PENNSYLVANIA
PUBLIC UTILITY COMMISSION
Harrisburg, PA 17120

Public Meeting held June 4, 2026

Commissioners Present:

Stephen M. DeFrank, Chairman, Statement
Kimberly Barrow, Vice Chair, Statement, concurring in part and dissenting in part
Kathryn L. Zerfuss
John F. Coleman, Jr., Joint Statement, concurring in part and dissenting in part
Ralph V. Yanora, Joint Statement, concurring in part and dissenting in part

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 The Coalition for Community Solar Access	C-2025-3058251
Rik Bhattacharyya	C-2025-3058846
Safiyah Junaid	C-2025-3058982
Stacey Kimmel-Smith	C-2025-3059151
John Gadomski	C-2025-3059330
Thatcher Graham	C-2026-3060429
Wendy Johnson	C-2026-3061012
Kenneth Johnson	C-2026-3061118
Mary Bainbridge	C-2026-3061424
Diane Cheer	C-2026-3061706

v.

PPL Electric Utilities Corporation

OPINION AND ORDER

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BY THE COMMISSION:

Before the Pennsylvania Public Utility Commission (Commission) for consideration and disposition are the Exceptions of the Customer-Generator Coalition (CGC),[1] 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 (collectively, the ALJs), issued on April 17, 2026, in the above-captioned proceeding. Replies to Exceptions were filed on May 4, 2026, by PPL Electric Utilities Corporation (PPL), the Office of Consumer Advocate (OCA) and the Office of Small Business Advocate (OSBA). Also before the Commission for consideration and disposition is the Joint Petition for Approval of Non-Unanimous Settlement of All Issues (Joint Petition, Non-Unanimous Settlement, or Settlement), filed by PPL, the Commission's Bureau of Investigation and Enforcement (I&E), the OCA, the 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),[2] the Energy Justice Advocates (EJA), the Joint Solar Advocates (JSA),[3] PP&L Industrial Customer Alliance (PPLICA), the Retail

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[1] The CGC consists 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.

[2] The Environmental Intervenors consist of the Environmental Defense Fund (EDF), the Natural Resources Defense Council (NRDC), and Citizens for Pennsylvania's Future (PennFuture).

[3] The JSA consist of the Coalition for Community Solar Access and the Solar Energy Industries Association. As discussed below, the JSA supported Section III.J of the Settlement, but took no position on any other Section of the Settlement. Joint Petition at 2, n.1.

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.[4] The ALJs recommended, *inter alia,* that the Commission grant the Joint Petition, without modification. R.D. at 1.

For the reasons stated, *infra*, we shall: (1) deny the Exceptions of CGC; (2) adopt the Recommended Decision of the ALJs, as modified; and (3) adopt the Joint Petition and approve the Settlement, as modified, consistent with this Opinion and Order.

As discussed below, PPL originally proposed a base rate change that would have increased its annual base rate electric distribution revenues by approximately $356,271,443, or by approximately 35.6%, over base rate electric distribution revenues at present rates of $1,000,171,041, based on a Fully Projected Future Test Year (FPFTY) ending June 30, 2027. PPL Exh. BR-1 at 7, 16; PPL Attachment I-A-3; PPL Statement in Support at 5.[5] In this Opinion and Order, we shall approve an annual increase of approximately $275,000,000 in electric distribution operating revenues, representing an

[4] IGS Solar (IGS) was the only other active party in this matter and did not take a position regarding the Settlement. In addition, as discussed below, several *pro se* complainants filed formal complaints opposing the proposed rate increase. These *pro se* complainants were not active parties to this proceeding.

[5] In its rebuttal testimony, PPL noted that its proposed increase in its electric distribution base rate revenues would be approximately $384.5 million, after accounting for the Company's corrections along with the other parties' recommended adjustments that the Company accepted as part of its rebuttal case. One of those corrections was to include approximately $34 million for the annual amortization of negative net salvage that was not, but PPL argued should have been, included as part of the Company's depreciation expense. Although the Company recognized that it could not receive an annual base rate increase in excess of the approximately $356.27 million originally requested, PPL maintained that other parties' proposed revenue requirements should include the Company's corrections. PPL Statement in Support at 8 (citing PPL St. 1-R at 2, 6, 7).

increase of approximately 27.3% over PPL's base rate electric distribution revenues at present rates of $1,006,589,465, based on the Joint Petition that we will also approve. *See* Joint Petition at Appendix B.

I. Introduction and Background

PPL is a "public utility" and an electric distribution company (EDC), as defined in Sections 102 and 2803 of the Public Utility Code (Code), 66 Pa.C.S. §§ 102, 2803. The Company is an indirect wholly owned subsidiary of PPL Corporation and is headquartered in Allentown, Pennsylvania. PPL furnishes electric service to approximately 1.5 million customers throughout its certificated service territory, which includes all or portions of 29 counties and encompasses approximately 10,000 square miles in eastern and central Pennsylvania. R.D. at 9, FOF No. 1; PPL St. 1 at 1, 3; PPL St. 10 at 13. PPL last filed for an increase in electric distribution base rates in 2015, which the Commission addressed in *Pa. PUC v. PPL Electric Utilities Corporation*, Docket Nos. R-2015-2469275, *et al.* (Opinion and Order entered November 19, 2015) (*PPL 2015 Rate Case*). The rates the Commission approved in the *PPL 2015 Rate Case* took effect on January 1, 2016. *PPL 2015 Rate Case* at 26.

PPL's requested increase in this current base rate filing was based upon the FPFTY ending June 30, 2027. As justification for the requested increase, PPL provided, *inter alia,* the following reasons: (1) little to no growth in distribution customers or sales due to slow economic growth and increased distributed generation; (2) increased capital investment that is necessary to maintain and improve system reliability; (3) the Company's commitment to providing the highest quality, safe, and affordable service to its customers; (4) the Company's significant Information Technology (IT) infrastructure investments that are designed to, among other things, provide long-term security and stability to the Company's IT infrastructure and enhance customer experience; (5) the need to set rates based on the full class cost of service; and (6) the need to have the

opportunity to earn a reasonable return on, and of, its capital investments. PPL Statement in Support at 5-6.

PPL also represented that it takes its statutory duty to provide safe, reliable, adequate, and efficient electric service at reasonable rates seriously. Therefore, the Company asserted that it strives to be judicious with its operating and maintenance (O&M) and capital expenditures, recognizing the downstream impact that the incurrence of those costs has on customers' rates. According to PPL, this focus has enabled the Company to have among the lowest electric distribution rates among the major EDCs in the Commonwealth, even with the proposed base rate increase, which is modified by the Joint Petition. PPL Statement in Support at 6.

II. History of the Proceeding

The history of this proceeding that follows is summarized from the Recommended Decision of ALJs Pell and Nause, the majority of which may be found at pages two through fifteen of the Recommended Decision.

On September 30, 2025, PPL filed proposed Original Tariff Electric – Pa. P.U.C. No. 202 (Retail Tariff)[6] and Original Tariff Electric – Pa. P.U.C. No. 2S (Supplier Tariff),[7] containing proposed changes in rates, rules, and regulations calculated to produce approximately $356.27 million in additional annual revenues, to become effective December 1, 2025. R.D. at 2.

Subsequently, the OCA, the OSBA, CAUSE-PA, Convergent, the JSA, PPLICA, and several *pro se* customers of PPL filed Formal Complaints against the

[6] PPL's proposed Retail Tariff was set forth in PPL Exhibit GEO-1.

[7] PPL's proposed Supplier Tariff was set forth in PPL Exhibit LN-1.

Company's requested increase, as docketed above. In addition, the following parties filed petitions to intervene: CEO, Dimension, DOD/FEA, EI, EJA, the JSA, SEF, Walmart, IGS, CGC, the Professional Dairy Managers of Pennsylvania (PDMP), and Mr. Epstein. R.D. at 2-3.

By Order entered on October 23, 2025 (*October 2025 Order*), the Commission instituted an investigation into the lawfulness, justness, and reasonableness of the proposed rate increase. Pursuant to Section 1308(d) of the Code, 66 Pa.C.S. § 1308(d), PPL's proposed Retail Tariff and its proposed Supplier Tariff were suspended by operation of law until July 1, 2026, unless permitted by Commission Order to become effective at an earlier date. In addition, the Commission ordered that the investigation include consideration of the lawfulness, justness, and reasonableness of PPL's existing rates, rules, and regulations. This matter was assigned to the Office of Administrative Law Judge (OALJ) for the prompt scheduling of hearings culminating in the issuance of a Recommended Decision. R.D. at 3.

Also on October 23, 2025, Vice Chair Kimberly Barrow issued a Statement (Vice Chair Barrow Statement) urging the Parties to this proceeding to examine certain issues, as discussed in Section V, *infra*. R.D. at 3.

In accordance with the *October 2025 Order*, this matter was assigned to ALJs Pell and Nause. R.D. at 4.

On November 5, 2025, a prehearing conference was held. The following Parties were present and represented by counsel: PPL, I&E, the OCA, the OSBA, CAUSE-PA, CEO, Convergent, Dimension, DOD/FEA, EI, EJA, the JSA, PPLICA, RESA, SEF, Walmart, IGS, CGC, and PDMP. Additionally, Mr. Epstein appeared, *pro se*. R.D. at 4.

On November 17, 2025, the Commission issued a public input hearing notice for a series of six public input hearings to be held, as follows:

- December 8, 2025 – one in-person public input hearing in Scranton, PA;
- December 9, 2025 – one in-person public input hearing in Catasauqua, PA;
- December 10, 2025 – one in-person public input hearing in Harrisburg, PA;
- December 11, 2025 – one in-person public input hearing in Lancaster, PA; and
- December 15, 2025 – two telephonic public input hearings.

R.D. at 4.

On December 4, 2025, the Commission issued a second public input hearing notice reflecting the addition of an evening public input hearing on December 18, 2025 in Wilkes Barre, PA. R.D. at 4.

The public input hearings were held as scheduled. A total of 97 people testified during the public input hearings. R.D. at 5.

On February 14, 2026, PPL filed a Motion to Sever the Maximum Registered Peak Load (MRPL) issue from this rate proceeding. Due to the evidentiary hearings that were scheduled to commence on February 17, 2026, PPL requested an expedited answer deadline of February 15, 2026. R.D. at 5.

Accordingly, by email issued to the Parties on February 14, 2026, the ALJs advised the active Parties to this proceeding that answers to PPL's Motion to Sever were due by 3:00 p.m. on February 15, 2026. Answers were submitted by the OCA, the OSBA, CAUSE-PA, the JSA, Walmart, CGC, and PDMP. R.D. at 5-6.

By email issued to the Parties on February 16, 2026, the ALJs advised the Parties that the ALJs would hear brief oral argument from interested Parties on the Motion to Sever the MRPL from this rate proceeding, at the outset of the hearing scheduled for February 17, 2026, and that the ALJs would address the Motion to Sever following oral argument. R.D. at 6.

On February 17, 2026, the evidentiary hearing commenced. The following Parties were present: PPL, I&E, the OCA, the OSBA, CAUSE-PA, CEO, Convergent, Dimension, EI, EJA, the JSA, PPLICA, RESA, SEF, Walmart, IGS, CGC, and PDMP. R.D. at 6.

During the hearing, PPL made its witness, Mr. Joseph Lookup, available for cross-examination. The OCA made its witness, Mr. Matthew Hoyt, available for cross-examination. All other party witnesses were excused from appearing at the hearing since no Parties requested to cross-examine them, and also because the ALJs did not have any questions for them. PPL, I&E, the OCA, the OSBA, CAUSE-PA, CEO, Convergent, EI, EJA, PPLICA, RESA, SEF, Walmart, IGS, and CGC each moved to have their witnesses' testimonies and exhibits into the record. As there were no objections, all Parties' testimony and exhibits were admitted into the record during the hearing. R.D. at 6-7.

On March 5, 2026, a Joint Stipulation and Settlement of PPL and the JSA (Joint Stipulation) was filed regarding the MRPL issue.[8] R.D. at 8.

On March 9, 2026, by agreement and request of the Parties, and with approval of the Commission, a second day of the evidentiary hearing was held

[8] This Joint Stipulation has been incorporated into the Joint Petition. *See* Joint Petition at ¶¶ 98-105; PPL Statement in Support at 64.

telephonically. The following parties were present: PPL, the OCA, the OSBA, CAUSE-PA, CEO, Dimension, the JSA, Walmart, CGC, and PDMP. During the hearing, PPL made its witness, Mr. Andrew Castanaro available for cross-examination. Additionally, CGC made its witness, Mr. Guy Sharfman, available for cross-examination and PDMP made its witness, Mr. James Harbach, available for cross-examination. All other Party witnesses were excused from appearing at the hearing since no Parties requested to cross-examine them, and also because the ALJs did not have any questions for them. PPL, the OCA, the OSBA, the JSA, Walmart, CGC, and PDMP each moved to have their witnesses' testimonies and exhibits regarding the MRPL issue admitted into the record. As there were no objections, these Parties' remaining testimony and exhibits were admitted into the record. R.D. at 7.[9]

On March 13, 2026, the Joint Petitioners filed the Joint Petition. As noted, *supra*, the only active parties who opposed any aspect of the Settlement were CGC and PDMP. Each of these Parties' opposition was limited to the provisions of the Settlement regarding the MRPL issue. Additionally, IGS took a position of non-opposition regarding the entirety of the Settlement. Further, to date, none of the *pro se* Formal Complainants have submitted any response regarding the Settlement. R.D. at 8.

On March 20, 2026, sixteen of the seventeen Joint Petitioners filed a Statement in Support of the Settlement (Statement in Support). *See* R.D. at 8.[10]

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[9] The eighteen-page Appendix attached to the Recommended Decision contains a complete list of all admitted testimony and exhibits admitted during the evidentiary hearings held on February 17, 2026 and March 9, 2026. R.D. at 8.

[10] Although the ALJs stated on page 8 of the Recommended Decision that DOD/FEA filed a Statement in Support on March 20, 2026, our review of the Commission's Case Management System indicates that, to date, no Statement in Support has been filed by DOD/FEA.

Also on March 20, 2026, CGC and PDMP each filed a Statement in Opposition to the Settlement (Statement in Opposition), outlining their opposition regarding the MRPL issue contained in the Settlement. R.D. at 8.

On April 1, 2026, the Joint Petitioners filed Amended Appendix C to the Joint Petition, regarding Bill Impacts to the Joint Petition. R.D. at 9.

On April 17, 2026, the Commission issued the Recommended Decision of ALJs Pell and Nause. Therein, the ALJs recommended that the Commission approve the Joint Petition, without modification, finding it to be in the public interest, consistent with the Code, and supported by substantial evidence. R.D. at 1.

As previously noted, CGC and PDMP each filed Exceptions to the Recommended Decision on April 19, 2026. PPL, the OCA, and the OSBA each filed Replies to Exceptions on May 4, 2026.

III. Public Input Hearings

As noted in Section II, *supra*, between December 8 and December 18, 2025, seven (7) Public Input Hearings were held in this matter, including five (5) in person hearings and two (2) telephonic hearings. In total, 97 people offered testimony. For a discussion and summary of the public input hearings, *see* pages 17 through 26 of the Recommended Decision.

IV. Legal Standards

A. Justness and Reasonableness of Rates

In deciding a general rate increase case brought under Section 1308(d) of the Code, 66 Pa.C.S. § 1308(d), certain general principles apply. Section 1308(d) of the Code provides the procedures for changing base rates, the time limitations for the suspension of the new rates, and the time limitations on the Commission's actions. 66 Pa.C.S. § 1308(d).[11] "Under traditional ratemaking, utilities may not change rates charged to customers outside of a base rate case." *McCloskey v. Pa. PUC*, 127 A.3d 860, 863 n.2 (Pa. Cmwlth. 2015).

Section 1301(a) of the Code mandates that "[e]very rate made, demanded, or received by any public utility . . . shall be just and reasonable, and in conformity with [the] regulations or orders of the [C]ommission." 66 Pa.C.S. § 1301(a). Pursuant to the just and reasonable standard, a utility may obtain "a rate that allows it to recover those expenses that are reasonably necessary to provide service to its customers[,] as well as a reasonable rate of return on its investment." *City of Lancaster Sewer Fund v. Pa. PUC*, 793 A.2d 978, 982 (Pa. Cmwlth. 2002) (*City of Lancaster*). There is no single way to arrive at just and reasonable rates, and "[t]he [Commission] has broad discretion in determining whether rates are reasonable" and "is vested with discretion to decide what

[11] Among other things, Section 1308(d) of the Code requires the Commission to render a final decision granting or denying, in whole or in part, the general rate increase requested by a public utility, within a general time frame not to exceed seven months from the proposed effective date of the utility's proposed tariff supplement. *See* 66 Pa.C.S. § 1308(d); *see also* 52 Pa. Code § 53.31 (requiring a tariff proposing a rate increase to be effective upon sixty days' advance notice). Unless the utility voluntarily extends the suspension period, the Commission's non-action within this timeframe means, by operation of law, the utility's proposed general rate increase will go into effect, as proposed, at the end of such period. *See* 66 Pa.C.S. § 1308(d).

factors it will consider in setting or evaluating a utility's rates." *Popowsky v. Pa. PUC*, 683 A.2d 958, 961 (Pa. Cmwlth. 1996) (*Popowsky II*).

A public utility is entitled to an opportunity to earn a fair rate of return on the value of the property dedicated to public service. *Pa. PUC v. Pennsylvania Gas and Water Co.*, 341 A.2d 239, 251 (Pa. Cmwlth. 1975). In determining a fair rate of return, the Commission is guided by the constitutional standards provided by the United States Supreme Court in the landmark cases of *Bluefield Water Works and Improvement Co. v. Public Service Comm'n of West Virginia*, 262 U.S. 679 (1923) *(Bluefield)* and *Federal Power Comm'n v. Hope Natural Gas Co.*, 320 U.S. 591 (1944) *(Hope Natural Gas)*. In *Bluefield*, the Court stated:

> A public utility is entitled to such rates as will permit it to earn a return on the value of the property which it employs for the convenience of the public equal to that generally being made at the same time and in the same general part of the country on investments in other business undertakings which are attended by corresponding risks and uncertainties; but it has no constitutional right to profits such as are realized or anticipated in highly profitable enterprises or speculative ventures. The return should be reasonably sufficient to assure confidence in the financial soundness of the utility and should be adequate, under efficient and economical management, to maintain and support its credit and enable it to raise the money necessary for the proper discharge of its public duties. A rate of return may be too high or too low by changes affecting opportunities for investment, the money market and business conditions generally.

Bluefield, 262 U.S. at 692-93. Twenty years later, in *Hope Natural Gas*, the Supreme Court reiterated:

> From the investor or company point of view it is important that there be enough revenue not only for operating expenses but also for the capital costs of the business. These include service on the debt and dividends on the stock. By that

> standard the return to equity owner should be commensurate with returns on investments in other enterprises having corresponding risks. That return, moreover, should be sufficient to assure confidence in the financial integrity of the enterprise, so as to maintain its credit and to attract capital.

Hope Natural Gas, 320 U.S. at 603.

The Commission is required to investigate all general rate increase filings. *Popowsky II*, 683 A.2d at 961. The burden of proof to establish the justness and reasonableness of every element of a public utility's rate increase request rests solely upon the public utility in all proceedings filed under Section 1308(d) of the Code. 66 Pa.C.S. § 315(a). The standard to be met by the public utility is set forth in Section 315(a) of the Code, 66 Pa.C.S. § 315(a), as follows:

> **Reasonableness of rates.** – In any proceeding upon the motion of the commission, involving any proposed or existing rate of any public utility, or in any proceedings upon complaint involving any proposed increase in rates, the burden of proof to show that the rate involved is just and reasonable shall be upon the public utility.

66 Pa.C.S. § 315(a).

In reviewing Section 315(a) of the Code, the Pennsylvania Commonwealth Court interpreted a public utility's burden of proof in a rate proceeding as follows:

> Section 315(a) of the Public Utility Code, 66 Pa.C.S. § 315(a), places the burden of proving the justness and reasonableness of a proposed rate hike squarely on the public

> utility. *It is well-established that the evidence adduced by a utility to meet this burden must be substantial*.

Lower Frederick Twp. Water Co. v. Pa. PUC, 409 A.2d 505, 507 (Pa. Cmwlth. 1980) (emphasis added); s*ee also*, *Brockway Glass Co. v. Pa. PUC*, 437 A.2d 1067 (Pa. Cmwlth. 1981).

In general rate increase proceedings, it is well established that the burden of proof does not shift to parties challenging a requested rate increase. Rather, the utility's burden of establishing the justness and reasonableness of every component of its rate request is an affirmative one, and that burden remains with the public utility throughout the course of the rate proceeding. There is no similar burden placed on parties to justify a proposed adjustment to the Company's filing. The Pennsylvania Supreme Court has held:

> [T]he appellants did not have the burden of proving that the plant additions were improper, unnecessary or too costly; on the contrary, that burden is, by statute, on the utility to demonstrate the reasonable necessity and cost of the installations, and that is the burden which the utility patently failed to carry.

Berner v. Pa. PUC, 116 A.2d 738, 744 (Pa. 1955).

However, in proving that its proposed rates are just and reasonable, a public utility need not affirmatively defend every claim it has made in its filing, even those which no other party has questioned. As the Pennsylvania Commonwealth Court has held:

> While it is axiomatic that a utility has the burden of proving the justness and reasonableness of its proposed rates, it cannot

> be called upon to account for every action absent prior notice that such action is to be challenged.

Allegheny Center Assocs. v. Pa. PUC, 570 A.2d 149, 153 (Pa. Cmwlth. 1990) (citation omitted). *See also Pa. PUC v. Equitable Gas Co.*, 73 Pa. P.U.C. 310, 359-360 (1990).

Additionally, Section 315(a) of the Code, 66 Pa.C.S. § 315(a), cannot reasonably be read to place the burden of proof on the utility with respect to an issue the utility did not include in its general rate case filing and which, frequently, the utility would oppose. 66 Pa.C.S. § 315(a). The burden of proof must be on the party who proposes a rate increase beyond that sought by the utility. *Pa. PUC v. Metro. Edison Co.*, Docket No. R-00061366, 2007 Pa. PUC LEXIS 5 (Order entered January 11, 2007). The mere rejection of evidence contrary to that presented by the public utility is not an impermissible shifting of the evidentiary burden. *United States Steel Corp. v. Pa. PUC*, 456 A.2d 686 (Pa. Cmwlth. 1983).

In analyzing a proposed general rate increase, the Commission determines a rate of return to be applied to a rate base measured by the aggregate value of all the utility's property used and useful in the public service. The Commission determines a proper rate of return by calculating the utility's capital structure and the cost of the different types of capital during the period in issue. The Commission is granted wide discretion, because of its administrative expertise in determining the cost of capital. *Equitable Gas Co. v. Pa. PUC*, 405 A.2d 1055, 1059 (Pa. Cmwlth. 1979) (determination of cost of capital is basically a matter of judgment which should be left to the regulatory agency and not disturbed absent an abuse of discretion).

B. Settlements Must Serve the Public Interest

The policy of the Commission is to encourage settlements, and the Commission has stated that settlement rates are often preferable to those achieved at the conclusion of a fully litigated proceeding. 52 Pa. Code §§ 5.231; *see also* 52 Pa. Code §§ 69.401, *et seq*. A full settlement of all the issues in a proceeding eliminates the time, effort, and expense that otherwise would have been used in litigating the proceeding, while a partial settlement may significantly reduce the time, effort, and expense of litigating a case. A settlement, whether whole or partial, benefits not only the named parties directly, but, indirectly, all customers of the public utility involved in the case.

The Settlement, in this case, is a "black box" settlement. This means that the Joint Petitioners were not able to agree on each and every element of the revenue requirement calculation. The Commission has recognized that "black box" settlements can serve an important purpose in reaching consensus in rate cases:

> We have historically permitted the use of "black box" settlements as a means of promoting settlement among the parties in contentious base rate proceedings. Settlement of rate cases saves a significant amount of time and expense for customers, companies, and the Commission and often results in alternatives that may not have been realized during the litigation process. Determining a company's revenue requirement is a calculation involving many complex and interrelated adjustments that affect expenses, depreciation, rate base, taxes and the company's cost of capital. Reaching an agreement between various parties on each component of a rate increase can be difficult and impractical in many cases.

Pa. PUC v. Peoples TWP LLC, Docket No. R-2013-2355886 (Order entered December 19, 2013) (*Peoples TWP*), at 28 (citations omitted).

Rate increase proceedings are expensive to litigate, and the reasonable cost of such litigation is an expense recovered from customers in the rates approved by the Commission. Partial or full, as well as non-unanimous or unanimous, settlements allow the parties to avoid the substantial costs of fully litigating a proceeding before the Commission, yielding significant expense savings for the company's customers. For this and other sound reasons, settlements are encouraged by long-standing Commission policy.

Despite the policy favoring settlements, the Commission does not simply rubber stamp settlements without further inquiry. In order to accept a settlement such as that proposed here, the Commission must determine that the proposed terms and conditions are in the public interest. *Pa. PUC v. York Water Co.*, Docket No. R-00049165 (Order entered October 4, 2004); *Pa. PUC v. C. S. Water and Sewer Assoc.*, 74 Pa. P.U.C. 767 (1991) (*CS Water and Sewer*). The focus of the inquiry for determining whether a proposed settlement should be approved by the Commission is whether the proposed terms and conditions foster, promote, and serve the public interest. *Pa. PUC, et al. v. City of Lancaster – Bureau of Water*, Docket Nos. R-2010-2179103, *et al*. (Order entered July 14, 2011) (citing *Warner v. GTE North, Inc*., Docket No. C-00902815 (Order entered April 1, 1996) and *CS Water and Sewer*). Because the Joint Petitioners request that the Commission enter an order in this proceeding approving the Settlement without modification, they share the burden of proof to show that the terms and conditions of the Settlement are in the public interest. *See* 66 Pa.C.S. § 332(a).

In their Recommended Decision, the ALJs made forty-seven (47) Findings of Fact and reached eleven (11) Conclusions of Law. R.D. at 9-17, 279-81. The Conclusions of Law are incorporated herein by reference and are adopted, without comment, unless they are either expressly or by necessary implication rejected or modified by this Opinion and Order.

Finally, any issue or Exception that we do not specifically address shall be deemed to have been duly considered and denied without further discussion. The Commission is not required to consider expressly, or at length, each contention or argument raised by the parties. *Consolidated Rail Corp. v. Pa. PUC*, 625 A.2d 741 (Pa. Cmwlth. 1993); *see also, generally, University of Pennsylvania v. Pa. PUC*, 485 A.2d 1217 (Pa. Cmwlth. 1984).

V. Joint Petition for Approval of the Non-Unanimous Settlement

A. Terms and Conditions of the Non-Unanimous Settlement

The Joint Petitioners agreed to a Non-Unanimous Settlement covering all issues. As previously noted, the only active parties who opposed any aspect of the Settlement were CGC and PDMP. Their opposition was limited to the provisions set forth in Section III.J of the Settlement concerning the Company's MRPL proposal. IGS, the only other active party in this matter, did not take a position regarding the Settlement.[12] Joint Petition at 2. As noted, *supra,* the Settlement is a "black box" settlement, which means that it does not reflect a specific resolution of every element of the revenue requirement, including any specific rate of return, but instead represents the Joint Petitioners agreed-upon final revenue increase amount, based on their respective individual analyses of the various revenue and expense items. The Settlement provides for an increase in rates designed to produce approximately $275 million in additional annual base rate electric distribution revenues for PPL, based upon the *pro forma* level of operations for the FPFTY ending June 30, 2027. This is in lieu of the Company's

[12] We further note that the JSA supported Section III.J of the Settlement but took no position on any other Section of the Settlement. Joint Petition at 2, n.1. Additionally, PPLICA and DOD/FEA did not take a position on Paragraph 91(b)(ii) of the Settlement. *Id.* at 2, n.2.

originally-filed request for an annual increase in base rate electric distribution revenues of approximately $356,271,443. Joint Petition at 2, Appendix B.

The Joint Petition consisted of a forty-six-page document outlining the terms and conditions of the Settlement. Additionally, Appendices A through H were attached to the Joint Petition, as follows:[13]

Appendix A – Proof of Revenues
Appendix B – Revenue Allocation
Appendix C – Bill Impacts
Appendix D – Proposed Findings of Fact
Appendix E – Proposed Conclusions of Law
Appendix F – Proposed Ordering Paragraphs
Appendix G – List of Certain Compliance Retail Tariff Modifications Referenced in the Settlement
Appendix H – Grandfathered MW Cap Allocation Process

1. Essential Terms of the Settlement

The essential terms of the Joint Petition for Non-Unanimous Settlement were contained in Section III of the Joint Petition, in Paragraphs 48 through 124. These terms are set forth below and reflect the Joint Petitioners' agreement with regard to the issues of, *inter alia*: (1) Revenue Increase and Revenue Requirement; (2) Revenue Allocation; (3) Rate Design; (4) the Company's Distribution System Improvement Charge (DSIC); (5) PPL's Storm Damage Expense Rider (SDER); (6) Customer Service, Low Income, and Universal Service Issues; (7) Vegetation Management; (8) Electric Reliability; (9) Large Load Interconnections; (10) the MRPL; (11) the Electric Vehicle (EV) Time-of-use (TOU) Charging Rebate Program and Direct Current Fast Charger (DCFC) Rate; (12) IT Upgrades; (13) PPL's Retail Tariff; (14) PPL's Supplier Tariff;

[13] As noted above, the Joint Petitioners filed Amended Appendix C to the Joint Petition on April 1, 2026.

and (15) Behind-the-Meter Non-Exporting Battery Energy Storage Systems. These essential terms are printed *verbatim*, and for ease of reference, maintain the paragraph numbers and formatting that appear in the Non-Unanimous Settlement.

48. The Joint Petitioners agree as follows:

A. REVENUE REQUIREMENT

49. PPL Electric will be permitted to submit a Supplement to PPL Electric's Tariff – Electric Pa. P.U.C. No. 202 designed to produce an annual distribution rate revenue increase of $275.00 million, to become effective for service rendered on and after July 1, 2026. The increase in annual operating revenue is in lieu of the as filed net increase of approximately $356.27 million. The settlement as to revenue requirement shall not be itemized, except for the following items and as further identified later in this Settlement: (1) the $32,000,000 for reportable storm damage expenses as described below; (2) the approximately $3,779,000 for annual amortization of the regulatory asset for the eligible storms costs in excess of the 3% cap on the Storm Damage Expense Rider ("SDER"), as set forth in Schedule D-9 of Exhibit Fully Projected Future 1; (3) $17,291,887 annual amortization of negative net salvage based on a 10-year amortization period instead of a 5- year amortization period; (4) the approximately $211,000 for annual amortization of the Infrastructure Investment and Jobs Act ("IIJA") regulatory asset, as set forth in PPL Electric St. No. 22 and Schedule D-10 of Exhibit Fully Projected Future 1; (5) the roll-in of the Distribution System Improvement Charge ("DSIC") capital investment and associated depreciation and tax effects in base rates per the Company's proposal, the Tax Cuts and Jobs Act ("TCJA") rider, and the Smart Meter Rider – Phase 2 ("SMR-2"); and (6) the return on equity ("ROE") for purposes of the DSIC will be set by and equivalent to the ROE set forth in the Commission's Quarterly Report on the Earnings of Jurisdictional Utilities.

50. Additional changes to PPL Electric's distribution base rates may not go into effect until two years after the effective date of rates in this proceeding.

51. On or before October 1, 2026, PPL Electric will provide all active parties an update to PPL Electric Exhibits JJS-2 and JJS-3, which will include actual capital expenditures, plant additions, and retirements by month for the 12 months ending June 30, 2026. On or before October 1, 2027, PPL Electric will update PPL Electric Exhibits JJS-2 and JJS-3 filed in this proceeding for the 12 months ending June 30, 2027. In PPL Electric's next base rate proceeding, the Company will prepare a comparison of its actual expenses and rate base additions for the 12 months ended June 30, 2027, to its projections in this case. However, it is recognized that this Settlement is a compromise of the parties' positions on various issues.

B. REVENUE ALLOCATION

52. The Allocated Cost of Service Study ("ACOSS") as included in **Appendix B** shall be used for allocating revenues to the rate classes.

53. The revenue allocation will be proportionally scaled back to reflect the adopted distribution rate revenue increase set forth in Paragraph 49, *supra*.

C. RATE DESIGN

54. The parties agree that, based on the revenue number identified in Paragraph 49, supra, the proposed fixed residential customer charge shall increase to $15.00 per month.

55. The proposed Rate LP-4 customer charge shall not be subject to scaleback.

56. The proposed Rate GS-3 customer charge shall not be subject to scaleback.

57. PPL Electric will not eliminate Rate RTS in this base rate case and will maintain the current fixed customer charge for Rate RTS.

58. The remaining rates shall be designed consistent with the revenue allocation and rate design parameters outlined in Paragraphs 54 through 57, *supra*.

D. DISTRIBUTION [SYSTEM] IMPROVEMENT CHARGE ("DSIC")

59. The DSIC capital investment and associated depreciation and tax effects will be rolled into base rates per PPL Electric's proposal, and the DSIC will be reset to 0% upon implementation of new base rates.

60. DSIC Eligible Plant. As of the effective date of rates in this proceeding, PPL Electric will be eligible to include plant additions in the DSIC at the later of (1) the end of the FPFTY at June 30, 2027, or (2) once the net electric plant in service as identified in Schedule C-1, line 3 of PPL Electric Rebuttal Exhibit No. 1 exceeds the $6,945,908,000 projected by PPL Electric at June 30, 2027. The foregoing provision is included solely for purposes of calculating the DSIC and is not determinative for future ratemaking purposes of the projected additions to be included in rate base in a FPFTY filing.

61. DSIC Equity Return. For purposes of calculating its DSIC, PPL Electric shall use the equity return rate for electric utilities contained in the Commission's most recent Quarterly Report on the Earnings of Jurisdictional Utilities and shall update the equity return rate each quarter consistent with any changes to the equity return rate for electric utilities contained in the most recent Quarterly Earnings Report, consistent with 66 Pa. C.S. § 1357(b)(3), until such time as the DSIC is reset pursuant to the provisions of 66 Pa. C.S. § 1358(b)(1).

E. STORM DAMAGE EXPENSE RIDER ("SDER")

62. Under the SDER, the R Factor for July 1, 2026, and thereafter, unless modified by the Commission in a subsequent base rate case, shall equal $32,000,000, which for purposes of this SDER constitutes the amount of expense

from reportable storms currently recovered through base rates.

63. To the extent that actual eligible storm damage expenses associated with reportable storms are more or less than the $32,000,000 that PPL Electric is recovering through base rates, this over/under collection will be refunded/recouped during the applicable SDER recovery period.

64. The SDER rate effective July 1, 2026, shall continue to reflect and be designed to recover the amortizations of extraordinary storm events, including the two extraordinary storm events from 2024.

65. As part of its compliance Retail Tariff filing, PPL Electric will revise the SDER tariff language to clarify what costs can be amortized and the methodology through which those amortization amounts will be recovered, as specified in **Appendix G**.

F. CUSTOMER SERVICE, LOW INCOME AND UNIVERSAL SERVICE ISSUES

66. By July 1, 2027, PPL Electric will revise its written training materials for new field technicians to include personal contact requirements and to be consistent with its 2016 remote involuntary termination settlement at Docket No. P-2016-2524581, Order (Jan. 19, 2017), regarding when the metering system may be used to remotely terminate service. The Company will revise its training and training materials to be consistent with the terms of the settlement.

67. By July 1, 2027, PPL Electric will update its call scripting and training materials for the customer service representatives and revise these documents so that PPL Electric's representatives are correctly informing customers that they may continue to renew their medical certificates past two renewals if they are able to pay their current charges and will direct customers seeking medical protections to where they can find additional informational materials (as developed pursuant to this paragraph) on the Company's website.

PPL Electric will also develop Plain Language[14] informational materials for households protected by a medical certificate, which will be posted on the Company's website. These informational materials will include a summary of the rights and obligations while protected by a medical certificate, and a sample bill that shows where the customer can locate the amount of their bill that constitutes their current charges that need to be paid in order to continue to renew their medical certificate. Within 180 days of the effective date of rates, PPL Electric will provide a draft of its revised call scripting, training materials, and informational materials to the parties to this proceeding, and will evaluate recommendations received from the parties on a good faith basis.

68. By January 1, 2028, PPL Electric will conduct a review of and update its third party call center vendor provided training materials to ensure that they reflect the most current Pennsylvania policies and other reforms reflected in the Settlement.

69. Beginning January 1, 2027, the Company will, in good faith, endeavor to operate its call center to reduce the level of abandoned calls to no more than 9% annually and to answer no less than 80% of its calls within 30 seconds. To the extent that PPL Electric is unable to achieve this level of performance, PPL Electric agrees to promptly meet with the parties to discuss those areas of challenge and its plan to improve service levels.

70. Consistent with the reporting of the other major electric utilities in Pennsylvania, the Company's performance in these areas relative to the prior provision shall include the call data for interactive voice response ("IVR") calls.

71. Prior to the Company's next base rate case, but not sooner than 12 months following the entry of the Commission's Final Order in this proceeding, the Company shall conduct a single root cause analysis of its internally

[14] As utilized in this Settlement, the term "Plain Language" is intended to refer to the Commission's policy statement on plain language guidelines. *See* 52 Pa. Code § 69.251.

resolved customer disputes and complaints filed with the Commission that were initiated on or after January 1, 2026, to identify trends, potential underlying causes, and potential reforms such as modifications to training materials and other potential actions to respond to complaint trends and underlying causes. This root cause analysis shall be included in the filing of the next base rate case. In the Company's next base rate case, the Company will make available to I&E, OCA, OSBA, and CAUSE-PA the findings of the root cause analysis, including any data summaries, identified trends, root causes, and recommended reforms or corrective actions, including implementation timelines and responsible departments for such actions.

72. PPL Electric will define a "confirmed low income customer" to also include any customer who has received a Low Income Home Energy Assistance Program ("LIHEAP") grant within the current or immediately preceding two LIHEAP program years, as well as any customer who has participated in its Customer Assistance Program ("CAP") within the last 12 months.

73. Beginning January 1, 2027, before PPL Electric enters into a deferred payment arrangement ("DPA") with a customer which the Company either: (1) knows to be a Confirmed Low-Income customer; or (2) has generated information through the DPA process documenting that the customer is in the Tier 1 income range (at or below 150% of the FPL), PPL Electric will provide the customer with Plain Language information on CAP and an explanation of the advantages of CAP's arrearage forgiveness benefits. PPL Electric will develop this Plain Language notice in collaboration with its Universal Service Advisory Committee ("USAC").

74. Beginning January 1, 2027, PPL Electric will increase its maximum CAP credits as follows:

FPL Tier	Account Classification	12-Month Maximum Credit Limit
0% to 50%	Electric Heat	$5,040
51% to 100%	Electric Heat	$4,000
101% to 150%	Electric Heat	$3,440
0% to 50%	Non-Electric Heat	$3,120
51% to 100%	Non-Electric Heat	$2,400
101% to 150%	Non-Electric Heat	$2,000

75. In the earlier of its next filed rate case or its next default service petition, PPL Electric will propose an adjustment to the maximum CAP credit thresholds to account for proposed adjustments in generation and distribution rates in the interim or will explain why it does not believe any such adjustment is necessary.

76. Beginning January 1, 2027, PPL Electric will increase its Low Income Usage Reduction Program ("LIURP") annual budget by $1.5 million for a total of $13.5 million. PPL Electric also agrees to roll over any unspent budgeted amounts in any year to the next year's LIURP budget.

77. By July 1, 2027, PPL Electric will develop and implement a process to screen:

a. New and moving customers for income level at the time their service is established to determine whether the customer should be:

i. Classified as a confirmed low income customer; and

ii. Referred to the CAP application process and any other universal service programs; and

b. Existing customers for income level on any non-emergency calls, if that customer has not been screened within the past six (6) months and has not previously opted out of providing such information, to determine whether the customer should be:

i. Classified as a confirmed low income customer; and

ii. Referred to the CAP application process and any other universal service programs.

78. PPL Electric's proposal to eliminate the $100 Universal Service Rider ("USR") CAP cost recovery offset is withdrawn without prejudice. Further, the CAP participation threshold used for determining when to start applying the $100 credit shall be increased from 44,000 to 75,000.

79. PPL Electric will streamline enrollment in CAP in the following ways:

a. As of the effective date of rates, PPL Electric will continue to place a temporary hold once per year on termination of accounts that are referred to CAP to allow time for the household to enroll in CAP. PPL Electric will inform customers that they have placed this hold on their accounts. PPL Electric will continue this temporary hold for 21 days. If the customer submits a CAP application within this 21-day period, PPL Electric will extend the hold until the CAP application is fully processed. If the CAP application is approved, PPL Electric will cancel the termination.

b. By July 1, 2027, customers who have had their service terminated but have not

yet reverted to the status of an applicant (i.e., they are within the 30 day window before their final bill becomes past due), may reconnect service without upfront payment of arrears or a reconnection fee upon the successful enrollment into PPL Electric's CAP. PPL Electric will revise its policies, procedures, and call scripting to ensure that customers seeking to reconnect service will be screened for CAP eligibility and informed of the option to reconnect by successfully enrolling in CAP.

c. By July 1, 2027, PPL Electric will begin utilizing LIHEAP data for the purpose of processing CAP applications and recertifications without requiring additional affirmative customer consent and will begin allowing applicants to enroll in CAP by phone if their income and household composition information is available through the LIHEAP data.

80. Within 120 days of the effective dates of rates, PPL Electric will modify its monthly CAP bill review process to review rates for all CAP customers, including those receiving the average bill and percentage of income payment ("PIP") CAP rate, to ensure they are always receiving the lesser of their applicable PIP rate or their average bill whichever is most advantageous available rate.

81. Within 120 days of the effective date of rates, PPL Electric will revise its policies and procedures for issuing payment arrangements through IVR systems to ensure that low income customers are provided with the opportunity to be transferred to a live customer service representative. Customers who provide income information indicating low-income status will be informed of the benefits of CAP and hardship funds and provided with the opportunity to apply during the call.

82. PPL Electric's proposal to recover USECP employees' salaries and wages through the USR is withdrawn without prejudice.

83. The USR rate filing will change from occurring once per year in January to three times per year in January, May, and September. This change will be incorporated in PPL Electric's compliance Retail Tariff filing.

84. Beginning July 1, 2027, PPL Electric agrees to waive reconnection fees for all customers who have household income at or below 150% of the federal poverty level.

85. By July 1, 2027, PPL Electric will revise its security deposit policies to reflect that if a customer has previously paid a security deposit and subsequently demonstrates that they are income-eligible for PPL Electric's CAP, PPL Electric will return the security deposit to the customer and will not apply the security deposit to the customer's bill unless the customer specifically agrees that it may be applied to the customer's bill. Upon implementation of this revised policy, PPL Electric will review all customer accounts for which it currently holds a security deposit to determine whether the low income security deposit exemption applies and will make the necessary refunds PPL Electric will also update all applicable policies, procedures, and training materials to ensure that security deposits are automatically released when a customer enrolls in CAP, receives a LIHEAP grant, or provides other information indicating that they are low income.

86. PPL Electric will amend its tariff and modify its implementing practices and procedures, to better align with the Commission regulation regarding low-income exemptions from deposits (see, 52 Pa. Code § 56.32(e)). Specifically, PPL Electric will clarify that it will not require a cash deposit from applicant who, based upon household income, is confirmed to be eligible for a customer assistance program. Pursuant to Section 56.32(e) of the Commission's regulations, an applicant is confirmed to be eligible for a customer assistance program by the Company if the applicant provides income documents or other information attesting to his or her

eligibility for state benefits based on household income eligibility requirements that are consistent with those of the public utility's customer assistance programs. Customers and applicants who are currently participating in PPL Electric's CAP or have received a LIHEAP grant within the current or prior LIHEAP program year will not be assessed a security deposit and, in turn, will not be required to provide further information or documentation of low income status to qualify for the security deposit exemption. PPL Electric will amend its call center scripts and training materials to ensure that applicants and customers are informed of the low income security deposit exemption and the required qualifications, and afforded an opportunity to provide the necessary income information at the time a deposit is assessed.

