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July 22, 2026

VIA ELECTRONIC MAIL

The Honorable Mark A. Hoyer
Deputy Chief Administrative Law Judge
Pennsylvania Public Utility Commission
Philadelphia District Office
801 Market Street
Philadelphia, PA 19107
(mhoyer@pa.gov)

The Honorable Erin L. Gannon
Administrative Law Judge
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
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(egannon@pa.gov)

RE: Petition of FirstEnergy Pennsylvania Electric Company for Approval of its Default Service Program for the Period of June 1, 2027 to May 31, 2031
Docket No. P-2026-3060298

Your Honors:

Enclosed on behalf of Sunrise Airport Road LLC, Sunrise Forrester Road LLC, Sunrise Franklin Road LLC, Sunrise Harlansburg Road LLC, Sunrise Hendersonville Road LLC, Sunrise McCurdy Road LLC, Sunrise Perry Highway LLC, Sunrise Sandy Lake Greenville Road LLC, Sunrise Sandy Lake Polk Road LLC, and Sunrise Springfield Church Road LLC (collectively, the "Customer-Generator Coalition" or "CGC") is the CGC's Reply Brief

Service of the CGC's Reply Brief has been made upon all parties of record in this proceeding in accordance with the attached Certificate of Service.

If you have any questions regarding the enclosed, please contact the undersigned.

Very truly yours,

STEVENS & LEE

Nicholas A. Stobbe

Enc.
Cc: Secretary Matthew L. Homsher
Certificate of Service

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Petition of FirstEnergy Pennsylvania Electric Company for Approval of Default Service Program for the Period from June 1, 2027 to May 31, 2031	:	Docket No. P-2026-3060298

REPLY BRIEF OF SUNRISE AIRPORT ROAD LLC, SUNRISE FORRESTER ROAD LLC, SUNRISE FRANKLIN ROAD LLC, SUNRISE HARLANSBURG ROAD LLC, SUNRISE HENDERSONVILLE ROAD LLC, SUNRISE MCCURDY ROAD LLC, SUNRISE PERRY HIGHWAY LLC, SUNRISE SANDY LAKE GREENVILLE ROAD LLC, SUNRISE SANDY LAKE POLK ROAD LLC, AND SUNRISE SPRINGFIELD CHURCH ROAD LLC IN OPPOSITION TO THE NON-UNANIMOUS SETTLEMENT

TO DEPUTY CHIEF ADMINISTRATIVE LAW JUDGE MARK A. HOYER AND ADMINISTRATIVE LAW JUDGE ERIN L. GANNON:

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Dated: July 22, 2026

Table of Contents

Page

TABLE OF AUTHORITIES

Page(s)

I. INTRODUCTION

The Customer-Generator Coalition ("CGC") submits that FirstEnergy Pennsylvania Electric Company's ("FE PA" or the "Company") "Maximum Registered Peak Load" ("MRPL") proposal – which would force large net-metering customer-generators from the stable Price-to-Compare ("PTC") Rider rate into the volatile Hourly Pricing ("HP") Rider rate based on the nameplate capacity of those customers' generating equipment, rather than their actual demand – is not supported by substantial evidence, contravenes the Public Utility Code and the Pennsylvania Public Utility Commission's ("Commission") regulations, and is adverse to the public interest and sound public policy. The Non-Unanimous Settlement ("Settlement") does nothing to change these shortcomings and, as such, the Commission should modify the Settlement to reject the MRPL proposal in its entirety.

The Settlement is sham. There are seventeen (17) parties to this proceeding.[1] Of those seventeen (17), only six (6) joined the Settlement – a conversion rate of approximately 35%. Of those six (6) settling parties, three (3) submitted Main Briefs.[2] Of those three (3), two (2) briefed the merits of FE PA's MRPL proposal.[3] Conversely, eleven (11) parties did not join the Settlement. Of those eleven (11) parties, eight (8) submitted

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[1] In its Main Brief, CGC erroneously stated that there were fifteen (15) parties to the proceeding.

[2] FE PA, the Office of Consumer Advocate ("OCA"), and the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania ("CAUSE-PA") submitted Main Briefs. The other signatories to the settlement, the Office of Small Business Advocate ("OSBA"), Duquesne Light Company ("DLC"), and Walmart, Inc. ("Walmart") did not. Walmart was the only private litigant to proffer testimony related to the MRPL that joined the Settlement, yet, as noted, did not submit a brief supporting the legal basis for the Settlement.

