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**HOUSE MAJORITY POLICY COMMITTEE**

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**HOUSE OF REPRESENTATIVES**  
COMMONWEALTH of PENNSYLVANIA

***House Democratic Policy Committee Hearing***

Utility Price Increases  
Wednesday, April 22 | 10 a.m.

Temple University | Liacouras Center | Fox-Gittis Room | 1776 N. Broad St. Philadelphia

Representative Morgan Cephas, chair of Philadelphia House Delegation  
Representative Jennifer O'Mara, chair of Southeast House Delegation

10 a.m. Welcome and member introductions

**PANEL ONE**

10:10 a.m. Asim Haque, EVP, Governmental and Member Services  
***PJM, Pennsylvania-New Jersey-Maryland Interconnection***

Brendan Taylor, VP of Regulatory, Policy & Strategy  
***PECO, Philadelphia Electric Company***  
***Q & A with Legislators***

**PANEL TWO**

10:50 a.m. Kelly Monaghan, Deputy Executive Director  
***PUC, Public Utilities Commission***  
***Q & A with Legislators***

**PANEL THREE**

11:05 a.m. Patrick Cicero, Counsel  
***Pennsylvania Utility Law Project***

Joline Price, Supervising Attorney, Energy & Utilities Unit  
***Community Legal Services***

Harrison Breitman, Senior OCA Attorney  
***PA Office of Consumer Advocate***  
***Q & A with Legislators***



# **PJM: Taking Action to Secure Reliability and Affordability Amidst Historic Demand Growth**

PA House Majority Policy Hearing

***Asim Z. Haque***

EVP, Governmental and Member Services

**April 22, 2026**

Operates As A <u>Non-Profit</u>
No Shareholders or Share Price
Federally Regulated (FERC)
Independent Board
Market Monitor
<b>Mission-Driven</b>

# GRID RELIABILITY

A large green gear with a white rounded rectangle in the center containing text.

## Markets

- Energy
- Capacity
- Ancillary services

A large orange gear with a white rounded rectangle in the center containing text.

## Operations

- Grid operations
- Supply/demand balance
- Transmission monitoring

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## Regional Planning

- 15-year outlook





**~\$5 billion**  
annual savings  
produced



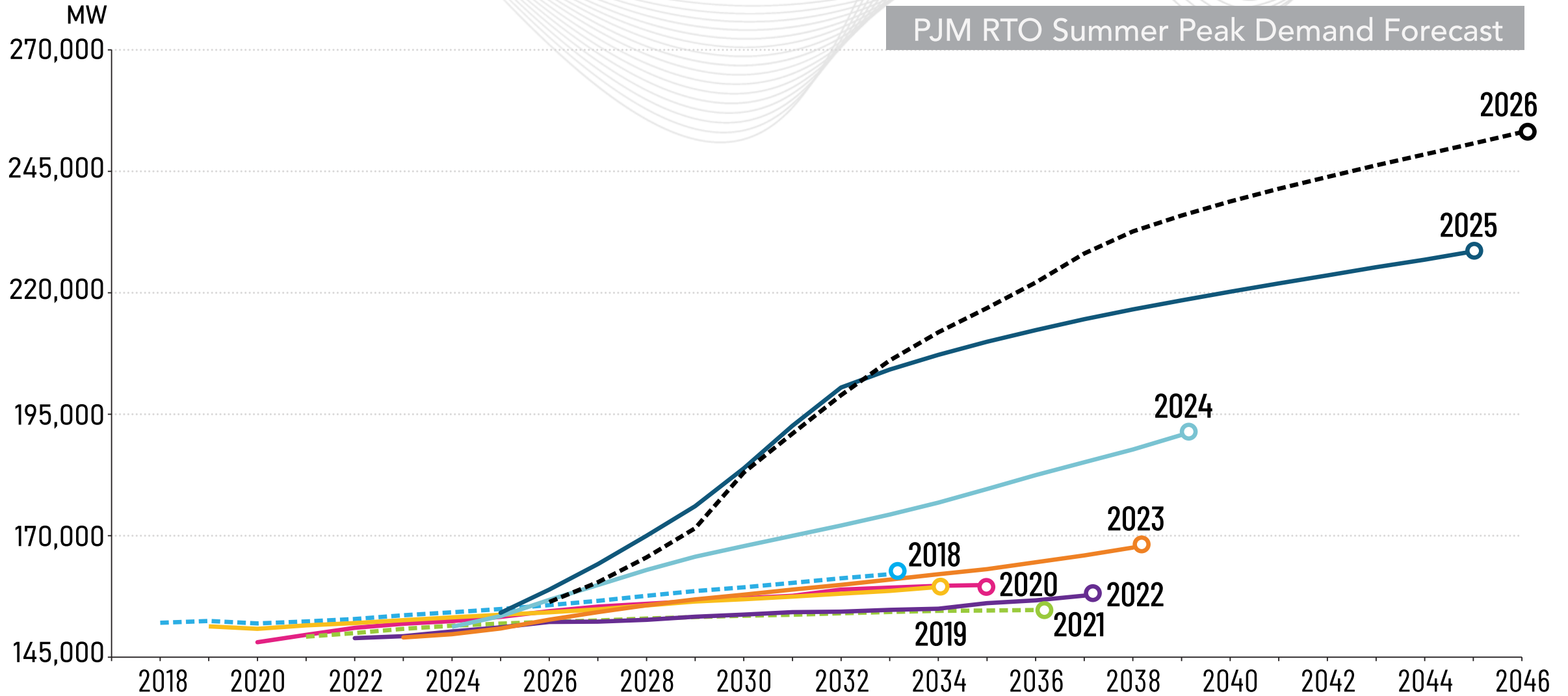
- \$1.4 billion**  
Reliability
- \$1.25 billion**  
Generation Investment
- \$1.1 billion**  
Integration of More Efficient Resources
- \$990 million**  
Energy Production Costs
- \$265-\$355 million/year**  
Demand Response Value