G. VEGETATION MANAGEMENT

87. PPL Electric withdraws without prejudice its request for capitalized treatment of the costs associated with first removal of hazard and danger trees after the acquisition of additional rights-of-way to address off-right-of-way trees.

H. RELIABILITY

88. PPL Electric is required to file an annual reliability accountability report in this docket that tracks the Company's approved reliability programs in relation to the Commission's existing reliability metric targets, and includes program-level reporting addressing spending, work completed, locations targeted, justification, and reliability outcomes. This reporting will continue until the next base rate proceeding.

89. PPL Electric will continue planning and executing Inspection, Maintenance, Repair, and Replacement ("I&M") Plan work based on system risk and need, rather than the cycle length alone.

90. PPL Electric will file an annual report describing the vegetation management program and detailing measures such as the extent of expanded rights-of-way ("ROWs") obtained, the scope of associated tree removal, and

estimated changes in relevant reliability metrics attributable to the expanded ROWs.

I. LARGE LOAD INTERCONNECTIONS

91. As part of its compliance Retail Tariff filing, PPL Electric will adopt the LP-6 tariff schedule governing the rates, terms and conditions of service to large load (data center) customers, consistent with the Company's rebuttal testimony of PPL Electric Witness Joseph Lookup:

a. Including:

i. Electric Service Agreements ("ESAs") shall include, at a minimum, the following terms:

1. Initial term of not less than ten (10) years;

2. Customer shall provide an initial load ramp schedule for up to the first five (5) years of the initial term (for the avoidance of doubt, this requirement is not intended to prohibit and does not prohibit the use of an initial load ramp schedule for a period that does not exceed the initial term of the ESA);

3. Customer shall provide a revenue guarantee in the amount of the line extension costs that customer was not directly charged, the customer's Rate Base Security Obligation, defined infra;

4. Until the customer's Rate Base Security Obligation, defined infra, is satisfied, the customer shall pay applicable rates based on the greater of actual peak demand values, or 80% of the load provided in the load ramp schedule;

5. After the customer's Rate Base Security Obligation, defined infra, is satisfied, the customer shall pay applicable rate based on the greater of actual peak demand values, or 80% of the load provided in the load ramp schedule for the first (5) years of the initial term and 50% for the second five (5) years of the initial term.

6. Customer's revenue guarantee shall be satisfied when the Company has received transmission revenue from the customer equaling the Rate Base Security Obligation, defined *infra*;

7. Customer shall provide security in the form of a letter of credit, parent guarantee, or other security instrument acceptable to the Company for the amount of the outstanding revenue guarantee;

8. In the event of default, the Company shall draw on the security instrument in the amount of the outstanding revenue guarantee and apply the funds to the remaining cost of the line extension that was not directly charged to the customer; and

9. The ESA shall contain an exit fee, the amount of which is defined *infra*.

ii. The Customer may elect a voluntary interruptible option, which if chosen would reduce the minimum load guarantee to 60% for the first five years, and 30% for the second five years.

b. Subject to the following modifications:

i. The LP-6 Rate Schedule will be applicable to a customer if the customer's service commenced on or after October 1, 2025;

ii. The LP-6 Rate Schedule will be applicable to a customer if the customer has a peak electric demand of 50 MW or greater at a single facility or at least equal to 75 MW in the aggregate among facilities taking service from PPL Electric at or above 69 kV within a 10-mile radius; provided, however, that if (1) the customer has a peak electric demand equal to or greater than 50 MW at a single facility but less than or equal to 75 MW at a single facility that takes service from PPL Electric at or above 69 kV, and (2) the customer's interconnection and service requirements do not cause PPL Electric to incur transmission network upgrade costs, then PPL Electric may file a petition with the Commission requesting, subject to Commission review and approval, that the customer's facility be classified under Rate LP-5 and that the customer's peak demand for that single facility not be counted toward the peak demand in the aggregate among the customer's facilities taking service from PPL Electric at or above 69 kV within a 10-mile radius. Any petition filed under this section requesting a customer to be classified as a

Rate LP-5 customer shall be served on all the parties to this base rate proceeding;

iii. As a condition of receiving distribution utility service under the LP-6 Rate Schedule, each LP-6 customer must execute an ESA governing the customer's interconnection to the transmission system at voltages equal to or greater than 69 kV, including the constructing, maintaining, and operating of transmission facilities;

92. The ESA must be entered into pursuant to and consistent with the terms and conditions of the LP-6 rate schedule as specified herein;

i. The ESA will require the LP-6 customer to provide security in an amount equal to the cost of upgrades needed to serve the customer, including, but not limited to, the costs that the Company would not have incurred but for the interconnection of the customer, that are placed into rate base and recovered through transmission rates (such amount is referred to as the "Rate Base Security Obligation");

ii. The ESA will contain an exit fee that is equal to the remaining minimum load guarantee obligation during the ESA term at the time the customer terminates the ESA, or the remaining amount of the Rate Base Security Obligation, whichever is greater;

iii. The ESA will require a contribution in aid of construction ("CIAC") as up-front milestone payments ahead of work performed for the cost of directly assignable transmission and distribution upgrades; and

b. To the extent that there is critical load, the ESA shall require the LP-6 customer to engineer the substation and other distribution- side and customer-side infrastructure to enable the large load customer, during load shedding, to segment and separate critical load from non-critical load, as such terms are defined in PPL Electric's load control and emergency conservation procedures developed pursuant to 52 Pa. Code § 57.52(b), and that the substation, other distribution-side infrastructure, and customer-side infrastructure be operated such that non-critical load at the point of interconnection can be shed without affecting the operations of the critical load.

93. The exit fee will first be applied to the Rate Base Security Obligation as a reduction to the Company's transmission rate base, and the remainder of the exit fee will be as a credit to the Company's Federal Energy Regulatory Commission ("FERC") Transmission Formula Rate revenue requirement.

94. PPL Electric will submit compliant ESAs and a breakdown of the allocation of system upgrade costs to the Commission for transparency and information and will serve the same on the statutory advocates. PPL Electric will provide notice to the Commission and statutory advocates in the event that a Rate LP-6 customer voluntarily terminates the service contract before the contract has elapsed, including reporting if and when the customer's exit fee was provided as a credit to PPL Electric's transmission rate base balance.

95. PPL Electric will submit annual load forecasts to the Commission, along with a breakdown of forecasted load based on requests of customers with ESAs, Letters of Authorization ("LOAs"), and inquiries and shall include such breakdown along with forecasts submitted to PJM Interconnection, LLC ("PJM"). PPL Electric's requirements under this paragraph will be consistent with its obligations under Act 45 of 2025 regarding Electric Load Forecast Accountability, Sections 1801-B through 1806-B, and any information not covered by this paragraph but required by the Act must still be submitted by PPL Electric to the Commission.

96. Beginning January 1, 2027, PPL Electric will allocate $11 million of USR costs annually to the new LP-6 rate class. Such costs will be allocated amongst the LP-6 rate class and recovered from the LP-6 customers through a non-bypassable customer charge assessed to those customers under Rate Schedule LP-6. PPL Electric will propose an increased allocation of costs to the LP-6 class in its next filed rate case or will explain why it has not proposed to increase this allocation.

97. The Parties agree that the LP-6 tariff schedule in the Company's rebuttal position does not fully address the issues and concerns raised by various parties through the course of the proceeding, as fully substantiated by the testimony of OCA Witness Matthew Hoyt, CAUSE-PA Witness Benjamin Havumaki, EJA Witness Karl Rábago, EI Witness Ron Nelson, and PPLICA Witness Billie LaConte. The Parties also agree that certain of the issues and concerns identified by the parties are currently pending a determination by the Commission in the large load model tariff statewide proceeding at Docket No. M-2025-3054271 and that the Parties reserve all rights with respect to the proceeding at Docket No. M-2025-3054271. The Parties agree that, following any final order of the Commission in the Docket No. M-2025-3054271 proceeding, any Party to this Settlement may make a filing before the Commission proposing to modify the LP-6 rate schedule to be consistent with the Commission's determination in the statewide proceeding at Docket No. M-2025-3054271 and that such a filing would not be construed as breaking this Settlement. All

Parties reserve all rights with respect to such a filing made pursuant to this provision.

J. MAXIMUM REGISTERED PEAK LOAD

98. The MRPL proposal shall be approved as modified by the following terms and conditions, consistent with the Joint Stipulation and Settlement filed on March 5, 2026:

99. The following 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, in the following order:

a. Customer-generators who submitted to PPL Electric an interconnection application on or before September 30, 2025,[15] which is the date on which PPL Electric filed the instant rate case, and whose generating facilities either (i) receive a Permission to Operate[16] ("PTO"), or (ii) provide to PPL Electric a completed copy of their Certificate of Completion[17] on or before December 31, 2026, which is 15 months

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15 Under this 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.

16 "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.

17 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.

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").[18] PPL Electric will utilize the process set forth in **Appendix H** to this 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 allocation under the Cap, and (2) track remaining Cap capacity information and regularly publish such information on its website.

100. No additional customer-generators shall be grandfathered under Paragraph 99, supra, once the total amount of nameplate AC capacity for Rate GSC-1 customer-generator systems that receive PTO reaches 140 MW-AC ("Cap").

101. PPL Electric shall provide the parties to this Settlement with written notification on when the remaining Cap capacity information is updated on the Company's website and when the Cap has been met.

102. For purposes of determining compensation for net excess generation for customer-generators taking service under Rate GSC-2, such compensation shall include (i) the capacity portion of Rate GSC-2 as defined hereafter, (ii) line losses; and (iii) a gross-up of the generation component for the Gross Receipts Tax ("GRT"). The capacity portion shall

[18] 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.

equal the PJM Reliability Pricing Model price expressed in dollars per kW-Day, as reported by PJM for the PL Zone, multiplied by the total obligation peak load for the Large Commercial & Industrial ("Large C&I") class[19] for the applicable GSC-2 period, divided by the total forecasted Large C&I kWh load for the applicable GSC-2 period.

103. Other than the specific terms and conditions contained herein, the Joint Petitioners propose no other modifications to PPL Electric's proposed changes to GSC-1 and GSC-2 and its proposal to introduce the MRPL into PPL Electric's determination of eligibility for participation in Rate Schedules GSC-1 and GSC-2.

104. For the remainder of the grandfathering period ending December 31, 2036, PPL Electric will not propose, as part of any Commission proceeding, to modify the grandfathered rights for customer-generators set forth in Paragraph 99, *supra*. Through the period ending December 31, 2041, PPL Electric will not propose, as part of any Commission proceeding, to make any changes to the structural components of Rate GSC-2 as described in Paragraph 105, *infra*, that would result in different components being used for calculating the Rate GSC-2 rate paid by non-customer-generators and the Rate GSC-2 rate used to determine the net metering compensation for customer-generators.

105. PPL Electric shall compensate each customer-generator taking service under Rate GSC-2 for excess generation produced by that customer-generator based on all of the following components:

a. Energy, based on an average of actual daily, real-time Locational Marginal Prices at the PPL Residual Aggregate Node as reported by PJM over the most recent previous 6-month period.

[19] The Large C&I customer class consists of distribution Rate Schedules GS-3 (>100 kW), LP-4 (>=100 kW), and LP-5.

b. HP Adder, which is the supplier's winning bid in PPL Electric's most recent solicitation for supply of default service to customers in the Large C&I Customer Class. The supplier's charges may include, but are not limited to, the costs of transmission service (other than non-market-based transmission service charges), ancillary services, congestion management costs, and such other services or products that are required to supply hourly default service to customers in the Large C&I Customer Class, including Alternative Energy Credits.

c. Capacity, as determined by Paragraph 102, *supra*.

d. E-Factor, which adjusts the Rate GSC-2 for the net over or undercollection of the Rate GSC-2 rate components as of the end of the 12-month period ending March 31 immediately preceding the computation period, including applicable interest as set forth in Rate GSC-2 of the Retail Tariff.

e. Administrative Charges, based on PPL Electric's portion of administrative charges expressed in cents per kWh times the customer's actual energy use, adjusted for losses, during each hour of the billing month.

f. Transmission, as defined as follows:

i. For purposes of compensation for net excess generation, Rate GSC-2 customer generators on distribution Rate LP-4, the transmission compensation is converted from a kW rate to a

kWh rate by taking the Large C&I – Primary Billing Demand Rate ($/kW) (w/GRT) from the PPL Transmission Service Charge ("TSC") filing, multiplying by the Large C&I - Primary Bill Demand kW reported in the TSC filing, and then dividing by the Large C&I – Primary Projected Total Retail KWH Sales to Customers reported in the TSC filing. The estimated kW and kWh in the TSC filing are derived from PPL Electric's load forecast. The rate for the current six-month period is calculated from the rate in effect during the prior six-month period.

ii. For GSC-2 customer generators on distribution Rate GS-3, transmission compensation is the Small C&I TSC rate in effect during the prior six-month period.

K. ELECTRIC VEHICLE ("EV") TIME-OF-USE ("TOU") CHARGING REBATE PROGRAM AND DIRECT CURRENT FAST CHARGER ("DCFC") RATE

106. PPL Electric's EV TOU Charging Rebate Program proposal is approved subject to the following modifications in this section.

107. The EV TOU Charging Rebate Program shall run from July 1, 2026, until June 30, 2030. This term shall not prohibit PPL Electric from proposing a continuation or expansion of the EV TOU Charging Rebate Program, subject to Commission review and approval, in a future Commission proceeding.

108. Each "Program Year" under the EV TOU Charging Rebate Program shall run from June 1 of one year

to May 30 of the following year (e.g., Program Year 1 would be July 1, 2026, to May 30, 2027).

109. The EV TOU Charging Rebate Program's applicable On-Peak and Off-Peak time frames shall be modified to align with PPL Electric's residential TOU program On-Peak and Off-Peak time frames. No rebates will be paid to program participants in the six shoulder months.

110. PPL Electric will modify the proposed tariff language for the EV TOU Charging Rebate Program to explicitly indicate the program is temporary and will be reevaluated prior to its continuation beyond 2030.

111. PPL Electric will share with interested stakeholders the proposed application form, customer communications with the requirements and program rules, and marketing materials as well as the proposed areas where the marketing will be conducted. PPL Electric will provide a collaborative for discussion of the proposed materials and offer the opportunity for interested stakeholders to provide feedback to the Company on the materials and proposed marketing targets.

112. PPL Electric will develop an evaluation plan with detailed objectives that will be utilized in the evaluation of the EV TOU Charging Rebate Program during the duration of the program and at the end of its initial term. The evaluation plan will clearly identify all relevant evaluation metrics and key performance indicators ("KPIs") along with their respective targets and the data used to measure each metric of KPI. This full evaluation plan will include milestones tied to the distinct start and end dates. PPL Electric shall be authorized to use internal personnel to conduct the evaluation of the EV TOU Charging Rebate Program and shall not be required to contract with a third party to perform such evaluation.

113. The evaluation plan will also describe how the Company will compare the data derived from the Proposed EV TOU Charging Rebate Program with the data obtained from the Phase V Act 129 Energy Efficiency and Conservation ("EE&C") Plan's EV Program customers and

customers not participating in either program, as well as how the Company intends to collect the data from customers not participating in either program.

114. Within 60 calendar days following the end of each Program Year, PPL Electric shall file and serve a report at this docket providing the following information: (a) number of customers who participated; (b) total rebates awarded to participating customers; (c) customers' charging behavior metrics; and (d) customer satisfaction. Any individualized customer information provided in the report will be anonymized.

115. In advance of the EV TOU Charging Rebate Program's launch on July 1, 2026, PPL Electric will finalize the customer communications, program descriptions, and enrollment materials and share them with the active parties in this proceeding.

116. Any decisions to continue the program will be subject to Commission review as part of a standalone regulatory proceeding, base rate case, or in conjunction with the Commission's evaluation of a future Act 129 EE&C Plan. Stakeholders shall be afforded an opportunity to participate in the applicable proceeding.

117. Within 180 days of the Commission's entry of a final order in this proceeding, PPL Electric will initiate work with interested stakeholders to develop new EV distribution rates for each of the following: (1) third-party owned public-facing EV DCFCs; and (2) residential customers. PPL Electric will make a proposal in its next base rate case to establish EV distribution rates for third-party public-facing EV DCFCs and residential customers.

L. IT UPGRADES

118. PPL Electric is permitted to capitalize the costs associated with its planned Information Technology ("IT") upgrades, as set forth in PPL Electric St. No. 19. Parties retain the right to challenge the reasonableness and prudency of any such capitalized expenditures in future base rate cases. PPL Electric agrees to engage in communications with the

EGSs regarding planned changes to its IT systems which have the potential to impact the Supplier Portal before such changes are implemented. The Company agrees to review in good faith any feedback provided by EGSs regarding such planned IT system changes. However, PPL Electric retains ultimate discretion regarding the design and implementation of its IT systems and shall be under no obligation to incorporate the EGSs' suggestions.

119. To the extent that PPL Electric must develop a DER Orchestration Plan under the Commission's Order at Docket No. P-2024-3049223, PPL Electric agrees to hold one stakeholder working group with the Parties to this proceeding before filing its DER Orchestration Plan with the Commission. During the stakeholder working group meeting, the Company shall provide substantive updates regarding the process and anticipated content of such Plan, address stakeholder questions, and solicit stakeholder feedback. PPL Electric commits to considering any such stakeholder feedback in good faith as part of the Company's finalization of the DER Orchestration Plan before filing with the Commission.

M. RETAIL TARIFF

120. PPL Electric's proposal to eliminate third party payment fees and roll these costs into rates is adopted. The amount rolled into rates is included in the overall revenue requirement increase agreed to by the parties in Paragraph 49.

121. PPL Electric's Opportunity Pennsylvania Program costs will not be recovered through base rates in this proceeding.

122. As part of its compliance Retail Tariff Filing, PPL Electric shall make the following modifications, many of which are identified in PPL Electric St. Nos. 8-R and 14-R, as set forth fully in **Appendix G**: (a) clarify that the Rule 6 capacity reservation charge is limited to distribution demand charges: (b) incorporate corrected back-up power reservation charges in Rule 6 that are equal to 30% of the applicable standard distribution demand charge under Rate Schedule GS-3, LP-4, or LP-5; (c) remove the Alternative Energy

Credit ("AEC") ownership language in the Net Metering for Renewable Customer Generators section; (d) revise the definition of "tenant" as specified on pages 2-3 of PPL Electric St. No. 14-R and as further modified on page 48, lines 16-26 of CAUSE-PA St. No. 1-SR; (e) revise Rule 5(E)(1) as set forth on pages 4-5 of PPL Electric St. No. 14-R; (f) add a Rule 5(E)(4) as set forth on pages 5-6 of PPL Electric St. No. 14-R; (g) add a Rule 9(I) that provides PPL Electric with the discretion to enter into a flexible payment arrangement of up to 6 months with Rate GS-1 and GS-3 customers under terms acceptable to the Company; and (h) modify proposed paragraph headed "CUSTOMER TRANSFORMATION EQUIPMENT" in Rate Schedule LP-5 to apply to customers with a peak demand of less than 50 MW and facilities for which the Commission has approved an exemption under Paragraph 91(b)(ii). The Company will include provisions in its agreement with the customer that ensure that no costs associated with owning, operating, and maintaining the customer transformation equipment will be recovered from other customers.

N. SUPPLIER TARIFF

123. As part of its compliance Supplier Tariff filing, PPL Electric shall make the following modifications: (a) remove Rule 3.1(f) and renumber subsequent provisions accordingly; (b) clarify the Load Data Supply Charge section as stated on page 73 of PPL Electric St. No. 18- R; (c) include the definition of "Bill Ready" as set forth on page 75 of PPL Electric St. No. 18-R; (d) revise the Competitive Billing Specifications Rider to address a Rate Ready billing scenario as specified on page 76 of PPL Electric St. No. 18-R; (e) delete the credit requirements detailed in Rule 4.14; (f) revise Rule 4.18 to remove the recovery of "EDI Transaction Fees" from the Coordination Service Charges; (g) revise Rule 4.18 to institute a January 1, 2027 effective date for the inclusion of "DUNS Testing Fees" in the Coordination Service Charges; and (h) update the rate classes in Rule 12.9 for the Purchase of Receivables ("POR") Program to reflect the relevant rate classes approved in this proceeding.
PPL Electric further agrees that all EGSs currently registered and operating in its service territory will be allowed to continue service on an uninterrupted basis regardless of the

changes to Rule 3.1 (and subsections thereof) of the Supplier Tariff until January 1, 2028. The EGSs currently registered and operating in the Company's service territory will need to provide the information and materials required under Rule 3.1 (and subjections thereof) no later than January 1, 2028, to continue operating in PPL Electric's service territory. PPL Electric agrees that EGSs can satisfy applicable requirements under Rule 3.1 (and subsections thereof) through affiliates. The Company will communicate the requirements under Rule 3.1 to all EGSs currently registered in the Company's service territory within 60 days of the entry date of the Commission's Final Order in this proceeding.

O. BEHIND-THE-METER NON-EXPORTING BATTERY ENERGY STORAGE SYSTEMS

124. PPL Electric agrees to review within 120 days of the entry date of the Commission's Final Order any behind-the-meter non-exporting battery energy storage projects currently being reviewed for interconnection behind a customer's meter to determine if the requirements being imposed are in line with industry best practices and available studies.

Joint Petition at 9-34, ¶¶ 48-124.

2. Additional Settlement Terms

In addition to the specific essential terms to which the Joint Petitioners have agreed, as set forth above, the Non-Unanimous Settlement contained certain miscellaneous terms that are typically found in settlements submitted to the Commission. These were set forth in Section III, Paragraphs 125 to 132 of the Joint Petition, as follows:

P. MISCELLANEOUS TERMS

125. Each term and condition set forth in this Settlement, whether or not set out in a numbered paragraph, shown in a table or other graphic presentation, bolded, italicized, or otherwise emphasized, or set forth in the body, a footnote, a parenthetical, an appendix, an exhibit, or otherwise, is material consideration to the entry into this Settlement by the signatory parties.

126. Unless otherwise expressly indicated, all terms and conditions contained herein shall take effect upon the effective date of rates in this proceeding, without the need or requirement for additional Commission review or approval.

127. This Settlement is conditioned upon the Commission's approval of the terms and conditions contained herein without modification. If the Commission modifies the Partial Settlement, then any Joint Petitioner may elect to withdraw from this Settlement and may proceed with litigation and, in such event, this Settlement shall be void and of no effect. Such election to withdraw must be made in writing, filed with the Secretary of the Commission and served upon all Joint Petitioners within five (5) business days after the entry of an order modifying the Partial Settlement. The Joint Petitioners acknowledge and agree that this Settlement, if approved, shall have the same force and effect as if the Joint Petitioners had fully litigated this proceeding and that the rates established hereunder are Commission-made, just and reasonable rates.

128. This Settlement is proposed by the Joint Petitioners to settle all of the issues in the instant proceeding. If the Commission does not approve the Settlement and the proceedings continue to further hearings, the Joint Petitioners reserve their respective rights to present additional testimony and to conduct full cross-examination, briefing and argument. The Settlement is made without any admission against, or prejudice to, any position which any Joint Petitioner may adopt in the event of any subsequent litigation of this proceeding.

129. This Settlement may not be cited as precedent in any future proceeding, except to the extent required to implement this Settlement.

130. This Settlement is being presented only in the context of this proceeding in an effort to resolve the proceeding in a manner which is fair and reasonable. The Settlement is the product of compromise. This Settlement is presented without prejudice to any position which any of the Joint Petitioners may have advanced and without prejudice to the position any of the Joint Petitioners may advance in the future on the merits of the issues in future proceedings except to the extent necessary to effectuate the terms and conditions of this Settlement. This Settlement does not preclude the Joint Petitioners from taking other positions in proceedings of other public utilities under Section 1308 of the Public Utility Code, 66 Pa. C.S. § 1308, or any other proceeding.

131. If the ALJs adopt the Settlement without modification, the Joint Petitioners waive their rights to file Exceptions with regard to the Settlement; provided, however, that the Joint Petitioners would retain their rights to file Replies to Exceptions if any Exceptions are filed by other parties in this proceeding.

132. The Joint Petitioners' Statements in Support setting forth the bases upon which they believe the Settlement is fair, just, and reasonable and is, therefore, in the public interest will not be attached to this Joint Settlement as Appendices; rather, the Statements in Support will be filed by the Reply Brief due date, which is March 20, 2026, pursuant to the ALJs' direction.[20]

Joint Petition at 34-36, ¶¶ 125-32.

[20] It is noted that, because certain Joint Petitioners only participated with regard to certain issues in this proceeding, some of the Statements in Support may be limited in the scope of issues addressed.

3. Vice Chair Barrow Statement

As previously noted, at our October 23, 2025 Public Meeting, Vice Chair Kimberly Barrow issued the Vice Chair Barrow Statement regarding our *October 2025 Order*, which suspended the Company's proposed Retail Tariff and its proposed Supplier Tariff until July 1, 2026 and assigned this matter to the OALJ. Therein, Vice Chair Barrow urged the Parties to this proceeding to "take a critical look at, *inter alia*," the issues of: (1) the extended stay-out period between the *PPL 2015 Rate Case* and this instant proceeding; (2) the Company's capital structure; (3) tracking capital from PPL's parent company; (4) customer service issues and the impact on PPL's requested return on equity (ROE); (5) cost allocation; and (6) universal service. *See* Vice Chair Barrow Statement at 1-3.

By Prehearing Order issued on November 14, 2025 (Prehearing Order), the ALJs advised the Parties to this proceeding of the need to address the above issues. *See* Prehearing Order at 8, ¶ 11. Accordingly, in Section IV of the Joint Petition, the Joint Petitioners addressed these issues in Paragraphs 133 through 158, as set forth below.

> 133. The ALJs directed that the Joint Petition and the Statements in Support address the items set forth in Vice Chair Barrow's Statement dated October 23, 2025.
>
> 134. The Joint Petitioners respond to each of those items below and as may be more fully addressed in their Statements in Support that will be filed by March 20, 2026.
>
> 135. First, Vice Chair Barrow stated:
>
> > **Extended Stay Out**: PPL's last rate increase request was over 10 years ago in 2015. This extended stay out coupled with the Commission's recent approval of the waiver of PPL's DSIC from 5% to 7.5%, including the increase from the

> instant rate request has the potential to cause rate shock for PPL's customers, especially low-income customers in PPL's service territory. Therefore, I implore the parties to critically review the impact of the aforementioned factors and how they can be addressed in this proceeding and going forward.

(Vice Chair Barrow Statement, p. 1) (footnote omitted).

136. These issues, including the alleged rate shock from the Company's as-filed base rate increase and the allocation of said revenue increase, were fully investigated in discovery and addressed in the parties' testimony.

137. The Settlement includes a reduced revenue requirement than the one requested by PPL Electric as well as a two-year rate case stay-out. (*See* Section III.A, *supra*.)

138. The Settlement also addresses the allocation of the revenue increase among the Company's customer classes. (*See* Section III.B, *supra*.)

139. The average bill impacts are set forth in **Appendix C**.

140. The Settlement also contains several provisions designed to address affordability concerns, including the waiver of reconnection fees, increases in the maximum CAP credit limits, and a $1.5 million increase in the Company's annual LIURP budget. (*See* Section III.F, *supra*.)

141. The Settlement also provides that the DSIC shall be reset to zero upon implementation of the new base rates. (*See* Section III.D, *supra*.)

142. Second, Vice Chair Barrow averred:

> **Capital Structure**: On several occasions, regulated utilities have requested to be awarded common equity ratio and debt capital outside of the

> apparently reasonable 50% equity and 50% debt capital structure, along with their requested return on equity (ROE). These deviations result in millions of dollars that go into the rates of utility customers as higher common-equity ratio results in higher rates for public utility services. Therefore, a careful and detailed review of PPL's claimed capital structure and ROE, is warranted.

(Vice Chair Barrow Statement, pp. 1-2) (footnote omitted).

143. The Company's proposed capital structure and return on equity ("ROE") were the subject of extensive discovery and testimony in this proceeding.

144. The Joint Petitioners' positions on these issues were duly considered when determining the agreed-upon increase in the Company's revenue requirement.

145. Third, Vice Chair Barrow stated:

> **Tracking Capital from Parent Company**: I understand that utilities often file existing or relevant affiliated interest agreements involving financial transactions between or among them and their parent companies or subsidiaries/affiliates with the Commission. However, it is also important to note that often times these transactions may result in costs being inadvertently shifted to the utilities and ultimately gets passed to their ratepaying customers thereby negatively impacting such customers. Therefore, I implore the parties to critically review these transactions between PPL and its parents/affiliates in this investigation.

(Vice Chair Barrow Statement, p. 2.)

146. Parties investigated the Company's transactions with its affiliates, including the services provided by PPL Services Corporation to PPL Electric and the allocation of PPL Services Corporation's costs among its affiliates.

147. Parties also examined the Joint Venture announced by PPL Corporation and Blackstone Infrastructure and raised issues concerning the appropriate protections against potential conflicts of interest.

148. Fourth, Vice Chair Barrow asked the parties to address the following:

> **Customer Service Issues & Impact on ROE**: The Commission recently addressed a settlement involving PPL's system-wide customer billing issues due to failure of PPL's meter data collection system. Due to the failure, 48,168 PPL accounts, inter alia, did not receive a bill during one or more of their billing periods from December 2022 through April 2023. Settlement Order at 5. Good customer service is an important part of a utility's performance. That performance is a direct component of a just and reasonable ROE. The parties should assess this connection in the award of PPL's requested ROE.

(Vice Chair Barrow Statement, p. 2) (footnote omitted).

149. Parties engaged in extensive discovery about PPL Electric's customer service and presented a significant amount of testimony and exhibits on the matter.

150. The Settlement addresses issues and proposals raised by parties about the Company's customer service. (*See* Section III.F, *supra*.)

151. Further, the Joint Petitioners' positions on these issues were duly considered when determining the agreed-upon increase in the Company's revenue requirement.

152. Fifth, Vice Chair Barrow stated:

> **Cost Allocation**: Our grid is in the midst of major change. It is becoming more distributed, with new ordinary customer loads like building electrification and electric vehicles. At the same time, city-sized loads are placing new stresses on the system and driving new capital projects. Customers should pay for the facilities built to benefit them. Likewise, cost allocation for distribution system upgrades needs to ensure that no customers disproportionally benefit from a particular cost allocation system. Some of our methods may be outdated, with sophisticated customers able to avoid consumption in a few peak hours to avoid their entire contribution. Peak avoidance should be encouraged but, we should measure beyond just the top few peak hours to determine the true benefits that particular customers and customer classes receive from the system.

(Vice Chair Barrow Statement, p. 2.)

153. In this proceeding, parties devoted a significant amount of time and attention to these issues concerning the appropriate allocation of costs for large load interconnections.

154. The Settlement provides several terms and conditions that are designed to address those issues with large load interconnections. (*See* Section III.I, *supra*.)

155. The Settlement also would approve PPL Electric's new Rule 6 for standby charges, as modified by the Settlement. (*See* Section III.M, *supra*.)

156. Sixth, Vice Chair Barrow averred:

> **Universal Service**: Large load additions and forecasts have substantially increased

> capacity prices in the last two PJM auctions. According to PJM's market monitor, 55% of the increase in capacity prices is attributable to large load growth. That is over $7 billion dollars. Those costs have begun to flow down to customers' bills. The change in rates as of June 1, 2025, will increase the cost paid by residential customers to support the CAP program by $37 million a year. This translates to increases ranging from 5 to 41% on a customer bill. I ask the Parties to address whether, consistent with the ratemaking principle of cost causation, whether cost causers should be allocated a share of the universal services charges, currently only charged to the residential rate class.
>
> (Vice Chair Barrow Statement, p. 2.)
>
> 157. This issue was fully investigated by the parties in this proceeding.
>
> 158. Under the Settlement, $11 million in USR costs will be allocated to the new Rate LP-6 class. (*See* Paragraph 96, *supra*.)

Joint Petition at 36-40, ¶¶ 133-58.

B. Positions of the Parties

1. Support of the Settlement

As noted above, sixteen of the seventeen Joint Petitioners individually filed a Statement in Support of the Non-Unanimous Settlement.[21] Each Joint Petitioner

[21] As noted above, DOD/FEA did not file a Statement in Support.

submitted that the Settlement reflects a carefully balanced "black box" compromise of the interests of the Joint Petitioners, that the Settlement is in the best interest of the Company and its customers, that the Settlement is in the public interest, and that the Settlement should be approved, without modification.

This section of this Opinion and Order provides an overview of the Positions of the Parties, outlined in their Statements in Support, regarding the fifteen major issues resolved by the Non-Unanimous Settlement, in addition to their responses to the Vice Chair Barrow Statement. In the Recommended Decision, the ALJs provided an extensive summary of the various positions of the Parties, as set forth in their respective Statements in Support. For a detailed summary of each Joint Petitioner's position on the settled issues, see pages 55 to 238 of the Recommended Decision. For a detailed summary of each Joint Petitioner's response to the Vice Chair Barrow Statement, see pages 263 to 279 of the Recommended Decision, as well as section V.E.3, *infra*.

a. Revenue Increase and Revenue Requirement (¶¶ 49-51)

(1) Statements in Support

In its Statement in Support, PPL highlighted the Joint Petitioners' agreement that the Company will be permitted to increase its annual electric distribution revenues by $275 million, in lieu of the $356.27 million that it originally sought. PPL also stressed that under the Settlement, further changes to the Company's electric distribution base rates may not occur for a period of two years, or until July 1, 2028. According to PPL, this reflects a reasonable compromise of the Parties' positions. The Company reasoned that the reduced revenue increase and the associated "stay-out" provision, when coupled with the other customer service and rate provisions of the Settlement, are designed to address Parties' concerns about the affordability impact of the agreed-upon revenue increase. Therefore, PPL argued that when properly viewed as

a whole, the Settlement: (1) provides the Company with the additional revenues necessary to continue furnishing adequate, efficient, safe, and reliable service to its customers; and (2) appropriately balances the need for the Company to have an opportunity to earn a reasonable rate of return with its customers' need for reasonable rates. PPL added that no Party objected to the Company's initial proposal to roll certain riders into base rates and into its overall revenue requirement, as set forth in the Settlement. PPL Statement in Support at 11-12.

PPL also touted the provisions of the Settlement that require the Company: (1) to provide updates to the active Parties in this proceeding regarding PPL's actual capital expenditures, plant additions, and retirements for the FTY and the FPFTY, and (2) to prepare and present a comparison of those actual figures to the Company's projections from this proceeding in its next base rate case. Therefore, PPL maintained that the Settlement's provisions on revenue requirement resolve the Parties' positions on the overall annual base distribution revenue increase, eliminate ambiguity as to certain components of the agreed-upon revenue requirement, clarify the application and calculation of various rider mechanisms, and provide for tracking of the Company's actual expenditures. As such, PPL insisted that these provisions are reasonable and in the public interest and should be approved, without modification. PPL Statement in Support at 13-14.

In its Statement in Support, I&E argued that the agreed-upon revenue increase of $275 million represents a compromise among the Joint Petitioners' competing positions. I&E added that although it did not propose that the Settlement include a provision that prohibits the Company from making further changes to its distribution rates for a period of two years, it nonetheless supports the Settlement in its entirety as being in the public interest. Further, I&E submitted that PPL's agreement to provide all active Parties with an updated version of PPL Exhibits JJS-2 and JJS-3, to reflect the Company's actual capital expenditures, plant additions, and retirements for

the FTY and the FPFTY and to prepare and present a comparison of those actual figures to the Company's projections from this proceeding in its next base rate case is also in the public interest. In this regard, I&E asserted that this data will allow all Parties and the Commission to better gauge the accuracy of PPL's projected investments in future proceedings. I&E Statement in Support at 6-8.

In its Statement in Support, the OCA took the position that the terms of the Settlement regarding the Company's revenue increase and revenue requirement are in the public interest because they will provide PPL with sufficient funds to maintain its distribution system in an adequate, efficient, safe, and reasonable manner at a level significantly lower than the $356.27 million increase originally sought by the Company, and within a reasonable range of the OCA's originally recommended increase of $186.79 million. The OCA pointed out that because PPL has not filed for an increase in rates for approximately ten years, a fully litigated proceeding may have resulted in a revenue requirement outcome closer to PPL's full original revenue requirement increase request. OCA Statement in Support at 8-9.

The OCA also reasoned that the agreed-upon revenue increase should be considered in the context of the many important provisions set forth in the Settlement that were the product of extensive negotiation, which includes many terms that likely would not have been achieved through litigation. Additionally, the OCA asserted that the stay-out provision set forth in the Settlement is in the public interest because PPL's customers will be shielded from the possibility of another increase in their rates for a certain period of time, thereby providing them with some temporary rate stability. Lastly, the OCA echoed the position of the Company and I&E regarding the benefit of PPL's agreement to provide all active Parties with an updated version of PPL Exhibits JJS-2 and JJS-3. The OCA highlighted that the Company's commitment to provide these updated exhibits will protect ratepayers from inaccurate projections in PPL's next base rate case, reasoning that this will enable Parties to compare the accuracy of the

Company's projections in this proceeding to its actual expenditures. Moreover, the OCA opined that this provision of the Settlement is in the public interest because it is consistent with Section 315(e) of the Code, 66 Pa.C.S. § 315(e), which states that whenever a public utility uses an FPFTY as the basis for its rate increase, the utility shall provide appropriate data evidencing the accuracy of the estimates of its FPFTY. OCA Statement in Support at 9, 20-21.

In its Statement in Support, the OSBA observed that at the full revenue increase of $356.27 million that was originally requested by PPL, the Rate General Service (GS)-1 small business customer class would have received an increase of $33.9 million, or 43%. In contrast, the OSBA noted that at the revenue increase of $275 million agreed to in the Joint Petition, the GS-1 customer class will receive an increase of $24.2 million, or 31%. According to the OSBA, this reduced revenue increase lessens the rate impact upon PPL's small business customers and produces a result that is just and reasonable. OSBA Statement in Support at 2.

In its Statement in Support, CAUSE-PA submitted that the revenue increase agreed to under the Settlement is reasonable when viewed in the context of the overall Settlement and each of the competing positions of the Parties. Noting that rates must be just and reasonable, CAUSE-PA provided the following chart to highlight the difference between PPL's originally requested revenue increase and the increase agreed to under the Settlement:

Proposed[10]	**Settlement**	Difference
$356 million	$275 million	$81 million reduction from as proposed
6.98% increases for residential customers on a total bill basis	4.9% increase for residential customers on a total bill basis	-2.08% increase for residential customers on a total bill basis
Average Residential Customer Bill at proposed rates: $ $204.86/month	Average residential at proposed settlement rates $184.49	-$20.37 per month
ROE: 11.3%	Imputed ROE (based on ROR 7.58% @ proposed rates) is likely not higher than 9.4%[11]	At least 1.90% less than sought by PPL.

CAUSE-PA Statement in Support at 5-6. CAUSE-PA asserted that although it supported a revenue increase that was lower than that agreed to in the Settlement, the $275 million increase produced by the Settlement is likely more favorable than what would have been achieved in litigation. Therefore, CAUSE-PA expressed its support for the agreed-upon amount of the increase, noting that it will greatly mitigate the impact that will be experienced by economically vulnerable households, when compared to the Company's original increase request. *Id.* at 7.

Similar to the other Joint Petitioners above, CAUSE-PA, likewise, touted the stay-out provision agreed to in the Settlement. CAUSE-PA stressed that this is an outcome that would not have occurred had this proceeding been fully litigated. CAUSE-PA added that this stay-out provision will provide a measure of protection and predictability for customers amid the ever-rising energy commodity and transmission prices. Therefore, CAUSE-PA asserted that the revenue increase and revenue requirement provisions, including the stay-out provision, of the Settlement are reasonable and should be approved. CAUSE-PA Statement in Support at 7.

In its Statement in Support, PPLICA stressed that the revenue increase agreed to under the Settlement is $81.27 million less than PPL initially requested and represents a negotiated increase which balances multiple advocacy positions proffered by the Joint Petitioners. PPLICA represented that although it did not take a position on the revenue requirement increase, these negotiated Settlement terms produce a result that is reasonable and in the public interest. PPLICA Statement in Support at 6-7.

In its Statement in Support, Walmart submitted that the Settlement results in a significant decrease in the overall revenue levels originally requested by PPL. Walmart was of the same opinion as other Joint Petitioners, *supra*, that this reflects a significant compromise among the various Parties' litigation positions, which will provide the Company with adequate "going-forward" revenues, while also substantially mitigating the upcoming changes to all customers' rates. Walmart also echoed other Joint Petitioners in its support for the stay-out provision of the Settlement, arguing that this will provide temporary rate stability to the Company's customers. Walmart Statement in Support at 3-4.

b. Revenue Allocation (¶¶ 52-53)

Revenue allocation is the process of identifying the "target" revenues that each class of customers should pay to move each class closer to its cost of service, while, at the same time, giving due consideration to the principle of gradualism by adopting appropriate mitigation measures to assure no class receives a disruptively large increase. PPL Statement in Support at 20. PPL stated that its allocated cost of service study (ACOSS) was prepared using the same cost of service model employed in the *2015 PPL Rate Case. Id.* at 14. Several other Parties submitted testimony addressing the Company's proposed ACOSS, including the OCA. The Joint Petitioners agreed to the ACOSS, set forth in Appendix B of the Joint Petition, weighted 80% to PPL's ACOSS and 20% to the OCA's ACOSS, while adopting PPLICA's proposal to limit the increase to the Rate Residential-Thermal Service (RTS) customer class and the LP-4 (*i.e.*, Large General Service at 12 kilovolts (KV)) customer class to 1.3 times the system average increase, with the amounts not recovered from those classes that is attributable to the additional mitigation being spread across the other customer classes. The Joint Petitioners also agreed that the revenue allocation would be proportionally scaled back to reflect the revenue increase of $275 million adopted by the Settlement. Joint Petition at 17, ¶¶ 52-53; PPL Statement in Support at 18-19; OCA Statement in Support at 14.

(1) Statements in Support

In its Statement in Support, PPL contended that the Joint Petitioners' agreement to establish a cost of service benchmark based on an 80%/20% weighting of the Company's and the OCA's ACOSS results, respectively, is supported by the evidence proffered by both PPL and the OCA. PPL Statement in Support at 18-19. PPL argued that the Commission has long recognized that cost of service studies, while important, are most useful as a "guide" and, as such, must be employed, along with other factors, in reaching a judgment as to a reasonable allocation of revenues among customer classes. *Id.* at 19 (citing *Pa. PUC, et al. v. Columbia Gas of Pennsylvania, Inc.*, Docket Nos. R-2022-3031211, *et al*. (Opinion and Order entered December 8, 2022) (*Columbia Gas 2022*)). According to PPL, the Joint Petitioners have reached a reasonable compromise on an issue that necessarily involves the exercise of judgment applied to a range of factors. PPL continued that the agreed-upon revenue allocation moves all customer classes closer to their cost of service (*i.e*., class rates of return all move closer to 1.0) while, at the same time, adopting sensible mitigation measures to avoid imposing inappropriately large increases on any class. Therefore, PPL opined that the revenue allocation provisions of the Settlement are reasonable and in the public interest and should be approved. PPL Statement in Support at 20.

I&E, likewise, argued that the revenue allocation agreed to by the Joint Petitioners generally moves each customer class closer to the desired relative rate of return of 1.0. Thus, I&E took the position that the agreed-upon revenue allocation and the proportional scale back represent a compromise among the Joint Petitioners' proposals and should be approved as being in the public interest. I&E Statement in Support at 8-9.

In its Statement in Support, the OCA averred that PPL's customer classes are generally moving towards the cost of service indicated by the ACOSSs presented by

the OCA. The OCA reasoned that the Settlement also balances non-cost considerations by considering the principle of gradualism. Therefore, the OCA opined that the revenue allocation provisions contained in the Settlement are in the public interest and represent a reasonable compromise among the Joint Petitioners. OCA Statement in Support at 9-15.