[3] Of the two settling parties that briefed the MRPL proposal (FE PA and OCA) both offered scant support.

Main Briefs in opposition to the Settlement.[4] Of those eight (8) parties that opposed the Settlement, three (3) briefed the merits of the MRPL proposal. Almost three (3) times the number of parties oppose the Settlement and briefed its merits than support the Settlement enough to brief its merits.

If the purpose of settlements is to lessen the time and expense that the parties must expend litigating a case, and at the same time, conserve precious administrative resources, the Settlement fails. If the purpose of settlements is to reach a tenable and legal compromise that balances the interests of most – or all – stakeholders, the Settlement fails. If the purpose of settlements is to cloak illegal and unwise proposals backed by a sparse evidentiary record and supported by a small minority of active parties, the Settlement succeeds. The burden borne by FirstEnergy has not been met, so the Settlement must fail.

A. Procedural History

A history of this proceeding is set forth in the CGC's Main Brief that was filed on July 10, 2026, and is incorporated as though fully set forth herein.

On July 10, 2026, FE PA, OCA, and CAUSE-PA submitted Main Briefs providing legal argument in support of the Settlement. Other of the settling parties, *i.e.*, Walmart, OSBA, and DLC, did not submit Main Briefs in support of the Settlement.

Also on July 10, 2026, the CGC, JSA, Dimension, RESA, Town Square and WGL, Constellation, and the EGS Parties filed Main Briefs opposing various portions of the Settlement.

[4] The CGC, Dimension 1 PA, LLC ("Dimension"), the Joint Solar Advocates ("JSA"), the Retail Energy Supply Association ("RESA"), Constellation Energy Generation, LLC ("CEG") and Constellation NewEnergy, Inc. ("CNE") (collectively "Constellation"), Town Square Energy East, LLC ("Town Square") and WGL Energy Services, Inc. ("WGL"), and Shipley Choice, LLC d/b/a Shipley Energy and Interstate Gas Supply, LLC d/b/a IGS Energy ("EGS Parties") all filed Main Briefs opposing the Settlement.

B. Non-Unanimous Settlement

A description of the Non-Unanimous Settlement was provided in the CGC's July 10, 2026, Main Brief, and is incorporated as though fully set forth herein.

C. Legal Standards

The applicable legal standards were set forth in the CGC's July 10, 2026, Main Brief and are incorporated as though fully set forth herein.

D. Summary of Argument

The CGC's argument was summarized in its July 10, 2026, Main Brief, and will not be restated in full here.

Both FE PA and OCA's Main Briefs supporting the MRPL proposal as promoted by the Settlement fall short of presenting the Commission with a cogent, record-supported framework to approve the MRPL proposal. For its part, FE PA argues: (1) that customer-generation increases hypothetical risk premiums build into fixed-price full requirements ("FPFR") bids; (2) that continued buildout of customer-generation will ultimately increase the "true-up" costs for FirstEnergy and its PTC Rider customers; and (3) that customer-generators are not entitled compensation for the benefits they provide to the grid. FE PA's arguments on each point are superfluous. First, there is no record evidence of customer-generation increasing risk premiums. Second, FE PA's projections of customer-generation growth are overstated. Last, FE PA nor OCA do not actually dispute the real and important benefits that customer-generation provides. Putting aside the legality of the MRPL framework, discouraging customer-generation buildout is directly adverse to the public interest during a recognized resource adequacy crisis.

OCA parrots the arguments made by FE PA and does not present any independent analysis on the MRPL proposal. Like FE PA, OCA cannot quantify customer-generation borne risk premiums. Nor can it credibly suggest that the MRPL proposal, if approved, would not dis-incent continued customer-generation buildout.

Both FE PA and OCA rely heavily on the Commission's treatment of similar proposals in other cases. But those other cases do not supplant FE PA's burden of proof in this proceeding. To hold otherwise would effectively foist a utility's burden onto intervening parties, and permit utilities to "follow the leader" without developing a coherent record to apply to their individual circumstances. To permit same effectively signals to all utilities that their burden of proof rests not on the development of a record, but on coattails from unrelated proceedings for different utilities. If this were to be permissible, it would raise grave concerns about all future utility ratemaking in the Commonwealth. Ratemaking based not on what a particular utility presents in a particular case, but on what a previous utility presented in an unrelated case, is not a tenable legal standard, nor can it be the basis for approval of affirmative utility proposals.

