, 281.) Section 1304 provides, in pertinent part:

1. "No public utility shall, as to rates, 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."
2. "No public utility shall establish or maintain any unreasonable difference as to rates, either as between localities or as between classes of service."
3. "This section does not prohibit the establishment of reasonable zone or group systems, or classifications of rates"

66 Pa. C.S. § 1304.

The MRPL provisions of the Settlement comport with all these requirements. As explained previously, the changes to the classification for Rates GSC-1 and GSC-2 are necessary to ensure that Small C&I customers do not unduly pay a significant premium for supply from no-load customer-generators. Moreover, the current classification does not account for the true nature or impact of these projects because while the projects are labeled as "small," these customer-generators often have infrastructure, financial investment, and grid impacts more akin to those of Large C&I entities. (PPL Electric St. No. 15, p. 3.) Additionally, as noted above, the MRPL provisions of the Settlement mitigate the financial impact of customer-generators that are classified to Rate GSC-2 by including additional components that collectively increase the rate used to calculate their net metering compensation. Therefore, although the MRPL provisions change the classification of customers under Rates GSC-1 and GSC-2, those classifications are reasonable and, therefore, expressly authorized by Section 1304 of the Public Utility Code.

CGC also fails to reconcile its position with Commission precedent and the Commonwealth Court’s recent ruling in *Penn Renewables*.⁵ For example, in *Penn Renewables*, the Court held that a UGI Electric tariff provision, which is essentially the same as PPL Electric’s MRPL in this proceeding, complied with Section 1304 of the Public Utility Code. *Penn Renewables*, 2026 Pa. Commw. Unpub. LEXIS 104, at *8-9, 15-17. As the Court explained, Section 1304 “does not mean that any and all rate differences between customer classes are deemed *ipso facto* unlawful, as ‘[m]ere differences in rates between classes of customers does not establish unreasonable discrimination.’” *Id.* at *16 (citations omitted). “Indeed, charging different customer classes different rates ‘based on such criteria as the quantity of electricity used, the nature of the use, the time of the use, the pattern of the use, or based on differences of conditions of service, or cost of service are not only permissible but often are desirable and even necessary to achieve reasonable efficiency and economy of operation.’” *Id.* (citation omitted). Like in *Penn Renewables*, “[t]he requisite type of evidence is present here” to reject the claim that the MRPL violates Section 1304. *Id.* at *17; (*see* RD at 255-60). The MRPL actually avoids rate discrimination for Small C&I customers because without it, they will, as in *Penn Renewables*, “pay higher default service rates caused by and for the benefit of large customer-generators.” *Id.*; (*see* RD at 257-59).

CGC makes one futile attempt to distinguish the Company’s MRPL from the UGI Electric tariff provision at issue in *Penn Renewables* by noting that the term used by UGI Electric, i.e., Supply Peak Load Impact (“SPLI”), is different from MRPL. (CGC Exceptions, p. 8.) CGC’s position has no merit. Although UGI Electric used the term SPLI, UGI Electric was relying on MRPL provisions of the Commission’s regulations, as noted in the Commonwealth Court’s

⁵ *See UGI DSP V*, at *34-42; *Penn Renewables*, at *10-20; *Pa. PUC v. Citizens’ Electric Co.*, Docket Nos. R-2025-3054394, *et al.*, pp. 68-76 (Order entered Jan. 15, 2026) (“*Citizens’ Electric*”).

decision. *See Penn Renewables*, at *14, 19 n.20 (citations omitted). In fact, when comparing the UGI Electric tariff language and the MRPL language in PPL Electric’s proposed Retail Tariff, it is evident that the two proposals are, in all material respects, the same. (*See* RD at 255-56; PPL Electric Exhibit GEO-1, pp. 11, 62, 69; PPL Electric St. No. 15, pp. 5, 8.)