In its Statement in Support, the OSBA strongly supported the agreement under the Joint Petition to blend the PPL ACOSS and the OCA ACOSS and to give PPL's ACOSS an 80% weight and the OCA's ACOSS a 20% weight. The OSBA submitted that this approach is consistent with its own analysis and yields a just and reasonable result for this "highly contentious issue." OSBA Statement in Support at 3.

CAUSE-PA explained that it did not take a position in this proceeding related to the revenue allocation provisions of the Settlement. Nonetheless, CAUSE-PA extended its support for the allocation negotiated by the Joint Petitioners. CAUSE-PA asserted that the agreed-upon revenue allocation represents a fair and reasonable compromise and is designed to ensure that PPL's customer classes are paying cost-based rates based on the overall ACOSS. CAUSE-PA Statement in Support at 7-8.

PPLICA asserted that the revenue allocation provisions of the Settlement are reasonable and in the public interest because they prevent rate shock and are consistent with the principle of gradualism. PPLICA Statement in Support at 7-8.

In its Statement in Support, Walmart explained that it has consistently advocated that rates be aligned with the utility's cost of service, such that rates reflect cost causation, provide appropriate price signals, and minimize price distortions among customer classes. Like the other Joint Petitioners above, Walmart argued that the Settlement reflects a fair resolution of the Parties' positions and reasonably moves rate

classes closer to their respective cost of service levels, while mitigating rate impacts across customer classes. Walmart Statement in Support at 4.

c. Rate Design (¶¶ 54-58)

In a rate proceeding, rate design is the design of the utility's rates to recover revenues from each customer class without undue discrimination to customers at different usage levels. Consistent with the principle of cost causation, a sound, non-discriminatory rate design strives to recover costs from customers within each class based on the factors that drive how those costs are incurred. As such, costs that do not vary based on either demand or energy usage should properly be recovered in a fixed customer charge. On the other hand, costs that vary based on demand or energy are properly recovered through variable distribution charges that reflect customers' demand or energy usage. Accordingly, the customer charge is designed to recover costs that are "fixed" on a per customer basis, while variable distribution charges are designed to recover costs that vary based on each customer's demand or energy. PPL Statement in Support at 20-21. Pursuant to the terms of the Settlement, the residential customer charge will be increased to $15.00 per month, in lieu of PPL's originally proposed residential customer charge of $17.00 per month. Joint Petition at 10, ¶ 54; I&E Statement in Support at 9. In addition, neither the Rate LP-4, nor the Rate General Service-3 (GS-3) customer charge will be subject to a scale back. Further, PPL will not eliminate its Rate RTS and will maintain the current customer charge for this rate class. Joint Petition at 10, ¶¶ 55-57.

(1) Statements in Support

In its Statement in Support, PPL averred that the rate design agreed to under the Settlement is in the public interest and reflects a reasonable compromise of the Parties' positions. PPL highlighted that while the agreed-upon monthly customer charge

for Rate residential service (RS) of $15.00 under the Settlement is higher than the Company's existing Rate RS customer charge, it is still less than the effective customer charge Rate RS customers are now paying, when considering the Company's distribution rider charges that will be rolled into base rates under the Settlement. PPL also highlighted the provisions in Paragraphs 55 through 57 of the Settlement regarding the customer charge as applied to other rate classes. According to PPL, the Settlement achieves an appropriate balance among the factors that, collectively, determine a reasonable and non-discriminatory rate design for each of the Company's rate classes, and should be approved without modification. PPL Statement in Support at 23-24.

In its Statement in Support, I&E submitted that the lowering of the originally requested revenue increase and the corresponding lowering of the residential customer charge is appropriate in this proceeding. I&E stated that it supports the rate design overall, as defined within the Settlement, as being in the public interest. I&E Statement in Support at 9.

In its Statement in Support, the OCA explained that the current customer charge for residential customer class Rate RS is $14.09 per month and that PPL's characterization of the customer charge also includes riders in the description of the customer charge, with a total monthly customer charge of $15.58. The OCA continued that PPL originally proposed to increase the residential customer charge by between $1.42 and $2.91, depending on whether the current charge includes the riders. Thus, the OCA took the position that the agreed-upon monthly increase in the residential customer charge from $14.09 to $15.00 is in the public interest. OCA Statement in Support at 15-16.

In support, the OCA reasoned that the increase agreed to under the Settlement is within the range of reasonable results that the Parties could have expected from litigation. Further, the OCA submitted that the rate design provisions of the

Settlement balance the Company's interest in maximizing the amount of revenue from residential customers, which is collected through fixed charges, with the interests of the OCA and CAUSE-PA, in minimizing any increase to residential fixed customer charges. The OCA added that rates were designed in a manner which addressed the OCA's concerns regarding affordable customer charges and mitigating rate shock, with the Company's desire to consolidate several rate zones. Thus, the OCA argued that the Settlement balances the interests of the Company and consumers with respect to both revenue allocation and rate design and should be approved as in the public interest. OCA Statement in Support at 19.

In its Statement in Support, the OSBA asserted that the rate design agreed to under the Joint Petition, which will increase the monthly customer charge for the Rate GS-1 small business customer class from $22.00 to $27.22, as opposed to the originally proposed monthly increase from $22.00 to $30.00, is reasonable and is based upon the revenue allocation agreed to under the Settlement. OSBA Statement in Support at 3.

In its Statement in Support, CAUSE-PA explained that it is supportive of the agreed-upon monthly customer charge for the Rate RS customer class, arguing that this represents a meaningful reduction to PPL's initial proposal to increase its fixed residential customer charge to $17.00 per month. According to CAUSE-PA, this "limited increase" will help ensure that the Company's residential and low-income customers are better able to control costs through usage reduction, when compared to PPL's initial proposal. CAUSE-PA Statement in Support at 8-9.

CAUSE-PA also strongly supported Paragraph 57 of the Settlement, wherein the Company will retain its Rate RTS. According to CAUSE-PA, although Rate RTS is a legacy rate which has been closed to new customers since 1995, forcing Rate RTS customers out of this rate would have caused more than 11,000 of PPL's

customers, 1,300 of whom are confirmed to be low-income customers and more than 240 of whom are enrolled in PPL's customer assistance program (CAP), to experience "steep and devastating bill impacts." Thus, CAUSE-PA reasoned that by maintaining Rate RTS and the current fixed customer charge for this rate, this provision of the Settlement helps to shield a significant number of residential customers, including many low-income customers, from unreasonable and unnecessary further increases in their monthly bills. CAUSE-PA Statement in Support at 10.

CEO, likewise, supported the monthly customer charge for Rate RS agreed to under the Settlement, arguing that this will lower the negative impact that would have resulted if PPL's originally requested increase were approved. CEO Statement in Support at 2.

EJA noted that Paragraph 54 of the Joint Petition provides for an increase in the monthly residential customer charge from $14.09 to $15.00, as opposed to PPL's original proposal to increase this monthly charge to $17.00. According to EJA, approval of a settlement reflecting this reduced residential customer charge increase, when considered together with and in the context of the complete package of settlement terms in the Joint Petition, is consistent with the public interest. EJA Statement in Support at 2-3.

In its Statement in Support, PPLICA asserted that although it did not present a litigation position specifically advocating that the LP-4 customer charge not be subject to any scale back, this provision of the Settlement will provide a rate design solution supporting gradualism and further preventing rate shock. PPLICA Statement in Support at 8.

In its Statement in Support, Walmart touted the Joint Petitioners' agreement that the rates for the fixed residential customer charges for Rates GS-3 and

LP-4 shall not be subject to scale back. In Walmart's view, this will result in moving the rates for both Rate GS-3 and LP-4 towards cost causation within each rate class. Walmart opined that these provisions of the Settlement provide a reasonable and balanced rate design that allow for movement towards cost on a revenue-neutral basis, and which does not impact any other class. Walmart Statement in Support at 4.

d. PPL's DSIC (¶¶ 59-61)

(1) Statements in Support

In its Statement in Support, PPL restated that no Party objected to the Company's initial proposal to roll certain riders into base rates and into its overall revenue requirement, as set forth in the Settlement, including the DSIC capital investment and associated depreciation and tax effects. Thus, PPL contended, the Settlement memorializes these undisputed parts of the Company's initial filing, is consistent with Section 1358(b) of the Code, 66 Pa.C.S. § 1358(b), and is in the public interest. According to PPL, the DSIC-related provisions of the Settlement will resolve any ambiguity as to the impact of the instant rate proceeding on the DSIC, including the calculation of the DSIC. PPL Statement in Support at 24-25.

In its Statement in Support, I&E explained that although it did not submit testimony regarding PPL's DSIC proposal, it supports the Settlement in its entirety as being in the public interest. I&E Statement in Support at 9.

In its Statement in Support, the OCA highlighted Paragraph 60 of the Settlement, arguing that this provision clearly establishes the base level of plant investment that must be realized before any incremental expenditures can be recovered through the DSIC, as well as the fact that even if this plant level is met before the end of the FPFTY period, no DISC can go into effect until June 30, 2027, at the earliest. The

OCA asserted that this provision provides clarity regarding the timing and implementation of a DSIC and affords protection for ratepayers that the DSIC will not begin until after the FPFTY and the plant investment noted in the settlement are reached. Additionally, the OCA noted that, as set forth in Paragraph 61 of the Settlement, for purposes of 66 Pa.C.S. Section 1358(b)(1), relating to the DSIC earnings cap, PPL shall use the equity return rate contained in the Commission's most recent Quarterly Report on the Earnings of Jurisdictional Utilities. The OCA explained that this provision is one that is commonly part of settlements that are presented before the Commission. OCA Statement in Support at 20-21.

In its Statement in Support, CAUSE-PA argued that by providing that PPL will only be eligible to restart collection of the DSIC at the later of either the end of the FPFTY at June 30, 2027, or once the net electric plant in service reaches the amount projected by the Company to be in place as of the end of the FPFTY, the Settlement protects customers from an early start of the DSIC before the capital projections that are anticipated to be funded by the rates set in this case are actually incurred. CAUSE-PA added that this provision of the Settlement will help ensure that PPL does not "double dip" through increased rates or through an "early start to the DSIC." Therefore, CAUSE-PA maintained that the Settlement provisions related to PPL's DSIC represent a balanced compromise among the Joint Petitioners that will aid in protecting consumers, and should be approved. CAUSE-PA Statement in Support at 10-11.

PPLICA explained that although it did not take a position in testimony regarding PPL's DSIC-eligible plant or DSIC equity return, it believes that the Settlement provisions regarding these issues represent a compromise between the Joint Petitioners that is reasonable and in the public interest. PPLICA Statement in Support at 8.

e. PPL's SDER (¶¶ 62-65)

The Company's SDER was approved as a part of the *PPL 2015 Rate Case* and is an automatic adjustment rider under Section 1307(a) of the Code, 66 Pa.C.S. § 1307(a), that recovers actual storm damage operating and maintenance expenses resulting from Commission-reportable storms. On the other hand, the Company recovers storm damage expenses from non-reportable storms through base rates.[22] PPL Statement in Support at 63. In the Settlement, the Joint Petitioners agreed that under the SDER, the R Factor[23] for July 1, 2026, and thereafter, unless modified by the Commission in a subsequent base rate case, shall equal $32,000,000, which for purposes of this SDER, constitutes the amount of expense from reportable storms currently recovered through base rates. Joint Petition at 11-12, ¶ 62; PPL Statement in Support at 26.

(1) Statements in Support

In its Statement in Support, PPL asserted that under the Settlement, in contrast to its original proposal, the Company will not include the expenses from non-reportable storms in the SDER. Conversely, PPL explained, no Party opposed the Company's proposed $32 million baseline for reportable storm damage expenses. Therefore, PPL argued that setting the R Factor for July 1, 2026, equal to $32 million, as provided for in the Settlement, accurately represents the positions of the Parties on that expense claim and will allow the Company to appropriately recover expenses related to

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[22] Reportable storms are those that cause unscheduled service interruptions to 2,500 or more customers for six or more consecutive hours from a single event. All other storms are classified as non-reportable storms. *See* 52 Pa. Code § 67.1(b); PPL St. 13 at 9, n.3.

[23] The R factor is the amount of applicable storm damage expense reflected in the Company's base rates. PPL Exh. GEO-1 at 82 (which depicts PPL's proposed Retail Tariff at Original Page No. 29A).

reportable storms, while establishing an accurate baseline of such expenses for the SDER. Additionally, PPL asserted, the Company's revision of the SDER tariff language will provide clarity to help resolve concerns with the existing language in the tariff. Thus, PPL took the position that the SDER-related provisions of the Settlement are reasonable and in the public interest and should be approved, without modification. PPL Statement in Support at 25-27.

In its Statement in Support, I&E highlighted, *inter alia,* that: (1) PPL's SDER rate, effective July 1, 2026, will continue to reflect, and be designed to recover, the amortizations of extraordinary storm events, including the two extraordinary storm events from 2024, and (2) as part of its Retail Tariff compliance filing in this proceeding, PPL will revise the SDER tariff language therein to clarify what costs can be amortized and the methodology through which those amortization amounts will be recovered, as specified in Appendix G, attached to the Joint Petition. According to I&E, the provisions of the Settlement related to the Company's SDER represent a reasonable compromise and are therefore in the public interest. I&E Statement in Support at 9-10.

In its Statement in Support, PPLICA explained it did not take a position in testimony regarding the Company's SDER. Nonetheless, PPLICA noted its support for the Settlement provisions related to the SDER, arguing that they represent a compromise between the Joint Petitioners that is reasonable and in the public interest because these terms balance the competing interests represented in this proceeding. PPLICA Statement in Support at 8-9.

f. Customer Service, Low Income, and Universal Service Issues (¶¶ 66-86)[24]

(1) Termination of Service Procedures (¶ 66)

In its Statement in Support, PPL highlighted that under the Settlement, the Company will revise its written training materials for new field technicians by July 1, 2027, to include personal contact requirements and to be consistent with the settlement in *Petition of PPL Electric Utilities Corporation for Approval to Use the Remote Service Switch in its Meters for Involuntary Service Terminations*, Docket No. P-2016-2524581 (Final Order entered January 19, 2017) (*2016 Remote Involuntary Termination Settlement*), which concerns when the metering system may be used to remotely terminate service. PPL Statement in Support at 28 (citing Settlement ¶ 66). PPL stated that although it rebutted the OCA's allegations regarding deficiencies in the Company's written training materials for field technicians, these Settlement provisions are intended to strengthen the Company's existing training materials and the training received by the Company's personnel and ensure that the Company complies with its obligations regarding termination of service procedures. PPL Statement in Support at 27-28 (citing OCA St. 7 at 25-26). Therefore, PPL argued that these provisions are reasonable and in the public interest. PPL Statement in Support at 28.

[24] In its Statement in Support, RESA submitted that while it takes no position on the Settlement provisions regarding customer service, low income, and universal service issues, RESA's witness, Mr. Frank Lacey, presented rebuttal testimony highlighting the beneficial role of the competitive market in addressing energy costs. RESA Statement in Support at 4 (citing RESA St. 1R at 4-6). RESA explained that because none of the provisions relating to customer service, low income, and universal service result in further restricting the ability of consumers to shop for a competitive supplier or otherwise erect barriers to shopping, RESA is unable to take a position on the specific Settlement terms on these issues. RESA Statement in Support at 4.

In its Statement in Support, I&E noted that it played an active role in the Settlement negotiations regarding these terms and monitored the proposals and counter proposals offered by the Parties throughout the proceeding. As such, I&E stated that it does not oppose these Settlement terms as a reasonable compromise that provides PPL, the Joint Petitioners, and the Commission with regulatory certainty and resolution of the customer service, low-income, and universal service issues raised by the Parties. I&E Statement in Support at 11-12.

In its Statement in Support, the OCA noted that, per the Settlement, PPL agreed to comply with its obligations under the *2016 Remote Involuntary Termination Settlement* to revise its written training materials. OCA Statement in Support at 24 (citing Settlement ¶ 66). According to the OCA, such agreement addresses the concerns raised by the OCA's witness, Ms. Barbara A. Alexander, regarding personal contact at the time of involuntary termination, and will improve communications to vulnerable customers, potentially resulting in fewer terminations. The OCA submitted that this Settlement provision ensures that PPL's Pennsylvania ratepayers are fully informed of their options regarding the avoidance of termination, consistent with the Commission's regulations. As such, the OCA concluded that this provision is in the public interest. OCA Statement in Support at 24-25.

In its Statement in Support, CAUSE-PA noted its strong interest in ensuring that PPL's training for its field representatives is vigorous and correctly reflects required protections for consumers prior to termination of service. CAUSE-PA submitted that these Settlement provisions will better ensure that PPL is complying with crucial provisions in the underlying Settlement related to field representatives in a way that the Commission and the Parties can verify. Therefore, CAUSE-PA concluded that these provisions are reasonable. CAUSE-PA Statement in Support at 13.

In its Statement in Support, PPLICA noted that while it did not take a position in testimony regarding customer service, low income, and associated universal service issues, it supported the Settlement provisions on these issues. According to PPLICA, these provisions represent a compromise between the Joint Petitioners that is reasonable and in the public interest. PPLICA Statement in Support at 9.

(2) Medical Certificates (¶ 67)

In its Statement in Support, PPL highlighted that it agreed to make changes to its medical certificate processes and procedures. PPL Statement in Support at 29. Specifically, PPL represented that by July 1, 2027, the Company will update its call scripting and training materials for customer service representatives and revise these documents so that Company representatives are correctly informing customers that they may continue to renew their medical certificates past two renewals if they are able to pay their current charges and will direct customers seeking medical protections to where they can find additional informational materials on the Company's website. In addition, PPL asserted that it will develop Plain Language informational materials for households protected by a medical certificate, which will be posted on the Company's website. *Id*. (citing Settlement ¶ 67). PPL stated that, within 180 days of the effective date of rates, the Company will provide a draft of its revised call scripting, training materials, and informational materials to the Parties to this proceeding and will evaluate recommendations received from the Parties. PPL Statement in Support at 30 (citing Settlement ¶ 67). According to PPL, the Settlement strikes a reasonable balance between the interests of PPL and CAUSE-PA and ensures that PPL's medical certification processes and procedures are updated, compliant, and easier for customers to understand. As such, PPL contended that these Settlement provisions are reasonable and in the public interest. PPL Statement in Support at 30.

In its Statement in Support, I&E noted that it played an active role in the Settlement negotiations regarding these terms and monitored the proposals and counter proposals offered by the Parties throughout the proceeding. As such, I&E stated that it does not oppose these Settlement terms as a reasonable compromise that provides PPL, the Joint Petitioners, and the Commission with regulatory certainty and resolution of the customer service, low-income, and universal service issues raised by the Parties. I&E Statement in Support at 11-12.

In its Statement in Support, CAUSE-PA emphasized that these Settlement provisions provide important modifications ensuring PPL's customers are provided accurate information about medical certificate processes and protections, consistent with PPL's statutory and regulatory requirements related to accepting such certificates. According to CAUSE-PA, requiring that draft materials regarding this issue be provided to the Parties for feedback will also help ensure accuracy and compliance with the Commission's requirements. CAUSE-PA noted that although its recommendations on these issues were not fully adopted, these provisions represent a balanced compromise of the Parties' positions. Therefore, CAUSE-PA submitted that these provisions are reasonable and in the public interest. CAUSE-PA Statement in Support at 17.

In its Statement in Support, PPLICA noted that while it did not take a position in testimony regarding customer service, low income, and associated universal service issues, it supported the Settlement provisions on these issues. According to PPLICA, these provisions represent a compromise between the Joint Petitioners that is reasonable and in the public interest. PPLICA Statement in Support at 9.

(3) Call Center Performance (¶¶ 68-70)

In its Statement in Support, PPL argued that this Settlement provision reflects a reasonable compromise of the Parties' positions. PPL noted that under the

Settlement, the Company will conduct a review of, and update, its third-party call center vendor provided training materials to ensure that they reflect the most current Pennsylvania policies and other reforms reflected in the Settlement by January 1, 2028. PPL Statement in Support at 32 (citing Settlement ¶ 68). Further, PPL stated that the Company will, in good faith, endeavor to operate its call center to reduce the level of abandoned calls to no more than 9% annually and to answer no less than 80% of its calls within 30 seconds, beginning January 1, 2027. PPL Statement in Support at 32 (citing Settlement ¶ 69). PPL explained that if the Company is unable to achieve this level of performance, it will promptly meet with the Parties to discuss those areas of challenge and its plan to improve service levels. PPL Statement in Support at 32-33 (citing Settlement ¶ 69). PPL stated that its performance in these areas relative to the prior provision shall include the call data for interactive voice response (IVR) calls, consistent with the reporting of the other major electric utilities in Pennsylvania. PPL Statement in Support at 33 (citing Settlement ¶ 70). According to PPL, the Settlement addresses a variety of customer service issues and recommendations concerning the Company's call center performance. PPL submitted that these Settlement provisions properly balance the competing positions of the Parties, reflect the time needed for PPL to implement these provisions, and explain how the Company's performance under these provisions will be evaluated. Therefore, it is the position of PPL that these provisions are reasonable and in the public interest. PPL Statement in Support at 33.

In its Statement in Support, I&E noted that it played an active role in the Settlement negotiations regarding these terms and monitored the proposals and counter proposals offered by the Parties throughout the proceeding. As such, I&E stated that it does not oppose these Settlement terms as a reasonable compromise that provides PPL, the Joint Petitioners, and the Commission with regulatory certainty and resolution of the customer service, low-income, and universal service issues raised by the Parties. I&E Statement in Support at 11-12.

In its Statement in Support, regarding third-party call centers, the OCA noted that under the Settlement, the Joint Petitioners adopted the OCA's recommendations on this issue, in part. The OCA explained that the recommendations of its witness, Ms. Alexander, were proposed to ensure that third-party call centers are following the most current regulatory policies in Pennsylvania. The OCA submitted that this Settlement term represents a reasonable compromise of this issue and is in the public interest because it requires a review and update to PPL's third-party call center vendors regarding training materials. OCA Statement in Support at 27-28.

Regarding call center performance, the OCA highlighted that had this proceeding been fully litigated, the Commission may not require a targeted call center performance level with the opportunity for follow-up discussion regarding call center performance. Therefore, the OCA submitted that this Settlement provision represents a reasonable compromise to improve PPL's call center performance that the Parties may not have realized through litigation. OCA Statement in Support at 29.

In its Statement in Support, CAUSE-PA explained that it did not take a position in this proceeding related to the third-party call center vendor provisions of the Settlement. Nonetheless, CAUSE-PA extended its support for these provisions negotiated by the Joint Petitioners, asserting that such provisions will help to ensure that these materials reflect current Pennsylvania policies and Settlement reforms. CAUSE-PA Statement in Support at 17.

In its Statement in Support, PPLICA noted that while it did not take a position in testimony regarding customer service, low income, and associated universal service issues, it supported the Settlement provisions on these issues. According to PPLICA, these provisions represent a compromise between the Joint Petitioners that is reasonable and in the public interest. PPLICA Statement in Support at 9.

(4) Root Cause Analysis (¶ 71)

In its Statement in Support, PPL stated that prior to the Company's next base rate case, but not sooner than 12 months after the entry date of the Commission's Final Order in this proceeding, the Company 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. In addition, PPL noted that in its next base rate case, the Company will make available the findings of the root cause analysis to I&E, the OCA, the OSBA, and CAUSE-PA. PPL Statement in Support at 34 (citing Settlement ¶ 71). According to PPL, these Settlement provisions are a reasonable compromise of the Parties' positions. PPL noted that it will not be performing the analyses to an unreasonable extent or in place of better remedial alternatives, such as individual remedial training. Thus, PPL concluded that these provisions are reasonable and in the public interest. PPL Statement in Support at 34.

In its Statement in Support, I&E noted that it played an active role in the Settlement negotiations regarding these terms and monitored the proposals and counter proposals offered by the Parties throughout the proceeding. As such, I&E stated that it does not oppose these Settlement terms as a reasonable compromise that provides PPL, the Joint Petitioners, and the Commission with regulatory certainty and resolution of the customer service, low-income, and universal service issues raised by the Parties. I&E Statement in Support at 11-12.

In its Statement in Support, the OCA noted that requiring PPL to conduct a root cause analysis of its internally resolved customer disputes represents a reasonable compromise of a contentious issue that may not have been resolved through litigation. OCA Statement in Support at 32. The OCA referenced the testimony of its witness, Ms. Alexander, who testified that "[a] proper root cause analysis analyzes complaint data to find common themes, trends, and to document underlying causes." *Id*. (citing

OCA St. 7SR at 9). According to the OCA, this root cause analysis will inform the Parties of complaint trends and underlying causes that can be used to ensure that PPL actively addresses services issues that its customers face. Therefore, the OCA concluded that this Settlement provision is reasonable and in the public interest. OCA Statement in Support at 32-33.

CAUSE-PA explained that it did not take a position in this proceeding related to the root cause analysis provisions of the Settlement. Nonetheless, CAUSE-PA extended its support for the provisions negotiated by the Joint Petitioners, asserting that such provisions will provide important data concerning customer disputes and complaints and will aid PPL, the Commission, and the Parties in identifying recommended reforms or corrective actions as a result. CAUSE-PA Statement in Support at 17-18.

In its Statement in Support, PPLICA noted that while it did not take a position in testimony regarding customer service, low income, and associated universal service issues, it supported the Settlement provisions on these issues. According to PPLICA, these provisions represent a compromise between the Joint Petitioners that is reasonable and in the public interest. PPLICA Statement in Support at 9.

(5) Confirmed Low-Income (CLI) Customers (¶¶ 72-73)

In its Statement in Support, PPL argued that the Joint Petitioners have achieved a reasonable resolution of the issues concerning CLI customers. PPL stated its agreement to define a "confirmed low-income customer" to also include any customer who received a Low-Income Home Energy Assistance Program (LIHEAP) grant within the current or immediately preceding two LIHEAP program years, as well as any customer who has participated in PPL's CAP within the last 12 months. PPL Statement in Support at 36 (citing Settlement ¶ 72). Additionally, PPL noted that, beginning

January 1, 2027, before the Company enters into a Deferred Payment Arrangement (DPA) with a customer, which the Company either: (1) knows to be a CLI customer; or (2) has generated information through the DPA process documenting that the customer is in the Tier 1 income range (at or below 150% of the Federal Poverty Level (FPL)), the Company will provide the customer with plain language information on PPL's CAP and an explanation of the advantages of CAP's arrearage forgiveness benefits. PPL Statement in Support at 36 (citing Settlement ¶ 73). According to PPL, the Settlement's modifications to the Company's CLI definition and payment arrangement process strike a reasonable balance between the interests of PPL, the OCA, and CAUSE-PA. Therefore, PPL concluded that such modifications are reasonable and in the public interest. PPL Statement in Support at 36.

In its Statement in Support, I&E noted that it played an active role in the Settlement negotiations regarding these terms and monitored the proposals and counter proposals offered by the Parties throughout the proceeding. As such, I&E stated that it does not oppose these Settlement terms as a reasonable compromise that provides PPL, the Joint Petitioners, and the Commission with regulatory certainty and resolution of the customer service, low-income, and universal service issues raised by the Parties. I&E Statement in Support at 11-12.

In its Statement in Support, regarding the identification of low-income customers, the OCA noted that under the Settlement, the Joint Petitioners adopted the recommendation of the OCA's witness, Mr. Roger D. Colton. OCA Statement in Support at 34 (citing Settlement at ¶ 72). According to the OCA, this Settlement provision is in the public interest because it reduces barriers to CAP enrollment, which will enable more low-income customers to receive the low-income benefits for which they are already eligible. OCA Statement in Support at 34.

Regarding the plain language notice of customer assistance plan rights, the OCA emphasized that under the Settlement, the Joint Petitioners have again adopted the recommendation of the OCA's witness, Mr. Colton. OCA Statement in Support at 35-36 (citing Settlement at ¶ 73). Namely, the OCA stated that under the Settlement, PPL will modify its CAP bill review process to review rates for all CAP customers, including those receiving the average bill and Percentage of Income Payment (PIP) CAP rate, and will also ensure that customers are being billed the rate that is most advantageous to them. OCA Statement in Support at 36 (citing Settlement at ¶ 80). The OCA submitted that this provision is in the public interest, as it will allow low-income customers to better understand how to receive service at a rate that is most favorable to them, which will increase the chance that such service is affordable to them. OCA Statement in Support at 36.

In its Statement in Support, CAUSE-PA extended its support for the provisions at Paragraph 72 of the Settlement regarding identification of low-income customers. CAUSE-PA asserted that such provisions will help to better identify low-income customers so that these customers can access important protections and be more appropriately referred to universal service programs. CAUSE-PA Statement in Support at 18-19. According to CAUSE-PA, this is of particular importance, as PPL's CAP is undersubscribed, and a more accurate count of low-income customers is essential to determining whether PPL's low-income customers can reasonably access services at just and reasonable rates. *Id*. at 19 (citing CAUSE-PA St. 1 at 42, n.109). As such, CAUSE-PA submitted that these provisions are reasonable and should be approved. CAUSE-PA Statement in Support at 19.

CAUSE-PA also submitted that while its recommendations regarding PPL's payment arrangements were not adopted in their entirety, the provisions at Paragraph 73 of the Settlement will help low-income customers receive more information about PPL's CAP, with the objective that such customers will enroll in the program

instead of being placed on payment arrangements, which are additive to their already unaffordable monthly bills. CAUSE-PA submitted that enrollment in the Company's CAP, before these customers are placed in payment arrangements, will allow them to address their accrued arrearages through the CAP, instead of through unsuccessful payment arrangements. Therefore, CAUSE-PA concluded that these provisions are reasonable and should be approved. CAUSE-PA Statement in Support at 20.

In its Statement in Support, PPLICA noted that while it did not take a position in testimony regarding customer service, low income, and associated universal service issues, it supported the Settlement provisions on these issues. According to PPLICA, these provisions represent a compromise between the Joint Petitioners that is reasonable and in the public interest. PPLICA Statement in Support at 9.

(6) Maximum CAP Credits (¶¶ 74-75)

In its Statement in Support, PPL explained that OnTrack is the Company's CAP, which is a special payment program for payment-troubled, low-income households at or below 150 percent of the Federal Poverty Income Guidelines (FPIG). PPL Statement in Support at 36 (citing PPL St. No. 18-R at 27). PPL further explained that under the Company's CAP, participating customers pay a reduced bill that is based on the selected CAP rate (*i.e.*, PIP, average bill, or minimum bill). PPL Statement in Support at 36 (citing CAUSE-PA St. 1 at 52). PPL noted that the CAP revenue shortfall, or CAP credit, is the difference in cost between the customer's CAP rate and their full tariff residential rate, and that the amount of assistance provided to a customer under PPL's CAP is limited to the maximum CAP credit amount. PPL Statement in Support at 36 (citing CAUSE-PA St. 1 at 52-53). In addition, PPL noted that when customers reach their CAP credit limit, they are transferred to OnTrack Budget Billing (OTBB). PPL Statement in Support at 37 (citing CAUSE-PA St. 1 at 51).

PPL asserted that under the Settlement, in the earlier of its next filed rate case or its next default service petition, PPL will propose an adjustment to the maximum CAP credit thresholds to account for proposed adjustments in generation and distribution rates in the interim or will explain why it does not believe any such adjustment is necessary. PPL Statement in Support at 38 (citing Settlement ¶ 74). PPL explained that the Settlement includes CAUSE-PA's alternative recommendation to increase the maximum CAP credit limits by 60%, which, the Company contended, is a reasonable compromise of the competing litigation positions of the Parties when viewed as a part of the overall Settlement. In addition, PPL contended that these increased maximum CAP credit limits will help CAP customers pay down more of their balances in arrears, while being mindful of the downstream costs that removal of the limits entirely would have had on Universal Service Rider (USR) costs. Therefore, PPL concluded that this provision is reasonable and in the public interest. PPL Statement in Support at 38.

In its Statement in Support, I&E submitted that the Settlement provisions regarding increases in PPL's maximum CAP credits are fair and reasonable and therefore, in the public interest. I&E noted that it played an active role in the Settlement negotiations regarding these terms and monitored the proposals and counter proposals offered by the Parties throughout the proceeding. As such, I&E stated that it does not oppose these Settlement terms as a reasonable compromise that provides PPL, the Joint Petitioners, and the Commission with regulatory certainty and resolution of the customer service, low-income, and universal service issues raised by the Parties. I&E Statement in Support at 11-12.

CAUSE-PA took the position that while its recommendation for the elimination of PPL's maximum CAP credit limits was not adopted in its entirety, the provisions at Paragraphs 74-75 of the Settlement will provide important increases to PPL's CAP credit limits so that more CAP customers can retain discounted bills, which are essential for these customers to access more affordable services. According to

CAUSE-PA, requiring PPL to propose adjustment of these limits to account for changes in generation and distribution rates in the interim will help the Commission, PPL, and the Parties to better evaluate necessary future adjustments to these limits. CAUSE-PA submitted that although these solutions will not fully resolve the inherent issues related to PPL's CAP credit limits, these provisions are reasonable considering the totality of terms contained in the Settlement and strike a reasonable balance of the Parties' positions in this proceeding. CAUSE-PA Statement in Support at 23.

In its Statement in Support, CEO averred that the proposed Settlement allows low-income ratepayers additional support to meet the increase in rates that will result from this proceeding. CEO stated that the Settlement provides for increased funding for PPL's Low-Income Usage Reduction Program **(**LIURP) and CAP, as well as providing easier access for low-income ratepayers to access universal service programs. CEO Statement in Support at 2.

In its Statement in Support, PPLICA noted that while it did not take a position in testimony regarding customer service, low income, and associated universal service issues, it supported the Settlement provisions on these issues. According to PPLICA, these provisions represent a compromise between the Joint Petitioners that is reasonable and in the public interest. PPLICA Statement in Support at 9.

(7) LIURP (¶ 76)

In its Statement in Support, PPL explained that its Winter Relief Assistance Program (WRAP) is the Company's LIURP, which is a statutorily mandated universal service program to help customers reduce their electric bills and improve comfort through weatherization measures. PPL Statement in Support at 38 (citing PPL St. 18-R at 27). PPL noted that under the Settlement, beginning January 1, 2027, the Company will increase its LIURP annual budget by $1.5 million for a total of $13.5 million. PPL also

noted that it will roll over any unspent budgeted amounts in any year to the next year's LIURP budget. PPL Statement in Support at 39 (citing Settlement ¶ 76). According to PPL, this amount in the LIURP budget represents a reasonable middle ground of the Parties' proposals. PPL asserted that an increase in the budget will improve the program's reach and takes into consideration the resulting USR costs for other customers and the Company's most recent LIURP budget increase from its Universal Service and Energy Conservation Plan (USECP) proceeding. Therefore, PPL concluded that this Settlement provision is reasonable and in the public interest. PPL Statement in Support at 39.

In its Statement in Support, I&E submitted that the Settlement provisions regarding increases in PPL's LIURP budget are fair and reasonable and therefore, in the public interest. I&E noted that it played an active role in the Settlement negotiations regarding these terms and monitored the proposals and counter proposals offered by the Parties throughout the proceeding. As such, I&E stated that it does not oppose these Settlement terms as a reasonable compromise that provides PPL, the Joint Petitioners, and the Commission with regulatory certainty and resolution of the customer service, low income, and universal service issues raised by the Parties. I&E Statement in Support at 11-12.

In its Statement in Support, CAUSE-PA noted that although the amount of the increase to PPL's LIURP budget provided for under the Settlement is substantially less than what CAUSE-PA recommended in testimony, it nonetheless supported the proposed increases agreed to under the Settlement. CAUSE-PA submitted that these increases will improve the ability of PPL's LIURP to serve unmet need for usage reduction of its low-income customers. CAUSE-PA asserted that the increased budget is important considering the agreed-upon increase to PPL's revenue requirements provided for under the Settlement, so that low-income customers can better access usage reduction services to control their already high monthly bills. CAUSE-PA concluded that these

provisions are reasonable and in the public interest, particularly with the other proposed modifications to PPL's universal service programs for which the Settlement provides. CAUSE-PA Statement in Support at 24-25.

In its Statement in Support, CEO averred that the proposed Settlement allows low-income ratepayers additional support to meet the increase in rates that will result from this proceeding. CEO stated that the Settlement provides for increased funding for LIURP and CAP, as well as providing easier access for low-income ratepayers to access universal service programs. CEO Statement in Support at 2.

In its Statement in Support, PPLICA noted that while it did not take a position in testimony regarding customer service, low income, and associated universal service issues, it supported the Settlement provisions on these issues. According to PPLICA, these provisions represent a compromise between the Joint Petitioners that is reasonable and in the public interest. PPLICA Statement in Support at 9.

In its Statement in Support, SEF extended its support for the Settlement provision increasing the funding for PPL's LIURP. SEF Statement in Support at 3 (citing Settlement ¶ 76; Appendix D, Proposed Finding of Fact ¶¶ 184–86). SEF submitted that while the Settlement provides for an increase in LIURP funding of $1.5 million, rather than the full increase that SEF recommended, the additional funding represents a meaningful step toward expanding WRAP services and improving affordability for low-income customers. SEF Statement in Support at 4 (citing Settlement ¶ 76). Therefore, SEF stated that it supports this provision. SEF Statement in Support at 4.

(8) Customer Screening (¶ 77)

In its Statement in Support, PPL stated that per the Settlement, the Company 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: (1) classified as a CLI customer; and (2) referred to the CAP application process and any other universal service programs. PPL Statement in Support at 40 (citing Settlement ¶ 77). According to PPL, these Settlement terms resolve the positions of the Parties regarding the Company's screening process and provide the Company with the time it needs to implement these changes. As such, PPL concluded that these provisions are reasonable and in the public interest and should be approved. PPL Statement in Support at 40.

In its Statement in Support, I&E noted that it played an active role in the Settlement negotiations regarding these terms and monitored the proposals and counter proposals offered by the Parties throughout the proceeding. As such, I&E stated that it does not oppose these Settlement terms as a reasonable compromise that provides PPL, the Joint Petitioners, and the Commission with regulatory certainty and resolution of the customer service, low-income, and universal service issues raised by the Parties. I&E Statement in Support at 11-12.

In its Statement in Support, CAUSE-PA highlighted that the improved screening provided for under Paragraph 77 of the Settlement will help PPL to identify more low-income customers, with the aim of connecting these customers to needed assistance before they experience payment trouble and the accrual of unmanageable arrears, leading to service termination and ultimately impacting all ratepayers. CAUSE-PA Statement in Support at 26-27 (citing CAUSE-PA St. 1 at 71). According to CAUSE-PA, connecting customers with assistance through CAP and PPL's other universal service programs is also essential for these customers to lessen high energy

burdens, both at current and proposed rates. CAUSE-PA submitted that while its recommendations regarding screening and referral of low-income customers were not adopted in their entirety, these provisions represent reasonable modifications to PPL's current processes and should be approved. CAUSE-PA Statement in Support at 27.

In its Statement in Support, PPLICA noted that while it did not take a position in testimony regarding customer service, low income, and associated universal service issues, it supported the Settlement provisions on these issues. According to PPLICA, these provisions represent a compromise between the Joint Petitioners that is reasonable and in the public interest. PPLICA Statement in Support at 9.

(9) CAP Recovery Offset (¶ 78)

In its Statement in Support, PPL noted that per the Settlement, the Company's proposal to eliminate its existing CAP cost recovery offset is withdrawn, without prejudice. In addition, PPL stated that the CAP participation threshold used for determining when to start applying the $100 credit shall be increased from 44,000 to 75,000 customers. PPL Statement in Support at 42 (citing Settlement ¶ 78). According to PPL, these Settlement provisions reflect a reasonable compromise of the Parties' positions by preserving the Company's right to propose, in a future proceeding, the elimination of the CAP cost recovery offset, while updating the enrollment level under the CAP cost recovery offset to reflect the CAP participation level for the FPFTY. Therefore, PPL concluded that these provisions are reasonable and in the public interest. PPL Statement in Support at 42.

In its Statement in Support, I&E noted that it played an active role in the Settlement negotiations regarding these terms and monitored the proposals and counter proposals offered by the Parties throughout the proceeding. As such, I&E stated that it does not oppose these Settlement terms as a reasonable compromise that provides PPL,

the Joint Petitioners, and the Commission with regulatory certainty and resolution of the customer service, low-income, and universal service issues raised by the Parties. I&E Statement in Support at 11-12.

In its Statement in Support, the OCA stated that this Settlement provision is in the public interest because it will prevent PPL from recovering more for its universal service costs than it otherwise is entitled to, and accounts for the impact that CAP participants paying an affordable bill have on the Company's overall revenues. In addition, the OCA asserted that this provision will ensure that the appropriate universal service dollars are being used as intended and that PPL's rates will otherwise be just and reasonable. OCA Statement in Support at 38.

In its Statement in Support, PPLICA noted that while it did not take a position in testimony regarding customer service, low income, and associated universal service issues, it supported the Settlement provisions on these issues. According to PPLICA, these provisions represent a compromise between the Joint Petitioners that is reasonable and in the public interest. PPLICA Statement in Support at 9.

(10) CAP Enrollment (¶ 79)

In its Statement in Support, PPL argued that the Settlement resolves the disagreements between PPL and CAUSE-PA regarding CAP enrollment by requiring PPL to streamline CAP enrollment in specific ways. PPL Statement in Support at 43-44 (citing Settlement ¶ 79). PPL averred that these provisions reasonably balance the Parties' positions on the CAP enrollment issues and recommendations. PPL explained that the intent of the Settlement terms is to help streamline customer enrollment in the Company's CAP. PPL stated that the Settlement also builds in the time necessary for PPL to implement these modifications to its CAP enrollment processes. Ultimately,

PPL insisted that these Settlement provisions are reasonable and in the public interest and should be approved. PPL Statement in Support at 43-44.

In its Statement in Support, I&E noted that it played an active role in the Settlement negotiations regarding these terms and monitored the proposals and counter proposals offered by the Parties throughout the proceeding. As such, I&E stated that it does not oppose these Settlement terms as a reasonable compromise that provides PPL, the Joint Petitioners, and the Commission with regulatory certainty and resolution of the customer service, low income, and universal service issues raised by the Parties. I&E Statement in Support at 11-12.

In its Statement in Support, CAUSE-PA submitted that the provisions at Paragraph 79.a. of the Settlement represent a balanced compromise of the Parties. CAUSE-PA noted that while its recommendations were not adopted in their entirety, these processes will help to clarify the hold period placed on accounts while customers apply for CAP and that such hold will be extended past 21 days if a customer submits a CAP application within this period which takes longer than 21 days to process. CAUSE-PA expressed its continued concern regarding customers who, within the course of the year, are subsequently referred to CAP. However, CAUSE-PA submitted that Paragraph 79.a. of the Settlement provides important additional clarity related to PPL's CAP hold processes, is reasonable, and should be approved. CAUSE-PA Statement in Support at 28-29.

Regarding the provisions at Paragraph 79.b. of the Settlement, CAUSE-PA submitted that these provisions are reasonable and align with its recommendations. According to CAUSE-PA, permitting low-income customers to reconnect through enrollment in CAP will reduce barriers to reconnection and, in turn, address arrears which are eligible for forgiveness through CAP. CAUSE-PA asserted that updating PPL's policies, procedures, and call scripting to screen for CAP eligibility when

customers seek to reconnect to reflect this important change will ensure that PPL is appropriately implementing these changes. Therefore, CAUSE-PA concluded that these provisions are reasonable and should be approved. CAUSE-PA Statement in Support at 30.

CAUSE-PA submitted that while the provisions at Paragraph 79.c. of the Settlement do not squarely align with its recommendations, on balance, these provisions are reasonable and will ensure that PPL is using available LIHEAP data to process CAP applications/recertification without imposing additional and duplicative consent requirements. In addition, CAUSE-PA asserted that these provisions will help customers who are seeking to apply for CAP via phone to streamline their application processes if LIHEAP income and household composition data are available. CAUSE-PA noted that while these provisions do not implement the auto-enrollment recommendations provided by CAUSE-PA's witness, Mr. Patrick Cicero, they will improve PPL's current deficient use of LIHEAP data. Therefore, CAUSE-PA concluded that these provisions are reasonable and should be approved. CAUSE-PA Statement in Support at 31.