— All numbers are estimates. —



# Electricity Demand Growth

PJM RTO Summer Peak Demand Forecast



# PJM Board Decision on Large Load (Data Centers) Additions



Significant Load Forecasting Improvements



Price Cap and Floor



Bring Your Own New Generation and Expedited Interconnection Track



Reliability Backstop Procurement



Curtailment of Data Centers Not Bringing New Generation



Study on Market Incentives for New Supply

**Extend** the existing price cap and floor for the next two Base Residual Auctions (2028/2029 and 2029/2030).

Filing with the Federal Energy Regulatory Commission (FERC)

## PJM Recommendations

### Retail Cost Allocation

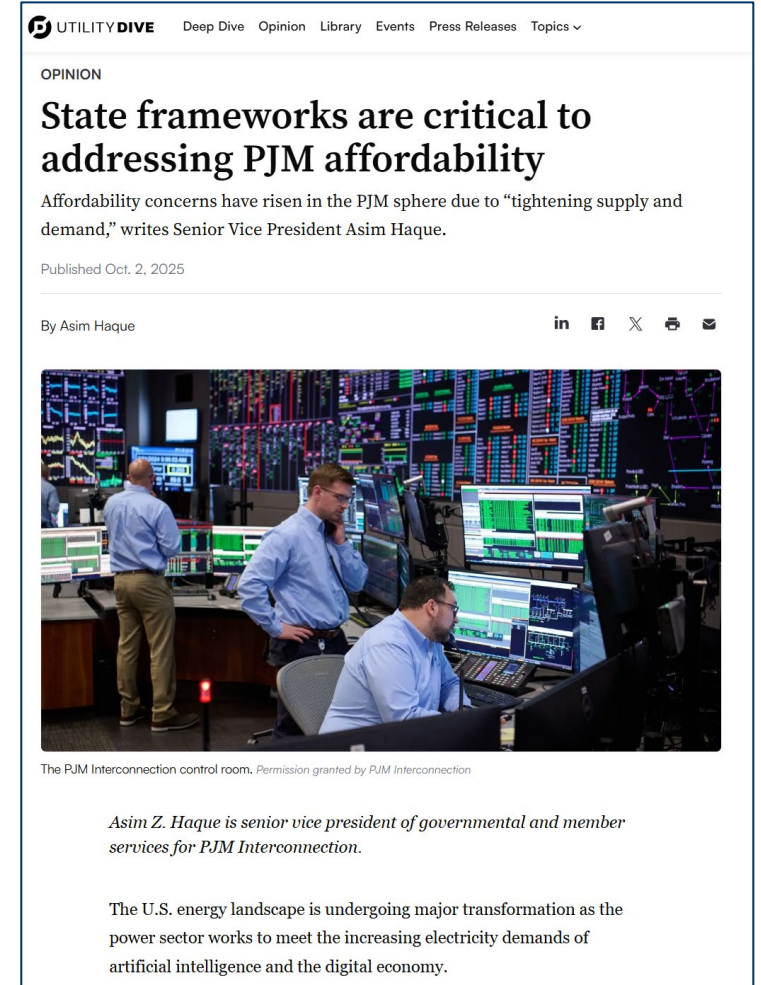
States ultimately have control over how costs are allocated to the various customer classes in utility tariffs. Costs can be allocated away from residential consumers and small businesses and toward other customer classes more directly driving the tightening supply-demand balance, including data centers. State programmatic rebates can be allocated to specific customer classes as well.

### Data Center Entry Commitments

A number of our states are placing financial requirements and stricter entry commitments on data centers trying to connect through regulated utilities as a way to make sure that the data center is actually coming to that utility's service territory. This will, in turn, allow for utilities to submit more accurate data to PJM to better refine our load forecasts used on the wholesale side. Further, PJM is considering a period where states can review and provide feedback on requested large load additions in PJM's load forecast.