Furthermore, the grandfathering provisions added to the MRPL through the Settlement do not conflict with Section 1304 of the Public Utility Code, as alleged by CGC. (CGC Exceptions, pp. 10-11.) Under the Settlement, certain customer-generators shall be grandfathered into their existing default service rate for a period of 10 years (i.e., until December 31, 2036), at which time they will become subject to classification pursuant to the terms of PPL Electric’s default service rate classifications that are in place on or after January 1, 2037. (Settlement ¶ 98.) Customer-generators will be grandfathered in the following order:

- a. Customer-generators who submitted to PPL Electric an interconnection application on or before September 30, 2025,⁶ which is the date on which PPL Electric filed the instant rate case, and whose generating facilities either (i) receive a Permission to Operate⁷ (“PTO”), or (ii) provide to PPL Electric a completed copy of their Certificate of Completion⁸ on or before December 31, 2026, which is 15 months from the instant rate case application date; then
- b. Customer-generators who submitted to PPL Electric an interconnection application on or before September 30, 2025, up to the “Cap” defined below, based sequentially on the date of their signed *original* Notification of Customer Intent (“NOCI”).⁹ PPL Electric will utilize the process set forth in Appendix H of the Settlement to (1) notify customer-generators who submitted to PPL Electric an interconnection application on or before September 30, 2025 of their eligibility for a capacity

⁶ Under the Settlement, the date of the applicant’s submission of an interconnection application to PPL Electric will be determined by when it has received approval for its submitted one-line diagram, it has paid the interconnection application fee, and the Company has concluded that the interconnection application is complete.

⁷ “Permission to Operate” or “PTO” is the letter or other communication from PPL Electric to a customer-generator granting authorization to operate a generating facility. If partial PTO is granted, then the full nameplate of the customer generator application is applied to the 140 MW Cap.

⁸ A Certificate of Completion, as defined in 52 Pa. Code § 75.22, is a certificate in a form approved by the Commission containing information about the interconnection equipment to be used, its installation and local inspections.

⁹ A “Notification of Customer Intent” or “NOCI” is a formal document indicating the customer-generator’s agreement to the scope of work required to interconnect the project, as provided by PPL Electric, and advance the engineering and design work required to bring the project online.

allocation under the Cap, and (2) track remaining Cap capacity information and regularly publish such information on its website.

(Settlement ¶ 98.) No additional customer-generators shall be grandfathered under Paragraph 98 of the Settlement once the total amount of nameplate AC capacity for Rate GSC-1 customer-generator systems that receive PTO reaches 140 MW-AC (“Cap”). (Settlement ¶ 98.)

These provisions are reasonable and supported by substantial evidence. They permit existing and certain projects to remain in Rate GSC-1, while mitigating the potential rate impact that other grandfathering proposals would have. Also, 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). (PPL Electric St. No. 15-SSRJ, p. 3.) Therefore, it is not an “arbitrary 140 MW cap,” as alleged by CGC. (CGC Exceptions, p. 11.) Moreover, although some customer-generators will be grandfathered while others will not, that does not mean the provisions contravene Section 1304 as alleged by CGC. (CGC Exceptions, pp. 10-11.) If that were true, CGC’s alternative proposal to grandfather “[p]rojects that apply for PPL interconnection on or before July 4, 2026” would result in an unreasonable discrimination in rates, too. (CGC St. No. 1-R, p. 9.) Ultimately, the MRPL provisions contain a well-designed grandfathering process that is soundly based on substantial evidence in the record and, accordingly, should be approved as recommended by the ALJs.

3. The MRPL Provisions Comport with the AEPS Act

The ALJs also correctly denied CGC’s claim that the MRPL provisions conflict with the AEPS Act. (RD at 241-44, 255-60.) Again, that finding is supported by Commission precedent and the Commonwealth Court’s ruling in *Penn Renewables*, which CGC continues to disregard in

its Exceptions. Indeed, in *Penn Renewables*, the Commonwealth Court rejected Penn Renewables' assertions that: (1) "UGI's proposed GSR-2 rate . . . fails to satisfy the AEPS Act's requirement that customer-generators be compensated at the full retail value of the net amount of electricity they generate"; and (2) "the Commission's approval of both GSR-2 and the related SPLI criteria was arbitrary, capricious, and contrary to the AEPS Act's goal of encouraging distributed electricity generation." 2026 Pa. Commw. Unpub. LEXIS, at *6-13. By the same logic, PPL Electric's MRPL complies with the AEPS Act, and the Commission should reject CGC's claims to the contrary.