In its Statement in Support, PPLICA noted that while it did not take a position in testimony regarding customer service, low income, and associated universal service issues, it supported the Settlement provisions on these issues. According to PPLICA, these provisions represent a compromise between the Joint Petitioners that is reasonable and in the public interest. PPLICA Statement in Support at 9.

(11) CAP Billing Review Process (¶ 80)

In its Statement in Support, PPL asserted that the Settlement memorializes the Company's agreement to modify its monthly CAP bill review process to review rates for all CAP customers, such that the Company determines whether the average bill

option is better than the PIP option for average bill customers, as recommended by CAUSE-PA. PPL Statement in Support at 44 (citing CAUSE-PA St. 1 at 52; PPL St. 18-RJ at 8). According to PPL, this Settlement term ensures that the Company will include this modification to its monthly CAP bill review process and provide the Company with the time it needs to implement this change. Thus, PPL concluded that this provision is reasonable and in the public interest. PPL Statement in Support at 45.

In its Statement in Support, I&E noted that it played an active role in the Settlement negotiations regarding these terms and monitored the proposals and counter proposals offered by the Parties throughout the proceeding. As such, I&E stated that it does not oppose these Settlement terms as a reasonable compromise that provides PPL, the Joint Petitioners, and the Commission with regulatory certainty and resolution of the customer service, low income, and universal service issues raised by the Parties. I&E Statement in Support at 11-12.

In its Statement in Support, CAUSE-PA highlighted that these Settlement provisions squarely align with CAUSE-PA's recommendations and should be approved. CAUSE-PA Statement in Support at 32. According to CAUSE-PA, ensuring that CAP participants have the most advantageous rate possible, regardless of which payment method they are currently being assigned, is required under 66 Pa.C.S. § 1303 and is vital to ensuring that these customers can access just and reasonable rates and lessen any increased unaffordability if PPL is permitted to increase its rates in this proceeding. *Id*. (citing 66 Pa.C.S. § 1303).

In its Statement in Support, PPLICA noted that while it did not take a position in testimony regarding customer service, low income, and associated universal service issues, it supported the Settlement provisions on these issues. According to PPLICA, these provisions represent a compromise between the Joint Petitioners that is reasonable and in the public interest. PPLICA Statement in Support at 9.

(12) Live Customer Service Representative Access for Low-Income Customers (¶ 81)

In its Statement in Support, PPL explained that under the Settlement, within 120 days of the effective date of rates, 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. Additionally, PPL stated that customers who provide income information indicating low-income status will be informed of the benefits of CAP and hardship funds and provided with the opportunity to apply during the call. PPL Statement in Support at 45-46 (citing Settlement ¶ 81). PPL explained that the Settlement terms represent a reasonable resolution of the Parties' positions, by helping facilitate low-income customers' access to information from a live customer service representative regarding payment arrangements and assistance programs, while accounting for the time needed for PPL to implement this change in policies and procedures. PPL Statement in Support at 46.

In its Statement in Support, I&E noted that it played an active role in the Settlement negotiations regarding these terms and monitored the proposals and counter proposals offered by the Parties throughout the proceeding. As such, I&E stated that it does not oppose these Settlement terms as a reasonable compromise that provides PPL, the Joint Petitioners, and the Commission with regulatory certainty and resolution of the customer service, low income, and universal service issues raised by the Parties. I&E Statement in Support at 11-12.

In its Statement in Support, CAUSE-PA strongly supported the Settlement provisions regarding live customer service representative access for low-income customers, arguing that the agreed-upon provisions will help to better address the significant number of low-income customers who are placed on unsuccessful payment

arrangements rather than enrolled in CAP. CAUSE-PA restated its assertion that payment arrangement amounts are additive to customers' monthly bills and only exacerbate the unaffordability of these bills for low-income customers. According to CAUSE-PA, the proposed Settlement provisions in Paragraph 81 of the Settlement will help low-income customers to better connect with assistance so that they can retire their arrears through PPL's CAP, which is in the public interest. CAUSE-PA Statement in Support at 33-34.

In its Statement in Support, CEO averred that the proposed Settlement allows low-income ratepayers additional support to meet the increase in rates that will result from this proceeding. CEO stated that the Settlement provides for increased funding for LIURP and CAP, as well as providing easier access for low-income ratepayers to access universal service programs. CEO Statement in Support at 2.

In its Statement in Support, PPLICA noted that while it did not take a position in testimony regarding customer service, low income, and associated universal service issues, it supported the Settlement provisions on these issues. According to PPLICA, these provisions represent a compromise between the Joint Petitioners that is reasonable and in the public interest. PPLICA Statement in Support at 9.

(13) USECP Employees' Salaries and Wages (¶ 82)

In its Statement in Support, PPL noted that under the Settlement, the Company agreed to withdraw, without prejudice, its proposal to recover USECP employees' salaries and wages through the USR. PPL explained that this provision helps resolve this issue in the instant proceeding, while also preserving the Company's right to make this proposal in a future proceeding if it chooses to do so, and is, therefore, in the public interest. PPL Statement in Support at 47.

In its Statement in Support, I&E stated that it supports this Settlement provision as being in the public interest, as it aligns with I&E's testimony in this proceeding. I&E Statement in Support at 10.

In its Statement in Support, the OCA contended that this provision of the Settlement is in the public interest because it will prohibit PPL from unnecessarily recovering costs through a rider that should instead be recovered through base rates, thereby further helping to keep overall rates affordable. OCA Statement in Support at 39.

In its Statement in Support, CAUSE-PA explained that this Settlement provision aligns with its position on this issue and that continuing to assess these salaries and wages through rates will help to ensure that these costs are reasonable, prudent, and foreseeable, and not improperly assessed solely against residential customers while providing broad benefits across customer classes. CAUSE-PA Statement in Support at 35.

In its Statement in Support, PPLICA noted that while it did not take a position in testimony regarding customer service, low income, and associated universal service issues, it supported the Settlement provisions on these issues. According to PPLICA, these provisions represent a compromise between the Joint Petitioners that is reasonable and in the public interest. PPLICA Statement in Support at 9.

(14) USR Reconciliation (¶ 83)

In its Statement in Support, PPL explained that in rebuttal testimony, the Company agreed to establish a customer charge to recover $10 million of its total

projected USR costs to the newly-established LP-6 rate class,[25] and, related to this change, proposed to change its USR rate filing from once per year in January to three times per year, in January, May, and September. PPL stated that the agreed-upon Settlement provision increases the annual allocation of USR costs to Rate LP-6 from $10 million to $11 million. According to PPL, due to the inclusion of that allocation, the Settlement provides for the Company's proposed adjustment to the frequency by which the USR rate filing occurs and the change will be incorporated in PPL's Retail Tariff compliance filing. PPL stated that this agreed-upon change to the USR rate filing frequency is reasonable and in the public interest. PPL Statement in Support at 47.

In its Statement in Support, I&E noted that it played an active role in the Settlement negotiations regarding these terms and monitored the proposals and counter proposals offered by the Parties throughout the proceeding. As such, I&E stated that it does not oppose these Settlement terms as a reasonable compromise that provides PPL, the Joint Petitioners, and the Commission with regulatory certainty and resolution of the customer service, low-income, and universal service issues raised by the Parties. I&E Statement in Support at 11-12.

In its Statement in Support, PPLICA noted that while it did not take a position in testimony regarding customer service, low income, and associated universal service issues, it supported the Settlement provisions on these issues. According to PPLICA, these provisions represent a compromise between the Joint Petitioners that is reasonable and in the public interest. PPLICA Statement in Support at 9.

[25] As described in Paragraph 91 of the Settlement, tariff schedule LP-6 will govern the rates, terms, and conditions of service to large load (data center) customers.

(15) Reconnection Fees (¶ 84)

In its Statement in Support, PPL noted that per the Settlement, beginning July 1, 2027, the Company has agreed to waive reconnection fees for all customers who have a household income at or below 150% of the FPL. PPL Statement in Support at 48 (citing Settlement ¶ 84). PPL stated that this term is in the public interest because households will be able to reconnect service without paying an extra $14, which CAUSE-PA argued in this proceeding, can pose as a barrier to a customer reconnecting service after termination. PPL Statement in Support at 48-49.

In its Statement in Support, I&E noted that it played an active role in the Settlement negotiations regarding these terms and monitored the proposals and counter proposals offered by the Parties throughout the proceeding. As such, I&E stated that it does not oppose these Settlement terms as a reasonable compromise that provides PPL, the Joint Petitioners, and the Commission with regulatory certainty and resolution of the customer service, low income, and universal service issues raised by the Parties. I&E Statement in Support at 11-12.

In its Statement in Support, CAUSE-PA strongly supported the Settlement provision waiving reconnection fees for all customers who have a household income at or below 150% of the FPL, reasoning that this will meaningfully help low-income customers seeking to reconnect to services. CAUSE-PA Statement in Support at 36. CAUSE-PA explained that PPL's CLI customers are terminated at rates four times higher than PPL's residential customers as a whole. According to CAUSE-PA, reconnection fees stand as a punitive barrier to low-income customers reconnecting because these customers have already demonstrated that they cannot afford their monthly bills and the "asked-to-pay amounts" to avoid service termination. *Id.* (citing CAUSE-PA St. 1 at 129: 11-17). CAUSE-PA averred that this Settlement provision is in the public interest because eliminating reconnection fees for customers with household income at or below

150% of the FPL will alleviate barriers for these customers successfully reconnecting to services which are essential to staying safe and healthy in homes. CAUSE-PA Statement in Support at 36.

In its Statement in Support, PPLICA noted that while it did not take a position in testimony regarding customer service, low income, and associated universal service issues, it supported the Settlement provisions on these issues. According to PPLICA, these provisions represent a compromise between the Joint Petitioners that is reasonable and in the public interest. PPLICA Statement in Support at 9.

(16) Security Deposits (¶¶ 85-86)

In its Statement in Support, PPL noted that under the Settlement, the Company agreed to modify its cash security deposit policies to address issues raised by other Parties in this proceeding. PPL Statement in Support at 50. Specifically, PPL explained that by July 1, 2027, PPL will revise its security deposit policies to reflect that if a customer has previously paid a security deposit and subsequently demonstrates that they are income-eligible for PPL's CAP, PPL will return the security deposit to the customer and will not apply the security deposit to the customer's bills unless the customer specifically agrees that it may be applied to the customer's bill. PPL Statement in Support at 50-51 (citing Settlement ¶ 85). According to PPL, these Settlement provisions modify the Company's cash security deposit policies and reflect a reasonable balance of the positions of the other Parties and the Company. PPL stated that these provisions are in the public interest because they help clarify the treatment of cash security deposits and are designed to ensure that the Company refunds cash security deposits to customers. PPL Statement in Support at 50-51.

In its Statement in Support, I&E noted that it played an active role in the Settlement negotiations regarding these terms and monitored the proposals and counter

proposals offered by the Parties throughout the proceeding. As such, I&E stated that it does not oppose these Settlement terms as a reasonable compromise that provides PPL, the Joint Petitioners, and the Commission with regulatory certainty and resolution of the customer service, low income, and universal service issues raised by the Parties. I&E Statement in Support at 11-12.

In its Statement in Support, the OCA contended that these Settlement provisions address the OCA's concerns raised in this proceeding. The OCA explained that should the Settlement provisions be adopted, they will help ensure that low-income customers will have greater access to fundamental utility service. OCA Statement in Support at 41-42.

In its Statement in Support, CAUSE-PA asserted that the provisions contained in Paragraphs 85 and 86 of the Settlement are reasonable and should be approved. CAUSE-PA contended that these provisions align with CAUSE-PA's recommendations and will help PPL to better comply with the Commission's requirements related to the return of security deposits. CAUSE-PA Statement in Support at 40. CAUSE-PA explained that requiring PPL to improve its call center scripting, policies, and procedures to timely return security deposits to low-income customers, and to only apply these amounts to customers' accounts with their specific consent, is vital to helping low-income customers make ends meet. According to CAUSE-PA, the return of a security deposit could very well make the difference between a low-income family being able to afford food, water, rent, medicine, or other basic necessities that month. *Id.* at 40 (citing CAUSE-PA St. 1 at 126: 8-15).

In its Statement in Support, PPLICA noted that while it did not take a position in testimony regarding customer service, low income, and associated universal service issues, it supported the Settlement provisions on these issues. According to

PPLICA, these provisions represent a compromise between the Joint Petitioners that is reasonable and in the public interest. PPLICA Statement in Support at 9.

g. Vegetation Management (¶ 87)

In its Statement in Support, PPL stated that the Settlement provision regarding vegetation management requires the Company to withdraw, without prejudice, its request for capitalized treatment of the costs associated with the first removal of hazard and danger trees after the acquisition of additional right-of-ways (ROWs) to address off-ROW trees. PPL Statement in Support at 52 (citing Settlement ¶ 87). It is PPL's position that the Settlement is in the public interest, as it reasonably resolves this part of litigation, while preserving Parties' rights to litigate if the Company makes a proposal regarding vegetation management in a future proceeding. PPL Statement in Support at 52.

In its Statement in Support, I&E explained that as its witness, Mr. Zachari Walker, recommended that the Commission disallow the Company's entire capitalized FPFTY claim of $25,000,000 for the first removal of hazard and danger trees after the acquisition of the enhanced ROW, I&E supported this provision as being in the public interest. I&E Statement in Support at 12.

In its Statement in Support, the OCA affirmed that this Settlement provision is in the public interest because the Joint Petitioners adopted both the OCA and I&E's recommendation to eliminate the proposed capitalization of vegetation management because it is an operating expense for which the Company cannot earn a return. The OCA asserted that allowing PPL to capitalize the clearing of trees for ROWs is contrary to the Federal Energy Regulatory Commission's (FERC) guidelines, and the Company failed to present any evidence demonstrating the need for capitalization. OCA Statement in Support at 43.

In its Statement in Support, PPLICA explained that while it did not take a position in testimony regarding vegetation management, it supports this Settlement provision as reasonable and in the public interest. PPLICA Statement in Support at 9.

h. Electric Reliability (¶¶ 88-90)

In its Statement in Support, PPL stated that the Settlement provisions regarding electric reliability require the Company to file an annual reliability accountability report to this docket and that the reporting will continue until its next base rate case. Additionally, PPL stated that the Settlement requires the Company to continue planning and executing Inspection, Maintenance, Repair, and Replacement Plan work based on system risk and need, rather than cycle length time. PPL Statement in Support at 53 (citing Settlement ¶¶ 88-89). PPL asserted that the Settlement reasonably addresses the Parties' concerns regarding the reliability of PPL's service. PPL maintained that the Settlement provisions will allow the Company to continue pursuing increased reliability performance, while providing for accountability measures that will permit interested Parties and the Commission to monitor the Company's reliability performance until the Company's next base rate case. PPL Statement in Support at 53.

In its Statement in Support, I&E expressed its support for the Settlement provisions relating to reliability, arguing that these provisions memorialize PPL's obligation to provide safe and reliable electric distribution service. I&E Statement in Support at 12.

In its Statement in Support, the OCA contended that the Settlement incorporates the OCA's recommendations regarding improvement in PPL's reliability reporting and program execution. According to the OCA, additional transparency into PPL's reliability-related operations and maintenance will ensure that the Company is on track to improve its performance over time. The OCA opined that by requiring PPL to

report on its expanded ROW proposal, it ensures that the program is improving PPL's reliability performance, consistent with the Company's representations and expectations. The OCA averred that these Settlement provisions are in the public interest as they provide the Commission, the OCA, and interested stakeholders with necessary information to better understand PPL's reliability performance and what, if anything, the Company is doing over time to improve that performance. OCA Statement in Support at 46.

In its Statement in Support, PPLICA explained that while it did not take a position in testimony regarding reliability issues, it supports the Settlement provisions regarding reliability, as they represent a compromise between the Joint Petitioners and are in the public interest. PPLICA Statement in Support at 9.

i. Large Load Interconnections (¶¶ 91-97)

In its Statement in Support, PPL explained that it expects a large load influx on the Company's system and, as a result, PPL asserted the need to invest in its transmission system to interconnect new large load customers and proposed to revise its Rate Schedule LP-5 (*i.e.* Large General Service at 69 KV or higher) to mirror its Electric Service Agreements (ESA) process for large load customers. According to PPL, several Parties provided recommendations related to the Company's large load proposal. PPL Statement in Support at 54. Ultimately, PPL stated that the Parties agreed upon the provisions in ¶¶ 91-97 of the Settlement to address the large load interconnection issues presented in this proceeding. *Id.* at 56-59.

PPL explained that the Settlement provisions regarding the Company's large load interconnections proposal have required PPL and several other Parties to delve into an emerging issue within the electric utility industry. PPL stated that all of the Parties worked diligently to understand the issues surrounding the projected influx of

large load interconnections and to come to a reasonable compromise of the Parties' positions through this Settlement. PPL contended these provisions are in the public interest, as they will enable the Company to provide service to large load customers in an adequate, efficient, safe, and reliable manner, while implementing many customer protections against the potential impact of these customers on other customers' service and costs. PPL Statement in Support at 59.

In its Statement in Support, I&E explained that although it did not submit testimony regarding PPL's proposal regarding large load customers, it shared the concerns raised by interested Parties. I&E submitted that it played an active role in the Settlement negotiations regarding these terms and monitored the proposals and counter proposals offered by the Parties throughout this proceeding. I&E contended that it does not oppose the Settlement proposals regarding large load interconnections, as they provide regulatory certainty and resolution of these issues, and I&E supports them as being in the public interest. I&E Statement in Support at 12-13.

In its Statement in Support, the OCA submitted that Paragraphs 91-93 of the Settlement are in the public interest. The OCA averred that the modifications agreed to in the Settlement provide additional ratepayer protections in the form of improved provisions addressing applicability, rate base security, exit fee, and reliability. OCA Statement in Support at 54. The OCA averred that the Settlement provisions regarding Rate LP-6 are in the public interest. *Id.* at 56.

Similarly, the OCA contended that Paragraphs 94-95 of the Settlement are in the public interest because transparency is a critical component of the changing landscape of large load interconnections. The OCA explained that the information regarding the procurement and application of exit fees to be provided by PPL will allow the statutory advocates to track the stranded cost risk associated with interconnecting large load customers and have better data on the extent to which the provision of

Rate LP-6 effectively mitigates that risk. Specifically, the OCA pointed to the Settlement provision regarding load forecasting and stated that it cemented PPL's new statutory obligations to ensure that Pennsylvania and PJM can accurately and adequately plan generation and transmission investment to meet growing needs in PPL's service territory. OCA Statement in Support at 57-58.

The OCA explained that large load customers' contribution to universal service costs is another measure to ensure that the interconnection of large load customers will be a benefit to PPL's customers. The OCA stated that the Settlement is consistent with cost causation and applicable law regarding the implementation of cost of service-based rates. The OCA supported Paragraph 96 of the Settlement, asserting that it is consistent with the November 6, 2025 Statements of Vice Chair Barrow and Commissioner Zerfuss to the Commission's initial proposed model tariff for large load customers in the proceeding in *Interconnection Tariffs for Large Load Customers*, Docket No. M-2025-3054271. OCA Statement in Support at 59.

Lastly, the OCA supported Paragraph 97 of the Settlement, stating that this provision is necessary for Parties to preserve their rights, due to the then-pending outcome in the large load model tariff proceeding.[26] OCA Statement in Support at 61.

In its Statement in Support, the OSBA explained that the Settlement provision regarding PPL's creation of a new LP-6 rate class for data center customers is consistent with the OSBA's testimony in this proceeding, as well as the OSBA policy position on this issue. The OSBA stated that given the peak electric demand of 50 MW or greater at a single facility, or at least equal to 75 MW in the aggregate, among facilities

[26] We note that subsequently, on May 12, 2026, the Commission issued a Final Order in that proceeding, which included a model tariff for large load customers at or over 50 megawatts (MW) individually or 100 MW in the aggregate. *See Interconnection and Tariffs for Large Load Customers,* Docket No. M-2025-3054271 (Final Order entered May 12, 2026).

taking service from PPL at or above 69 kilovolts (KV) within a 10-mile radius peak load threshold for inclusion in this new class, there is no risk that small business customers could inadvertently be classified under Rate LP-6. Thus, the OSBA extended its support for these Settlement provisions regarding the LP-6 rate class, asserting that they are consistent with the OSBA's testimony and commentary on this issue. OSBA Statement in Support at 3-4.

In its Statement in Support, CAUSE-PA contended that it is critical to establish strong and protective tariff rules to govern large load interconnection now, while also allowing room for those rules to evolve as statewide laws and policies evolve. CAUSE-PA asserted that the Settlement provisions regarding large load interconnections are reasonable given the Parties' positions on these issues. CAUSE-PA Statement in Support at 41-42.

Specifically, CAUSE-PA averred that Paragraphs 91-93 of the Settlement represent the Parties' attempt to craft a reasonable resolution of the issues set forth in this proceeding. CAUSE-PA asserted that the creation of a LP-6 rate class provides a foundational basis from which specific policies can be developed to appropriately regulate large load interconnection and assign related costs. CAUSE-PA Statement in Support at 46.

In support of the Settlement's requirement that securities cover the cost of all upgrades, CAUSE-PA asserted that explicit inclusion of this causal connection is critical and will help to prevent improper socialization of costs to serve large load customers. CAUSE-PA strongly supported the load shedding provisions because they will help to provide important clarity on how PPL will separate critical from non-critical load to enable load shedding during a critical peak load event. CAUSE-PA Statement in Support at 46-47.

CAUSE-PA indicated that it supported the Settlement provisions at Paragraphs 94-95, related to large load forecasting and reporting, because such provisions will provide the Commission and statutory advocates with important information related to the interconnection, operation, and associated costs for the LP-6 rate class. CAUSE-PA Statement in Support at 47-48.

In addition, CAUSE-PA indicated that it is highly supportive of Paragraph 96 of the Settlement, which will allocate $11 million annually in USR costs to LP-6 customers. According to CAUSE-PA, this Settlement provision will help mitigate the increased costs caused by large load customers on PPL's universal service programs. CAUSE-PA Statement in Support at 48. CAUSE-PA explained that the allocation of these USR costs to LP-6 customers acknowledges the broad public purpose of these costs, including the many societal benefits of programs that remediate the impacts of poverty and energy insecurity for low-income customers, their households, and the communities in which they live and work. *Id*. at 50 (citing CAUSE-PA St. 1 at 86-87).

Lastly, CAUSE-PA contended that Paragraph 97 of the Settlement represents the acknowledgement that the provisions set forth in the Settlement, while reasonable in the context of this proceeding and in the absence of final statewide policy or legislative guidance, do not obviate the need to continue to examine these issues in other forums, including the Commission's model tariff proceeding. CAUSE-PA Statement in Support at 51.

In its Statement in Support, EI asserted that the Settlement is in the public interest because it will allow the protections to other customers from large-load customer-induced reliability or rate impacts to be strengthened. Furthermore, EI urged the Commission to regard the LP-6 customer protections in the Settlement as a floor that sets the minimum threshold for customer protections going forward. EI Statement in Support at 4.

In response to Paragraphs 91-92 of the Settlement, EI explained that it is important to ensure that other ratepayers are not unjustly burdened by the socialization of costs incurred, but for a new LP-6 customer. Therefore, EI extended its support for the Settlement provisions addressing these concerns. EI noted that while Paragraph 91 of the Settlement does not adopt its recommendation, in full, it nonetheless supports the Settlement's inclusion of terms supporting voluntary interruptibility, as this will help enable load flexibility and advance protections for other customers. EI Statement in Support at 7-8.

In its Statement in Support, EJA supported the Settlement provisions regarding large load interconnections and stated that approval of a settlement reflecting expanded protections for ratepayers in connection with very large load customers, such as data centers, is consistent with the public interest. EJA Statement in Support at 5.

In its Statement in Support, PPLICA contended that the Settlement provides a collection of tariff changes designed to protect existing customers from the costs and risks associated with new large load interconnections. Specifically, PPLICA explained that Paragraph 91 of the Settlement reflects one of its recommendations. PPLICA Statement in Support at 10.

PPLICA noted that it takes no position on Paragraph 91(b)(ii) of the Settlement, which sets forth the demand threshold for Rate LP-6 eligibility at 50 MW or greater at a single facility, or at least equal to 75 MW in the aggregate among facilities taking service from PPL at or above 69 kV within a 10-mile radius. PPLICA Statement in Support at 12 (citing Settlement ¶ 91(b)(ii)). PPLICA explained that it cannot support the large load eligibility threshold defined in the Settlement and thus takes no position on Settlement ¶ 91(b)(ii). PPLICA Statement in Support at 12.

In its Statement in Support, Walmart stated that it supports the approval of the large load threshold for new customers taking service after October 1, 2025, as reasonable because it protects existing commercial and industrial (C&I) customers from having heightened LP-6 tariff requirements imposed on them. According to Walmart, C&I customers present relatively low risk to the system, while providing substantial employment and economic benefits. Walmart explained that the threshold levels of 50 MW at a single site and 75 MW in aggregate for facilities taking service at or above 69 kV within a 10-mile radius ensures that low risk C&I customers are not unnecessarily subjected to the proposed large load provisions. Walmart contended that the Settlement's large load provision represents a reasonable and balanced approach that protects existing customers from the risks of new large load customers. Walmart Statement in Support at 4-5.

In his Statement in Support, Mr. Epstein stated that he supports Paragraphs 91-97 of the Settlement but reserves all rights with respect to the proceeding at Docket No. M-2025-3054271. Epstein Statement in Support at 6.

j. MRPL (¶¶ 98-105)

The Joint Petitioners' Statements in Support regarding the MRPL provisions of the Settlement are discussed in Section V.B.2, *infra.*

k. EV TOU Charging Rebate Program and DCFC Rate (¶¶ 106-17)

In its Statement in Support, PPL explained that the Company proposed the EV TOU Charging Rebate Program to help mitigate future impacts of EV charging on the Company's distribution grid, particularly during peak periods. In general, PPL explained that program participants would agree to charge their EVs using Level 2 chargers during the off-peak hours, as opposed to the on-peak hours established for this program.

PPL stated that if the customer conducts at least 80% of their charging during the off-peak hours in the applicable billing period, the Company would provide a flat rebate of $10 to the customer in each billing period for which the criteria are met. According to PPL, all residential customers who own or purchase an EV will be eligible for the program, provided their EV charging is conducted with equipment that is on a list of compatible equipment certified by the Company. Additionally, PPL stated that participation will be capped at 2,000 customers. PPL Statement in Support at 76.

PPL stated that the Settlement modifies its EV TOU Charging Rebate Program to reflect, *inter alia*: (1) that the program shall run from July 1, 2026 until June 30, 2030; (2) that a "Program Year" runs from June 1 of one year to May 30 of the following year; (3) that the proposed language must explicitly indicate that the program is temporary and will be reevaluated prior to its continuation beyond 2030; (4) that any decision to continue the program will be subject to Commission review and stakeholders shall be afforded an opportunity to participate in the applicable proceeding; (5) that the applicable On-Peak and Off-Peak time frames shall be modified to align with PPL's residential TOU program time frames; and (6) that no rebates will be paid to program participants in the six shoulder months. PPL maintained that the modifications reflect compromises by the parties on their various positions and recommendations concerning the program. PPL Statement in Support at 78. Per the Settlement, PPL agreed to conduct the program, as modified, and gather valuable data about customers' charging activities to help inform future rate design while encouraging customers to shift EV charging to off-peak hours. PPL contended that these provisions are reasonable and in the public interest. *Id.* at 80.

In its Statement in Support, I&E noted that while it did not submit testimony regarding PPL's EV TOU Charging Rebate Program proposal or EV distribution rates, it supports the Settlement in its entirety as being in the public interest. I&E Statement in Support at 13.

In its Statement in Support, regarding PPL's EV TOU Charging Rebate Program, the OCA stated that the Settlement terms are in the public interest because such terms more closely align the program dates with the generation TOU program and PPL's Phase V Energy Efficiency and Conservation (EE&C) program. The OCA contended that increased coordination and overlap will avoid unintended consequences for all customers because of the PJM system impacts. According to the OCA, by bringing the dates and times of the EV program more in alignment with other load shifting programs, it will help consumers better understand and use various programs. OCA Statement in Support at 68.

Specifically, the OCA supported the Settlement term reflecting that the program is temporary, noting that this provision avoids setting an expectation that this pilot will last indefinitely. OCA Statement in Support at 69 (citing Settlement ¶ 110).

Regarding the Settlement term addressing the program's marketing materials, the OCA stated that this term will ensure that the program is adequately prepared prior to implementation. OCA Statement in Support at 69 (citing Settlement ¶ 111). The OCA further contended that this term will create a future collaborative experience for stakeholders, which will ensure that all parties' voices are heard, and necessary consumer protection issues are considered. OCA Statement in Support at 69-70.

The OCA maintained that the Settlement terms addressing the program's evaluation plan are in the public interest because they incorporate the OCA's recommendation to have PPL clearly identify all relevant evaluation metrics and key performance indicators (KPI). OCA Statement in Support at 70 (citing Settlement ¶¶ 112-13). The OCA averred that these terms will give the Commission and stakeholders increased transparency into the viability of the program and whether it should be renewed in 2030. OCA Statement in Support at 71.

The OCA maintained that Paragraphs 114-17 of the Settlement will allow stakeholders and interested Parties an opportunity to receive information about the proposed program and offer feedback. The OCA explained that the engagement mechanisms in the Settlement will ensure that EV program initiatives are responsive, efficient, and aligned with consumer concerns. OCA Statement in Support at 72.

In its Statement in Support, EI asserted that the terms in the Settlement are in the public interest as they align the EV TOU Charging Rebate Program with residential on-peak and off-peak time frames, customer communications, and an evaluation plan with detailed objectives. EI contended that the Settlement terms regarding the EV TOU Charging Rebate Program are in the public interest because these terms represent a reasonable balance of the Parties' interests, requiring PPL to develop and propose EV TOU rates in its next rate case. EI Statement in Support at 9.

In its Statement in Support, PPLICA noted that while it did not take a position in testimony regarding the EV TOU Charging Rebate Program, it supported the Settlement provisions regarding the issue, as it represents a compromise between the Joint Petitioners that is reasonable and in the public interest. PPLICA Statement in Support at 13.

In its Statement in Support, SEF contended that TOU rate structures can provide customers with clearer price signals that encourage electric vehicle charging during off-peak periods, which can support more efficient use of the electric distribution system and help manage system demand as electric vehicle adoption increases. SEF averred that the Settlement provisions addressing the EV TOU Charging Rebate Program reflect considerations raised by SEF. SEF explained that when taken together, the Settlement provisions provide appropriate guardrails for the EV TOU Charging Rebate Program while preserving the Commission’s ability to evaluate future electric vehicle rate design proposals based on program performance and stakeholder input. SEF Statement in Support at 4-5.

In its Statement in Support, Walmart explained that it is actively expanding its presence in the EV charging space and supports the continued development of EV charging infrastructure. Walmart contended that this Settlement term is significant for Walmart and should contribute to advancing transportation electrification in the Commonwealth. Walmart Statement in Support at 6.

l. IT Upgrades (¶¶ 118-19)

In its Statement in Support, PPL explained that it proposed capitalization of certain IT costs, totaling approximately $53.9 million, inclusive of Allowance for Funds Used During Construction (AFUDC) through the FPFTY. PPL stated that the Settlement permits PPL to capitalize the costs associated with its planned IT upgrades and that parties retain the right to challenge the reasonableness and prudency of any such capitalized expenditures in future base rate proceedings. PPL averred that this Settlement provision reflects the Parties' positions, preserves their right to challenge claims in future proceedings, and provides the Company with the necessary accounting approvals to capitalize costs and is therefore in the public interest. PPL Statement in Support at 80-81.

Additionally, PPL explained that the Settlement also addressed coordination of IT upgrades with electric generation suppliers (EGS), which reflects an appropriate balance between the Parties' positions, by requiring communications and consideration of feedback, while preserving the Company's ultimate discretion to design and implement its IT systems as it sees fit. PPL Statement in Support at 81-82.

In its Statement in Support, PPL highlighted that Settlement Paragraph 119 addresses distributed energy resources management systems (DERMS), which reasonably balances the Parties' positions by providing the Parties in this case an opportunity to provide feedback on the Distributed Energy Resources (DER) Orchestration Plan, while maintaining the Company's ability to timely prepare and

submit the DER Orchestration Plan pursuant to the Commission's Orders at Docket No. P-2024-3049223. PPL Statement in Support at 83.

In its Statement in Support, I&E noted that although it did not submit testimony regarding PPL's proposed IT upgrades, it supports the Settlement in its entirety as being in the public interest. I&E Statement in Support at 13.

In its Statement in Support, EI pointed to Settlement Paragraph 119, where PPL committed to hold one stakeholder working group before filing its DER Orchestration Plan, to the extent such a Plan is required, and to consider any stakeholder feedback in good faith as part of the Company's finalization of the DER Orchestration Plan before filing with the Commission. EI contended that this Settlement term serves the public interest. EI Statement in Support at 9.

In its Statement in Support, PPLICA noted that while it did not take a position in testimony regarding IT upgrades, it supported the Settlement provisions regarding these issues because they represent a compromise between the Joint Petitioners that is reasonable and in the public interest and balances the competing interests represented in this proceeding. PPLICA Statement in Support at 13.

In its Statement in Support, RESA contended that the Settlement terms related to IT upgrades are in the public interest because the Settlement expresses a clear commitment of communication and collaboration on the part of PPL before supplier impacting changes are implemented. According to RESA, such pre-implementation communication is in the best interest of all customers because competitive suppliers are likely to have good business suggestions about how their service to their shopping customers may be impacted that PPL could take into consideration as it moves forward with implementation. PPL explained that the public interest of all customers is served when PPL and the competitive suppliers engage in more proactive collaboration and

communication with the goal of easing processes and negative impacts of system upgrades for all customers. RESA Statement in Support at 7.

m. PPL's Retail Tariff (¶¶ 120-22)

(1) General Support for these terms of the Settlement

I&E specifically addressed Paragraph 121 of the Settlement, as discussed below. As to the remaining terms of the Settlement regarding PPL's Retail Tariff, I&E explained that it did not oppose these terms as a full and fair compromise that provides PPL, the Joint Petitioners, and the Commission with regulatory certainty and resolution of the retail tariff issues raised by the interested Parties, which is in the public interest. I&E Statement in Support at 13-14.

PPLICA explained that although it did not take a position in testimony regarding the retail tariff issues, it supported the terms of the Settlement related to PPL's Retail Tariff. In PPLICA's view, these provisions of the Settlement represent a compromise between the Joint Petitioners that is reasonable and in the public interest because it balances the competing interests represented in this proceeding. PPLICA Statement in Support at 13.

(2) Payment Transaction Fees (¶ 120)

In its Statement in Support, PPL noted that the Joint Petitioners agreed to the Company's proposal to eliminate third party payment fees and to roll these costs into rates. PPL explained that this amount is included in the overall revenue requirement increase of $275 million agreed to under the Settlement. According to PPL, although the dollar amount is not specified in the agreed-upon revenue requirement, all Parties agreed in testimony that this category of costs should be recovered through base rates.

Therefore, PPL submitted that this provision of the Settlement is reasonable and in the public interest and should be approved without modification. PPL Statement in Support at 84-85.[27]

CAUSE-PA, likewise, took the position that this term of the Settlement should be approved. CAUSE-PA argued that even in the absence of additional third-party fees, PPL's low-income customers already struggle to afford basic services. Therefore, CAUSE-PA submitted that this Settlement provision will aid in the elimination of barriers that PPL's low-income customers face when paying their bills. In CAUSE-PA's view, this provision of the Settlement is reasonable and in the public interest. CAUSE-PA Statement in Support at 55.

(3) Economic Development (¶ 121)

In its Statement in Support, PPL highlighted the Joint Petitioners' agreement that, although the Settlement does not prohibit the Company from implementing its proposed Opportunity Pennsylvania Program (OPP), if it so chooses, the agreed-upon revenue increase of $275 million under the Settlement does not include the costs associated with this program. According to PPL, when viewed as a part of the broader Settlement, the Joint Petitioners' agreement that the costs of the OPP may not be recovered through base rates is reasonable, in the public interest, and should be approved. PPL Statement in Support at 85.

In its Statement in Support, I&E submitted that PPL's agreement under the Settlement to refrain from recovering the costs of the Company's OPP through base rates

[27] We note that in its Statement in Support, PPL inadvertently cited to Paragraph 119 of the Settlement when discussing these provisions. *See* PPL Statement in Support at 84-85.

is in line with I&E's litigation position. Therefore, I&E supported this provision of the Settlement as being in the public interest. I&E Statement in Support at 13.

In its Statement in Support, CAUSE-PA highlighted that under the Settlement, PPL will still be permitted to operate its proposed OPP. However, CAUSE-PA argued that because PPL has not shown that this program would result in tangible benefits to ratepayers, Paragraph 121 of the Settlement will protect PPL's ratepayers from paying the costs of the Company's proposed OPP. Thus, CAUSE-PA reasoned, this Settlement provision reasonably balances the Parties' positions in this proceeding and should be approved. CAUSE-PA Statement in Support at 55-56.

(4) Provisions Set Forth in Settlement Paragraph 122

(a) Tariff Rule 6

In its Statement in Support, PPL explained that under the Settlement, the Company's Retail Tariff compliance filing will: (1) clarify that the Rule 6 capacity reservation charge is limited to distribution demand charges; and (2) incorporate corrected back-up power reservation charges in Rule 6 that are equal to 30% of the applicable standard distribution demand charge under Rate Schedule GS-3, LP-4, or LP-5. PPL submitted that the Settlement reflects a reasonable compromise that will add clarity to the Company's Retail Tariff and is in the public interest. PPL Statement in Support at 86.

(b) AEC Ownership

In its Statement in Support, PPL noted the testimony of its witness, Mr. Gregory Olsen, that language regarding the ownership of AECs was incorrectly included in the Net Metering for Renewable Customer Generators section of the

Company's proposed Retail Tariff, as set forth on page 263 of PPL Exhibit GEO-1.[28] PPL further explained that no Party opposed the Company's proposed revision to remove the AEC ownership language. Thus, PPL submitted that the Settlement memorializes the Company's commitment to make this revision as part of its Retail Tariff compliance filing, is in the public interest, and should be approved. PPL Statement in Support at 87.

(c) Definition of "Tenant"

In its Statement in Support, PPL strongly supported its agreement to revise the definition of "tenant" in its Retail Tariff to state, as follows:

> Any person or group of persons who occupies or is entitled to occupy a residential property, a commercial unit within a multitenancy building, parcel, or a unit in mobile home park and who is contractually obligated to make rental payments to a landlord or landlord ratepayer pursuant to a written or oral lease or rental arrangement. The term includes occupants of residential or commercial units where electric service is provided as an included service under the rental agreement and where the occupant is not the ratepayer of the utility providing such service. For purposes of this definition, a multitenancy building shall include any structure containing three (3) or more separate and distinct residential or commercial units, and tenancy may be expected to be for a duration of one (1) year or more.

PPL Statement in Support at 88, 89 (citing Joint Petition, Appendix G at 1).

[28] Page 263 of PPL Exhibit GEO-1 sets forth a red-lined version of Original Page No. 21 of PPL's proposed Retail Tariff.

PPL further noted its agreement to revise Tariff Rule 5(E)(1) regarding the redistribution of service, as follows:

> E. REDISTRIBUTION OF SERVICE
>
> (1) At the service locations covered hereunder connected after May 21, 1980, each tenant shall be served, metered and billed individually by the Company under the appropriate rate schedule except where the Company has permitted master metering with resale in accordance with the provision of Tariff Rule 5(E)(2). Upon application to the Company, any owner (or their duly authorized representative) of a new multi-tenancy commercial building may seek an exception to Tariff Rule 5(E) by demonstrating that the installation of individual electric meters at each separate unit within the building is neither feasible nor practical from a financial, technical, engineering, and/or any other valid reason. If the Company approves an exception to this Rule, the master meter must be designed so that it will not ~~achieve any notable reduction in the consumption of electricity by the tenants in the building than if the tenant units had individual electric meters within the building with efficient heat controls.~~ result in a notable increase in consumption but is designed to allow the master metered customer to either maintain or reduce consumption.

PPL Statement in Support at 88-89 (citing PPL St. 14-R at 4-5) (emphasis in original).

PPL submitted that by incorporating these revisions, the Settlement will help clarify the intent and application of PPL's Retail Tariff and will ultimately resolve the concerns that arose in this proceeding regarding these issues. Thus, the Company argued that these provisions are reasonable and in the public interest and should be approved. PPL Statement in Support at 89.

CAUSE-PA was also supportive of the provisions contained in Paragraph 122 of the Settlement that "would implement important revisions to PPL's

proposed definition of 'tenant.'" According to CAUSE-PA, these agreed-upon revisions are "squarely in line with CAUSE-PA['s] recommendations" and will help to clarify the rights and protections available to tenants who are served by PPL. CAUSE-PA Statement in Support at 57. CAUSE-PA also highlighted that through its proposed Tariff Rule 5, PPL sought to change how it would allow the redistribution of services from master-meter to non-utility owned sub-meters by allowing submetering where it "is neither feasible nor practical from a financial, technical, engineering, and/or any other valid reason." *Id.* at 58 (citing PPL Exh. GEO-1 at 32, which depicts PPL's proposed Retail Tariff at Original Page No. 10). Namely, CAUSE-PA strongly supported PPL's agreement under Paragraph 122 of the Settlement to revise its originally proposed language for Tariff Rule 5(E)(1), as outlined above. In CAUSE-PA's view, PPL's agreed-upon revision will help to address the concerns CAUSE-PA had with the originally proposed language, while balancing the other Parties' positions in this matter by providing that exceptions to Tariff Rule 5(E)(1) will not "result in a notable increase in consumption but is designed to allow the master metered customer to either maintain or reduce consumption." CAUSE-PA Statement in Support at 59.

Moreover, CAUSE-PA trumpeted the Company's agreement to add new Tariff Rule 5(E)(4), as revised by the Settlement, which provides that "Tenants who are served by a master meter retain all rights under 66 Pa.C.S. § 1521 et seq., the Discontinuance of Service to Leased Premises Act [DSPLA] regardless of whether the Landlord Ratepayer has sub-metered the location pursuant to the terms of this tariff." In CAUSE-PA's view, the above revisions to PPL's tariff proposals are reasonable and should be approved because they will help to clarify important protections for submetered tenants, while not hindering energy efficiency and usage reduction efforts for these tenants. CAUSE-PA Statement in Support at 59-60. Thus, CAUSE-PA asserted that although its own recommendations related to PPL's tariff language were not adopted in their entirety, the provisions contained in Paragraph 122 are reasonable in

light of the "many varied interests of the Joint Petitioners," and should be approved. *Id.* at 57.

(d) Small Business Payment Arrangements

In its Statement in Support, PPL noted that to help address affordability for small business customers, Paragraph 122 of the Settlement provides that in its compliance filing in this proceeding, the Company will add Tariff Rule 9(I) to its Retail Tariff that specifies that the Company will have the discretion to enter into a flexible payment arrangement of up to six months with Rate GS-1 and GS-3 customers (*i.e.*, small business customers) under terms acceptable to the Company. PPL adds that it will prepare proactive customer communications regarding small business payment arrangements, upon the Company making its Retail Tariff compliance filing. According to PPL, these provisions will help address affordability concerns for small business customers, while providing the Company with flexibility to work with individual customers to develop payment arrangements that will work best for them and PPL. Therefore, PPL submitted that the provisions of the Settlement regarding small business payment arrangements are reasonable and in the public interest and should be approved. PPL Statement in Support at 90.