II. DEFAULT SERVICE PROCUREMENT AND IMPLEMENTATION PLANS

A. Residential Class Default Service Products

The CGC does not take a position on the Company's residential class default service products.

B. Responsibility for PJM Charges (including NITS) Under the Supplier Master Agreement

The CGC does not take a position on the Company's proposal regarding assignment of responsibility for PJM charges under the Master Supply Agreement ("MSA").

C. Capacity Proxy Price

The CGC does not take a position on the Company's capacity proxy price

III. CLASSIFICATION OF NON-RESIDENTIAL DEFAULT SERVICE CUSTOMERS

A. Classification of Customers Based on Maximum Registered Peak Load

The CGC fully briefed the merits of FE PA's MRPL classification(s) in its July 10, 2026, Main Brief, which it fully incorporates as though fully set forth herein.

B. Projections of Customer Growth

Through their respective Main Briefs, FE PA and the OCA continue to lodge the same failing arguments related to customer growth.

The OCA argued that "even if certain large net-metered customer-generators do not currently exist within the customer class, customer-generators are coming online in the future."[5] In its next breath, the OCA acknowledged that there are only 14 current large net-metering customers on the system.[6] The OCA fails to connect its (or FE PA's) reasoning as to why growth of customer-generation is either accurate or costly. Indeed, OCA nor FE PA attempted to predict with any precision the level of buildout anticipated by large net-metering customer-generation. Rather, both relied upon the number of large net-metering applications in FE PA's queue. This figure is a red herring. As explained by CGC in its Main Brief, the Alternative Energy Portfolio Standards ("AEPS") Act has been in place, in several forms, for well over a decade. This continuum has produced fewer than 20 large net-metering customers receiving program-year-end cashouts in FE PA territory. It is illogical to think that thousands of customer-generators will suddenly come online absent the MRPL change. It is similarly illogical to vaguely connect wholesale supplier risk premiums to the number of customers in the interconnection queue – risk premiums that no party to this proceeding could remotely quantify.

FE PA's analysis is similarly opaque and meritless. FE PA relies on CGC and JSA's analysis that demonstrated a 35% cancellation rate of projects in the queue. Cancellation of applications is not tantamount to the remaining 65% of applied-for projects being energized. If the same were true, FE PA would certainly have more than a handful of active large net-metering projects actively contributing electricity to the grid today.

For these reasons, and the reasons more fully explained in the CGC's Main Brief, FE PA and OCA's customer growth projections are overstated and unrepresentative of the historical circumstances on the grid.

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[5] OCA M.B., p. 20; Tr. at 166.

[6] *Id.*

C. Costs and Benefits of Customer-Generators

1. PTC Rider vs. HP Rider

The CGC fully addressed the compensation levels of the PTC Rider versus the HP Rider in its Main Brief. The CGC incorporates by reference its Main Brief as though fully set forth herein and will not restate its position in its entirety.

2. Risk Premiums

The primary driver for the MRPL proposal are the purported risk premiums added by default wholesale suppliers into FPFR bids as a result of customer-generation. Neither FE PA nor OCA attempted to quantify these risk premiums. Nor did they present any evidence to suggest that wholesale suppliers have affirmatively indicated that customer-generation causes additional risk premiums. Instead, both rely heavily on the Commission's analysis in other cases.[7] The Commission's analysis of this issue in unrelated cases for different utilities is not the evidentiary benchmark to support FE PA's MRPL proposal. Rather than do its own homework, FE PA argues that the actual impact of hypothetical risk premiums has already been analyzed by the Commission, thus, FE PA can effectively foist its burden onto previous analyses performed by utilities not party to this proceeding. This is plainly wrong. If Electric Distribution Companies ("EDCs") are permitted to rest on the laurels of other utilities in the ratemaking and procurement process, it stands to reason that other important issues – such as rate of return and capital structure – are no longer fair game in the individualized ratemaking calculus. Justifying an affirmative proposal based on the analysis of others, without accompanying record evidence, is not the appropriate evidentiary standard and FE PA's attempts to do so should be rejected.

