

PENNSYLVANIA PUBLIC UTILITY COMMISSION
Harrisburg, Pennsylvania 17120

PA Public Utility Commission, et al.
vs.
PPL Electric Utilities Corporation

Public Meeting of June 4, 2026
3057164-OSA
Docket Nos. R-2025-3057164, et al.

STATEMENT OF VICE CHAIR KIMBERLY BARROW

Before us for consideration are the Exceptions of the Customer Generator Coalition filed on April 27, 2026, to the Recommended Decision (R.D.) of Deputy Chief Administrative Law Judge Christopher P. Pell and Administrative Law Judge Barbara Shadie Nause (hereinafter ALJs), issued on April 17, 2026, in the PPL Electric Utilities Corporation's (PPL or the Company) rate proceeding. Also, before us for consideration is the Joint Petition for Approval of Non-Unanimous Settlement of All Issues (Joint Petition or Settlement), filed by PPL, the Commission's Bureau of Investigation and Enforcement (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), the Commission on Economic Opportunity (CEO), Convergent Energy and Power LP (Convergent), Dimension PA 1 LLC (Dimension), the U.S. Department of Defense and all other Federal Executive Agencies (DOD/FEA), 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), Walmart Inc. (Walmart), and Mr. Eric Joseph Epstein (collectively, the Joint Petitioners) on March 13, 2026.

PPL's initial filing proposed changes to rates that would have increased its annual base rate electric distribution revenues by approximately \$356,271,443, or approximately 35.6%, over PPL's current base rate electric distribution revenues. When we suspended the filing for investigation, I issued a statement asking the Parties to address a short list of important considerations. I am grateful for the extensive record built in this case on all of issues raised in my prior Statement, and the thoughtful analysis conducted by the ALJs in the R.D.

The instant Settlement seeks approval of an annual increase of approximately \$275,000,000 in electric distribution operating revenues, representing an increase of approximately 27.3% over PPL's base rate electric distribution revenues.

On the issue of transparency, I am dismayed that the Settlement before us does not specify a capital structure or the return on equity (ROE) that was used to determine the agreed-upon revenue increase. At the same time, I am encouraged that I have the ability to better understand what drove the Settlement on the annual revenue requirement through strong development of the evidentiary record. It is clear that the Joint Petitioners devoted a significant amount of time and effort to investigating and litigating these issues through various rounds of testimony. I find

convincing the OCA's strong advocacy and explanation of why it found the revenue requirement agreed upon in the Settlement to be reasonable. The OCA sought an imputed capital structure of 58% debt and 42% equity in its litigation position and argued for an evidence-based ROE premised on sound ratemaking. The OCA took these factors into account when negotiating the Settlement provision regarding PPL's revenue requirement and submitted that the overall result is within the range of litigated outcomes.¹ In addition, CAUSE-PA concluded that the effective ROE that results from the authorized revenue requirement in the Settlement is no higher than 9.4%, which is materially lower than that sought by the Company, and what has historically been awarded by the Commission in litigated proceedings.²

I believe that we are at an inflection point where the litigants should see no reason to cloak the ROE or capital structure from public view. I eagerly look forward to the time when both are expressly stated in Settlements – our current economic environment and utility customers both command it.

Temporally, I observe that PPL has not increased its base rates for an extended period – some 10 years. My concerns about the increase to customer bills this Settlement brings is somewhat assuaged by the 2-year stay-out provision in the Settlement. The stay out provides certainty on distribution rates for that 2-year period, and it is very much welcomed at a time of ever-increasing costs to consumers for all basic needs. At the end of the day, it's about affordability. I note that a stay-out is not a come-back provision. I encourage PPL to be nimble and efficient in its day-to-day operations and to not rush back in for rate relief, nor stay out too long and have customers suffer the rate shock of that lag.

While the increasing cost of electric supply is not the subject of this proceeding, it nevertheless comprises a large percentage of customer bills and is therefore top of mind for electric distribution companies, PJM, this Commission, consumers, and politicians. We owe it to consumers to be hawkish on distribution rates.

I commend the Joint Petitioners the numerous and important universal service components in the Settlement, several of which bear mentioning.

- First, PPL will conduct a single root cause analysis of its internally-resolved customer disputes and complaints filed with the Commission that were initiated on or after January 1 2026. As noted by the OCA, undertaking a proper root cause analysis analyzes data to find common themes trends and to document underlying causes.
- Second, PPL has agreed to develop and implement a process to screen new and moving customers for income level at the time their service is established to determine whether the customer should be classified as a CLI customer and referred to the CAP application process and any other universal service programs.
- Third, PPL will revise its policies and procedures for issuing payment arrangements through its IVR systems to ensure that low income customers are provided with the opportunity to be transferred to a live customer service representative.

¹ OCA Statement in Support at 80-82.

² CAUSE-PA Statement in Support at 63 (citing CAUSE-PA St. 1 at 14-21).

- Fourth, PPL has agreed to increase the annual allocation of universal service costs to Rate LP--6 from \$10 million to \$11 million.
- Fifth, PPL has agreed to waive reconnection fees for all customers who have in household income at or below 150% of the Federal Poverty Level.
- Sixth, PPL has agreed to file an annual reliability accountability report at this docket and that reporting will continue until its next base rate case.

These and the many other universal service measures in the Settlement are designed to better inform PPL and its customers about its most vulnerable customers and best position them to receive needed customer assistance. In addition, the root cause analysis and annual reliability accountability reporting will serve to focus PPL's attention on where it is most needed as it strives to improve its customer service. Finally, the increased allocation of universal service costs to Rate LP-6 customers acknowledges the very real impact that large load customers are expected to have on PPL's system going forward as we navigate the siting and interconnection of numerous data centers across the Commonwealth.

I am voting to partially approve the Settlement, but I am also asking PPL and all interested parties to continue the good work of stewarding cost containment and advancing transparency by explicitly stating capital structure and ROE/overall return in future settlements. It is the lack of a stated capital structure, ROE, and overall return that causes my partial dissent. There is a tried-and-true formula used to calculate a utility's revenue requirement. It makes no sense that an economic regulator has to cajole utilities asking to increase customer rates to explicitly state the inputs to this tried-and-true formula: Revenue Requirement = Rate of Return x Rate Base + O&M + Depreciation and Amortization Expense + Taxes -- $RR = ra(RB) + O\&M + D + T$. We have made major progress on transparency with this case, and I thank the ALJs, the OCA, I&E, and CAUSE-PA, for fully developing the record to allow me to approximate that these ratemaking components are within a range of reasonableness.

June 4, 2026


Kimberly Barrow, Vice Chair