In its Statement in Support, the OSBA explained that while it confirmed, through discovery, that PPL has a small business payment plan in place, that plan was not in the Company's Retail Tariff that it originally filed in this rate proceeding. Therefore, the OSBA highlights its support for the agreement under Paragraph 122 of the Joint Petition that PPL will "add a Rule 9(I) that provides PPL Electric with the discretion to enter into a flexible payment arrangement of up to 6 months with Rate GS-1 and GS-3 customers under terms acceptable to the Company." OSBA Statement in Support at 5.

(e) Customer Transformation Equipment under Rate LP-5

In its Statement in Support, PPL explained that under the Settlement, the Company has agreed to: (1) modify the proposed paragraph headed "CUSTOMER TRANSFORMATION EQUIPMENT" in Rate Schedule LP-5[29] to apply to customers with a peak demand of less than 50 MW and facilities for which the Commission has approved an exemption under Paragraph 91(b)(ii) of the Settlement regarding Large Load Interconnections; and (2) include provisions in its agreement with the customer that ensure that no costs associated with owning, operating, and maintaining the customer transformation equipment will be recovered from other customers. PPL argued that these portions of the Settlement provide clarification and specificity, protect existing customers, and will allow the Company to include customer transformation equipment provisions in Rate LP-5. Therefore, PPL asserted that these provisions of the Settlement are reasonable and in the public interest and should be approved. PPL Statement in Support at 91.

CAUSE-PA explained that it did not take a specific position regarding PPL's tariff language related to customer transformation equipment under Rate LP-5. However, CAUSE-PA asserted that these provisions are in line with the revisions agreed to in the Settlement related to PPL's large load customers, discussed, *supra*. CAUSE-PA Statement in Support at 58.

In its Statement in Support, EI observed that Paragraph 122 of the Settlement addresses distributed asset leasing. EI strongly supported PPL's agreement under this paragraph to update Appendix G of the Settlement (*i.e.*, the provisions of PPL's Retail Tariff that it will modify in its compliance filing in this proceeding) to

[29] We note that this paragraph appeared on Original Page No. 35B of PPL's proposed Retail Tariff, as set forth on page 99 of PPL Exhibit GEO-1.

specify that the Customer Transformation Equipment term in Rate Schedule LP-5 will apply to customers with a peak demand of less than 50 MW and facilities for which the Commission has approved an exemption under Paragraph 91(b)(ii) of the Settlement. EI also highlighted that the Company has agreed to include provisions in its agreement with the customer that ensure that no costs associated with owning, operating, and maintaining the customer transformation equipment will be recovered from other customers. Thus, EI took the position that because the Settlement contains provisions to protect against the shifting of customer substation-related costs, these provisions reflect a reasonable compromise on this issue and are in the public interest. EI Statement in Support at 10.

n. PPL's Supplier Tariff (¶ 123)

As part of its initial filing, PPL proposed adopting its new Supplier Tariff. The Company explained that its current Supplier Tariff initially became effective back on August 27, 1998, during the advent of the retail electric supply market. Although some provisions have been modified since that time, PPL submitted that the Supplier Tariff is well overdue for an update to address current policies and procedures governing PPL's interaction with and charges to EGSs and other issues. The Company also explained that as part of updating its Supplier Tariff, PPL benchmarked its existing Supplier Tariff against its Pennsylvania peer EDCs, particularly FirstEnergy Pennsylvania Electric Company (FE PA), given that FE PA's and PPL's service territories share significant boundaries. According to PPL, many of the proposed changes are consistent with FE PA's Supplier Tariff, so they should not be new to EGSs operating in Pennsylvania. PPL Statement in Support at 91-92.

Under Paragraph 123 of the Settlement, the Company agreed to make several modifications to its Supplier Tariff to address RESA's concerns and reach a

compromise on the disputed issues.[30] Specifically, as part of its Supplier Tariff compliance filing, PPL shall make the following modifications: (1) remove Tariff Rule 3.1(f) and renumber subsequent provisions accordingly; (2) clarify the Load Data Supply Charge section, as stated on page 73 of PPL St. 18-R; (3) include the definition of "Bill Ready," as set forth on page 75 of PPL St. 18-R; (4) revise the Competitive Billing Specifications Rider to address a Rate Ready billing scenario, as specified on page 76 of PPL St. 18-R; (5) delete the credit requirements detailed in Rule 4.14; (6) revise Tariff Rule 4.18 to remove the recovery of Electronic Data Interchange (EDI) Transaction Fees from the Coordination Service Charges; (7) revise Tariff Rule 4.18 to institute a January 1, 2027 effective date for the inclusion of Data Universal Numbering System (DUNS) Testing Fees in the Coordination Service Charges; and (8) update the rate classes in Tariff Rule 12.9 for the Purchase of Receivables (POR) Program to reflect the relevant rate classes approved in this proceeding. PPL Statement in Support at 94.

The Settlement further provided that all EGSs currently registered and operating in PPL's service territory will be allowed to continue service on an uninterrupted basis, regardless of the changes to Rule 3.1 (and subsections thereof) of the Supplier Tariff until January 1, 2028. The EGSs currently registered and operating in the Company's service territory will need to provide the information and materials required under Rule 3.1 (and subjections thereof) no later than January 1, 2028 to continue operating in PPL's service territory. PPL also agreed that EGSs can satisfy applicable requirements under Rule 3.1 (and subsections thereof) through affiliates. The Company will communicate the requirements under Rule 3.1 to all EGSs currently

[30] RESA was the only Party that raised any objections to the Company's proposed Supplier Tariff, arguing in part that the Company's changes to the Supplier Tariff were not appropriately raised in a base rate proceeding and, thus, should be rejected. Alternatively, RESA argued that, if the Commission were to consider the proposal, it should reject aspects of it. *See* PPL Statement in Support at 92.

registered in the Company's service territory within 60 days of the entry date of the Commission's Final Order in this proceeding. PPL Statement in Support at 94-95.

(1) Statements in Support

PPL maintained that, collectively, these provisions are designed to: (1) provide clarity to the interpretation and implementation of the new Supplier Tariff, (2) set forth clear parameters regarding the application of the Supplier Tariff's requirements to existing EGSs, and (3) enable PPL to finalize and adopt an overdue update to its Supplier Tariff. Moreover, the Joint Petitioners reached a compromise on the Company's proposal to charge EGSs for the EDI transaction and DUNS testing fees, by providing for the recovery of the DUNS testing fees (subject to the provisions in the Settlement) and withdrawing the Company's proposal to recover the EDI transaction fees. On balance, PPL contended that these provisions reflect a reasonable resolution to the issues raised concerning the Supplier Tariff. Thus, the Company submitted that the Settlement provisions are reasonable and in the public interest and should be approved without modification. PPL Statement in Support at 95.

In its Statement in Support, I&E did not submit testimony regarding PPL's Supplier Tariff proposal but indicated that I&E supports the Settlement in its entirety as being in the public interest. I&E Statement in Support at 14.

Likewise, PPLICA did not take a position in testimony regarding the Supplier Tariff issues. However, PPLICA asserted that the Settlement provisions regarding the Supplier Tariff represent a compromise between the Joint Petitioners that is reasonable and in the public interest because it balances the competing interests represented in this proceeding. PPLICA Statement in Support at 13-14.

RESA asserted that the Settlement is a reasonable compromise of the concerns raised in this proceeding. While RESA continued to maintain that the scope of changes as proposed by PPL would have been better addressed outside of a base rate case proceeding, RESA submitted that the Parties worked in good faith to reach a resolution of the specific concerns addressed by RESA's witness, Mr. Lacey. The Settlement included a complete withdrawal of PPL's initial proposal to revise EGS credit requirements and the novel proposal to assess the on-going costs of PPL's EDI transactions to EGSs. RESA Statement in Support at 11-12.

RESA noted that as a compromise, the Settlement did retain PPL's initial proposal to assess EGSs the costs of PPL's DUNS Testing fees, effective January 1, 2027. Although RESA continued to object to the assessment of utility operational costs such as these to EGSs, on balance and in the context of this full Settlement, RESA supported the Supplier Tariff provisions of the Settlement as a reasonable compromise for this proceeding. In RESA's view, when taken together, all the agreed to revisions of the Supplier Tariff, in consideration of the concerns raised by RESA's witness, Mr. Lacey, should be adopted as in the public interest because they addressed operational and cost concerns of EGSs that ultimately impact the decisions of EGSs about the types of competitive products and services they can offer to consumers in PPL's service territory. RESA Statement in Support at 11-12.

o. Behind-the-Meter Non-Exporting Battery Energy Storage Systems (¶ 124)

In its direct testimony, Convergent argued that PPL's current approach for the interconnection of non-exporting behind-the-meter (BTM) battery energy storage systems (BESS) is unjust and unreasonable because the Company: (1) has not established rules applicable to this class of resource; and (2) applies requirements developed for generation resources in lieu of such rules. To address its concerns,

Convergent proposed that PPL be required to develop and seek Commission approval of interconnection rules specific to non-exporting BTM BESS. PPL Statement in Support at 95-96.

PPL disagreed with Convergent's characterizations of the Company's interconnection process, arguing, in part, that it is appropriate to treat and classify BTM BESS as a generation source because BESS units can be electrically coupled with characteristics that are nearly indistinguishable from traditional generation resources in terms of electrical physics and their interaction with the utility system. However, PPL indicated that it remains committed to reviewing its existing interconnection rules and standards to determine whether enhancements are warranted. PPL Statement in Support at 96.

Under the Settlement, the Joint Petitioners submitted that they have reached a reasonable compromise on Convergent's issues and recommendations. Pursuant to Paragraph 124 of the Settlement, PPL will review within 120 days of the entry date of the Commission's Final Order in this proceeding, any behind-the-meter non-exporting battery energy storage projects currently being reviewed for interconnection behind a customer's meter to determine if the requirements being imposed are in line with industry best practices and available studies. PPL Statement in Support at 96.

(1) Statements in Support

According to PPL, this provision of the Settlement establishes a process by which the Company will benchmark its requirements with industry best practices and available studies, while being mindful of the time necessary for PPL to conduct that review. Thus, PPL asserted that the provision is reasonable and in the public interest and should be approved. PPL Statement in Support at 96.

In its Statement in Support, I&E did not submit testimony regarding PPL's BTM BESS proposal but indicated that I&E supports the Settlement in its entirety as being in the public interest. I&E Statement in Support at 14.

In its Statement in Support, Convergent submitted that the Settlement is in the public interest and should be approved based on four main arguments. First, Convergent contended that, as a result of the Joint Petition, important and potentially contentious issues have been resolved expeditiously and amicably, thereby lessening the costs and burdens that would have been incurred to litigate these matters to conclusion. Second, Convergent argued that the Settlement reflects compromises on various positions presented, without prejudice to any position any Joint Petitioner may have advanced so far in this proceeding. Third, Convergent proffered that the Settlement furthers its efforts as a battery storage developer seeking to work with PPL customers to support projects that will assist customers in controlling their energy costs and providing reliability benefits. Fourth, in Convergent's view, the Joint Petition is a step toward increased transparency into PPL's interconnection process and improving alignment with best practices and available studies, to the benefit of PPL's customers. Convergent Statement in Support at 4.

PPLICA did not take a position in testimony regarding PPL's BTM BESS proposal. However, PPLICA asserted that the related Settlement provisions represent a compromise between the Joint Petitioners that is reasonable and in the public interest because it balances the competing interests represented in this proceeding. PPLICA Statement in Support at 14.

p. Vice Chair Barrow Statement (¶¶ 133-58)

As previously noted, in her Statement issued on October 23, 2025, Vice Chair Barrow urged the Parties to take a critical look at the following issues:

- Extended Stay Out – addressing PPL's extended stay out since its last rate case in 2015;
- Capital Structure – reviewing the Company's claimed capital structure and the requested ROE;
- Tracking Capital from Parent Company – assessing capital transactions between PPL and its parent company and affiliates;
- Customer Service Issues and Impact of ROE – reviewing customer service issues in connection with the requested ROE;
- Cost Allocation – analyzing whether equitable cost allocation systems are being proposed;
- Universal Service – addressing whether large load cost customers should be assessed a share of universal service charges.

Vice Chair Barrow Statement at 1-3. As described above, the Joint Petitioners addressed these issues in the Settlement. *See* Settlement at ¶¶ 133 to 158, *supra*.

In the Recommended Decision, the ALJs noted that several of the active Parties went into considerable detail in their Statements in Support of the Settlement in describing how the issues identified by Vice Chair Barrow were considered throughout the course of this proceeding. The ALJs found that the active Parties considered each of the issues during the proceeding when reaching the Settlement. R.D. at 263-79.[31]

[31] We shall further address the Statements in Support pertaining to the Vice Chair's Statement in the context of our disposition of whether the Settlement is in the public interest, *infra*.

2. Opposition to the Settlement

a. MRPL

(1) Background

Although PPL's MRPL proposal is fundamentally a default service rate design proposal, rather than a distribution rate proposal, the Company's MRPL proposal emerged in the instant base rate proceeding as a targeted response to what PPL characterized as a structural mismatch in how default-service customers, particularly large net-metered solar facilities, were classified for generation supply service. *See* PPL St. 15 at 2-4. Currently, PPL assigns customers to its default-service generation rates based on "peak demand," which, under its current tariff, is tied to the customer's Installed Capacity (ICAP) Peak Load Contribution (PLC) for the most recent PJM planning year. Under that construct, the dividing line between its two Generation Supply Charge (GSC) tariff options, Rate GSC-1 (small C&I customers) and Rate GSC-2 (large C&I customers) is 100 kilowatts (kW) of peak demand. *See* Supplement No. 396 to Tariff – Electric Pa. P.U.C. No. 201, Eighteenth Revised page No. 19Z.4; Fourteenth Page No. 19Z.6, effective June 1, 2025. PPL argued that this classification framework, which has remained largely unchanged since the *PPL 2015 Rate Case*, no longer accurately reflects customer-generator behavior, particularly the growing segment of "no-load" or minimal-load net-metered solar facilities that export substantial energy but consume little or no electricity onsite. According to PPL, these facilities could have generation systems as large as 3 MW, yet remain classified in the GSC-1 rate class solely because their net demand from the grid remained negligible. PPL St. 15 at 2-4.

PPL's core concern was that the existing customer classification methodology creates an inequitable cost allocation outcome within its default-service portfolio. Under Pennsylvania's net-metering structure, customer-generators may bank

excess generation during the year and receive annual cash-outs at the applicable retail generation rate. PPL argued that when large no-load customer-generators remain in the Small C&I GSC-1 class, the costs of those excess generation cash-outs are recovered from the same class of customers, primarily small businesses, despite those customer-generators functioning more like wholesale merchant generators than traditional retail customers. PPL's witness, Mr. Castanaro, testified that this arrangement "undermines the principle of equity in cost recovery and can distort the rate structure" because non-net-metering GSC-1 customers effectively subsidize the annual cash-outs of customer-generators whose generation output far exceeds their consumption. PPL's modeling projected that annual Small C&I net-metering cash-out expenses could grow dramatically by 2029, reaching between approximately $60 million and more than $300 million, depending on project completion assumptions. PPL St. 15 at 3-4, 6-7; R.D. at 184-88.

To address its concern, PPL proposed to redefine "Maximum Registered Peak Load" in its tariff. The Company's new definition of "Maximum Registered Peak Load" in the Definitions section of its proposed Retail Tariff is as follows:

> 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 or transmission system. The maximum registered peak load used to assign customers to their applicable rate schedule will be the customer's highest maximum registered peak load (kW) in the most recent 12 month period ending September 30. For new customers without a 12-month billing history, the maximum registered peak load shall be based on the Company's estimate using factors such as, but not limited to, similarly equipped buildings and similarly utilized buildings and square footage.

> As related to customer-generators, this estimate shall also be inclusive of the nameplate capacity of the generation system.

PPL Exh. GEO-1 at 147.[32] Rather than limiting MRPL to demand drawn from the grid, the new definition would capture a customer's "net demand contribution impact" on default-service procurement, measured by "the net power flow from or into" the distribution system. In practical terms, this means that a customer's highest import or export level over the most recent 12-month period ending September 30 would determine rate classification. PPL St. 15 at 4-5.

The rate-design significance of the proposal is the boundary between the GSC-1 and GSC-2 rate classes. In this regard, PPL's proposed application of its new MRPL definition would change the criteria used to assign customers to the two GSC tariff options, GSC-1 and GSC-2, as follows:

> The Generation Supply Charge-1 (GSC-1) shall be applied to each kilowatt-hour supplied to residential customers who take default service from the Company under Rate Schedule RS, small commercial and industrial customers who take Default Service under Rate Schedules GS-1, GS-3, BL, SA, SM (R), SHS, SLE, and SE and standby service for the foregoing rate schedules. The GSC-1 will not apply to those Rate Schedule GS-3 customers who have a Maximum Registered Peak Load of 100 kW or greater, but the GSC-1 will apply to those Rate Schedule LP-4 customers who have a Maximum Registered Peak Load of less than 100 kW.
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> * * *
>
> The Generation Supply Charge-2 (GSC-2) shall be charged to customers in the Large Commercial & Industrial Customer Class who take default service from the Company under Rate Schedules GS-3, LP-4, LP-5, and standby service for the foregoing rate schedules. The GSC-2 will not apply to those

[32] Page 147 of PPL Exhibit GEO-1 sets forth a red-lined version of Original Page No. 5C of PPL's proposed Retail Tariff.

> Rate Schedule LP-4 customers who have a Maximum Registered Peak Load of less than 100 kW, but the GSC-2 will apply to those Rate Schedule GS-3 customers who have a Maximum Registered Peak Load of 100 kW or greater. The GSC-2 shall have one rate option provision: Hourly Default Service Option.

PPL Exh. GEO-1 at 62, 69.[33] Under the proposal, a customer's applicable default service rate class would no longer depend on PJM's PLC methodology, but instead on the customer's highest measured import or export (in kW) over any 15-minute interval in the most recent twelve-month period ending September 30. For customer-generators, this methodology is significant because it captures not only consumption from the grid, but exports to the grid. Thus, if a customer-generator exported more than 100 kW at peak, it could be moved from GSC-1 into GSC-2, even if its net demand was otherwise low. For new customers without 12 months of billing history, PPL proposed to estimate MRPL using factors such as similarly situated facilities, square footage, and, importantly for customer-generators, the nameplate generation capacity of the system. PPL grounded this proposal in Section 54.182 of the Commission's Regulations, 52 Pa. Code § 54.182, which defines MRPL as the highest level of demand "as may be further defined by the EDC tariff." PPL argued that this language authorized the Company to refine MRPL for default-service classification purposes. PPL St. 15 at 4-5.

PPL also justified its MRPL proposal by pointing to recent Commission precedent. In its testimony, PPL cited the Commission's approval of a nearly identical customer-classification proposal in UGI Utilities, Inc. – Electric Division's (UGI) Default Service Plan V proceeding (*Petition of UGI Utilities, Inc. – Electric Division for Approval of a Default Service Plan for the Period of June 1, 2025 through May 31, 2029*, Docket Nos. P-2024-3049343, *et. al*. (Opinion and Order entered February 20, 2025))

[33] Page 62 of PPL Exhibit GEO-1 depicts PPL's proposed Retail Tariff at Original Page No. 24. Page 9 of PPL Exhibit GEO-1 depicts PPL's proposed Retail Tariff at Original Page No. 25.

(*UGI DSP V*), where UGI used a "Supply Peak Load Impact" methodology to classify customer-generators based on supply-side impacts rather than traditional load-only demand metrics. PPL argued that although the terminology differed, the concepts were effectively the same and reflected a growing regulatory recognition that distributed generation can distort default-service procurement if customer classification remains tied solely to traditional demand measurements. PPL also cited the Commission's recent Opinion and Order in Citizens' Electric Company of Lewisburg, PA's (Citizens') recent base rate proceeding (*Pa. PUC, et al. v. Citizens' Electric Company of Lewisburg, PA*, Docket Nos. R-2025-3054394, *et al*. (Opinion and Order entered January 15, 2026) (*Citizens' 2025 Rate Case*) as further evidence of a broader statewide regulatory trend toward revising tariff classifications to address distributed generation cost allocation issues. PPL St. 15 at 8; PPL St. 15-R at 25-26.

The Company's MRPL proposal drew both support and opposition. While the OCA, the OSBA, and CAUSE-PA supported the proposal in direct testimony, the JSA, Walmart, CGC, and PDMP opposed it. Opponents argued that PPL's use of exports as part of MRPL improperly conflated generation output with demand and would penalize customer-generators for providing distributed energy benefits, including peak reduction and avoided PJM capacity costs. The JSA specifically argued that PPL's methodology was inconsistent with cost-causation principles and could misclassify customers based on output occurring at times unrelated to system peaks. Nevertheless, the ALJs noted that PPL maintained that the current structure created an unsustainable subsidy that justified reform. R.D. at 184-89; JSA St. 1 at 34-35.

As previously noted, the MRPL issue was ultimately resolved through the March 5, 2026 Joint Stipulation between PPL and the JSA, which was then incorporated into the broader Joint Petition filed on March 13, 2026. *See* Joint Petition at ¶¶ 98-105. Under that Settlement framework, PPL's MRPL proposal would be agreed to by the Joint Petitioners, but with significant modifications. First, certain customer-generators would

be grandfathered into their existing default-service rate for 10 years, or until December 31, 2036, after which they would be subject to whatever default-service classification rules are in effect on or after January 1, 2037. Eligibility generally applies to customer-generators that submitted an interconnection application on or before September 30, 2025, the date of PPL's instant base rate case filing, with priority for projects receiving Permission to Operate or providing a Certificate of Completion by December 31, 2026, followed by other qualifying applicants up to the cap based on the date of their signed Notification of Customer Intent. *See* Joint Stipulation at 2-3; Settlement at ¶ 99.

Second, the Joint Stipulation capped the grandfathering protection at 140 MW-AC[34] of Rate GSC-1 customer-generator systems receiving Permission to Operate. Joint Stipulation at 3; Settlement at ¶ 100. In its sur-surrejoinder testimony, PPL explained that the 140 MW figure was intended to cover approximately 15.5 MW of existing Rate GSC-1 customer-generators as of the rate-case filing date, plus approximately 124.5 MW of Rate GSC-1 customer-generator projects placed in service after the filing or in the interconnection queue and expected to be placed in service by September 30, 2026. [15.5 MW + 124.5 MW = 140 MW]. PPL also stated that, based on its updated modeling, every 70 MW of such capacity would place about $0.01/kilowatt-hour (kWh) of upward pressure on the Rate GSC-1 Price-to-Compare (PTC) [35], so the 140 MW cap would represent about $0.02/kWh of upward pressure while substantially mitigating impacts, compared with the status quo. PPL St. 15-SSRJ at 3.

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[34] AC stands for "aggregate cap."

[35] The PTC is defined as follows: "*PTC – Price-to-compare* – A line item that appears on a retail customer's monthly bill for default service. The PTC is equal to the sum of all unbundled generation and transmission related charges to a default service customer for that month of service." 52 Pa. Code § 54.182.

Third, the Joint Stipulation modified how net excess generation compensation would be calculated for customer-generators taking service under Rate GSC-2. For GSC-2 customer-generators, compensation would include the capacity portion of Rate GSC-2, line losses, and a gross-up of the generation component for Gross Receipts Tax (GRT). The capacity portion is calculated using the PJM Reliability Pricing Model price for the PL Zone, multiplied by Large C&I obligation peak load and divided by forecasted Large C&I kWh load for the applicable GSC-2 period. Joint Stipulation at 3; Settlement at ¶ 102. In its sur-surrejoinder testimony, PPL stated that this modification added measurable value to the GSC-2 cash-out rate and undercut claims that non-grandfathered projects would suffer severe financial harm. PPL St. 15-SSRJ at 3-4.

(2) Statements in Support

PPL, in its Statement in Support, presented the MRPL issue as one of the heavily contested issues resolved by the Settlement in PPL's first base-rate case in more than ten years. PPL explained that the MRPL proposal would affect the default-service rate classification of Rate GSC-1 customer-generators with little or no independent load,[36] and noted that the only active Parties opposing any aspect of the Settlement, CGC and PDMP, opposed only the MRPL provisions. PPL Statement in Support at 1-2.

PPL summarized the proposal as a change to the method for assigning default supply customers on the GSC to Rate GSC-1 or Rate GSC-2. Under the proposed Retail Tariff, "maximum registered peak load" would be defined as a customer's "net demand contribution impact" to PPL's default-service procurement activity, determined by the net power flow "from or into" PPL's distribution system. The MRPL used for rate

[36] PPL explained that the term "independent load" refers to load that would rely on PPL's system for a separate purpose other than to operate the customer's generation. PPL St. 15 at 6.

classification would be the customer's highest MRPL, in kW, during the most recent 12-month period ending September 30. For new customers without a 12-month billing history, PPL would estimate MRPL using factors such as similarly equipped buildings, similarly used buildings, and square footage; for customer-generators, that estimate would also include the generation system's nameplate capacity. PPL Statement in Support at 59-60.

PPL's stated rationale was that the existing default-service classification structure fails to properly classify large customer-generators, particularly "no-load" or very low-load projects that could export substantial generation, while showing little or no customer demand. PPL argued that the current construct undermines equity in cost recovery and distorted the default-service rate structure for Small C&I customers because these customer-generators could remain in Rate GSC-1 and receive net-metering compensation at the Small C&I PTC, even though their generation capability and export behavior were more consistent with larger commercial activity. PPL therefore framed MRPL as a tariff correction designed to account for both peak demand and peak export, rather than demand alone. PPL Statement in Support at 61-62.

PPL also emphasized the magnitude of the projected rate impacts that, in the Company's view, justified its MRPL proposal. PPL stated that even after using a 36% project-cancellation rate, a lower 17.3% capacity factor, and accounting for the extent to which the projects' excess generation would offset PPL's default-service procurement requirements, its analysis still showed severe impacts on Small C&I default-service customers if the Company's MRPL proposal were not approved. PPL asserted that the Rate GSC-1 PTC could increase from $0.12114/kWh in 2025 to $0.30562/kWh in 2029, and that by 2029, PPL could be paying an annual premium of approximately $414.2 million for supply from no-load customer-generators, compared to supply available through full-requirements contracts. PPL characterized that as a $0.22032/kWh PTC premium associated with compensating those projects for excess

generation instead of procuring equivalent default-service supply through PPL's normal contracts. PPL Statement in Support at 61-62.

PPL also stated that its sensitivity analyses continued to show adverse impacts even under higher project-cancellation assumptions. Under a 50% cancellation-rate scenario, PPL projected a 2029 PTC of $0.23423/kWh and total net-metering compensation of approximately $354.9 million. Under a 75% cancellation-rate scenario, PPL projected a 2029 PTC of $0.16178/kWh and total net-metering compensation of approximately $118.8 million. PPL used these projections to argue that the influx of large customer-generator projects would continue to put upward pressure on the GSC-1 PTC and that the MRPL proposal was needed to prevent Small C&I customers from bearing costs that PPL believed should be assigned to a more appropriate default-service class. PPL Statement in Support at 62.

PPL also recounted the litigation history of the proposal, stating that several Parties opposed the Company's originally-filed MRPL proposal, including CGC, the JSA, PDMP, Walmart, and Dimension.[37] PPL described CGC as concerned about the financial impact on projects in development that would be reclassified to GSC-2; the JSA as disputing PPL's justification and supporting data; PDMP as concerned about dairy farmers with anaerobic digesters; and Walmart as asserting that the proposal would adversely affect its clean-energy initiatives. PPL also noted that CGC and the JSA offered grandfathering or "legacy rights" alternatives if the Commission adopted the MRPL. PPL Statement in Support at 63-64.

PPL identified two key modifications to the Company's originally-filed MRPL proposal, resulting from the Joint Stipulation: (1) a grandfathering process

[37] Dimension did not submit testimony but was opposed to the MRPL as originally proposed by the Company. *See* Dimension Petition to Intervene at 2-4.

allowing existing systems and certain projects to remain on Rate GSC-1, up to a cap of 140 MW; and (2) changes and clarifications to the Rate GSC-2 rate used to calculate compensation for Rate GSC-2 customer-generators, including the addition of a capacity component, line losses, and a gross-up for the GRT, which were then incorporated into the broader Settlement. PPL Statement in Support at 64.

PPL characterized the 140 MW grandfathering cap as a compromise that addresses concerns about existing and near-term projects while still limiting the effect on Small C&I default-service rates. PPL stated that the cap would cover approximately 15.5 MW of existing Rate GSC-1 customer-generators as of the rate case filing date, plus approximately 124.5 MW of Rate GSC-1 customer-generator projects that had been placed in service after the filing, or were in the interconnection queue and expected to be placed in service by September 30, 2026. PPL's position was that this structure gives protection to projects already in operation or sufficiently far along, while preventing an unlimited amount of net-metered capacity from continuing to receive GSC-1 compensation. PPL Statement in Support at 67.

PPL also emphasized that the Settlement's changes to GSC-2 compensation reduce the financial impact on projects that are not grandfathered and are reclassified to Rate GSC-2. PPL stated that the modified proposal would provide current Rate GSC-2 cash-out rates of $0.09601/kWh for Rate GS-3 customer-generators and $0.12646/kWh for Rate LP-4 customer-generators. The Company further stated that adding the capacity component, line losses, and GRT gross-up increases the GSC-2 cash-out rates by $0.02062/kWh for GS-3 customer-generators and $0.01897/kWh for LP-4 customer-generators. PPL compared these figures to the then-current Small C&I PTC cash-out rate of $0.12681/kWh, arguing that the difference is $0.0308/kWh for GS-3 customer-generators and only $0.00035/kWh for LP-4 customer-generators. PPL Statement in Support at 67-68.

Additionally, PPL advanced legal arguments for approval of its MRPL proposal, as modified by the Settlement. PPL relied on the Commission's approval of a similar Supply Peak Load Impact (SPLI) proposal in *UGI DSP V* and stated that the Commonwealth Court affirmed that decision.[38] PPL summarized the Commonwealth Court's holdings as rejecting arguments that the SPLI violated the Alternative Energy Portfolio Standards Act of 2004, Act of November 30, 2004, P.L. 1672, *as amended*, 73 Pa.C.S. §§ 1648.1-1648.8 and 66 Pa.C.S. § 2814 (AEPS Act), Sections 2807 and 1304 of the Code, or Commission Regulations, and as recognizing that compensation under the large-customer default service rate could still constitute compensation at full retail value. PPL also pointed to the Commission's approval of a similar proposal in the *Citizens' 2025 Rate Case*,[39] where the Commission cited Section 2807(e)(7) of the Code and explained that default service rates for one class should not subsidize the costs of other customer classes. PPL Statement in Support at 69-71.

PPL argued that CGC's and PDMP's objections should be rejected because they do not account for the Settlement's modifications to the original MRPL proposal. PPL specifically asserted that CGC continued to attack the as-filed proposal even though the Joint Stipulation and Settlement added grandfathering provisions and provided a detailed capacity component for GSC-2 compensation. PPL also argued that no cost of service study is needed to support MRPL because, unlike many distribution costs, the costs associated with net-metering compensation can be directly assigned to the default

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[38] Namely, PPL cited *Penn Renewables, LLC v. Pa. PUC*, ___A.3d___, 2026 WL 1466224 (Pa. Cmwlth. 2026) (*Penn Renewables*). *See* PPL Statement in Support at 69-70. The Commonwealth Court originally issued the *Penn Renewables* decision as a Memorandum Opinion. However, on May 26, 2026, the Court issued an Order granting the Joint Request of the Commission and the OCA to designate the decision as an Opinion and that it be reported.

[39] PPL noted that "'Citizens' proposed a new definition for Billing Demand,' which is similar to [PPL's] MRPL proposal, 'offers a solution to the subsidization issue posed by large customer-generators.'" PPL Statement in Support at 71 (citing *Citizens' 2025 Rate Case* at 71).

service class in which the customer-generator is classified; PPL stated that compensation costs for Rate GSC-1 customer-generators are recovered through Rate GSC-1 reconciliation and reflected in the E-Factor[40] value in the PTC calculation. PPL Statement in Support at 73-76.

Overall, in its Statement in Support, the Company presented the MRPL Settlement as a reasonable and equitable compromise. PPL contended that the proposal, as modified, addresses the rate impacts of large no-load customer-generators on the Rate GSC-1 PTC, protects existing and near-term projects through a 140 MW grandfathering cap, improves the GSC-2 compensation structure for reclassified projects, and aligns with Commission and court precedent. PPL concluded that MRPL, as modified by the Settlement, is supported by substantial evidence and legal precedent and appropriately balances solar developers' interests against the need to mitigate rate and affordability impacts on Small C&I customers. PPL Statement in Support at 67-68, 76.

Taken together, I&E, the OCA, the OSBA, CAUSE-PA, the JSA, and PPLICA, in their respective Statements in Support, showed different levels and types of support for the MRPL provisions of the Settlement. I&E and PPLICA did not litigate MRPL substantively but supported the Settlement in its entirety as reasonable and in the public interest. I&E's support was Settlement-wide and public-interest-based, not a MRPL-specific litigation position. I&E, in its Statement in Support, placed MRPL within the broader negotiated resolution and treated the MRPL provisions as part of a package Settlement that, in I&E's view, should be approved as a whole. I&E Statement in Support at 13. Likewise, PPLICA's Statement in Support was limited. PPLICA stated that it did not take a position in testimony regarding MRPL. Nevertheless, PPLICA supported the MRPL Settlement provisions because it believes they represent a

[40] The E-Factor reconciles for over- and under-recoveries in the PTC every six months. PPL St. 15-SSRJ at 6.

compromise among the Joint Petitioners that is reasonable and in the public interest, balancing the competing interests represented in the proceeding. Unlike the Statements in Support of the OCA, the OSBA, CAUSE-PA, and the JSA, summarized, *infra*, PPLICA did not provide a detailed MRPL-specific policy or factual rationale; its support was based on the Settlement's overall compromise value and public-interest balance. *See* PPLICA Statement in Support at 12.

The OCA, through its Statement in Support, provided a more direct endorsement of PPL's MRPL proposal, as modified by the Settlement. First, the OCA identified the problem under the current framework that PPL sought to address: no-load net-metering installations can have substantial generation output but negligible net demand, allowing them to remain in the GSC-1 category despite the scale of their generation. OCA Statement in Support at 61-62. The OCA's support rested heavily on the testimony of the OCA's witness, Mr. Zach Teti. The OCA stated that Mr. Teti reviewed PPL's filing and recommended that the Commission approve PPL's proposed MRPL methodology. According to the OCA, Mr. Teti concluded that PPL's overall default-service supply portfolio, including the default service procured for residential customers, would benefit from the MRPL methodology. His reasoning was that utilities must meet their statutory default-service responsibilities by procuring a portfolio designed to ensure service at the least cost over time, and that efficient procurement requires reliable load-supply contracts and a clear understanding of forecasted load. In the OCA's summary, "getting the quantity correct" is key to efficient default-service procurement for supply passed through to GSC-1 customers, and MRPL would reduce the uncertainty associated with output from large customer-generators. *Id.* at 63.

The OCA further emphasized that assigning large customer-generators to Rate GSC-2 makes default-service procurement for the bulk of customers more achievable. The OCA noted Mr. Teti's testimony that implementing MRPL should reduce uncertainty in the output of large customer-generators and therefore improve

procurement efficiency. By designating large customer-generators as GSC-2 customers, the OCA reasoned, PPL can better align the default-service procurement task with the actual customer base served through Rate GSC-1. This was important to the OCA because residential customers are included in Rate GSC-1, and the OCA's statutory role is to represent consumer interests in ensuring that customers pay no more than necessary for adequate, reliable, and safe utility service. OCA Statement in Support at 1, 63.

The OCA also addressed the concern that customer-generators may reduce PPL's PJM capacity cost obligations. The OCA noted that the JSA's witness, Mr. Justin R. Barnes, offered recommendations regarding the MRPL proposal, and the OCA's witness, Mr. Teti, agreed that customer-generators can functionally reduce PJM capacity cost obligations for PPL. The OCA noted Mr. Teti's testimony that the proposed MRPL methodology should not impair that function, and that customer-generator output currently allows PPL to reduce the Default Service Plan procurement amount, which benefits Small C&I customers. In other words, the OCA's support for MRPL was not based on denying that customer-generators provide some capacity or procurement benefit; instead, the OCA supported the Settlement because it views MRPL as a better method for classifying large customer-generators, while preserving relevant benefits. OCA Statement in Support at 63.

The OCA described the Settlement terms as providing a reasonable resolution of the MRPL dispute. The OCA stated that the MRPL Settlement terms in Paragraphs 101 through 105 are reasonable and in the public interest because the proposed methodology will classify customers into the appropriate rate class based on their impact on the distribution system and will further least-cost procurement. The OCA also stated that the Settlement provides customer-generators with notice and concessions from PPL that will allow a smoother transition between GSC classifications. Although the citation text states, "transition to GSC-1 from GSC-2," the broader context of the OCA's discussion concerns the reclassification of certain large customer-generators from

Rate GSC-1 to GSC-2 and the Settlement mechanisms addressing that transition. OCA Statement in Support at 65.

The OCA also did not oppose the Settlement's grandfathering provisions. It stated that the grandfathering terms are reasonable and in the public interest, and it asked the Commission to adopt all provisions related to MRPL without modification. The OCA's overall conclusion was that the MRPL provisions of the Settlement balance the need for more accurate rate classification and least-cost default-service procurement with transition protections for customer-generators. The OCA expects the change in methodology to likely result in more affordable rates for residential consumers, which was central to its support for the related provisions of the Settlement. OCA Statement in Support at 65.

The OSBA, in its Statement in Support, addressed PPL's MRPL proposal from the standpoint of protecting GS-1 small business customers from potentially large increases in default electric supply prices. The OSBA framed the Settlement as the product of negotiated compromise, consistent with Commission policy encouraging Settlements. The OSBA cited the Commission's Regulations stating that settlements are encouraged and that negotiated settlements or stipulations, where interested parties have had the opportunity to participate, are often preferable to fully litigated outcomes. This context is important because the OSBA's support for the MRPL provisions of the Settlement was presented as part of a broader Settlement package that, in the OSBA's view, includes negotiated concessions protecting small businesses. *See* OSBA Statement in Support at 2 (citing 52 Pa. Code § 5.231).

With respect to MRPL specifically, the OSBA stated that its "primary litigation position" was to limit the number of net-metering customer-generators classified to the GS-1 small business customer class. The OSBA explained that, without such a limit, more than 1,000 MW of capacity could be eligible for classification in the

small business class. In the OSBA's view, the resulting impact on small business electric rates would range from "significant to catastrophic." The core of the OSBA's support for PPL's MRPL proposal was that the OSBA viewed the existing classification structure as exposing GS-1 small businesses to substantial default-service price impacts from net-metered customer-generators. OSBA Statement in Support at 4.

The OSBA supported the Joint Petition's MRPL resolution because it imposes restrictions intended to avoid what the OSBA describes as "massive increases" in default electric supply prices for small businesses. Specifically, the OSBA noted that the Settlement grandfathers an additional 140 MW of capacity into the GS-1 small business customer class and allows those projects to remain on the GS-1 default service rate for 10 years. In the OSBA's view, this structure protects certain existing or near-term customer-generator projects while preventing unlimited additional net-metered capacity from being classified to Rate GS-1 and affecting small business default supply prices. OSBA Statement in Support at 4.

The OSBA also emphasized that customer-generators excluded from Rate GS-1 by the grandfathering terms and capacity caps are not left without a classification or compensation path. Rather, the OSBA noted, those customer-generators may seek classification in the larger commercial classes, and compensation rates for customer-generators in those larger commercial classes are reasonable while still protecting GS-1 small business customers. This reflects the OSBA's attempt to balance customer-generator compensation with small business rate protection. The OSBA did not reject compensation for customer-generators but supported moving certain projects out of GS-1 where their continued inclusion could burden small business customers. OSBA Statement in Support at 5.

The OSBA ultimately concluded that the Joint Petition's resolution of the MRPL issue is "just and reasonable" for PPL's small business customers. It stated that

the Settlement will also help "stem the rate increases" that GS-1 small businesses are already experiencing due to customer-generators already in operation. That statement captures the OSBA's central policy concern, which is that the MRPL provisions of the Settlement are needed not only to prevent future increases from additional customer-generator capacity, but also to address rate pressure already affecting the GS-1 small business class. OSBA Statement in Support at 5.

The OSBA returned to the same concern in its discussion of the Vice Chair Barrow Statement. There, the OSBA stated that customer-generators being reimbursed at the PTC are causing electric supply rates for small businesses to "dramatically increase." It warned that, without some form of relief such as the Joint Petition's proposed terms, adding additional universal service costs to small businesses could be severely harmful. Although this discussion is not solely about MRPL, it reinforced the OSBA's view that customer-generator compensation at the PTC is already creating serious supply-rate pressure for small businesses and that the Settlement's protections are necessary. OSBA Statement in Support at 6.

In its Statement in Support, CAUSE-PA addressed PPL's MRPL proposal in the context of CAUSE-PA's broader affordability-focused support for the Settlement. Within that broader framework, CAUSE-PA expressly supported the MRPL provisions set forth in Paragraphs 98 through 105 of the Settlement. CAUSE-PA described those provisions as approving PPL's MRPL proposal, as modified by the Joint Stipulation submitted in this proceeding. CAUSE-PA explained that, under PPL's current tariff, the definition of "maximum registered peak load" accounts only for registered peak demand by net-metered, non-residential customers. CAUSE-PA added that PPL proposed to revise that definition so that it would account for both demand, the amount taken from the system by interconnected customers, and supply or export, the amount provided or sold back to the system by those same customers. CAUSE-PA Statement in Support at 51-52.

CAUSE-PA summarized PPL's justification for the MRPL change as being driven by a projected substantial increase in net-metered customer-generators that do not have independent load to offset their electric usage. CAUSE-PA characterized these customers as operating on the distribution system primarily to operate generation systems and sell electricity back to the distribution system under net-metering rules. Under the existing rules, according to CAUSE-PA's summary of PPL's position, these customers can bank sales and produce significant excess generation that is paid out at the applicable PTC. CAUSE-PA noted that, as of March 31, 2025, PPL identified annual net-metering cash-outs for the Small C&I customer class of approximately $11 million, but projected that, based on interconnection requests, those costs could rise as high as $300 million by 2029. CAUSE-PA Statement in Support at 52.

CAUSE-PA supported PPL's MRPL changes, primarily on affordability and cost-shift grounds. CAUSE-PA stated that its witness, Mr. Cicero, explained that many affordable multifamily housing providers serving subsidized housing for low-income households pay commercial-class rates and therefore are directly affected by what CAUSE-PA described as artificially high excess compensation to merchant generators. CAUSE-PA also noted Mr. Cicero's argument that current net-metering rules and policies did not contemplate situations in which net-metering customers with no load or *de minimis* load would exist solely for the purpose of excess-generation sales, and that upward pressure from those customers may spill into residential rates. CAUSE-PA Statement in Support at 52-53.

CAUSE-PA noted that, apart from the specific Settlement terms, the Joint Petitioners proposed no other modifications to PPL's proposed changes to Rates GSC-1 and GSC-2, or to PPL's proposal to introduce MRPL into determining eligibility for those rate schedules. CAUSE-PA further stated that, for the remainder of the grandfathering period ending December 31, 2036, PPL will not propose in any Commission proceeding to modify the grandfathered rights for customer-generators set

forth in Paragraph 99 of the Settlement. Furthermore, CAUSE-PA highlighted that PPL will compensate each customer-generator taking service under Rate GSC-2 for excess generation based on the components specified in the Settlement. CAUSE-PA Statement in Support at 53.

The JSA's Statement in Support was limited to the JSA's support for the MRPL-related portions of the Settlement; the JSA expressly took no position on the remaining Settlement provisions. The JSA explained that PPL's original MRPL proposal would have assigned default supply customers on the GSC to Rate GSC-1 or Rate GSC-2 based on a newly created tariff definition of "maximum registered peak load." The JSA stated that the practical effect of PPL's proposal would be to move certain net-metered customer-generators from Rate GSC-1 to Rate GSC-2 and significantly reduce the compensation they receive for annual net excess generation, referred to as the "cashout." The JSA identified this effect as its central concern: the proposal could adversely affect customer-generators' ability to economically develop, install, and operate net-metered renewable energy projects in PPL's service territory. JSA Statement in Support at 2-3.