4. The MRPL Provisions Are Needed for PPL Electric to Comply with its Legal Obligations as a Default Service Provider under Section 2807 of the Public Utility Code

Aside from its erroneous claims that the MRPL provisions violate the Public Utility Code, CGC fails to mention one critical legal requirement that supports the MRPL provisions: Section 2807 of the Public Utility Code. Under Section 2807, PPL Electric must procure default service supply that is designed to ensure adequate and reliable service to customers at the least cost to those customers over time. *See* 66 Pa. C.S. § 2807(e)(3.4). CGC's position, however, is that the Company should be forced to compensate customer-generators at a premium for their excess generation that offsets the default service supply, as opposed to procuring cheaper default service supply under its full requirements contracts to serve Small C&I default service customers. If CGC's position is accepted, the Company's Rate GSC-1 default service rate will continue to increase as these customer-generators come online, thereby directly and negatively impacting the Company's ability to provide default service to Small C&I customers at the least cost over time. Also, as the PTC rate increases, the risk that default service customers will switch to Electric Generation Suppliers ("EGSs") to no longer pay the increased PTC also increases. This "switching risk" could lead to fewer customers on Rate GSC-1 being able to absorb these costs in the PTC

rate, in turn leading to the rate increasing even further. (PPL Electric St. No. 15-RJ, p. 5.) Thus, CGC's position directly conflicts with PPL Electric's least cost procurement responsibility, and the Commission should adopt the ALJs' recommendation so that the Company can continue meeting that obligation.

5. The MRPL Provisions Are Consistent with the Commission's Regulations, and Even if They Were Not, the Company Requested Any and All Waivers Necessary to Implement the MRPL

The ALJs soundly rejected CGC's position that the MRPL provisions conflict with the Commission's regulations. (RD at 238-40, 255-60.) Not only are the MRPL provisions consistent with the Commission's regulations, they are expressly authorized by those regulations. CGC continues to overlook how the Commission's regulations permit EDCs to further define "maximum registered peak load" in their tariffs, as the Company has proposed doing here. *See* 52 Pa. Code § 54.182; (PPL Electric St. No. 15, p. 4.) Specifically, Section 54.182 of the Commission's regulations defines the term "*Maximum registered peak load*" as "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 (emphasis added). PPL Electric's MRPL, as modified by the Settlement, further defines the MRPL in its retail electric tariff as authorized by that language in Section 54.182. (*See, e.g.*, PPL Electric St. No. 15, p. 4.) And even if that language did not exist in Section 54.182, CGC fails to recognize that PPL Electric requested any and all such waivers of the Commission's regulations, including the customer groupings recommended in 52 Pa. Code §§ 54.187 and 69.1805, that are needed to implement the MRPL. (*See* PPL Electric St. No. 15, p. 9.)

For these reasons, the ALJs correctly determined that the MRPL provisions are just and reasonable, are supported by substantial evidence, will not result in an unreasonable discrimination

in rates, and are consistent with the Commission's regulations. (RD at 255-60.) None of the meritless arguments set forth in CGC's Exceptions warrant disturbing those findings. Therefore, the Commission should deny Exceptions Nos. 1 through 5 and adopt the RD without modification.

B. REPLY TO EXCEPTION NO. 4: THE ALJS ENGAGED IN A THOROUGH ANALYSIS AND REJECTION OF CGC'S POSITIONS

CGC incorrectly asserts that the ALJs failed to "resolve the dispositive legal and factual issues raised by CGC" because they purportedly did "not provide a reasoned explanation addressing those issues, leaving the basis for approval of the MRPL provisions incomplete." (CGC Exceptions, pp. 15-16.) CGC's position should be soundly rejected.