3. Negative Peak Load Contribution and Negative Network Service Peak Load Contribution

The CGC addressed this topic in its Main Brief, which is incorporated as though fully set forth herein.

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[7] *See* FE PA M.B., pp. 25-27; OCA M.B., pp. 17-21.

4. Other Costs and Benefits

Both FE PA and OCA conspicuously do not engage with the CGC's benefits analysis in their Main Briefs. The CGC addressed the myriad of benefits provided by customer-generation that would effectively be undercut and/or eliminated should the MRPL proposal be approved. While the OCA argues that approval of the MRPL proposal will not "discourage investment in sustainable energy resources,"[8] the opposite is true for the reasons delineated in the CGC's Main Brief and throughout the CGC and JSA's testimony. This failure to recognize the benefits of customer-generation is particularly egregious given the recognized resource adequacy crisis in Pennsylvania. The MRPL proposal will reduce the incentive for new generation to come online. Less generation will result in a further bottleneck in supply. Reduced supply, coupled with perpetually increasing demand, will increase costs. This is a simple economic function to which FE PA and OCA do not – and cannot – effectively counter.

D. Compliance with Applicable Laws and Regulations

Once again, FE PA and OCA let other utilities in other regulatory proceedings to their heavy lifting with respect to the legality of the MRPL proposal. The CGC submits that this is the incorrect standard. FE PA's MRPL proposal does not comply with applicable laws and regulations as explained fully in the CGC's Main Brief, which is incorporated by reference as though fully set forth herein.

E. Grandfathering Proposals

The CGC fully addressed grandfathering proposals in its Main Brief and will not restate the entirety of its position here. The CGC incorporates its Main Brief as though fully set forth herein.

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[8] OCA M.B., p. 24.

IV. RATE DESIGN AND COST RECOVERY

A. Price to Compare Default Service Rate Rider

The CGC incorporates Section IV(A) of its Main Brief as though fully set forth herein.

B. Hourly Pricing Default Service Rider

The CGC incorporates Section IV(B) of its Main Brief as though fully set forth herein.

V. CUSTOMER REFERRAL PROGRAM

The CGC does not take a position on the Company's Customer Referral Program.

VI. SUPPLIER COORDINATION TARIFF CHANGES AND RETAIL SHOPPING ISSUES

A. Return of Customers to Default Service at Contract Expiration

The CGC does not take a position on the Company's proposal to return customers to default service at contract expiration.

B. Quarterly Affirmation for Variable Rate Contracts

The CGC does not take a position on the Company's proposal to require quarterly affirmation for variable rate contracts.

C. Changes to Purchase of Receivables (POR) Program

The CGC does not take a position on the Company's Purchase of Receivables ("POR") Program.

VII. CONCLUSION

It is critical to differentiate this proceeding from proceedings involving other utilities with entirely different evidentiary records. FE PA's burden cannot be supplanted by the evidentiary legwork of PPL Electric Utilities Corporation or UGI Utilities, Inc. – Electric Division in unrelated default service proceedings and rate cases. Ultimately, FirstEnergy has failed to carry its burden that the MRPL proposal – or the Settlement more generally – is supported by substantial evidence and is in the public interest. Conversely, the CGC has demonstrated that the MRPL proposal is *not* supported by substantial evidence and *contravenes* the public interest. A small minority of parties affirmatively supported the MRPL proposal in Main Briefs. The parties that were engaged enough to brief the MRPL proposal failed to rebut the clear and obvious benefits provided by customer-generation, and both failed to explain how approval of the MRPL proposal would not worsen the resource adequacy crisis. Moreover, both failed to demonstrate that customer-generation increases costs under the current paradigm. Generalized antagonism to new generation is not a basis to undercut that generation's viability. For these reasons, and the reasons more fully explained in the CGC's Main Brief and throughout CGC's testimony, FE PA's MRPL proposal must be rejected and the Settlement should be modified accordingly.

Respectfully submitted,

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DATED: July 22, 2026

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

PETITION OF FIRSTENERGY PENNSYLVANIA ELECTRIC COMPANY FOR APPROVAL OF ITS DEFAULT SERVICE PROGRAM FOR THE PERIOD JUNE 1, 2027 TO MAY 31, 2031	: : : : : : :	Docket No. P-2026-3060298

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a true copy of the foregoing upon the parties listed below, in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a party).

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