The JSA described its role in the proceeding as protecting investments in alternative energy customer-generator projects, especially solar projects, that were made in reliance on Pennsylvania's AEPS Act. The JSA explained that the AEPS Act created customer-generators and established the method and pricing under which those generators are compensated for electricity lawfully produced and delivered through net metering. JSA Statement in Support at 3-4.

The JSA noted that its litigation position included two principal alternatives to PPL's original MRPL proposal. First, the JSA proposed a more holistic compensation structure for customer-generators assigned to Rate GSC-2, including a capacity credit to reflect benefits provided by customer-generators' excess electricity to PPL and its customers. The JSA proposed that the capacity credit be based on customer-generator

production during PJM peak demand periods, so that the compensation rate would reflect system-wide capacity benefits. Second, the JSA proposed "legacy rights" under Rate GSC-1 for operational and mature in-development projects. For operational projects and projects with interconnection upgrade work already in progress as of the rate-case filing date, the JSA proposed full legacy rights for the operational life of the project, allowing those projects to continue receiving GSC-1 cashout compensation. JSA Statement in Support at 4-5.

For projects with pending interconnection requests submitted before PPL's rate-case filing date, the JSA proposed legacy rights subject to conditions intended to identify mature projects and offset rate impacts. Specifically, the JSA proposed that those customer-generators could obtain full legacy rights by electing to make a non-refundable deposit equal to 50% of PPL's estimated distribution-upgrade costs and by transferring the project's Alternative Energy Credits (AECs) to PPL at no cost during the legacy-rights period. The JSA stated that this approach was intended to ensure that legacy rights would apply to the most mature customer-generator projects and that the total benefits of those projects, including AEC value, would eliminate upward pressure on the GSC-1 rate. JSA Statement in Support at 5.

The JSA ultimately supported the Settlement because, although it differs from the JSA's original recommendations and from PPL's original proposal, it satisfactorily addresses the MRPL issues the JSA raised in its Petition to Intervene, Formal Complaint, and testimony. The JSA stated that the changes were reached through good-faith negotiations and provide a reasonable balance of the Parties' interests. The JSA framed the Settlement as a compromise that should be evaluated under the Commission's policy favoring settlements, where the Commission determines whether the settlement, as a whole, is in the public interest. JSA Statement in Support at 5-6.

The first major MRPL Settlement term the JSA supported was the Rate GSC-1 legacy rights framework. The JSA acknowledged that the Commission previously adopted MRPL-type proposals in *UGI DSP V* and *Citizens' 2025 Rate Case* but argued that those proceedings did not address the impacts on existing and in-development customer-generator projects that relied on compensation at a small-customer PTC, rather than a lower large-customer default-service rate. The JSA stated that, unlike those prior cases, the instant Settlement provides that certain operational and near-operational customer-generators will receive legacy-rights status and remain under their existing default-service rate, Rate GSC-1, until December 31, 2036; beginning January 1, 2037, they will be subject to whatever default-service classifications are in effect at that time. JSA Statement in Support at 7-8.

The JSA further supported the Settlement's 140 MW-AC cap on legacy-status customer-generator capacity that may remain on Rate GSC-1. The JSA stated that the cap is designed to ensure that PPL's small-customer rates are not adversely affected by continuing to compensate legacy customer-generators at the GSC-1 rate. Once the cap is fully allocated, any customer-generator without a cap-capacity allocation must take default supply service under Rate GSC-2. The JSA also highlighted the transparency provisions requiring PPL to provide regular public updates on its website showing the amount of remaining cap capacity and providing notice when the cap has been fully allocated. JSA Statement in Support at 7-8.

According to the JSA, the 140 MW cap appropriately balances the interests of customer-generators and PPL's small customers. More specifically, the JSA argued that from the customer-generator perspective, the cap reflects the fairness and gradualism principles discussed by the JSA's witness, Mr. Barnes, by allowing a defined group of projects that incurred significant investment costs in reliance on existing tariff terms to avoid the "rate shock" of an immediate transfer to Rate GSC-2. The JSA continued that, from the small-customer perspective, the cap protects Rate GSC-1 default-service

customers from escalating payments to net-metered customer-generators by limiting the amount of net excess generation compensated at the GSC-1 PTC. The JSA noted that its evidence showed customer-generator excess generation can reduce generation supply costs included in the GSC-1 rate, but that the GSC-1 rate class is constrained in its ability to absorb additional generation and fully realize those savings. JSA Statement in Support at 8-9.

The JSA summarized the legacy-rights framework as generally aligning with its objectives because it provides equitable protections to both GSC-1 customers and net-metered customer-generators, minimizes future risks and uncertainties concerning the cost impact of payments to customer-generators and their cashout compensation, and establishes clear and practicable qualification milestones and thresholds to limit future disputes and administrative burdens. According to the JSA, the core reason for its support for the modified MRPL Settlement is that it does not fully preserve the prior regime indefinitely, but it creates a defined transition that protects mature projects while limiting impacts on other customers. JSA Statement in Support at 9.

The second major MRPL Settlement term the JSA supported is the Rate GSC-2 compensation structure refinement. The JSA explained that, in addition to legacy rights, its evidence addressed how customer-generators moved to large-customer default service should be compensated for annual excess generation. The JSA stated that the Settlement provides necessary clarity by specifying that Rate GSC-2 compensation for net excess generation must include three components not currently included in PPL's Retail Tariff: a capacity component calculated under a defined methodology, line losses, and a gross-up of the generation component for GRT. The JSA also highlighted that Paragraph 105 of the Settlement, *supra,* identifies existing Rate GSC-2 compensation components and methodologies, including energy, the HP Adder, the E-Factor, administrative charges, and transmission. JSA Statement in Support at 9-10.

According to the JSA, it supported those GSC-2 compensation refinements because they address the JSA's concern that PPL's original GSC-2 compensation proposal omitted a credit for the generation capacity benefit provided by customer-generators. The JSA stated that inclusion of the capacity credit recognizes some of the cost-savings benefits provided by excess generation from customer-generators to the Rate GSC-2 customer class. The JSA also emphasized that the Settlement's identification of each GSC-2 compensation component and its calculation methodology gives customer-generators greater assurance that the excess generation they sell to PPL will be fairly valued consistent with the AEPS Act. In addition, the JSA touted that through December 31, 2041, PPL will not propose to change the structural components used to compensate GSC-2 customer-generators for net excess generation. JSA Statement in Support at 10.

The JSA concluded that the MRPL-related Settlement terms are in the public interest because they balance the interests of non-generating customers, customer-generators, and PPL, while operating within a MRPL concept the Commission has previously approved for other utilities. The JSA stated that the Settlement resolves a complex and multi-faceted MRPL issue by allowing net-metered customer-generators to continue economically developing, installing, and operating alternative-energy customer-generation facilities in PPL's service territory, while also mitigating potential negative rate impacts on PPL's other customers. The JSA therefore requested that the Commission approve the MRPL terms of the Settlement, without modification. JSA Statement in Support at 10-12.

(3) Statements in Opposition

As previously noted, CGC objected only to the MRPL provisions of the Settlement, not to the Settlement as a whole. CGC described itself as an *ad hoc* coalition of solar developers and customer-generators with existing and planned distributed

generation facilities interconnected to PPL's distribution system. Its members, according to CGC, develop and operate distributed solar facilities that participate in Pennsylvania's net-metering framework as customer-generators, and those projects were developed and financed in reliance on the Commission's existing regulatory framework and the statutory structure of the AEPS Act. CGC argued that the Settlement's MRPL provisions would depart from that framework by redefining how customer load is measured for rate classification and eligibility purposes. CGC Objection to Settlement at 1-2.

First, CGC argued that the Settlement's MRPL provisions conflict with the Commission's existing regulatory definition of MRPL. According to CGC, Commission Regulations already define MRPL by reference to a customer's PLC under the PJM Interconnection system, which CGC characterized as a demand-based metric measuring the customer's contribution to system peak demand. CGC Objection to Settlement at 6 (citing 52 Pa. Code § 54.182). CGC contended that PPL's proposed tariff definition, measuring MRPL by "net demand contribution impact" based on net power flow "from or into" PPL's distribution system, impermissibly incorporates exported generation into a metric that should measure only demand. In CGC's view, exported generation is not customer demand and cannot be treated as demand or substituted for customer load under the existing MRPL regulation. CGC Objection to Settlement at 4-6.

CGC further contended that PPL cannot rely on the regulatory phrase allowing MRPL to be "further defined by the EDC tariff" to change the fundamental nature of the MRPL metric. CGC argued that this phrase permits refinement within the Commission's demand-based framework but does not authorize a utility to replace that framework with one based on net exports or generation output. Put differently, CGC contended that incorporating exported generation does not further define demand; rather, it substitutes a different concept for demand. On that basis, CGC asserted that the MRPL Settlement provisions cannot lawfully be approved through a utility-specific tariff revision in a base rate proceeding. CGC Objection to Settlement at 6-8.

CGC's second major objection was its contention that the MRPL provisions conflict with the AEPS Act and Pennsylvania's statutory net-metering framework. CGC argued that the AEPS Act establishes the structure under which customer-generators interconnect to the distribution system and receive compensation for excess generation. Under that framework, CGC stated, customer-generators are retail customers, not wholesale suppliers or PJM market participants. CGC contended that redefining MRPL to incorporate "net power flow from or into" PPL's system improperly links customer-generator exports to default-service procurement classifications, even though customer-generators do not bid into PJM markets, do not enter default-service contracts with PPL, and do not function as default-service supply resources. CGC Objection to Settlement at 9-11.

On the AEPS Act issue, CGC also emphasized that excess generation is credited through retail billing mechanisms, with remaining credits carried forward, and that this is a statutory net-metering mechanism rather than a wholesale-procurement transaction. CGC relied on testimony that customer-generators taking service under PPL's net-metering tariff do not register with PJM as load-serving entities, are not required to be PJM members, do not assume PJM capacity or energy procurement obligations, do not enter into default-service contracts with PPL, and do not participate in PPL's wholesale procurement process. CGC argued that these facts undercut PPL's attempt to justify MRPL as a default-service procurement classification tool. CGC Objection to Settlement at 10-11.

CGC's third objection was that the MRPL Settlement provisions would operate as impermissible retroactive ratemaking. Although the Settlement is framed as prospective, CGC argued that it has retroactive effects because CGC members developed, financed, and advanced distributed generation projects through the interconnection process in reliance on the regulatory framework in place at the time of their investments. CGC averred the Settlement would condition eligibility for existing

rate treatment on the timing of interconnection outcomes, many of which are driven by utility-controlled processes and would therefore attach new regulatory consequences to prior development decisions and capital commitments. CGC Objection to Settlement at 5; *see also* R.D. at 244-45.

CGC's retroactivity argument was tied to the Settlement's 140 MW grandfathering cap. Namely, CGC argued that only a limited number of existing or in-development projects would qualify for grandfathered treatment under the current GSC-1 customer-generator rate classification, and that treatment would be subject to an aggregate 140 MW cap. Once the cap is reached, CGC stated additional projects developed under the existing customer-generator framework would be moved to Rate GSC-2, where compensation for exported generation would be materially reduced. CGC therefore viewed the grandfathering mechanism not as adequate protection, but as an arbitrary cutoff that changes the consequences of investment decisions already made under prior tariff and net-metering rules. CGC Objection to Settlement at 5, 13-14.

CGC's fourth objection to the MRPL provisions of the Settlement was evidentiary. More specifically, CGC argued that PPL has not met its burden to prove that the MRPL provisions are just, reasonable, and supported by substantial evidence. CGC stated that the record contains no cost-of-service analysis, class cost allocation study, system impact analysis, or other quantitative evidence demonstrating that PPL's reinterpretation of MRPL is necessary to ensure just and reasonable rates. CGC also argued that PPL did not quantify costs, did not analyze whether customer-generators materially affect default-service procurement obligations, and did not perform a cost of service analysis to support differential treatment. CGC Objection to Settlement at 4-5, 15-18.

CGC also argued that PPL's evidence rests too heavily on forward-looking modeling assumptions rather than empirical analysis. In CGC's view, the Commission

cannot evaluate whether the resulting GSC-1/GSC-2 classification structure is just and reasonable without evidence demonstrating the actual cost impacts associated with customer-generators' participation in the system. CGC further asserted that customer-generators finance substantial distribution-system upgrades through the interconnection process, that those facilities become part of PPL's system, and that PPL did not quantify those infrastructure-upgrade payments or evaluate the engineering studies identifying reinforcements required to interconnect distributed generation facilities when developing the MRPL proposal. CGC Objection to Settlement at 16-18.

Finally, CGC argued that even if the Commission could lawfully adopt PPL's MRPL construct, the Settlement would still create unreasonable and discriminatory classifications among similarly situated customer-generators. CGC objected that the Settlement differentiates among customer-generator projects based on timing in the interconnection queue and an administratively imposed 140 MW cap, rather than cost causation, operational characteristics, or system impact. CGC stated that projects inside and outside the cap are similarly situated customer-generator facilities developed under the AEPS Act and Commission net-metering Regulations, and that the record contains no analysis showing projects above the 140 MW threshold impose materially different costs than projects within the grandfathered category. CGC Objection to Settlement at 18-20.

In conclusion, CGC asked the Commission to reject the MRPL provisions of the Settlement. Its position was that PPL bears the burden to show that the proposed classification is just, reasonable, and supported by the record, and CGC stressed its position that this burden has not been met. CGC summarized its objection by arguing that the MRPL provisions conflict with the Commission's regulatory definition of MRPL, are inconsistent with the AEPS Act and net-metering framework, would operate as impermissible retroactive ratemaking, lack the required evidentiary support, and would

create unreasonable and discriminatory rate classifications among similarly situated customer-generators. CGC Objection to Settlement at 20.

PDMP opposed the Settlement specifically because of its treatment of PPL's MRPL proposal and its impact on dairy farms operating anaerobic digesters as net-metered customer-generators. PDMP described itself as representing dairy farmers who operate anaerobic digesters on PPL's system, and it argued that PPL's MRPL proposal would classify customer-generators by either demand or generation, using the customer-generator's MRPL. PDMP stated that customer-generators made significant capital investments in reliance on receiving "full retail value" for net-metered generation and contended that changing that treatment is not authorized by the AEPS Act. PDMP's overarching position was that the MRPL Settlement should be rejected because it harms customer-generators without providing a compelling benefit to non-customer-generators. PDMP Statement in Opposition at 1-2.

First, PDMP argued that PPL's asserted "rate cliff" is a myth. According to PDMP, the Settlement rests on false assumptions about the rate impact of net metering, especially the idea that excess generation is "banked" until year-end in a way that burdens other customers. PDMP asserted that the kWhs produced by customer-generators are actually metered, consumed by other nearby customers, recorded on those customers' bills, and charged monthly at the applicable rate. PDMP emphasized that customer-generators are not paid monthly; instead, their excess generation is accumulated and paid out at year-end, while PPL receives payment throughout the year from the customers who consumed the energy. In PDMP's view, this means there is "no free energy" and no basis for treating the annual cashout as a looming catastrophe. PDMP Statement in Opposition at 3-4.

PDMP further argued that a growing cashout is not evidence of a problem, but rather the expected result of more customer-generators operating under the

AEPS Act. PDMP stated that PPL will have collected payment from the customers who consumed the energy, at those customers' applicable PTCs, and therefore there is no reason to be concerned about cross-subsidies merely because many customer-generators are in the small-business rate class. PDMP contended that, if the small-business class truly were paying all cashouts without compensation from the customers in other classes who used and paid for that energy, that would itself violate the statutory prohibition on cross-subsidization between default-service customer classes. PDMP Statement in Opposition at 4-5.

PDMP also disputed PPL's argument that customer-generators impose a retail-over-wholesale premium. PDMP stated that paying customer-generators at retail is what the AEPS Act requires, and that many of the "extras" for which PPL would compensate a wholesale supplier are not needed because the energy originates on PPL's distribution system. PDMP argued that PPL's net-metering expense will rise only because the Company will be buying more energy from customer-generators, not because the price paid to customer-generators is increasing. From PDMP's perspective, there is no emergency, no looming disaster, and no evidentiary basis for the MRPL proposal; rather, PDMP characterized MRPL as a "solution in search of a problem" that customer-generators "do not need and cannot afford." PDMP Statement in Opposition at 5.

PDMP's second major objection was that the Settlement does not adequately address the known harm to customer-generators, particularly dairy farms with anaerobic digesters. PDMP explained that Schrack Farms has operated as a dairy farm under the same family ownership for 250 years, and that Schrack Farms and other PDMP members use anaerobic digesters to reduce odor and transform manure from approximately 1,400 cows into a useful product rather than a liability. The digesters produce methane, which is burned in a generator to produce electricity and heat used for space heating and hot water at the dairy, while excess electricity is sold to PPL through

net metering. PDMP stressed its position that dairy farmers with digesters are not the "no-load" customer-generators criticized in PPL's testimony, but that the Settlement would not sufficiently protect their investments or the long-term viability of their farms. PDMP Statement in Opposition at 6.

Next, PDMP objected that the Settlement's grandfathering provision is both too small and too short. Although PDMP acknowledged that the Settlement grandfathers some customer-generators, it argued that the 140 MW-AC cap is too limited and will leave no meaningful opportunity for digesters not already installed to participate under the current rules. PDMP stated that this means no additional digesters will be built in PPL's service territory. PDMP also argued that the 10-year grandfathering period is too short for dairy farms, which operate on a much longer investment horizon than many businesses. It cited testimony that Schrack Farms recently invested more than $1 million in a new generator and argued that 10 years will not be enough time, given slim margins, to recover such investments. PDMP Statement in Opposition at 6-7.

PDMP also objected that the qualifications for grandfathering are too restrictive. It stated that there are other digester projects "on the cusp of beginning construction," but it is unclear whether they will qualify under the 140 MW cap. PDMP warned that, if they do not qualify, investments already made may not be recoverable and financing arrangements may be negatively affected, potentially preventing those projects from being built. PDMP argued this would harm farms and communities by preventing deployment of technology that has been endorsed and encouraged by the Governor and General Assembly and that would otherwise provide manure-management, environmental, and community benefits. PDMP Statement in Opposition at 7.

PDMP further argued that the Settlement creates uncertainty for existing digesters because digesters are machines requiring repair, replacement, and upgrades.

PDMP warned that, if a digester needs extensive work during the 10-year grandfathering period, PPL could treat the upgraded facility as a new project and thereby revoke or deny grandfathered status. Without assurances that maintenance or upgrades will not rescind grandfathered treatment, PDMP stated that there is too much uncertainty for it to endorse the Settlement. PDMP Statement in Opposition at 7.

PDMP also challenged the Settlement's "Enhanced GSC-2" period as too short. PDMP explained that digester operators, by necessity, work with longer capital-recovery periods than many other businesses. Although PDMP acknowledged that the enhanced GSC-2 rates are substantially higher than the compensation PPL initially proposed, it argued that the enhanced period still does not provide enough rate stability for digesters to remain financially viable year after year. PDMP defined "Enhanced GSC-2" as the structural changes to GSC-2 components producing, in the present period, a GS-3 rate of $0.096/kWh and an LP-4 rate of $0.126/kWh. PDMP Statement in Opposition at 7-8.

PDMP concluded that the Settlement is not in the public interest and must be revised or rejected. It stated that PDMP members have made investments in anaerobic digesters involving a very large percentage of their capital and significant recurring operating costs, and that farms with digesters provide tangible benefits beyond those provided by dairy farms without digesters. PDMP emphasized that the Commonwealth encouraged such projects as a solution to manure-disposal problems. In PDMP's view, the Settlement fails to distinguish digesters from the "no-load" generators targeted by PPL's MRPL proposal and would subject them to the same harmful treatment, despite no evidence of actual or impending harm to customers from continued adherence to the AEPS Act. PDMP Statement in Opposition at 8.

Overall, PDMP's position was that the MRPL provisions of the Settlement ignore the AEPS Act's full-retail-value requirement, create unsupported subclasses of

customer-generators based on when a project was energized, fail to prove any real ratepayer harm justifying a change, and inadequately protect dairy farms with anaerobic digesters. PDMP argued that the Settlement does not accommodate customer-generators that are materially different from no-load solar projects and that, in addition to providing local grid energy, deliver environmental benefits to local communities and Pennsylvania waterways. For these reasons, PDMP took the position that PPL and the Joint Petitioners failed to prove that the Settlement is in the public interest, and PDMP asked that the MRPL provisions of the Settlement be rejected. PDMP Statement in Opposition at 2-3, 8.

C. Recommended Decision

1. ALJs' Recommendation Regarding the MRPL

At the outset of the Recommended Decision, the ALJs stated that if the Settlement is approved, the Joint Petitioners' Settlement of the MRPL issue will be adopted, instead of the positions advanced by CGC and PDMP. Thus, on review, the ALJs recommended that the Commission approve PPL's MRPL proposal, as modified by the Settlement, rather than adopt the litigation positions of CGC and PDMP. More broadly, and as discussed in more detail, *infra*, the ALJs recommended that the Commission approve the Joint Petition in its entirety, without modification, because they found it to be in the public interest, consistent with the Code, and supported by substantial evidence. R.D. at 1-2, 260-63.

The ALJs described PPL's MRPL proposal and accepted PPL's explanation that the proposal was driven by the rise of "no load" net-metering installations. They summarized PPL's position that these projects typically have generation capacities above 1 MW and up to 3 MW, consume little or no electricity from the grid, and export significant excess generation. The ALJs also noted that the excess generation is banked

through the PJM Planning Year and cashed out at the PTC, with the associated net-metering credit and cash-out costs recovered from default-service customers in the same customer class as the customer-generator. In the ALJs' summary, the key concern was that the current 100 kW demand-based GSC-1/GSC-2 classification structure could allow large export-focused customer-generators to remain in the Small C&I GSC-1 class because they have little or no net demand. *See* R.D. at 184-86.

The ALJs also credited the factual background that PPL used to support the need for MRPL. In their Findings of Fact, they found that PPL made the proposal because it projected a substantial increase in net-metered customer-generators without independent load to offset their electric usage. They noted that, as of March 31, 2025, annual net-metering cash-outs for the Small C&I class totaled approximately $11 million, and that PPL's corrected analyses projected total net-metering expense for no-load customer-generators under Rate GSC-1 of approximately $795 million in 2029 under a 36% cancellation rate, approximately $523 million under a 50% cancellation rate, and approximately $192 million under a 75% cancellation rate. The ALJs also recognized that PPL presented updated analyses using a lower 17.3% capacity factor and incorporating an offset to default-service supply procurements because excess generation would place downward pressure on net-metering compensation and the PTC compared to the corrected analyses. *See* R.D. at 13-14, Findings of Fact Nos. 24-33.

The ALJs summarized the Settlement's MRPL modifications as a negotiated compromise. Under the Settlement, the ALJs noted that the MRPL proposal would be approved, but certain customer-generators would be grandfathered into their existing default-service rate for 10 years, through December 31, 2036, after which they would be subject to PPL's default-service classifications in effect on or after January 1, 2037. The ALJs further noted that no additional customer-generators would be grandfathered once the total nameplate AC capacity for Rate GSC-1 customer-generator systems receiving Permission to Operate reaches 140 MW-AC. They found

that the 140 MW cap was intended to cover approximately 15.5 MW of existing Rate GSC-1 customer-generators as of the rate-case filing date, plus approximately 124.5 MW of Rate GSC-1 projects placed in service after the filing, or in the interconnection queue and expected to be placed in service by September 30, 2026. *See* R.D. at 15-16.

The ALJs also emphasized the Settlement's changes to Rate GSC-2 compensation for customer-generators. They found that, under the Settlement, PPL would compensate each customer-generator taking service under Rate GSC-2 for excess generation based on all components set forth in the Settlement. They cited PPL's evidence that the modified MRPL proposal would provide current Rate GSC-2 cash-out rates of $0.09601/kWh for Rate GS-3 customer-generators and $0.12646/kWh for Rate LP-4 customer-generators. The ALJs also noted that adding the capacity component, line loss, and gross-up for GRT would increase the GSC-2 cash-out rates by $0.02062/kWh and $0.01897/kWh for GS-3 and LP-4 customer-generators, respectively. Compared to the then-current Small C&I PTC cash-out rate of $0.12681/kWh, the ALJs highlighted that the difference would be $0.0308/kWh for Rate GS-3 customer-generators and $0.00035/kWh for Rate LP-4 customer-generators. *See* R.D. at 16-17.

In resolving the objections, the ALJs concluded that the MRPL provisions of the Settlement were supported by Commission precedent. They relied on the Commission's approval of a similar SPLI proposal in *UGI DSP V* and a similar billing-demand proposal in *Citizens' 2025 Rate Case*, and they stated that recent Commission and Commonwealth Court decisions support approving MRPL, as modified by the Settlement, and rejecting claims that it violates the AEPS Act, the Code, or Commission Regulations. The ALJs treated those precedents as important because they involved similar attempts to classify customer-generators using a net-demand or net-power-flow concept for default-service purposes. R.D. at 255-56.

The ALJs recommended the rejection of CGC's objections. They summarized CGC's arguments that the MRPL provisions conflict with the Commission's regulatory definition of MRPL, conflict with the AEPS Act and net-metering framework, operate as retroactive ratemaking, lack substantial evidentiary support, and create unreasonable discrimination among similarly situated customer-generators. However, in their disposition, the ALJs concluded that the MRPL proposal, as modified by the Settlement, is lawful and reasonable. They specifically found the MRPL testimony of CGC's witness, Mr. Sharfman, to be "less than convincing" because, during cross-examination, he acknowledged that although he was aware of the Joint Petition, he had not reviewed it and was not aware of its specific terms. R.D. at 238-48, 259 (citing Tr. at 1074-75).

The ALJs also recommended the rejection of PDMP's objection. They summarized PDMP's concern that the Settlement would harm dairy farms operating anaerobic digesters and that digesters are not the "no-load" generators targeted by PPL's testimony. Nevertheless, the ALJs found that PDMP's witness, Mr. Harbach, agreed under cross-examination that his system would be grandfathered under the Settlement. On that basis, they agreed with PPL that any adverse impact PPL's original MRPL proposal would have had on his system, and on similarly situated existing anaerobic digesters already connected to PPL's distribution system, was effectively resolved by the Settlement's modifications to PPL's originally-filed MRPL proposal. R.D. at 249-55, 259-60.

The ALJs' ultimate recommendation was that the MRPL provisions of the Settlement be approved because they found the modified proposal to be just, reasonable, lawful, and supported by the record. They concluded that the proposed MRPL methodology would classify customers into the appropriate rate class based on their impact on the distribution system, further least-cost procurement, provide customer-generators with notice and concessions from PPL to allow a smoother

transition, and likely result in more affordable rates for residential consumers. They also noted that customer-generators excluded from Rate GS-1 by the grandfathering terms and capacity caps could seek classification in larger commercial classes, where compensation rates were found reasonable, while protecting GS-1 small business customers. R.D. at 258-60.

Accordingly, the ALJs found that PPL's MRPL proposal, as modified by the Settlement, "is just and reasonable" and "fully comports" with the AEPS Act, the Code, Commission Regulations, and Commission precedent. As discussed in more detail below, they recommended approval of the entire Settlement, without modification, describing it as a reasonable and public-interest compromise of the serious issues in the case, supported by substantial evidence and discovery. R.D. at 260-61.

2. ALJs' Overall Recommendation Regarding the Non-Unanimous Settlement

The ALJs found the proposed Settlement to be reasonable and in the public interest and, therefore, recommended its approval without modification. In the ALJs' view, the Settlement, reached after substantial evidence and discovery, represented a just and fair compromise of the serious issues raised in this proceeding. Specifically, the ALJs determined that the Joint Petitioners reached a reasoned accord on a broad array of issues resulting in just and reasonable rates for electric service rendered by PPL. R.D. at 260.

The ALJs reasoned that the Joint Petition and the Statements in Support provided sufficient information to support the conclusion that the revenue requirement, revenue allocation, rate design, and other settlement terms are in the public interest. In support of their recommendation to approve the Settlement, the ALJs asserted six main rationales. R.D. at 260-63.

First, the ALJs considered affordability concerns, finding the downward adjustment to the proposed revenue requirement, the two-year rate case stay-out, the increase in the maximum CAP credit limits, and the smaller increase to the fixed customer charge, along with all the other terms and conditions of the Settlement, to represent a fair and reasonable compromise of the positions of the Parties. Regarding the affordability of services, the ALJs found the reduction to the revenue requirement and the smaller increase to the fixed customer charge to be particularly important to residential ratepayers who offered testimony during the public input hearings. R.D. at 260.

Second, the ALJs referenced the Settlement terms pertaining to Termination of Service Procedures, Medical Certificates, CLI Customers, Maximum CAP Credits, LIURP, and the other CAP-related sections of the Settlement, finding that these will result in the provision of important and necessary aid to low-income households and will also afford consumers with the ability to reduce their monthly bills by reducing their consumption. R.D. at 260-61.

Third, the ALJs acknowledged that several residential ratepayers raised concerns at public input hearings about data centers and the resulting increased costs they may have on ratepayers. In response, the ALJs noted that under the Settlement, PPL will create a new LP 6 rate class for data center customers, pursuant to which data centers will pay for infrastructure upgrades they cause. R.D. at 261.

Fourth, the ALJs recognized that a broad range of parties with diverse interests supported the Settlement. The ALJs stressed that each party represented a variety of interests, including PPL, which advocated on behalf of its corporate interests, the OCA, which is tasked with advocacy on behalf of Pennsylvania consumers in matters before the Commission, the OSBA, which represents the interests of the Commonwealth's small businesses, and I&E, which is responsible for balancing these various interests and concerns on behalf of the general public interest. According to the

ALJs, each of these public advocates maintained that the interests of their respective constituencies have been adequately protected and represented that the terms of the Settlement are in the public interest. R.D. at 261.

In further recognition of the diverse interest groups supporting the Settlement, the ALJs acknowledged the following: public interest groups representing low-income customers (CAUSE-PA and CEO), governmental customers (DOD/FEA), industrial customers (PPLICA), environmental advocates (EDF, EJA, SEF, and EI), energy generators/suppliers (Dimension, the JSA, and RESA), energy storage developers (Convergent), retail business owners (Walmart), and a customer-Complainant, Mr. Epstein. In the ALJs' view, these Parties, in a collaborative effort, reached an agreement on a broad array of issues, demonstrating that the Settlement is in the public interest and should be approved. R.D. at 261-62.

Regarding their fifth rationale, the ALJs found that the resolution of this proceeding by negotiated settlement removes the uncertainties of litigation. The ALJs determined that all Parties will benefit by the reduction in rate case expense and the conservation of resources made possible by adoption of the proposed Settlement, in lieu of litigation. Explaining that the acceptance of the Settlement will negate the need for the filing of Exceptions and Reply Exceptions, and potential appeals, the ALJs concluded that these savings in rate case expense serve the interests of PPL and its ratepayers, as well as the Parties themselves. R.D. at 262.

In their final rationale, the ALJs noted that the non-settling Parties, *i.e.*, CGC, PDMP, Mr. Rik Bhattacharyya, Ms. Safiyah Junaid, Ms. Stacey Kimmel-Smith, Mr. John Gadomski, Mr. Thatcher Graham, and Ms. Wendy Johnson, were each provided a copy of the Joint Petition and were offered an opportunity to

comment or object to its terms.[41, 42] The ALJs reasoned that, aside from CGC and PDMP, which did submit written Objections to the Settlement and were addressed separately, none of the consumer Complainants responded. Determining that the due process rights of the consumer Complainants have been fully protected, the ALJs concluded that their formal Complaints can be dismissed for lack of prosecution. R.D. at 263 (citing *Schneider v. Pa. PUC*, 479 A.2d 10 (Pa. Cmwlth. 1984)).

D. Exceptions, Replies, and Dispositions

1. CGC Exception No. 1 and Replies

In its Exception No. 1, CGC argues that the ALJs erred as a matter of law by concluding that the Settlement's MRPL provisions are consistent with the Code and Commission Regulations. According to CGC, the ALJs relied principally on three rationales: (1) that the MRPL provisions were a reasonable compromise supported by most Parties that litigated MRPL; (2) that similar Commission precedent existed in *UGI DSP V* and *Citizens' 2025 Rate Case*; and (3) that the MRPL provisions were part of the broader Settlement package. CGC contends that none of those rationales resolves

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[41] The ALJs stated that they did not learn of the Complaint of Mr. Kenneth Johnson at Docket No. C-2026-3061118 until March 20, 2026, the date that comments or objections to the Settlement were due. However, the ALJs noted that this Complainant shares an address with Complainant Ms. Johnson, who was provided a copy of the Non-Unanimous Settlement and given an opportunity to comment or object. Additionally, the ALJs explained that they did not learn of the Complaint of Ms. Diane Cheer at Docket No. C-2026-3061706 until April 10, 2026, the date that this Complaint was added to the Commission's electronic docketing system. R.D. at 262.

[42] The ALJs stated that on March 23, 2026, a Complaint was filed by Mary Bainbridge at Docket No. C-2026-3061424, which was after the date that comments or objections to the Settlement were due. In response, the ALJs cited Section 5.32(b) of our Regulations which states: "A person filing a complaint during the suspension of a proposed general rate increase shall take the record of the suspended rate proceeding as it stands at the time of the complaint's filing." R.D. at 262 (citing 52 Pa. Code § 5.32(b)).

what it identifies as the "controlling legal defect," which, according to CGC, is that the Settlement allegedly redefines a regulatory term through tariff language and uses exported generation as an input into what CGC characterizes as a demand-based classification construct. CGC Exc. at 6-7 (citing R.D. at 255-58).

CGC's specific legal theory is that MRPL is already defined by Commission Regulation, 52 Pa. Code § 54.182, as the "highest level of demand" for a customer based on PJM's PLC standard or equivalent, and that the operative phrase is "highest level of demand." CGC remains of the opinion that the tariff clause allowing MRPL to be "further defined" by an EDC cannot reasonably permit an EDC to transform the metric from demand to "net power flow." In CGC's view, a further definition must stay within the demand framework created by the Regulation; otherwise, the tariff would override the Regulation rather than implement it. CGC also argues that load has long been understood as demand drawn from the system, not energy supplied to it, so incorporating exported generation into MRPL collapses the distinction between demand and production. CGC Exc. at 7-8.

CGC further argues that the ALJs' reliance on the Commission's decisions in *UGI DSP V* and *Citizens' 2025 Rate Case* was legally incomplete. According to CGC, *UGI DSP V* involved "Supply Peak Load Impact," not a redefinition of MRPL, so that proceeding did not answer whether PPL may alter the meaning and application of a defined regulatory term through tariff language. CGC similarly states that Party support for the Settlement may explain the negotiated posture of the case, but it does not establish conformity with the Code or Commission Regulations. CGC therefore asks the Commission to grant its Exception No. 1 and reject the MRPL provisions of the Settlement. CGC Exc. at 8-9.

PPL replies that CGC's Exception No. 1 should be rejected because the MRPL provisions of the Settlement are consistent with the Code, the AEPS Act,

Commission Regulations, and Commission precedent. PPL states that the ALJs correctly recommended approval of the MRPL provisions and the rejection of CGC's litigation position, emphasizing that MRPL is necessary to prevent Small C&I default-service customers from bearing the financial burden of projects that, due to their size and output, should be classified as Large C&I. PPL identifies 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," and restates its position that this classification change is needed because "no load" net-metering installations can have generation capacities above 1 MW and up to 3 MW, consume little or no onsite energy, and export substantial excess generation. PPL R. Exc. at 1-5.

PPL also argues that the MRPL provisions are expressly authorized by 52 Pa. Code § 54.182 because that Regulation defines MRPL by reference to demand and the PJM PLC standard "as may be further defined by the EDC tariff in a particular service territory." PPL states that its MRPL proposal, as modified by the Settlement, simply further defines MRPL in its Retail Tariff as the Regulation permits. PPL also argues in the alternative that, even if the Regulation did not authorize PPL's approach, PPL had requested any waivers necessary to implement MRPL, including waivers related to customer groupings under 52 Pa. Code §§ 54.187 and 69.1805. PPL therefore asks the Commission to deny CGC's Exception No. 1 and adopt the Recommended Decision without modification. PPL R. Exc. at 14-15.

The OCA, likewise, replies that CGC's Exception No. 1 should be denied, arguing that the ALJs correctly determined that the MRPL provisions are consistent with Commission Regulations and the Code. The OCA states that CGC's argument is squarely addressed by recent Commission and Commonwealth Court precedent, including *UGI DSP V*, *Penn Renewables*, and *Citizens' 2025 Rate Case*. According to the OCA, those decisions found that utilities may consider a customer's net power flows,

rather than demand alone, when determining default-service rate classification. The OCA also emphasizes that 52 Pa. Code § 54.182 expressly permits MRPL to be further defined by an EDC tariff in a particular service territory. OCA R. Exc. at 2-3.

The OCA further argues that CGC's effort to distinguish this case from *UGI DSP V* and *Citizens' 2025 Rate Case* is too formalistic. In the OCA's view, PPL's MRPL proposal functions like UGI's "Supply Peak Load Impact" and Citizens' "Billing Demand" concepts because all are mechanisms for classifying default-service customers. The OCA notes that Citizens' was permitted to define billing demand to include both consumption and production of energy and argues that Commission Regulations are not so narrow as to prohibit consideration of exported energy when classifying customers for default service. The OCA also relies on the Commission's recognition that new technologies are making distribution systems increasingly bidirectional and contends that CGC's argument contradicts that evolving reality. OCA R. Exc. at 3.

The OSBA also replies that the ALJs correctly concluded that the Settlement's MRPL provisions are consistent with the Code. The OSBA asserts that CGC quotes only part of 52 Pa. Code § 54.182 and fails to account for the language allowing MRPL to be "further defined by the EDC tariff in a particular service territory." According to the OSBA, CGC's repeated use of phrases such as "demand-based metric" and "demand-based regulatory construct" rests on the unsupported premise that every EDC tariff definition of MRPL must remain limited to a demand-only metric. In the OSBA's view, CGC provides no legal authority for that limitation and, by reading the "further defined" language so narrowly, would render that regulatory language a nullity. OSBA R. Exc. at 1-3.

The OSBA further argues that CGC's interpretation is inconsistent with the Commission's broader statutory authority. The OSBA relies on the Commonwealth Court's decision in *Penn Renewables* for the proposition that the AEPS Act gives the

Commission broad authority to determine what constitutes "full retail value" in the net-metering context, and also cites Section 501(a) of the Code, 66 Pa.C.S. § 501(a), which gives the Commission full power and authority to enforce, execute, and carry out the Code and its full intent. The OSBA concludes that the General Assembly granted the Commission full authority to address how MRPL should be determined and therefore asks the Commission to reject CGC's narrow interpretation of 52 Pa. Code § 54.182. OSBA R. Exc. at 2-3.

2. CGC Exception No. 2 and Replies

In its Exception No. 2, CGC argues that the ALJs erred by concluding that the MRPL provisions of the Settlement are in the public interest. CGC emphasizes that a public-interest finding for a non-unanimous settlement requires more than party support or compromise. In CGC's view, the Commission must independently determine whether the contested provisions are lawful, supported by substantial evidence, and consistent with the Code's requirements that rates be just, reasonable, and nondiscriminatory. CGC stresses that it is not seeking to disturb the broader revenue requirement agreed to under Settlement, any customer-service provisions, or other negotiated Settlement terms, but only the discrete MRPL provisions because, according to CGC, 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 Code. CGC Exc. at 9-10.

CGC further argues that the MRPL provisions cannot be in the public interest because they allegedly rest on a tariff construct that departs from the Commission's regulatory framework. CGC repeats its view that the Settlement redefines MRPL, a demand-based construct, to incorporate exported generation without reconciling that change with the governing regulation. CGC contends that the Recommended Decision does not resolve this regulatory conflict, and that an unresolved inconsistency

with Commission Regulations cannot support a public-interest finding. CGC also argues that the record does not contain empirical analysis showing that including exported generation in MRPL is cost-based, reflects actual system impacts, or is necessary to ensure just and reasonable rates. CGC Exc. at 10-11.

Additionally, CGC challenges the Settlement's grandfathering framework as arbitrary and discriminatory. It argues that the Settlement treats similarly situated customer-generator projects differently based on timing and a 140 MW cap, rather than based on cost causation, operational characteristics, or system impact. CGC maintains that customer-generators inside and outside the grandfathered cap are all customer-generator projects operating under the same statutory net-metering framework, and that the Settlement does not show why one group should retain GSC-1 treatment while another should be shifted to GSC-2. CGC states that this kind of differential treatment creates regulatory uncertainty and undermines reliance interests for projects that were developed or financed under the preexisting net-metering framework. CGC Exc. at 10-12.

PPL replies that CGC's Exception No. 2 should be denied, contending that the MRPL provisions of the Settlement are necessary to produce just and reasonable default-service rates for Small C&I customers, are supported by the record, and are tempered by Settlement protections for affected customer-generators. PPL maintains that the MRPL provisions are needed so Small C&I customers do not pay "unnecessary and significant premiums" for supply from no-load customer-generators. PPL explains that, under MRPL, default supply customers on the GSC would be assigned to Rate GSC-1 or Rate GSC-2 based on MRPL, defined as the customer's "net demand contribution impact" to PPL's default-service procurement activity, determined by net power flow "from or into" PPL's distribution system. PPL stresses its position that the need for this change is driven by "no load" net-metering installations that may have generation capacity above 1 MW and up to 3 MW, consume little or no grid energy, export

significant excess generation, bank that generation through the PJM Planning Year, and receive a year-end PTC cash-out.[43] Because those cash-out costs are recovered from default-service customers in the customer-generator's class, PPL argues that the existing classification structure unfairly places costs from large export-focused projects on Small C&I customers. PPL R. Exc. at 4-6.

PPL further supports its response to CGC's Exception No. 2 by pointing to projected rate impacts. PPL restates that, even assuming a 36% cancellation rate, a lower 17.3% capacity factor, and offsets for excess generation reducing default-service procurement requirements, the Rate GSC-1 PTC could increase from $0.12114/kWh in 2025 to $0.30562/kWh in 2029. PPL also insists that it could pay an annual premium of approximately $414.2 million by 2029 for supply from no-load customer-generators compared to supply available through full-requirements contracts, producing a PTC premium of $0.22032/kWh. PPL reinforces that even higher cancellation scenarios still show adverse impacts: under a 50% cancellation rate, a 2029 PTC of $0.23423/kWh and net-metering compensation of about $354.9 million; and under a 75% cancellation rate, a 2029 PTC of $0.16178/kWh and net-metering compensation of about $118.8 million. PPL argues that these projections demonstrate that the current default-service classification construct distorts Small C&I rates and undermines equitable cost recovery, making MRPL necessary and in the public interest. PPL R. Exc. at 6-7.

PPL also responds to CGC's public-interest and discrimination arguments by emphasizing the Settlement's mitigation features. Namely, PPL explains that the Joint Stipulation with the JSA, incorporated into the broader Settlement, modifies Rate GSC-2 cash-out compensation by adding a capacity component, line losses, and a GRT gross-up. PPL states that these changes materially increase GSC-2 compensation and reduce the financial effect on reclassified customer-generators, yielding current GSC-2 cash-out

[43] The PJM Planning Year ends on May 31 of each year. PPL R. Exc. at 5.

rates of $0.09601/kWh for Rate GS-3 customer-generators and $0.12646/kWh for Rate LP-4 customer-generators. Compared with the current Small C&I cash-out rate of $0.12681/kWh, PPL states that the difference is $0.0308/kWh for GS-3 projects and only $0.00035/kWh for LP-4 projects. PPL argues that these compensation changes, combined with grandfathering, demonstrate that the MRPL provisions are a reasonable public-interest compromise, rather than an unfair or punitive reclassification. PPL R. Exc. at 7-8.