Across 40 pages of the RD, the ALJs conducted an exhaustive review and analysis of all the parties' testimony and arguments on the MRPL, including the modifications to it under the Settlement. (RD at 184-202, 238-60.) Simply because the ALJs denied CGC's positions does not mean that they failed to give due consideration to their arguments. As seen in the RD, the ALJs painstakingly addressed each party's positions on the MRPL. (RD at 184-202, 238-55.) In the end, the ALJs rejected CGC's arguments against the MRPL, as modified by the Settlement, by finding specifically:

1. "This provision of the Settlement represents a reasonable compromise of the parties' positions on the MRPL."
2. "Recent Commission and Commonwealth Court decisions support approving the MRPL as modified by the Settlement and rejecting any claims that the proposal violates the AEPS Act, Public Utility Code, or Commission regulations."
3. "[T]he Company's commitment not to change the structural components of Rate GSC-2 for a period of 15 years provides the necessary stability for customer-generators to move forward with solar projects."
4. "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."

5. “[T]he 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.”
6. “[T]he Settlement helps address concerns about the financial impact of the MRPL proposal on projects that are not grandfathered and are reclassified to Rate GSC-2.”
7. “[T]he 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.”
8. “The terms also provide customer generators with notice and concessions by PPL that will ensure a smoother transition to GSC-1 from GSC-2.”
9. “The compensation rates for customer generators in these larger commercial classes are reasonable, while offering protection for GS-1 small business customers.”

(RD at 255-59.) Thus, there is no merit to CGC’s position that the ALJs failed to engage in a detailed examination and resolution of their arguments. However, even assuming *arguendo* that were true, the MRPL provisions are just and reasonable, in the public interest, supported by substantial evidence, and consistent with the Public Utility Code, Commission’s regulations, and AEPS Act, as explained in Section II.A, *supra*.

Based on the foregoing, the Commission should deny Exception No. 4 and adopt the RD without modification.

C. REPLY TO EXCEPTION NO. 5: NOTHING SUPPORTS CGC’S CLAIM THAT THE ALJS APPLIED THE WRONG LEGAL STANDARD IN APPROVING THE SETTLEMENT

The ALJs applied the proper legal standard in evaluating and recommending approval of the Settlement, including the MRPL provisions. (RD at 255-63.) As stated by CGC in its Exceptions, the ALJs “recognize[d] 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 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.”

(CGC Exceptions, pp. 5-6.) Despite that statement, however, CGC maintains that the ALJs “err[ed] by applying an incorrect legal framework to the approval of the MRPL provisions.” (CGC Exceptions, p. 17.) At its core, CGC’s argument is that because the ALJs considered how the MRPL provisions reflected a compromise of the Joint Petitioners’ positions on the MRPL, the ALJs failed to conclude that the MRPL provisions “independently satisfy statutory and regulatory requirements.” (CGC Exceptions, p. 19.)

CGC’s argument has no merit. As shown in Sections II.A and II.B, *supra*, the ALJs reached detailed findings that the MRPL provisions are just and reasonable, in the public interest, supported by substantial evidence, and consistent with the Public Utility Code, Commission’s regulations, and AEPS Act. The ALJs did not, as implied by CGC, rubber stamp the MRPL provisions because they were the product of settlement. Rather, the fact that the Joint Petitioners reached a compromise on these issues was simply considered as additional evidence in support of the ALJs’ findings. (RD at 255.)

For these reasons, the JSPs’ Exception No. 5 should be denied.

III. CONCLUSION

WHEREFORE, for all the foregoing reasons, as well as those more fully explained in the Company's Statement in Support, the Company respectfully requests that the Pennsylvania Public Utility Commission deny the Exceptions filed by the Customer-Generator Coalition, adopt the well-reasoned Recommended Decision without modification, and approve the Joint Petition for Approval of Non-Unanimous Settlement of All Issues in its entirety and without modification

Respectfully submitted,



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Dated: May 4, 2026

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