The OCA replies that CGC's public-interest argument should be rejected because the ALJs correctly found that PPL demonstrated MRPL is necessary to properly classify projects for default-service purposes and to mitigate the rate impact of customer-generators' net-metering compensation on Small C&I default-service rates. The OCA cites to the ALJs' finding that the Settlement provides a reasonable process allowing existing and certain projects to remain in Rate GSC-1, while mitigating the potential rate impact of broader grandfathering proposals. The OCA also highlights the ALJs' finding that the 140 MW cap covers approximately 15.5 MW of existing Rate GSC-1 customer-generators as of PPL's rate case filing date, plus approximately 124.5 MW of Rate GSC-1 customer-generator projects that had been placed into service after the filing or were in the interconnection queue and expected to be placed in service by September 30, 2026. OCA R. Exc. at 4-5.

The OCA further responds that the Settlement is in the public interest because it is consistent with recent precedent and provides an equitable balancing of interests. The OCA argues that PPL's MRPL proposal functions like the "supply peak load impact" and "billing demand" mechanisms approved in *UGI DSP V* and *Citizens' 2025 Rate Case* proceedings, even if PPL uses different terminology. The OCA also rejects CGC's attack on the 140 MW cap as "arbitrary," rebutting that the cap reflects the total amount of customer-generator capacity expected to be subject to reclassification and interconnected by September 30, 2026. The OCA emphasizes that

PPL's initial rate filing occurred on September 30, 2025, so projects covered by the cap are those that could not reasonably be said to have had full notice of the proposed classification change, while later projects would have had notice of the MRPL proposal. OCA R. Exc. at 5-6.

The OCA also disputes CGC's claim that the cap is discriminatory or creates uncertainty. The OCA acknowledges that the cap was not selected based on a cost of service study or system-impact analysis, but states that such a study is not relevant to determining the reasonableness of MRPL or the grandfathering provisions. The OCA argues that the cap does not create an unreasonable preference because customer classifications can be time-limited, and because CGC did not show how grandfathered customer-generators receive an advantage that disadvantages non-grandfathered customer-generators in the legally relevant sense. The OCA further argues that the grandfathering provision reduces, rather than creates, regulatory uncertainty by giving near-term projects in the interconnection queue a defined path to retain their anticipated rate classification. OCA R. Exc. at 6.

The OSBA replies that the ALJs correctly found the MRPL provisions to be in the public interest because, from the perspective of small businesses, the Settlement protects an important customer class from severe supply-rate impacts. In this regard, the OSBA states that it is in the public interest, and the interest of the Commonwealth as a whole, to keep small businesses operating in Pennsylvania. The OSBA explains that the current dividing line between Rate GSC-1 and Rate GSC-2 is 100 kW peak demand, and that the CGC entities are no-load net-metering installations that may have generation capacity from 1 MW to 3 MW, while consuming little electricity and exporting large amounts of excess generation. Because those installations consume little supply, the OSBA states, they are currently classified under GSC-1 alongside PPL's small business customers. OSBA R. Exc. at 3-4.

The OSBA further argues that when no-load customer-generators are reimbursed at the full PTC rather than wholesale prices, that cost is passed along to PPL's small business customers in GSC-1. The OSBA relies on the testimony of its witness, Mr. Mark Ewen, who stated that payments to no-load net-metering installations would increase from $10.8 million in 2025 to $795 million in 2029, producing a PTC for PPL small business customers of approximately $0.30/kWh by 2030, which Mr. Ewen characterized as "an extraordinary burden on small businesses." The OSBA also warns that non-generating small businesses may switch to alternative suppliers to avoid rising PTC costs, leaving fewer small businesses on PPL default service and further increasing the PTC in what the OSBA describes as a "death spiral." OSBA R. Exc. at 4-5.

The OSBA concludes that the MRPL provisions are in the public interest because they protect small businesses from potentially devastating default-service price increases and do not harm CGC's no-load net-metering installations in the way CGC claims. The OSBA's position is that, given the forecasted impacts on GSC-1 small business customers and the availability of larger commercial classifications with compensation mechanisms for customer-generators excluded from the grandfathering cap, the ALJs correctly determined that the Settlement's MRPL provisions serve the public interest. OSBA R. Exc. at 4-5.

3. CGC Exception No. 3 and Replies

In its Exception No. 3, CGC argues that the ALJs erred in concluding that the MRPL provisions of the Settlement are supported by substantial evidence. CGC contends that the ALJs recommended the approval of a fundamental reclassification mechanism for customer-generators without the evidentiary foundation required under Pennsylvania ratemaking law. Specifically, CGC argues that the record lacks a cost of service study, class cost-allocation analysis, or system-impact study showing that customer-generators classified under GSC-1 impose costs that justify reclassification

under the MRPL construct. CGC asserts that PPL's justification depends on forecasted net-metering cash-out projections and hypothetical future interconnection assumptions, rather than empirical evidence demonstrating actual cost causation. In CGC's view, projections of increased net-metering compensation do not establish that exported generation creates a cost burden sufficient to justify changing customer classification methodology. CGC Exc. at 12-13.

CGC also argues that PPL failed to quantify offsetting system benefits provided by customer-generators. According to CGC, the evidentiary record acknowledges that customer-generator output reduces PPL's default-service procurement obligations, lowers PJM capacity obligations, and can reduce energy procurement costs by reducing load during relevant periods. CGC contends that PPL's evidence selectively focuses on year-end cash-out obligations while failing to comprehensively account for avoided procurement costs, avoided line losses, and avoided capacity costs associated with distributed generation. CGC argues that substantial evidence requires a complete cost-benefit analysis, not selective financial modeling. CGC Exc. at 13-14.

CGC further argues that PPL's evidence is speculative because it depends heavily on assumptions regarding future interconnection queue conversion rates, solar production capacity factors, and future customer participation levels. CGC notes that PPL revised its modeling multiple times during the litigation, which CGC argues demonstrates instability in the evidentiary basis for MRPL. CGC emphasizes that even PPL's own witness, Mr. Castanaro, characterized the projected impacts as contingent and model-dependent. CGC therefore argues that the Commission cannot make the factual findings necessary to support a tariff reclassification mechanism affecting existing and future customer-generators based on evolving assumptions rather than stable evidence. CGC Exc. at 14-15.

In its replies to CGC's Exception No. 3, PPL argues that the MRPL provisions are supported by substantial evidence and that CGC wrongly insists on a cost of service study. PPL states that cost of service studies are needed when costs cannot be directly assigned to customer classes, as with many distribution costs shared by all customers in a class. However, PPL reinforces its position that no cost of service study is needed here because net-metering compensation costs for Rate GSC-1 customer-generators can be directly assigned: those costs are assigned to and recovered from Rate GSC-1 default-service customers through the GSC-1 reconciliation and reflected in the "E-Factor" value in the PTC calculation. PPL, therefore, maintains that the record evidence on default-service cost impacts, PTC impacts, net-metering compensation, and the direct recovery mechanism is sufficient to support the ALJs' finding that MRPL is supported by substantial evidence. PPL R. Exc. at 8-9.

PPL further responds to CGC's Exception No. 3 by arguing that the evidentiary record also supports the reasonableness of the Settlement's grandfathering provisions. PPL explains that certain customer-generators are grandfathered into their existing default-service rate for 10 years, until December 31, 2036, with eligibility tied to whether the customer-generator submitted an interconnection application on or before September 30, 2025, the date of PPL's rate-case filing, and either received Permission to Operate or provided a Certificate of Completion by December 31, 2026, or qualified sequentially based on the date of a signed Notification of Customer Intent. PPL states that no additional customer-generators will be grandfathered after Rate GSC-1 customer-generator systems receiving Permission to Operate reach the 140 MW-AC cap. PPL rejects CGC's contention that the cap is arbitrary, and reinforces its explanation that the cap covers about 15.5 MW of existing Rate GSC-1 customer-generators as of the rate-case filing date plus about 124.5 MW of Rate GSC-1 projects placed in service after the filing or in the interconnection queue and expected to be placed in service by September 30, 2026. PPL R. Exc. at 11-13.

PPL also argues that the MRPL provisions are supported by legal and evidentiary precedent and will not create unreasonable discrimination. PPL states that Section 1304 of the Code, 66 Pa.C.S. § 1304, prohibits unreasonable preferences or rate differences, but does not prohibit reasonable classifications. In PPL's view, MRPL creates a reasonable classification because no-load customer-generators have size, infrastructure, investment, and grid impacts more like Large C&I entities than Small C&I customers. PPL also relies on *Penn Renewables*, which it says upheld a tariff provision approved in *UGI DSP V*, which it argued is "essentially the same" as PPL's MRPL proposal and recognized that rate differences between customer classes are not automatically unlawful. PPL argues that MRPL actually avoids discrimination against Small C&I customers because, without it, they would pay higher default-service rates caused by and for the benefit of large customer-generators. PPL R. Exc. at 9-11.

The OCA similarly replies that the ALJs correctly found substantial evidence to support the MRPL provisions. According to the OCA, substantial evidence does not require a cost of service study where the dispute concerns default-service classification and procurement rather than distribution cost allocation. The OCA states that the evidentiary record contains direct testimony from PPL, the OCA, the OSBA, and other Parties establishing that no-load customer-generators can create significant volatility and cost pressure within the GSC-1 rate class because their annual excess generation is compensated at the PTC and recovered through the GSC-1 reconciliation process. The OCA argues that this record adequately supports the ALJs' findings that MRPL is necessary to better align default-service classifications with customer impacts on procurement. OCA R. Exc. at 6-8.

The OCA also rejects CGC's argument that the record fails to account for customer-generator benefits. The OCA notes that its witness, Mr. Teti, expressly recognized that customer-generators reduce PJM capacity obligations and reduce procurement quantities, but testified that those benefits do not eliminate the procurement

uncertainty and cost-allocation concerns caused by no-load customer-generators remaining in GSC-1. The OCA argues that the Settlement itself reflects those benefits by adding a capacity component to GSC-2 compensation, thereby partially incorporating the value of customer-generator output into the revised compensation structure. The OCA, therefore, argues that the record does account for customer-generator benefits and that CGC's substantial-evidence challenge is incomplete. OCA R. Exc. at 7-8.

The OSBA replies that CGC's Exception No. 3 is "baseless" because the record contains extensive evidence of the impact of no-load net-metering installations on small-business customers. The OSBA relies heavily on the testimony of its witness, Mr. Ewen, and reinforces his testimony that payments to no-load customer-generators would rise from approximately $10.8 million in 2025 to $795 million in 2029, causing the PTC for PPL's small-business customers to increase to approximately $0.30/kWh by 2030, which Mr. Ewen described as an "extraordinary burden" on small businesses. The OSBA argues that this testimony alone constitutes substantial evidence of the need for reform and supports the ALJs' findings. OSBA R. Exc. at 5-6.

The OSBA also emphasizes that CGC itself acknowledges the potential severity of projected rate impacts. The OSBA notes that CGC quoted PPL's witness, Mr. Castanaro, as acknowledging that projected PTC increases associated with customer-generator activity could produce "catastrophic impacts" in the Small C&I market, including significant rate increases and customer migration. The OSBA argues that this admission undercuts CGC's substantial evidence challenge because it recognizes the very risk that MRPL is designed to address. The OSBA therefore concludes that the evidentiary record overwhelmingly supports the ALJs' findings and that CGC's Exception No. 3 should be denied. OSBA R. Exc. at 5-6.

4. CGC Exception No. 4 and Replies

In its Exception No. 4, CGC asserts that the ALJs' recommendation should not be adopted because, in CGC's view, the ALJs failed to provide a reasoned analysis of the dispositive legal and factual issues CGC raised regarding the MRPL provisions. CGC acknowledges that the ALJs recited CGC's objections but argues that the ALJs did not actually resolve them. CGC states that the ALJs, in their recommended disposition, instead relied on the existence of supporting Parties, prior Commission proceedings, and the general desirability of compromise, which CGC contends are not a substitute for addressing the alleged legal and evidentiary defects in the MRPL provisions. The issues CGC avers were left unresolved include whether the MRPL provisions conflict with the regulatory definition of MRPL, whether they are supported by substantial evidence, whether they are consistent with the AEPS Act and the Code, and whether the Settlement creates discriminatory treatment among similarly situated customer-generators. CGC Exc. at 15-17.

CGC's broader point in its Exception No. 4 is that a contested settlement cannot be approved merely because it reflects compromise or because other parties support it. CGC argues that the ALJs were required to explain why the challenged MRPL provisions independently satisfy applicable legal standards. In CGC's view, the ALJs' reliance on the MRPL provisions of the Settlement being a compromise, and on precedent such as *UGI DSP V* and *Citizens' 2025 Rate Case*, does not adequately address CGC's specific claims that PPL's MRPL tariff language unlawfully converts a demand-based construct into a net-power-flow construct, that the record lacks cost-based proof, and that the grandfathering cap creates arbitrary distinctions. CGC therefore asks the Commission to reject the ALJs' treatment of the MRPL issue and grant its Exception No. 4. CGC Exc. at 15-17.

PPL, in its replies to CGC's Exception No. 4, argues that CGC is wrong to claim the ALJs failed to provide a reasoned analysis of the MRPL issues. Rather, PPL states that the ALJs conducted an "exhaustive review and analysis" of the testimony and arguments on MRPL across approximately 40 pages of the Recommended Decision, including the Settlement modifications to the Company's original MRPL proposal. PPL emphasizes that the ALJs did not ignore CGC's positions merely because they rejected them. According to PPL, the ALJs addressed each Party's MRPL positions and made specific findings that the Settlement represented a reasonable compromise, that recent Commission and Commonwealth Court decisions supported approval, that PPL's 15-year commitment not to change the structural components of Rate GSC-2 provides stability for customer-generators, and that MRPL is necessary to properly classify projects for default-service purposes and mitigate impacts on Small C&I default-service rates. PPL R. Exc. at 15-16.

PPL continues that the ALJs gave specific reasons for recommending the approval of the Company's MRPL proposal, as modified by the Settlement. PPL cites the ALJs' findings that the Settlement provides a reasonable process for existing and certain pending projects to remain in Rate GSC-1 while mitigating rate impacts from broader grandfathering proposals; that the Settlement addresses financial impacts on projects not grandfathered and reclassified to Rate GSC-2; that the MRPL methodology classifies customers into appropriate rate classes based on distribution-system impact in furtherance of least-cost procurement; that customer-generators receive notice and concessions from PPL to smooth transition; and that compensation rates for customer-generators in larger commercial classes are reasonable while protecting GS-1 small business customers. PPL argues that these findings defeat CGC's claim that the ALJs failed to examine the issues. PPL R. Exc. at 16-17.

The OCA also replies that CGC's Exception No. 4 should be dismissed. The OCA acknowledges that the ALJs may not have addressed "each and every issue"

raised by CGC in the exact framing CGC preferred but argues that the ALJs provided a sufficient legal and factual basis for recommending approval of the Settlement. The OCA states that CGC's central arguments, concerning the demand basis for customer classification, the evidentiary basis for changing that classification, and alleged rate discrimination, were squarely addressed by the ALJs' discussion of *UGI DSP V* and *Citizens' 2025 Rate Case*, as well as by the Commonwealth Court's rejection of similar arguments in *Penn Renewables*. OCA R. Exc. at 9.

The OCA further argues that the Commission is not required to address every argument raised by a Party so long as its decision is supported by substantial evidence and consistent with governing law. The OCA relies on this principle to argue that the ALJs' analysis was adequate even if it did not track CGC's objections point by point. The OCA states that the ALJs' recommendation was supported by the legal precedent discussed in the Recommended Decision and by the evidentiary basis for MRPL described elsewhere in the record, including rate-impact analyses and testimony supporting the need for default-service classification reform. The OCA therefore asks the Commission to deny CGC's Exception No. 4 and adopt the Recommended Decision, without modification. OCA R. Exc. at 9.

The OSBA's reply is more pointed. In this regard, the OSBA characterizes CGC's Exception No. 4 as a "catch-all" and generalized complaint about the quality of the Recommended Decision, and states that the exception is "absurd and highly inappropriate." The OSBA argues that the ALJs fully addressed CGC's legal and factual arguments in detail on pages 238 through 260 of the Recommended Decision. The OSBA specifically disputes CGC's claim that the ALJs recommended the approval of the MRPL provisions based merely on supporting Parties, prior proceedings, and the desirability of compromise. According to the OSBA, that characterization is a "disingenuous mischaracterization" of the ALJs' reasoning. OSBA R. Exc. at 6.

The OSBA concludes that the ALJs' discussion of CGC's objections was sufficient and that the Commission should reject CGC's Exception No. 4. The OSBA's position is that the ALJs did not simply recommend that the Commission rubber-stamp a Settlement; rather, they addressed the MRPL dispute, considered the objections, and explained why the Settlement terms were reasonable. In the OSBA's view, CGC's Exception No. 4 does not constitute a valid procedural or analytical defect, but an attempt to relitigate arguments the ALJs already recommended be rejected. OSBA R. Exc. at 6.

5. CGC Exception No. 5 and Replies

In its Exception No. 5, CGC argues that the ALJs failed to apply the proper legal standard for approving a non-unanimous settlement. CGC acknowledges that the ALJs recited general settlement-approval principles but argues that their analysis effectively treated compromise and support from the Joint Petitioners as enough to sustain the contested MRPL provisions. CGC contends that this approach is legally insufficient because, in a non-unanimous settlement, the Commission must independently determine whether the resulting rates are just and reasonable, supported by substantial evidence, consistent with applicable law and Commission regulations, and non-discriminatory. In CGC's view, the ALJs did not make an independent determination as to MRPL; instead, they accepted the Settlement framework without adequately evaluating whether the MRPL provisions comply with the regulatory definition of MRPL, whether the evidentiary record supports the rate treatment, or whether the resulting classification avoids unreasonable discrimination among similarly situated customer-generators. CGC Exc. at 17-18.

CGC further argues that the MRPL provisions cannot be treated merely as private settlement terms, because they are proposed tariff provisions that would govern rate classification and compensation treatment for customer-generators in PPL's service

territory. CGC emphasizes that the Code defines "rate" broadly to include rates, rules, practices, classifications, and contracts affecting compensation for utility service, and that the utility bears the burden of proving proposed rate treatment is just and reasonable. CGC Exc. at 18 (citing 66 Pa.C.S. §§ 102, 315(a), 1301). CGC therefore argues that the Commission cannot approve the MRPL provisions simply because they are embedded in a negotiated settlement; rather, CGC reasons that it must apply the same statutory and evidentiary requirements that would govern a fully litigated case. CGC also submits that the ALJs' reliance on prior proceedings, such as *UGI DSP V* and *Citizens' 2025 Rate Case*, does not cure the defect because those proceedings do not answer the specific questions presented here: whether PPL may use tariff language to alter the application of the MRPL construct, whether including exported generation is supported by cost-causation evidence, and whether the resulting treatment of customer-generators is just, reasonable, and non-discriminatory. CGC Exc. at 18-19.

PPL, in its replies to CGC's Exception No. 5, argues that CGC mischaracterizes the legal standard applied by the ALJs. PPL states that the ALJs applied the proper standard for evaluating a non-unanimous settlement, including the MRPL provisions. PPL notes that CGC itself acknowledged that the ALJs recognized the governing standards: a non-unanimous settlement must be supported by substantial evidence, the agreed rates must be just and reasonable, the settlement must be in the public interest, and the settlement must conform to Commission orders and Regulations. PPL characterizes CGC's argument as claiming that the ALJs relied too heavily on compromise among the Joint Petitioners and failed to determine that the MRPL provisions independently satisfy statutory and regulatory requirements. PPL R. Exc. at 16-17.

PPL rejects that characterization, arguing that the ALJs did not "rubber stamp" the MRPL provisions merely because they were part of a Settlement. Instead, PPL avers that 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 Code, Commission Regulations, and the AEPS Act. PPL insists that the fact that the Joint Petitioners reached a compromise was considered only as additional evidence supporting the ALJs' findings, not as a substitute for the required legal analysis. Accordingly, PPL asks the Commission to deny CGC's Exceptions, adopt the Recommended Decision without modification, and approve the Joint Petition in its entirety. PPL R. Exc. at 17-18.

The OCA similarly replies that CGC correctly describes the law governing non-unanimous settlements but incorrectly claims that the ALJs applied the wrong legal framework. The OCA states that CGC's Exception No. 5 rests on the argument that the ALJs did 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. The OCA responds that the ALJs did make those determinations: the ALJs expressly stated that the Commission and Commonwealth Court decisions in *UGI DSP V*, *Penn Renewables*, and *Citizens' 2025 Rate Case* were persuasive that PPL's MRPL is consistent with applicable law. OCA R. Exc. at 10.

The OCA also emphasizes that the ALJs made factual findings supporting the MRPL provisions and did not rely merely on Party agreement. According to the OCA, the ALJs found that MRPL is necessary to properly classify customer-generator projects for default-service purposes and that the Rate GSC-2 changes produced by the Settlement are projected to significantly reduce the financial impact of PPL's proposal on projects that would be classified under Rate GSC-2. The OCA states that those conclusions were based on specific evidence PPL presented regarding the costs and impacts of using peak demand alone to classify customer-generators for default-service purposes. The OCA further notes that the ALJs connected those factual findings to a legal conclusion that the proposed MRPL methodology would classify customers into

appropriate rate classes based on their distribution-system impact, in furtherance of least-cost procurement. OCA R. Exc. at 10-11.

The OCA further argues that the ALJs evaluated the justness and reasonableness of the MRPL provisions by weighing the impact of the Settlement on all affected customers. The OCA notes that the ALJs found the compensation rates for customer-generators in the larger commercial classes to be reasonable while also protecting GS-1 small business customers. The OCA emphasizes that the ALJs concluded that PPL's MRPL proposal, as modified by the Settlement, is just and reasonable and fully comports with the AEPS Act, the Code, Commission Regulations, and Commission precedent. In the OCA's view, this shows that the ALJs conducted an independent evaluation, balanced the interests of affected Parties, considered the relevant legal framework and precedent, and relied on the factual record. OCA R. Exc. at 11.

The OSBA replies that CGC, in its Exception No. 5, repeats the same arguments made in its earlier Exceptions and should be rejected for the same reasons. The OSBA highlights CGC's contention that the ALJs treated the MRPL provisions as a permissible compromise rather than as a rate design that must independently satisfy statutory and regulatory requirements. The OSBA responds that, based on its replies to CGC's Exception Nos. 1 through 4, the ALJs did apply the appropriate legal standards, including the standards applicable to non-unanimous settlements. OSBA R. Exc. at 6-7.

The OSBA also emphasizes the Commission's policy favoring settlements. It cites the Commission's Regulation stating that settlements are encouraged and the Commission's statement of policy that negotiated settlements or stipulations, where interested parties had an opportunity to participate, are often preferable to fully litigated outcomes. The OSBA's point is not that settlement policy alone controls, but that the ALJs properly considered the Settlement posture within the legally recognized framework for evaluating non-unanimous settlements. The OSBA therefore requests

that the Commission reject CGC's Exception No. 5 and approve the Joint Petition in its entirety. OSBA R. Exc. at 7-8.

6. Disposition of the MRPL Issue

a. Limited Modification of the Settlement's MRPL Provisions

Before addressing CGC's Exceptions on this matter, we find it necessary to address the impact that the MRPL provisions, set forth in Paragraphs 98 through 105 of the Settlement, would have on agricultural customer-generators,[44] such as PDMP, that use anaerobic digesters or biogas generation systems fueled by biologically derived methane gas, as that term is used in the AEPS Act, and that are owned or operated by

[44] For the purposes of this Opinion and Order, we shall define an "agricultural customer-generator" as a retail electric customer-generator whose alternative energy generating facility is:

a. An anaerobic digester or biogas generation system fueled primarily by biologically derived methane gas, as defined in the AEPS Act — meaning gas from the anaerobic decomposition of animal waste, agricultural residue, or food processing waste—at a facility on land actively used for agricultural production;

b. Owned or operated by a person or entity primarily engaged in animal agricultural operations, including, but not limited to, dairying, poultry production, and swine production; and

c. Not included within the scope of this definition are biodigesters that operate as commercial off-farm facilities, such as standalone or regional plants.

persons engaged in agricultural operations.[45] On review, we find that, as currently drafted, these provisions of the Settlement would place agricultural biogas customer-generators in a classification that was not designed for them and does not fit their operations. Namely, as discussed above, the MRPL provisions of the Settlement target large, "no-load" net-metering operations that send nearly all their power to the grid and consume very little power on-site. *See* PPL St. 15 at 3 (identifying "no load" net-metering installations—typically over 1 MW with little or no onsite load—as a key driver of the change); *See also Id.* at 5–6 (projecting a substantial increase in customer-generators without independent load to offset their usage).

Conversely, while the MRPL framework, as currently constructed, would also encompass farm-based biogas digesters, the record does not establish that these entities fit that profile. As such, we are not persuaded that the Joint Petitioners have carried their burden to show that this treatment is in the public interest.[46] Accordingly,

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[45] We note that although PDMP did not file Exceptions to the ALJs' recommendation in this proceeding, the Commission may modify the terms of a settlement on its own initiative if it finds that doing so is in the public interest, subject to the settling parties' right to withdraw post-modification. *See, e.g.*, *Pennsylvania Public Utility Commission, Bureau of Investigation & Enforcement v. Green Mountain Energy Co.*, Docket No. M-2021-3009235 (Opinion and Order entered February 24, 2022); *Pennsylvania Public Utility Commission, Bureau of Investigation & Enforcement v. Sunoco Pipeline, L.P.*, Docket No. C-2018-3006534 (Opinion and Order entered August 19, 2020) (rejecting a party's contention that the Commission could not address issues not raised by the parties or supported by additional record evidence).

[46] The Commission approves a settlement only on a finding that its provisions are in the public interest, and it is not bound to accept the agreement as filed. *See* 66 Pa.C.S. § 332(a); 52 Pa. Code § 5.232(d); *Pa. PUC v. C.S. Water and Sewer Assoc.*, 74 Pa. P.U.C. 767 (1991). The reasonableness of differential treatment among classes of service turns on the nature, pattern, and conditions of use, in addition to cost of service. *See Lloyd v. Pa. PUC*, 904 A.2d 1010, 1016 (Pa. Cmwlth. 2006) (recognizing that rate differences based on "the nature . . . [or] the pattern of the use . . . are not only permissible but often are desirable," and that "other relevant factors may also be considered" (quoting *Phila. Suburban Water Co. v. Pa. PUC*, 808 A.2d 1044, 1060 (Pa. Cmwlth. 2002), and citing 66 Pa.C.S. § 1304)). The support offered here for the MRPL classification concerns "no-load" projects and not agricultural biogas systems.

we find that the Settlement should be approved, subject to a narrow modification to avoid misclassifying farmers for a reason the record does not support. For this reason, we shall modify the Recommended Decision, consistent with the following discussion.

The future of Pennsylvania agriculture and the future of our energy system are increasingly indistinguishable. This matter sits at that intersection. The message from the farming community, public officials, and agricultural leaders is clear: these are family businesses who are active participants in our energy future with deep roots and real economic investments in their communities, all to produce the food, fuel, and fiber on which we rely. Chief among those investments are agricultural anaerobic digesters. For these farms, biogas is not a side business. Rather, it is a critical part of how the farm works. An anaerobic digester converts organic material such as animal manure, spent grain, and food residuals into methane through anaerobic decomposition. The methane is then captured and used for continuous on-site generation. In the same process, the system helps manage manure, reduce odors, mitigate methane emissions, and return digestate to the fields as fertilizer, or as bedding for animals. It turns waste streams into energy and provides economic and environmental benefits.

Pennsylvania law recognizes that value. Biologically derived methane gas is a Tier I alternative energy source under the AEPS Act, and operators of systems fueled by biologically derived methane gas are eligible to participate in net metering. Farmers make substantial investments against that legal and economic backdrop. For them, net-metering treatment was not an abstraction; rather, it was part of the framework that allowed these projects to be built, financed, and maintained. We note, however, that where Pennsylvania law recognizes that value, the Settlement's MRPL provisions, as currently drafted, do not. A farm digester first serves the farm. Milking, refrigeration, ventilation, heating, pumping, and other farm operations run continuously. They draw from the generator before anything flows outward to the electric grid. What the system places on the grid is net output: *i.e.* what remains after the farm has served its own load.

That is a different profile from a facility built principally to export power, which is the type of facility for which the MRPL provisions of the Settlement are meant. Facilities with little or no on-site load may raise different rate-design questions.

However, agricultural anaerobic digester systems are not that. Instead, they are part of an operating farm, and the record does not support treating them as though they were merchant generators. *See* testimony of Mr. Michael Brubaker, Tr. at 290–94 (Public Input Hearing held December 10, 2025) (describing an anaerobic digester operating since 2007 as a Tier 1 AEPS resource that mixes manure with food waste to produce methane for on-site generation, runs 24/7 at roughly 97 percent uptime, and returns digestate as fertilizer); *see also* testimony of Mr. Brett Reinford, Tr. at 307–09 (Public Input Hearing held December 10, 2025) (digester converts food waste that would otherwise be landfilled into renewable electricity).

As noted, *supra,* the Settlement attempts to address this concern through a grandfathering provision. However, we find that the related provisions fall short of solving the problem. In this regard, we note that the Settlement provides that customer-generators with interconnection applications filed on or before September 30, 2025 may remain in their current rate class for ten years, or through December 31, 2036, subject to a 140 MW-AC. Settlement at ¶¶ 99–100. We stress that under this grandfathering provision, that protection is temporary, capped, and uncertain for projects still moving toward construction, and, in our view, it does not fully address the reliance interests of farms that have already made major investments in these systems. *See* testimony of Mr. Reinford, Tr. at 309–12 (Public Input Hearing held December 10, 2025) (new second generator producing three times the power cannot fully ramp up until queued projects clear, following a $1.8 million motor installation); *see also* testimony of Mr. Jonathan Harding, American Biogas Council, Tr. at 604 (Public Input Hearing held December 15, 2025) (sixty-three biogas-to-electricity projects, operating or

under development, are located in PPL territory and export under existing net-metering frameworks).

Therefore, we conclude that for agricultural operations, the record does not support a finding that farm digesters present the harm the MRPL provisions of the Settlement were designed to address. On the other hand, the record does show that these systems provide continuous generation, serve substantial on-site farm load, and support other tangible public benefits like manure management, reducing environmental impacts, and keeping family farms viable.

We further wish to clarify that the modification that we are making to the instant Settlement is limited and aligns with the position taken by the PDMP that dairy farms operating anaerobic digesters are not the no-load customer-generators at which the classification set forth in the Settlement is directed.[47] The modification applies only to agricultural customer-generators that use anaerobic digesters or biogas generation systems fueled by biologically derived methane gas—as that term is used in the AEPS Act—and that are owned or operated by persons engaged in agricultural operations. It does not disturb the MRPL mechanism for any other class of customer-generator, as discussed more fully in our disposition of CGC's Exceptions, below. Thus, the MRPL classification and its terms remain fully in place for all other classes of customer-generators.

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[47] *See* PDMP Statement in Opposition at 6 (objecting to the MRPL classification as applied to dairy farms operating anaerobic digesters). The modification aligns as well with the position of the Pennsylvania Department of Agriculture, which "respectfully urge[d]" the Commission "not to support any changes to how on-farm energy projects are classified." *See* Letter from Russell C. Redding, Secretary, Pa. Department of Agriculture (January 20, 2026) (cautioning that classifying on-farm customer-generators as large commercial or industrial operations is inappropriate); *see also*, Letter from Senator Pennsylvania Senator Judy Ward, 30th Senatorial District (March 10, 2026) (encouraging Commission to consider any impact on agricultural digesters in rate cases regarding net metering).

Based on the above, we are of the opinion that the record supports a narrow correction. Agricultural biogas systems should not be swept into a classification that does not fit how they operate. This modification preserves the Settlement, while protecting farms that use anaerobic digester systems to generate power, manage waste, and carry Pennsylvania's agricultural legacy forward.

b. Combined Disposition of CGC's Exceptions

Turning to our disposition of CGC's Exceptions, we note that all five of CGC's Exceptions are interrelated, as they appear to advance one overarching argument: that the MRPL provisions of the Settlement cannot lawfully be approved merely as a negotiated compromise because, in CGC's view, they independently fail the legal, evidentiary, and public-interest standards that apply to tariffed rate classifications. Stated another way, CGC's Exceptions all build around the same central theory that the MRPL provisions of the Settlement improperly convert a demand-based regulatory concept into a net-power-flow/export-based classification mechanism, and that this change is allegedly unlawful, unsupported, discriminatory, and insufficiently analyzed. Accordingly, our disposition herein simultaneously resolves and rejects all five Exceptions and adopts the ALJs' recommendation to approve the MRPL provisions of the Settlement, without modification.

In its Exceptions, CGC largely repeats arguments that the ALJs considered and rejected: that the MRPL provisions of the Settlement are inconsistent with the Code and Commission Regulations, are not in the public interest, lack substantial evidence, were not adequately analyzed, and were approved under the wrong standard for a non-unanimous settlement. Upon review, we find that the ALJs applied the proper standard, reviewed the MRPL record in detail, and correctly concluded that PPL's MRPL proposal, as modified by the Settlement, is lawful, just and reasonable, supported by substantial evidence, and consistent with Commission precedent. The Settlement also

reasonably tempers the effect of MRPL by grandfathering certain existing and near-term customer-generators and by enhancing GSC-2 compensation through additional components, such as capacity, line losses, and GRT treatment.

Specifically, we shall deny CGC's Exception No. 1, where CGC argues that the MRPL provisions of the Settlement are inconsistent with the Code and Commission Regulations, because PPL's tariff language allegedly converts MRPL from a demand-based construct into a net-power-flow construct that includes exported generation. Here, we conclude that the ALJs properly found that the MRPL proposal, as modified by the Settlement, is consistent with Commission precedent and with the Commission's authority to approve rate classifications that reflect the actual impact of customer-generators on default-service procurement and rate-class cost responsibility. The record shows that PPL's proposed MRPL definition assigns default-service customers to Rate GSC-1 or Rate GSC-2 based on the customer's "net demand contribution impact" to default-service procurement, determined by net power flow "from or into" PPL's distribution system. PPL explained that this change is needed because large no-load customer-generators can have generation capacity exceeding 1 MW and up to 3 MW, consume little or no energy from the grid, and export significant excess generation, while remaining in the Small C&I GSC-1 class under the existing demand-only classification structure. PPL R. Exc. at 4-6; R.D. at 255-60.

Regarding CGC's Exception No. 2, wherein CGC asserts that the MRPL provisions of the Settlement are not in the public interest, we find that the record supports the ALJs' finding that MRPL is necessary to properly classify these projects for default-service purposes and mitigate the rate impact that net-metering compensation for large no-load customer-generators has on Small C&I default-service rates. Absent the MRPL provisions of the Settlement, the record demonstrates a serious detriment to customers, especially Small C&I default-service customers. Under the current structure, large "no-load" customer-generators with generation capacity up to 3 MW may remain in

Rate GSC-1 because they have little or no onsite demand, even though they export substantial excess generation. Those projects receive cash-out compensation at the GSC-1 PTC, and the associated costs are recovered from the same GSC-1 rate class. PPL's evidence showed that, without MRPL, the Rate GSC-1 PTC could increase from $0.12114/kWh in 2025 to $0.30562/kWh in 2029, and that PPL could pay an annual premium of approximately $414.2 million by 2029 for no-load customer-generator supply, compared with supply obtained through full-requirements default-service contracts. *See* PPL Statement in Support at 61-62; PPL R. Exc. at 6-7. That cost pressure would raise bills for non-generating small business customers, increase the risk that customers will leave default service to avoid the rising PTC, and leave a smaller group of remaining customers to absorb still-higher costs. The MRPL provisions of the Settlement, therefore, protect customers from an inequitable and escalating cost shift while preserving reasonable transitional protections for affected customer-generators.

CGC's Exception No. 3, wherein it argues that the MRPL provisions of the Settlement are unsupported by substantial evidence, rests largely on the premise that a traditional cost of service study is required. However, we find that PPL persuasively explained that a cost of service study is necessary where costs cannot be directly assigned among customer classes, such as many distribution costs, but that the costs at issue here are default-service net-metering compensation costs that can be directly assigned to, and recovered from, the applicable default-service class. Specifically, PPL stated that compensation costs for Rate GSC-1 customer-generators are recovered through Rate GSC-1 reconciliation and reflected in the "E-Factor" value in the PTC calculation. The record therefore contains substantial evidence regarding the relevant default-service cost impacts, including PTC impacts, net-metering compensation projections, and the mechanism by which those costs are recovered from GSC-1 customers. The ALJs also found the testimony of CGC's witness, Mr. Sharfman, to be less convincing because he acknowledged during cross-examination that, although he knew of the Joint Petition, he

had not reviewed it and was not aware of its specific terms. PPL R. Exc. at 8-9; R.D. at 259-60. We agree.

CGC's claims of unreasonable discrimination also do not warrant relief. The MRPL provisions do not classify customers based merely on customer-generator status; rather, they classify customers based on the magnitude of their net power-flow impact on default-service procurement and rate-class cost responsibility. The Settlement also includes a reasonable grandfathering process. Certain customer-generators are grandfathered into their existing default-service rate for 10 years, until December 31, 2036, with eligibility tied to interconnection applications submitted on or before September 30, 2025, and further milestones such as Permission to Operate, Certificate of Completion, or sequence under the Notification of Customer Intent process. The 140 MW-AC cap is not arbitrary; PPL explained that it consists of approximately 15.5 MW of existing Rate GSC-1 customer-generators as of the instant rate-case filing date plus approximately 124.5 MW of Rate GSC-1 customer-generator projects placed in service after the filing, or in the interconnection queue and expected to be placed in service by September 30, 2026. The ALJs properly concluded that customer-generators excluded from GSC-1 by the grandfathering terms and cap can seek classification in larger commercial classes, where compensation rates are reasonable, while protecting GS-1 small business customers. PPL R. Exc. at 11-13; R.D. at 258-60.

Regarding CGC's Exception No. 4, wherein it has asserted that the ALJs failed to provide a reasoned analysis, we find that the ALJs did not merely recite Party positions or rely on the fact of Settlement. Rather, the ALJs reviewed the MRPL issue in detail, addressed the objections of CGC and PDMP, evaluated relevant precedent, and explained why the MRPL provisions, as modified by the Settlement, should be approved. PPL correctly notes that the ALJs considered approximately 40 pages of MRPL-related record discussion and argument, including the as-filed MRPL proposal, the Settlement modifications, CGC's objections, PDMP's objections, and the positions of the

Joint Petitioners. The ALJs found that the Settlement represented a reasonable compromise, that recent Commission and Commonwealth Court decisions supported approval, that the modified GSC-2 compensation provisions provided stability and reduced financial harm to customer-generators, and that MRPL would classify customers into appropriate rate classes based on their impact to the distribution system, in furtherance of least-cost procurement. PPL R. Exc. at 15-17; R.D. at 255-60.

Regarding CGC's Exception No. 5, wherein it argues that the ALJs applied the wrong standard for approving a non-unanimous settlement, we find that the ALJs recognized that a non-unanimous settlement must be supported by substantial evidence, must produce just and reasonable rates, must be in the public interest, and must conform to Commission orders and Regulations. The ALJs did not "rubber stamp" the MRPL provisions because they were the product of compromise. Rather, they made independent findings that PPL's MRPL proposal, as modified by the Settlement, is just and reasonable, supported by the record, and fully comports with the AEPS Act, the Code, Commission Regulations, and Commission precedent. The existence of a settlement was properly considered as part of the overall public-interest analysis, but it was not treated as a substitute for the required legal and evidentiary review. PPL R. Exc. at 16-18; R.D. at 260-61.

Furthermore, although they use different tariff terminology and arose in different procedural contexts, the SPLI mechanism approved in *UGI DSP V* and the Billing Demand mechanism approved in the *Citizens' 2025 Rate Case* are materially similar to PPL's MRPL proposal. In *UGI DSP V*, UGI historically classified default-service customers between its Generation Supply Rate (GSR)-1 and GSR-2 based solely on peak demand, with customers below 100 kW in GSR-1 and customers at or

above 100 kW in GSR-2.[48] UGI proposed to classify customers instead by "Supply Peak Load Impact," which included a review of the impact based on peak demand or peak generation, because large net-metered customer-generators could affect default-service procurement by reducing GSR-1 group load and tranche[49] size, creating uncertainty as to the level and timing of output, and creating attrition risk if those projects left default service or shopped their output elsewhere. The Commission summarized UGI's rationale as avoiding higher bid premiums, reduced supplier participation, higher prices for residential and small commercial customers, and above-market compensation for excess customer-generator supply. *UGI DSP V* at 22-24.

PPL's MRPL proposal is similar to UGI's SPLI because both mechanisms classify default-service customers by looking beyond traditional load-only demand and considering the customer's net power-flow impact on default-service procurement. In PPL's case, MRPL is defined as a customer's "net demand contribution impact" to default-service procurement, measured by net power flow "from or into" PPL's distribution system; in UGI's case, SPLI similarly looked to customer impact based on net power flow from or into the distribution system and classified customer-generators with a peak injection of 100 kW or more with larger default-service customers. The ALJs in the instant proceeding recognized this similarity, quoting the UGI SPLI formulation and explaining that UGI's proposal grouped large customer-generators with large load customers for default-service purposes to avoid disparate impacts on small customers. R.D. at 255-56 (citing *UGI DSP V* at 22-24).

Citizens' Billing Demand mechanism is also similar in principle, although it was framed as a distribution-rate classification change rather than a default-service

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[48] UGI's rates GSR-1 and GSR-2 are analogous to PPL's rates GSC-1 and GSC-2.

[49] A tranche is a fixed percentage of the total residential and small commercial default service load. *See* OCA St. 1 at 7 in the *UGI DSP V* proceeding.

procurement classification. Citizens' proposed to redefine "Billing Demand" to reflect a customer's use of the distribution system as the greater of the customer's gross generator rating in kW(AC), as stated in the interconnection application, or the customer's maximum 15-minute demand during the month. The Commission described the proposal as classifying customer-generators according to bi-directional power flow, rather than only power flowing from the grid to the customer-generator, so that Citizens' tariff more accurately reflected the customer-generator's use of the distribution system. *Citizens' 2025 Rate Case* at 51-53.

The arguments CGC raises in the instant proceeding were addressed in substance in *UGI DSP V* and *Citizens' 2025 Rate Case*, even if the precise tariff label "MRPL" was not used in those proceedings. In UGI, Penn Renewables argued that large customer-generators must receive the GSR-1 rate to receive "full retail value," that UGI's proposal violated the AEPS Act, and that treating GSR-2 customer-generators differently violated the prohibition of Section 1304 of the Code, 66 Pa.C.S. § 1304, regarding unreasonable discrimination. The Commission rejected those arguments, holding that the AEPS Act does not define "full retail value," delegates technical and net-metering rules to the Commission, and must be applied consistently with the Code requirement that default-service rates be designed so one customer class does not subsidize another. The Commission further found that including large on-site generators in the same default-service procurement and rate group as residential customers would result in unreasonable subsidization by residential customers, while UGI's proposal separated procurement risk and cost impacts and allowed large customer-generators to receive the full retail GSR-2 value for excess generation. *UGI DSP V* at 33-36, 60-61.

In *Citizens' 2025 Rate Case*, Kelly Road Solar, LLC, Lancaster Avenue Solar, LLC, and Twilight Renewables, LLC (collectively, the Solar Projects) made a closely related argument, which was that Citizens' redefinition of Billing Demand to include both consumption and production violated the AEPS Act, improperly reduced

customer-generator compensation, and was discriminatory. The Commission rejected the Exceptions of Solar Projects and approved Citizens' original Billing Demand proposal. It found that the AEPS Act contains no language expressly prohibiting Citizens' from redefining Billing Demand to include both consumption and production, that the Solar Projects failed to explain how accounting for actual use of the distribution system would violate the AEPS Act, and that aligning the Citizens' tariff definition with cost-causation principles was consistent with the Commission's prior *UGI DSP V* determination that the AEPS Act is not offended by rates designed according to the costs of providing service so that one class does not subsidize another. *Citizens' 2025 Rate Case* at 68-70.

Accordingly, the Commission may reasonably conclude that PPL may use tariff language to alter the application of the MRPL construct, so long as the resulting tariff classification is supported by the record and remains consistent with the Code, Commission Regulations, and the AEPS Act. CGC is correct that PPL's proposal uses the specific regulatory term "MRPL," while UGI used "SPLI" and Citizens' used "Billing Demand." However, that distinction should not be dispositive. In *Citizens' 2025 Rate Case*, the Commission expressly found that nothing in the Code precluded Citizens' from proposing a tariff-definition change in a base-rate proceeding, where all parties had an opportunity to support or oppose the new language; it also approved a definition that included both consumption and production. In the instant proceeding, the ALJs further relied on 52 Pa. Code § 54.182, which defines MRPL as the highest level of demand based on PJM's PLC standard "or its equivalent" and "as may be further defined by the EDC tariff in a particular service territory." *Citizens' 2025 Rate Case* at 56-57, 68-73; R.D. at 255-57.

Including exported generation is also supported by cost-causation evidence in the same way the Commission accepted in *UGI DSP V* and *Citizens' 2025 Rate Case*: exported generation can affect default-service procurement, rate-class cost responsibility, and distribution-system use. In *UGI DSP V*, the Commission credited evidence that large

customer-generators included in Rate GSR-1 would decrease GSR-1 group load and tranche size, create uncertainty around output and project timing, increase supplier risk, likely increase bid prices, and require residential and small commercial GSR-1 customers to pay higher prices for excess customer-generator supply than they otherwise would pay. *UGI DSP V* at 22-24, 60-61. In the *Citizens' 2025 Rate Case*, the Commission recognized that the Billing Demand proposals contemplated "bi-directional use of the distribution system." *Citizens' 2025 Rate Case* at 58. In that proceeding, the Commission also addressed Citizens' position that Billing Demand should reflect customer-generators' use of the distribution system for both imports and exports of electricity. *Id*. at 51-53, 68-70. The Commission's analysis reflected acceptance of a cost-causation rationale under which customer-generators' export activity may appropriately be considered when evaluating distribution-system usage and customer classification. *Id*. at 68-73.

For PPL specifically, the Joint Petitioners' position is stronger because the record contains specific evidence of GSC-1 default-service rate impacts. PPL projected that, without MRPL, large no-load customer-generators remaining in Rate GSC-1 could impose significant costs on Small C&I default-service customers through net-metering cash-outs at the GSC-1 PTC. The Settlement then mitigates the customer-generator impact by grandfathering certain existing and near-term projects and by modifying GSC-2 compensation to include a capacity component, line losses, and a GRT gross-up. The ALJs found that recent Commission and Commonwealth Court decisions support approving MRPL as modified by the Settlement, and rejecting claims that it violates the AEPS Act, the Code, or Commission Regulations. R.D. at 255-60. We concur.

The resulting treatment of customer-generators can therefore be found just, reasonable, and non-discriminatory, as the Joint Petitioners claim. The Commission's decision in *UGI DSP V* rejected the argument that different default-service compensation for larger customer-generators is unlawfully discriminatory, reasoning that GSR-1 and

GSR-2 are different customer classes and that placing large customer-generators with residential and small commercial customers would itself create unreasonable subsidization. *UGI DSP V* at 60-61. In the *Citizens' 2025 Rate Case*, the Commission likewise held that the fact a tariff change may increase costs for customer-generators or reduce their compensation does not, standing alone, make the change unreasonably discriminatory; the Commission approved Citizens' Billing Demand proposal as reasonable and in the public interest. *Citizens' 2025 Rate Case* at 56-57, 72-73. Applying those principles here, PPL's MRPL provisions classify customers based on the magnitude of their import or export impact rather than customer-generator status alone, include transition protections not present in all prior proceedings, and seek to avoid subsidization of large export-oriented projects by Small C&I default-service customers. That supports a finding that the MRPL provisions are just, reasonable, and non-discriminatory.

If the MRPL provisions are not approved, the detriment to customers would be substantial and ongoing. Under the current classification structure, large no-load or minimal-load customer-generators could remain in Rate GSC-1 because they have little or no onsite demand, even though their export capability and net-metering cash-out impacts are more comparable to Large C&I customers. The costs of those GSC-1 customer-generator cash-outs are recovered from GSC-1 default-service customers, including small businesses. Without MRPL, those customers would continue to bear the cost of compensating large export-oriented projects at the Small C&I PTC, rather than having those projects classified with the larger commercial customers whose rate structure more closely reflects their size and impact. The absence of the MRPL would place upward pressure on the GSC-1 PTC, increase bills for non-generating Small C&I customers, create a risk that customers will leave default service to avoid the rising PTC, and leave a shrinking pool of remaining customers to absorb the same or greater costs. PPL specifically warned that this "switching risk" could further increase the PTC and

impair its ability to procure default service at least cost over time. PPL R. Exc. at 6-7, 13-14.

For these reasons, we shall deny CGC's Exception Nos. 1 through 5. The record supports the conclusion that the MRPL provisions of the Settlement protect customers from an inequitable and escalating cost shift, preserves reasonable transition protections for customer-generators, and establishes a just, reasonable, and evidence-based rate-classification framework for customer-generators whose exports materially affect default-service procurement and class cost responsibility. Accordingly, we shall approve the MRPL provisions of the Settlement, except as specifically modified, to exempt agricultural customer-generators that use anaerobic digesters or biogas generation systems fueled by biologically derived methane gas—as that term is used in the AEPS Act—and that are owned or operated by persons engaged in agricultural operations. Further, as discussed in greater detail in Section V.E below, we shall approve the overall Settlement, except as altered by our narrow modification of the MRPL provisions of the Settlement, as discussed in Section V.D.6.a, *supra*.

E. Overall Disposition of the Settlement

As noted in Section IV.B, *supra,* the Commission has articulated its general policy favoring settlements. *See* 52 Pa. Code § 5.231(a); *see also* 52 Pa. Code §§ 69.401, *et seq*. Additionally, while we do not find it necessary to disfavor or reject a settlement because it is non-unanimous, we also note that there are sound policy reasons to ensure appropriate due process for non-settling parties that do not support the proposed settlement or who wish to continue litigation. The use of a non-unanimous settlement raises the obvious concern that the Commission continue to respect the non-settling parties' right to notice and the opportunity to be heard. Therefore, where a non-unanimous settlement is proposed to resolve litigation, the agency's review of the entire matter should ensure that the evidence and arguments presented by non-settling

parties receive full and fair consideration. *See Pa PUC, et al. v. Peoples Natural Gas Company LLC*, Docket No. R-2023-3044549 (Opinion and Order entered September 12, 2024) (*Peoples Natural Gas*); *see also UGI DSP V*.

Considerations which may ensure fairness to all the parties include, *inter alia*, independent assessment by the Commission as to whether the non-unanimous settlement is reasonable and in the public interest; fact-finding hearings to determine whether the settlement is in the public interest and supported by substantial evidence; and the range of interests represented in the non-unanimous settlement. The Commission's procedures already provide for many of these safeguards including, *inter alia*: (1) the Commission's independent review and determination regarding whether the settlement is reasonable and in the public interest; (2) the non-settling party's opportunity to object to the settlement; (3) the non-settling party's opportunity to fully litigate contested issues; and (4) the non-settling party's opportunity for fact-finding hearings on the terms of settlement and contested issues. *Peoples Natural Gas.*

We note that a proceeding's procedural history is significant since it reveals whether and how all the parties were afforded due process. Applying this to the instant proceeding, the ALJs correctly determined that there has been no restriction on the due process rights of the consumer Complainants who did not join in the Settlement, noting the appropriate opportunity to comment on the Settlement and the absence of any timely filed objections. *See* R.D. at 262-63. Additionally, as discussed in Section V.B.2., *supra*, CGC and PDMP have had the opportunity to file written testimony and objections to the Settlement regarding the MRPL issue in this proceeding, in addition to having the opportunity to file Exceptions to the ALJs' recommendations thereto. Accordingly, we find that all Parties to this instant proceeding have been afforded the appropriate due process through the full and fair notice and opportunity to be heard.

1. Revenue Increase Agreed to under the Settlement

As previously discussed, the Joint Petitioners have reached the agreed-upon revenue increase in the instant Settlement under the terms of a "black box" settlement. Notwithstanding the "black box" settlement, on review, we find that the substantial evidence of record supports the annual revenue increase agreed to therein. In this regard, we highlight that the Joint Petitioners have agreed to rates that are designed to produce a total increase of $275 million in PPL's annual operating revenues. The agreed-upon overall increase represents a reduction of approximately $81.3 million, or approximately 22.8%, when compared with the Company's originally filed revenue increase request of approximately $356.3 million.[50] PPL Statement in Support at 3-4.

For comparison purposes, we print the chart provided by CAUSE-PA in its Statement in Support, *supra*, which explains the differences between the originally proposed revenue increase and the amount agreed to in the Settlement:

Proposed[10]	**Settlement**	Difference
$356 million	$275 million	$81 million reduction from as proposed
6.98% increases for residential customers on a total bill basis	4.9% increase for residential customers on a total bill basis	-2.08% increase for residential customers on a total bill basis
Average Residential Customer Bill at proposed rates: $ $204.86/month	Average residential at proposed settlement rates $184.49	-$20.37 per month
ROE: 11.3%	Imputed ROE (based on ROR 7.58% @ proposed rates) is likely not higher than 9.4%[11]	At least 1.90% less than sought by PPL.

CAUSE-PA Statement in Support at 6.[51]

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[50] [$356.3 million – $275 million = $81.3 million]; [$81.3 million ÷ $356.3 million = 22.8%].

[51] We acknowledge that the chart provided by CAUSE-PA in its Statement in Support, as reprinted above, includes information regarding PPL's originally proposed ROE and an imputed ROE and overall rate of return under the Settlement. However, as noted below, because this is a "black box" Settlement, we make no finding as to whether the agreed-upon revenue increase will allow the Company to earn a reasonable rate of return.

In fact, the record evidence supports a determination that the revenue reduction set forth in the Settlement is even greater because PPL inadvertently understated its original revenue requirement. That is, the OCA, and other Parties, asserted that PPL inadvertently left out a $34.6 million depreciation expense for the negative net salvage adjustment deeming it to be a reasonable expense. *See* OCA St. 1SR at 2. When including this expense, the OCA argued that PPL's actual revenue requirement request should have been filed at $390.9 million, not $356.3 million. OCA Statement in Support at 8-9. Indeed, as noted, *supra*, in its rebuttal testimony, PPL stated that after accounting for various corrections and adjustments accepted by the Company, its revenue requirement request should have been $384.5 million. PPL Statement in Support at 11; *See also* PPL Statement in Support at 8 (citing PPL St. 1-R at 2, 6, 7).

Using the Company's revenue requirement, as corrected in its rebuttal testimony, PPL's original revenue request would have been $384.5 million, rather than $356.3 million.[52] Accordingly, the agreed upon overall revenue increase agreed to under the Settlement represents an even larger reduction of $109.5 million, or approximately 28.5%, when compared with the revenue increase request of approximately $384.5 million that PPL explained would have resulted, after accounting for the Company's corrections, along with the other parties' recommended adjustments that the Company accepted as part of its rebuttal case.[53]

We concur with the Joint Petitioners and the ALJs that the revenue increase agreed to under the Settlement represents a reasonable compromise and is

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[52] As previously noted, the Company recognized that it could not receive an annual base rate increase in excess of the approximately $356.27 million originally requested. PPL Statement in Support at 8.

[53] [$384.5 million – $275 million = $109.5 million]; [$109.5 million ÷ $384.5 million = 28.5%].

within the range of possible outcomes in this proceeding. As PPL, I&E, and the OCA each observed, the Company will receive sufficient operating funds to maintain PPL's distribution system in an adequate, efficient, safe, and reasonable manner at a level significantly lower than PPL's original request. PPL Statement in Support at 11; I&E Statement in Support at 2, 7-8; and OCA Statement in Support at 8-9.

We agree that record evidence supports the determination that the agreed-upon revenue requirement will allow the Company to provide safe and reliable service to its customers and will provide PPL with an opportunity to earn a reasonable return on, and of, its investments. We also recognize that the Settlement terms address the Parties' concerns about the affordability impact of the revenue increase, through the significantly reduced revenue increase and the stay-out provision agreed to under the Settlement, coupled with other customer service and rate provisions detailed elsewhere in the Settlement, such as the increase in the maximum CAP credit limits and the $15.00 fixed residential customer charge.

We further find it prudent to stress that because the Settlement is a "black box settlement," the Settlement sets forth the final agreed-upon revenue increase for PPL. However, this agreed-upon revenue increase does not depict specific information regarding the underlying components used to calculate the overall revenue increase or a specific rate of return. Therefore, in this proceeding, we make no finding as to whether the agreed-upon revenue increase will allow the Company to earn a reasonable rate of return. We also conclude that a calculation of the rate of return is not required for our determination that the agreed-upon revenue increase under the Settlement is in the public interest. *See Pa. PUC, et al. v. Manwalamink Water Company and Manwalamink Sewer Company*, Docket Nos. R-2017-2603026, *et al*. (Opinion and Order entered November 8, 2017) at 17-18; *see also Pa. PUC, et al. v. Columbia Gas of Pennsylvania Inc.*, Docket Nos. R-2024-3046519, *et al*. (Opinion and Order entered November 21, 2024) (*Columbia Gas 2024*) at 40.

2. Additional Settlement Provisions

In addition to our above findings that the agreed-upon revenue increase is in the public interest and supported by substantial evidence, we further agree with the Joint Petitioners that the Settlement will result in a reasonable revenue allocation and rate design following the good faith negotiation and the balancing of countervailing interests of the Parties. Specifically, the Joint Petitioners agreed to establish an innovative cost of service benchmark based on an 80%/20% weighting of the Company's and the OCA's ACOSS results, respectively. Under the Settlement, the Joint Petitioners also adopted PPLICA's proposal to limit the increase to Rates RTS and LP-4 to 1.3 times the system average increase. PPL Statement in Support at 18-19; OCA Statement in Support at 14-15.

The Joint Petitioners have set forth sufficient evidence to establish that the Settlement revenue allocation is generally moving towards the cost of service. Additionally, the Joint Petitioners have shown that the Settlement balances non-cost considerations by not allocating the full revenue required for classes to have complete parity to the indicated cost of service and considered the principle of gradualism. OCA Statement in Support at 15. Accordingly, we find the revenue allocation and rate design provisions contained in the Settlement to represent a reasonable compromise and to be in the public interest.

Further, we find that there are numerous other settled issues within the Settlement that are particularly beneficial to PPL's customers. Among these provisions are: (1) the agreement that for the purposes of calculating its DSIC, the Company shall use the most recent rate of return on equity as calculated for electric utilities and published in the Quarterly Earnings Report; (2) the agreement that no DSIC can go into effect until June 30, 2027, at the earliest; (3) the agreement that the Company will not be entitled to include plant additions in its DSIC until the later of (a) the end of the FPFTY

or (b) when PPL's net plant in service exceeds the levels projected by PPL as of June 30, 2027; (4) the agreement that the Company will not include the expenses from non-reportable storms in the SDER but will include a baseline of $32 million for reportable storm damage expenses; (5) the numerous agreed upon Customer Service, Low Income and Universal Service Issues provisions; (6) the removal of the provision that would have permitted PPL to request capitalized treatment of costs associated with the first removal of hazard and danger trees pertaining to off right-of-way tree removal; (7) the agreement that PPL will be required to file an annual reliability accounting report; (8) the agreed upon provisions to address large load interconnections; (9) the approval of the modified EV TOU Charging Rate Program; (10) the agreement to permit capitalization of costs associated with IT upgrades and other agreed upon IT-related provisions; (11) the agreed upon modifications to PPL's Retail Tariff and Supplier Tariff provisions; and (12) the agreement that the Company will conduct a review of behind-the-meter non-exporting battery energy storage projects being reviewed for interconnection. Joint Petition at 9-34, ¶¶ 48-124.

On consideration, we find that these enumerated provisions within the Settlement lend support to a finding that the Joint Petition is in the public interest and is supported by substantial evidence in the record.

3. Vice Chair Barrow Statement

As previously noted, as directed by the ALJs, the Joint Petitioners provided comprehensive Statements in Support which indicate that the Parties took a critical look at the issues raised in Vice Chair Barrow's Statement. The unrebutted responses of the Joint Petitioners to each of the areas of concern, as summarized below, further bolster

our determination that the Settlement is in the public interest and is supported by substantial evidence in the record.[54]

a. Extended Stay Out

PPL's witness, Christine M. Martin, testified that the Company strives to be judicious with its O&M and capital expenditures, recognizing the downstream impact the incurrence of those costs has on customers' rates. PPL submitted that even with the proposed base rate increase, the Company would have some of the lowest electric distribution rates among the major EDCs. Also, PPL proffered that over the last decade, during which the Company has not sought any base rate increase, the Company has utilized all available tools in consideration of customer affordability. In the face of reliability concerns, the Company has increased its Long-Term Infrastructure Improvement Plan (LTIIP) spending and was approved for a waiver of its DSIC cap. This gave the Company the opportunity to make significant reliability investments and mitigate rate shock for customers, while also continuing to maintain consumer protections with a price cap. In PPL's view, this serves as evidence that the Company has explored and utilized available options before seeking the instant base distribution rate increase. PPL Statement in Support at 97-98 (citing PPL St. 1-R at 9-10).

[54] We note that I&E did not submit testimony discussing all the issues raised in the Vice Chair's Statement. However, I&E found that the issues were fully investigated in discovery and addressed in testimony and that the Settlement reached a full and fair resolution of these concerns. In particular, I&E stated that it is "satisfied that factors such as the Company's capital structure, ROE, and potential rate shock to customers given the length of time between rate case filings were appropriately considered when determining the agreed-upon revenue increase." I&E Statement in Support at 15. Additionally, EJA and Walmart submitted responses that the Settlement addressed areas of concern expressed by the Vice Chair. *See* EJA Statement in Support at 6-7; Walmart Statement in Support at 7.

PPL further averred that the Settlement provides for a reduced revenue requirement, compared with the one requested by the Company, as well as a two-year rate case stay-out. The Company added that the Settlement addresses the allocation of the revenue increase among the Company's customer classes, citing the bill impacts set forth in Amended Appendix C of the Settlement, filed on April 1, 2026. According to PPL, the Settlement also contains several provisions designed to address affordability concerns, including the waiver of reconnection fees, increases in the maximum CAP credit limits, and a $1.5 million increase in the Company's annual LIURP budget. As a whole, PPL contended that the Settlement reasonably balances the Company's need for rate relief with the impact of the revenue increase on customers' bills. PPL Statement in Support at 98.

The OCA noted that the stay-out contained in the Settlement is a reasonable compromise between the Parties, especially given that PPL's previous rate case was filed over a decade ago. The OCA submitted that the stay-out is an important component of the Settlement and is in the public interest because it shields PPL's customers from a further immediate rate increase. OCA Statement in Support at 75.

In consideration of the extended stay-out, CAUSE-PA averred that PPL's customers – particularly its low-income customers – already face profound rate unaffordability at present rates, and any increase in monthly bills will cause increased economic hardships to the many low-income families who are struggling to afford basic necessities each month. CAUSE-PA asserted that it agreed to the revenue increase set forth in the instant Settlement as a result of a variety of factors, including the mitigation measures set forth throughout the proposed Settlement – including several reforms to PPL's Universal Service Programs, to better assist PPL's customers. CAUSE-PA also contended that if the instant proceeding had been fully litigated it may have resulted in an outcome more detrimental to consumers than that provided for in the proposed Settlement. In CAUSE-PA's view, recent Commission decisions on fully litigated cases

have resulted in inconsistent outcomes on customer service and low-income issues and have awarded ROEs that are materially higher than the effective ROE that results from this case. CAUSE-PA believed that the tradeoff of issues that resulted from settlement in this case produced better all-around outcomes than what the Commission would have decided in a fully litigated case. CAUSE-PA Statement in Support at 61-62 (citing CAUSE-PA St. 1 at 35-36, 38-44).

b. Capital Structure[55]

PPL stated that in response to Vice Chair Barrow's concerns about the Company's claimed capital structure and ROE, the Parties engaged in extensive discovery and presented multiple rounds of in-depth testimony. Although PPL acknowledged that the Settlement does not specify a capital structure or ROE that was used to determine the agreed-upon revenue increase, PPL submitted that the Joint Petitioners' positions on these issues were duly considered when determining the agreed-upon increase in the Company's revenue requirement. PPL averred that the Joint Petitioners devoted a significant amount of time and effort to investigating and litigating these issues in this case and drew upon their extensive experience in rate case proceedings in negotiating the Settlement and evaluating their positions. In PPL's view, the fact that every Party that presented testimony on these issues reached agreement on the overall revenue requirement supports a determination that the Settlement should be approved without modification. PPL Statement in Support at 98-99.

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[55] We reinforce that here and elsewhere in this disposition we make no finding as to whether the agreed-upon revenue increase will allow the Company to earn a reasonable rate of return. We also reinforce our conclusion that a calculation of the rate of return and, by extension, an ROE, is not required for our determination that the agreed-upon revenue increase under the Settlement is in the public interest.

The OCA advocated for an imputed capital structure of 58% debt and 42% equity, in accordance with Vice Chair Barrow's Statement. Specifically, the OCA submitted that it considered PPL's claimed capital structure when negotiating the Settlement regarding PPL's revenue requirement and argued for an evidence-based ROE premised on sound ratemaking. According to the OCA, it 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. OCA Statement in Support at 80-82.

CAUSE-PA noted that it carefully examined how PPL's capital structure, including its requested ROE impacted PPL's overall revenue request, and how this revenue request, in turn, impacted rates and monthly bills for PPL's customers. CAUSE-PA asserted that its witness, Mr. Cicero, expressed particular concern that PPL's requested rate of return of 8.56%, including its requested ROE of 11.3% -- at what he characterized as PPL's highly skewed capital structure comprised of 56.05% equity and 43.95% long term debt – would create a wealth transfer from PPL's customers to its shareholders, would exacerbate the affordability challenges that PPL's customers are already facing, and would needlessly enrich PPL's shareholders at the expense of its customers. CAUSE-PA indicated that it continued to oppose PPL's proposals as excessive and as profoundly undercutting the ability of PPL's customers to access affordable rates. Despite its strong position, CAUSE-PA recognized that the revenue requirement in the proposed Settlement represented a meaningful reduction to PPL's initial proposals, inclusive of the ROE which would be produced as a result of these increases. Although it considered the result imperfect, CAUSE-PA estimated 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. CAUSE-PA Statement in Support at 63 (citing CAUSE-PA St. 1 at 14-21).

c. Tracking Capital from Parent Company

PPL submitted that the Parties investigated the Company's transactions with its affiliates, including the services provided by PPL Services Corporation to PPL and the allocation of PPL Services Corporation's costs among its affiliates.[56] According to PPL, the Parties also examined the joint venture announced by PPL Corporation and Blackstone Infrastructure and raised issues concerning the appropriate protections against potential conflicts of interest. PPL Statement in Support at 99.

PPL averred that it presented substantial testimony as part of its rebuttal case about the joint venture and the protections in place to protect against any potential conflicts of interest with affiliates. PPL stated that it continues to be managed separately from the joint venture, with appropriate structural protections that have historically been and continue to be in place, including bankruptcy protections, separate credit ratings, capital structure requirements under stand-alone credit facility agreements, collateral requirements under debt financing agreements, and independence of board of directors. According to the Company, these structural protections have historically been in place, including when the PPL Corporation had a subsidiary in Pennsylvania that owned generation assets and provided electric generation supply service. PPL Statement in Support at 99-100 (citing PPL St. 5-R at 32-34).

In further response, PPL contended that the Company and any affiliates operating in Pennsylvania have, and will continue to comply with, all applicable laws and regulations, including, the Electricity Generation Customer Choice and Competition Act, 66 Pa.C.S. §§ 2801, *et seq*., Chapter 54 of the Commission's Regulations, 52 Pa. Code

[56] PPL Services Corporation is a subsidiary of PPL Corporation and an affiliate of PPL. PPL St. 2 at 1.

§§ 54.1, *et seq.*, and the FERC Standards of Conduct, 18 C.F.R. §§ 358.1, *et seq*. PPL Statement in Support at 99-100.

In response, the OCA referenced the testimony of its witness, Mr. David J. Garrett, who stated that PPL witness, Ms. Jennifer E. Nelson, deviated from empirical ratemaking by using the proxy group[57] companies' subsidiaries to conceal the cheap debt that parent companies funnel to their subsidiaries under the guise that it is equity. According to the OCA, Mr. Garrett accounted for PPL's low-debt deviation by imputing to PPL the proxy group capital structure. The OCA proffered that this correction accurately reflected PPL's risk and proportionately lower ROE. OCA Statement in Support at 82 (citing OCA St. 3 at 54).

The OCA further noted the testimony of its witness, Mr. Garrett, who identified that PPL's witness, Ms. Nelson, used the proxy group companies' subsidiaries to conceal the cheap debt that parent companies funnel to their subsidiaries under the guise that it is "equity." OCA Statement in Support at 83 (citing OCA St. 3 at 11). In the OCA's view, this is the kind of cost-shifting manipulation that Vice Chair Barrow specifically requested the Parties to review. The OCA submitted that it took this into account when negotiating the Settlement regarding PPL's revenue requirement, and the overall result is within the range of litigated outcomes. Thus, the OCA affirmed that it considered PPL's capital structure in this proceeding in response to Vice Chair Barrow's Statement. OCA Statement in Support at 83.

[57] To estimate a utility's cost of equity, a proxy (or barometer) group of similar companies to that of a utility is used. A proxy group is generally preferred over the use of data exclusively from any one company because it has the effect of smoothing out potential anomalies associated with a similar company and is therefore a more reliable measure. *See Pa. PUC v. UGI Utilities, Inc. - Electric Division*, Docket No. R-2017-2640058, (Opinion and Order entered October 25, 2018) at 46.

EI asserted that its witness, Mr. Ron Nelson, submitted testimony on the joint venture between PPL Corporation and Blackstone Infrastructure to build natural gas plants in Pennsylvania to power new data centers in the Commonwealth. In this testimony, EI noted that Mr. Nelson raised issues concerning potential conflicts of interest associated with the joint venture. Mr. Nelson explained that two types of conflict concerns could result under PPL's original proposal. First, Mr. Nelson contended that the joint venture could create an incentive for PPL to socialize costs triggered by large load customers, which would improve the joint venture's business prospects vis-à-vis such customers. Second, Mr. Nelson stated that it could create an incentive for PPL to give preference to the joint venture generation projects in the interconnection process. According to Mr. Nelson, this latter potential conflict exists regardless of the extent to which PPL socializes the costs of joint venture-supported customer interconnections, as speed to power is often an overriding priority for data centers. EI Statement in Support at 10-11 (citing EI St. 1 at 18-19, 46).

EI acknowledged that the Settlement did not address the joint venture. However, in EI's view, it mitigated immediate concerns about the potential cost-socialization conflict by requiring all LP-6 customers to bear the incremental delivery costs associated with serving them. In support, EI cited Mr. Nelson's testimony, as follows: "[d]irectly assigning and securing payment of all such costs removes the need for [PPL] to exercise discretion about whether and when to allocate costs to [joint venture]-supported large load customers." EI Statement in Support at 11 (citing EI St. 1 at 50).

Further, EI explained that PPL's witness, Ms. Bethany L. Johnson, averred that existing safeguards, such as the FERC Standards of Conduct, will protect against the latter potential conflict regarding interconnection preference. EI Statement in Support at 11 (citing PPL St. 5-R at 32). In EI's view, when considering the Settlement as a whole, and in light of the Commission's ongoing authority to monitor for potential

conflicts and direct appropriate utility action – which the Settlement does not affect – EI believes that the Settlement reflects a reasonable compromise on these issues. EI Statement in Support at 11.

Mr. Epstein noted that he discussed with the Company and submitted information requests relating to PPL's relationship with Blackstone Infrastructure. Mr. Epstein further stated that PPL stipulated that the "Parties also examined the joint venture and [sic] announced by PPL Corporation and Blackstone Infrastructure and raised issues concerning the appropriate protections against potential conflicts of interest." Eric Joseph Epstein Statement in Support at 7.

d. Customer Service Issues and Impact of ROE

In response to the request to address the connection between customer service performance and the Company's requested ROE, PPL asserted that the Parties engaged in extensive discovery and presented a significant amount of testimony and exhibits on the matter. Also, PPL submitted that the Settlement addressed issues and proposals raised by the Parties about the Company's customer service. PPL argued that the Company's claimed ROE was fully investigated as part of this proceeding when reaching agreement on the overall revenue requirement. PPL Statement in Support at 100.

The OCA's witness, Ms. Alexander, made several recommendations to improve PPL's customer service. In the OCA's view, there are several important customer service provisions in the Settlement that are aimed at improving PPL's customer service. The OCA submitted that the concerns raised in the Vice Chair Barrow Statement were taken into account in arriving at the Settlement. OCA Statement in Support at 83-84 (citing OCA St. 7SR at 16-18).

Although CAUSE-PA did not take a specific position in this proceeding related to PPL's billing issues between December 2022 to April 2023, CAUSE-PA asserted that it set forth specific recommendations to improve PPL's customer service operations and ensure economically vulnerable consumers are connected to assistance to address affordability concerns. CAUSE-PA Statement in Support at 64 (citing *Pa. PUC, Bureau of Investigation and Enforcement v. PPL Electric Utilities Corp.*, Docket No. M-2023-3038060 (where CAUSE-PA set forth extensive Comments dated February 28, 2024, related to this billing dispute)).

Although RESA did not take a position on the ROE requested by PPL, RESA's witness, Mr. Lacey, did present written direct testimony about how the disruption in PPL's meter data collection system negatively impacted EGSs and their customers. Mr. Lacey also explained how a recent upgrade by PECO Energy Company of its Customer Information System presented numerous challenges negatively impacting EGS operations, which flowed through to shopping customers. RESA Statement in Support at 12-13 (citing RESA St. 1 at 13-14). RESA explained that PPL agreed to address RESA's concerns about system upgrades, and RESA supported the Settlement's approach as a reasonable resolution of the issue. However, in consideration of the Vice Chair Barrow Statement, RESA urged the Commission to keep in mind that utility IT upgrades can have significant negative impacts beyond just distribution and default service customers, and these impacts need to be carefully considered as well. Further, RESA submitted that, although "after the fact" consequences such as a reduced ROE and/or fines or penalties are an important tool available to the Commission, proactive measures should also be identified and put in place to mitigate the need to rely on enforcement and penalty actions. RESA Statement in Support at 12-13.

In addressing the importance of customer service issues, Convergent referenced its testimony that clear rules for the interconnection of non-exporting BTM BESS projects that align with industry best practices will reduce customer

confusion and support investment in battery projects. According to Convergent, such rules could help address resource adequacy and customer reliability concerns. Convergent noted that a driving factor behind the construction of BTM projects is to help customers control/subsidize their own energy costs. Convergent added that non-exporting BTM BESS projects are separate and unique from storage projects that interconnect to PPL's grid with the intent to export. As such, Convergent asserted that BTM storage systems that do not export to the PPL grid should have interconnection protocols tailored to their specific position. Although Convergent believed that more work on these issues is necessary in the Commission's upcoming interconnection docket, at Docket No. L-2025-3059032, Convergent viewed the terms of the Settlement as a valuable step forward in the interim to confirm PPL's approach to non-exporting BTM projects, with the objective of seeking alignment with industry best practices. Convergent Statement in Support at 5.

e. Cost Allocation

Regarding the concerns raised about cost allocation, PPL proffered that the Settlement recognized that the Parties devoted a significant amount of time and attention to these issues concerning the appropriate allocation of costs for large load interconnections. PPL submitted that the Settlement provided several terms and conditions that are designed to address those issues with large load interconnections. Regarding Vice Chair Barrow's concerns about peak shaving, PPL noted that the Settlement would approve new Rate LP-6 for standby charges, as modified by the Settlement. PPL Statement in Support at 100-01.

The OCA averred that the Settlement addressed cost allocation and the impact of electrification on the Company's system in three main ways. First, the OCA argued that the revenue allocation reflects a compromise of the OCA and PPL's positions in the case but also represents a reflection of a reasonable compromise of the spectrum of

potential litigation results. The OCA stated that the revenue allocation under the Settlement is weighted 80% to PPL's ACOSS and 20% to the OCA's ACOSS, while adopting PPLICA's proposal to limit the increase to Rates RTS and LP-4 to 1.3 times the system average increase. In the OCA's view, this allocation will better move the classes towards the system average as set forth in the Settlement. OCA Statement in Support at 84-85.

Second, the OCA averred that the proposed rate design and customer charge increases adopted in the Settlement better reflect the Company's customer cost components and as discussed by the OCA's witness, Mr. Clarence L. Johnson, provide clearer price signals and energy conservation incentives. The OCA contended that the development of the Rate LP-6 tariff and the provisions for large loads will provide for important consumer protections and help ensure PPL's recovery from large load customers of the cost impacts caused by these customers. OCA Statement in Support at 85.

Third, the OCA argued that the EV pilot program provisions of the Settlement will better align with the Company's Phase V EE&C Plan[58] and provides for important modifications to pilot the impact of an EV rebate program to address peak demand. In the OCA's view, the reporting provisions and evaluation proposed as a part of the Settlement will also provide a better understanding of how the EV pilot program provides benefits to ratepayers and EV customers. OCA Statement in Support at 85.

CAUSE-PA noted that, through the course of this proceeding, it examined how PPL's proposals related to the interconnection of large load customers would

[58] The Commission approved PPL's Phase V EE&C Plan in the proceeding in *Petition of PPL Electric Utilities Corporation for Approval of its Act 129 Phase V Energy Efficiency and Conservation Plan*, Docket No. M-2025-3057329 (Opinion and Order entered March 26, 2026).

improperly shift costs related to these customers to PPL's other ratepayers without PPL clearly demonstrating that ratepayers would see tangible benefits as a result of PPL's proposals. CAUSE-PA Statement in Support at 64-65 (citing CAUSE-PA St. 2 at 14-15). Although CAUSE-PA asserted that the Settlement does not fully address customer harm resulting from large load customers, it averred that the Settlement provided several important improvements to PPL's proposals related to these customers and is reasonable, given the totality of considerations in this matter. CAUSE-PA Statement in Support at 64-65.

PPLICA stated that issues surrounding large load interconnection were a major focal point of its testimony in this proceeding. PPLICA specifically expressed concern that PPL has not explained nor quantified how it would determine which interconnection costs would be paid for by large load customers and which would be socialized. In PPLICA's view, however, the Joint Petitioners agreed under the Settlement to a collection of provisions designed to protect existing customers from the costs and risks associated with new large load interconnections and elicited a commitment from PPL to submit ESAs to the Commission for transparency. PPLICA Statement in Support at 17.

f. Universal Service

Responding to the request to address large load customers and universal service charges, PPL explained that this issue was fully investigated by the Parties in this proceeding. Ultimately, PPL noted, the Joint Petitioners agreed to allocate $11 million of USR costs annually to the new LP-6 rate class through a non-bypassable customer charge. Therefore, PPL submitted that the Settlement directly addressed the Vice Chair's concerns about the potential impact of these large load customers on the USR costs currently borne by residential customers. PPL Statement in Support at 101.

The OSBA asserted that in this proceeding, PPL and the OSBA had opposed any proposals to allocate universal service costs to all rate classes. According to the OSBA, COVID-19 did a great deal of damage to small businesses across the Commonwealth, including putting many completely out of business. The OSBA insisted that inflation over the last few years has also taken a toll on the Commonwealth's small businesses. Making matters worse, the OSBA asserted that the customer-generators, getting reimbursed at the price to compare, are causing the electric supply rates for small businesses to dramatically increase. In the OSBA's view, without some form of relief, such as what was proposed in the Joint Petition, placing universal service costs on the Commonwealth's small businesses might be their "death knell." To address this issue, the OSBA acknowledged the Joint Petitioners' agreement under the Settlement that PPL will allocate $11 million of universal service costs annually to the new LP-6 class. Specifically, the OSBA stated that PPL will propose an increased allocation of costs to the LP-6 class in its next filed rate case, or will explain at that time why it has not proposed to increase this allocation. The OSBA submitted that this approach is a just and reasonable solution to help fund the residential-only universal service costs. According to the OSBA, this is a much better solution than putting additional charges onto the Commonwealth's small businesses. OSBA Statement in Support at 5-6.

CAUSE-PA averred that it extensively investigated the impacts of large load customers in this proceeding, including customer impacts on the costs associated with PPL's universal service programs. Citing the provision of the Settlement, set forth in Paragraph 96, to assign $11 million annually in Universal Service costs to the new LP-6 rate class, CAUSE-PA contended that this provision would help address the increase in customers costs resulting from large load customers, including the influx of data centers. CAUSE-PA Statement in Support at 65.

4. Conclusion

Upon review, the Settlement resolves the majority of the issues impacting residential, small business, and large business customers, and the public interest at large. The benefits of the Settlement are numerous and will result in significant savings of time and expenses for all Parties involved by avoiding the necessity of further administrative proceedings, as well as possible appellate court proceedings, thereby conserving precious administrative resources. Further, the Settlement provides regulatory certainty with respect to the disposition of issues, which benefits all Parties. For the reasons stated herein, and as specified in the Joint Petitioners' Statements in Support, we agree with the ALJs' conclusion that the Settlement is in the public interest. Accordingly, we shall adopt the ALJs' recommendation to approve the Settlement, as modified to reflect our limited modification of the MRPL provisions of the Settlement, as discussed in Section V.D.6.a, *supra*.

VI. Conclusion

For the reasons set forth above, we shall adopt the Joint Petition, and approve the Settlement, as modified, as being in the public interest, consistent with this Opinion and Order. Additionally, we shall: (1) deny the Exceptions filed by CGC; and (2) adopt the Recommended Decision of Deputy Chief ALJ Christopher P. Pell and ALJ Barbara Shadie Nause, as modified, consistent with this Opinion and Order; **THEREFORE,**

IT IS ORDERED:

1. That the Exceptions of the Customer-Generator Coalition, filed on April 27, 2026, to the Recommended Decision of Deputy Chief Administrative Law

Judge Christopher P. Pell and Administrative Law Judge Barbara Shadie Nause, issued on April 17, 2026, are denied, consistent with this Opinion and Order.

2. That the Recommended Decision of Deputy Chief Administrative Law Judge Christopher P. Pell and Administrative Law Judge Barbara Shadie Nause, issued on April 17, 2026, is adopted, as modified, consistent with this Opinion and Order.

3. That the Joint Petition for Non-Unanimous Settlement of All Issues, including attachments, as well as Amended Appendix C, filed on March 13, 2026 and April 1, 2026, respectively, by PPL Electric Utilities Corporation, the Commission's Bureau of Investigation and Enforcement, the Office of Consumer Advocate, the Office of Small Business Advocate, the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania, the Commission on Economic Opportunity, Convergent Energy and Power LP, Dimension PA 1 LLC, the United States Department of Defense and all other Federal Executive Agencies, the Environmental Intervenors, the Energy Justice Advocates, the Joint Solar Advocates, PP&L Industrial Customer Alliance, the Retail Energy Supply Association, the Sustainable Energy Fund, Walmart Inc., and Mr. Eric Joseph Epstein be approved, as modified.

4. That an "agricultural customer-generator," as defined in Ordering Paragraph No. 5, below, shall not be subject to the Maximum Registered Peak Load classification adopted in Paragraphs 98 through 105 of the Joint Petition for Non-Unanimous Settlement of All Issues.

5. That for purposes of this Opinion and Order, an "agricultural customer-generator" shall be defined as a retail electric customer-generator whose alternative energy generating facility is:

a. An anaerobic digester or biogas generation system fueled primarily by biologically derived methane gas, as defined in the Alternative Energy Portfolio Standards Act, 73 P.S. § 1648.2—meaning gas from the anaerobic decomposition of animal waste, agricultural residue, or food processing waste—at a facility on land actively used for agricultural production;

b. Owned or operated by a person or entity primarily engaged in animal agricultural operations, including, but not limited to, dairying, poultry production, and swine production; and

c. Not included within the scope of these Ordering Paragraphs are biodigesters that operate as commercial off-farm facilities, such as standalone or regional plants.

6. That, if any of the Parties wish to withdraw from the Joint Petition for Non-Unanimous Settlement of All Issues based on the modifications set forth in Ordering Paragraph Nos. 4 and 5 above, then, consistent with Paragraph No. 127 of the Joint Petition for Non-Unanimous Settlement of All Issues, that Party shall provide written notice to the Secretary of the Commission and all active Parties to this proceeding of its election to withdraw within five (5) business days from the date that this Opinion and Order is entered. If such an election to withdraw is filed, the Joint Petition for Non-Unanimous Settlement of All Issues shall be disapproved, without further action by this Commission, and this matter shall be returned to the Commission's Office of Administrative Law Judge for further action as deemed appropriate.

7. That PPL Electric Utilities Corporation shall not place into effect the rates, rules, and regulations contained in Original Tariff Electric – Pa. P.U.C. No. 202 or Original Tariff Electric – Pa. P.U.C. No. 2S, as filed on September 30, 2025, regarding its

cost recovery of base rates for electric distribution service revenues within its service territory, the same having been found to be unjust, unreasonable, and therefore, unlawful.

8. That, following the expiration of the withdrawal period as set forth in Ordering Paragraph No. 6, above, and if no Party to the Joint Petition for Non-Unanimous Settlement of All Issues elects to withdraw, then PPL Electric Utilities Corporation shall be permitted to file tariffs or tariff supplements containing the rates, rules, and regulations consistent with the findings herein, incorporating the terms of the Joint Petition for Non-Unanimous Settlement of All Issues, as modified by this Opinion and Order, and changes to rates, rules and regulations as set forth in the Joint Petition for Non-Unanimous Settlement of All Issues, to become effective upon at least one day's notice, for service rendered on and after July 1, 2026, which tariffs or tariff supplements increase PPL Electric Utilities Corporation's rates as to permit an annual increase in base rate operating revenues of not more than $275 million, consistent with this Opinion and Order.

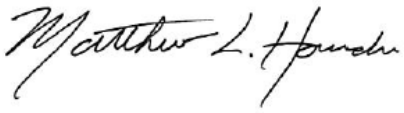
9. That the following Formal Complaints consolidated with the Commission's investigation at R-2025-3057164 be deemed satisfied: the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania at Docket No. C-2025-3057844; the Office of Small Business Advocate at Docket No. C-2025-3057889; the Office of Consumer Advocate at Docket No. C-2025-3058130; the PP&L Industrial Customer Alliance at Docket No. C-2025-3058271; Convergent Energy and Power LP at Docket No. C-2025-3058300; and the Joint Solar Advocates at Docket No. C-2025-3058251.

10. That the following Formal Complaints consolidated with the Commission's investigation at R-2025-3057164 be dismissed: Brad and Jennifer Wooley at Docket No. C-2025-3057946; Rik Bhattacharyya at Docket No. C-2025-3058846; Safiyah Junaid at Docket No. C-2025-3058982; Stacey Kimmel-Smith at Docket No.

C-2025-3059151; John Gadomski at Docket No. C-2025-3059330; Thatcher Graham at Docket No. C-2026-3060429; Wendy Johnson at Docket No. C-2026-3061012; Kenneth S. Johnson at Docket No. C-2026-3061118; Mary Bainbridge at Docket No. C-2026-3061424 and Diane Cheer at Docket No. C-2026-3061706.

11. That upon acceptance and approval by the Commission of the appropriate compliance filings, tariffs, tariff supplements, or tariff revisions filed by PPL Electric Utilities Corporation, as specified in Ordering Paragraph No. 8, above, this proceeding at Docket No. R-2025-3057164 shall be marked closed.

BY THE COMMISSION,



Matthew L. Homsher
Secretary

(SEAL)

ORDER ADOPTED: June 4, 2026

ORDER ENTERED: June 11, 2026