### Default Service Procurement

Our restructured states are all utilizing default service procurement mechanisms to procure supply for consumers who are not shopping with a competitive retail supplier. It is worthwhile to analyze whether these procurement mechanisms are designed for a high-priced wholesale environment. In those states with especially low shopping statistics, consumers are deeply exposed to this high-capacity market price if default service procurement mechanisms are not designed to long-term hedge against that price.



UTILITY DIVE Deep Dive Opinion Library Events Press Releases Topics


OPINION

### State frameworks are critical to addressing PJM affordability

Affordability concerns have risen in the PJM sphere due to “tightening supply and demand,” writes Senior Vice President Asim Haque.

Published Oct. 2, 2025

By Asim Haque



The PJM Interconnection control room. Permission granted by PJM Interconnection

*Asim Z. Haque is senior vice president of governmental and member services for PJM Interconnection.*

The U.S. energy landscape is undergoing major transformation as the power sector works to meet the increasing electricity demands of artificial intelligence and the digital economy.

## PJM Recommendations

### Retail Shopping

Competitive suppliers may be able to offer better rates than what is being procured in default service auctions. This may be an opportunity for competitive suppliers, residential/small business consumers and state regulators to work collectively to enhance shopping while maintaining traditional consumer-protection oversight.

### State Programs and the Total Bill

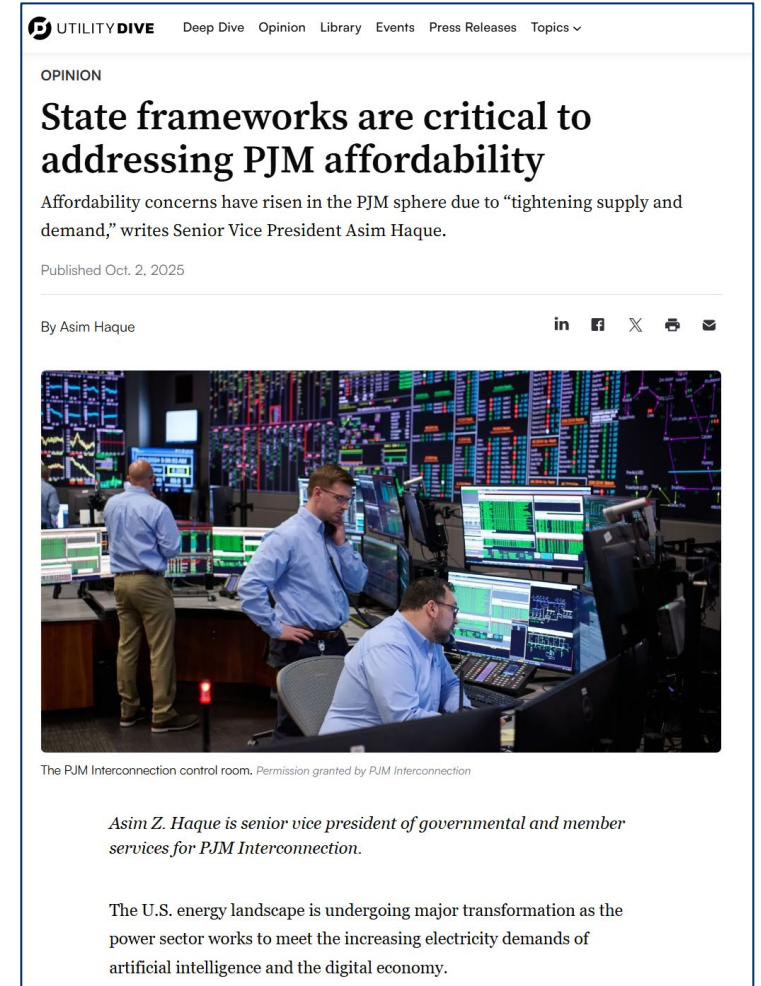
Knowing that the wholesale price for power will be higher in future years, the total bill can be analyzed to determine whether existing state programs that were initiated during times of lower wholesale pricing should continue, and again, if rebates should be allocated away from or to certain customer classes.

### Demand Response and Energy Efficiency

Paying customers to reduce usage during system stress is a direct solution to reducing peak electricity demand. States can play a central role in developing and promoting robust demand response and energy efficiency programs.

### Siting/Permitting

We need more energy infrastructure, both generation and transmission. States play a pivotal role in projects ultimately getting built through their siting/permitting processes. If energy infrastructure projects don't receive state permitting approvals, it won't matter how many projects PJM pushes through its generation interconnection queue.



**UTILITY DIVE** Deep Dive Opinion Library Events Press Releases Topics ▾


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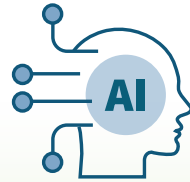
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The U.S. energy landscape is undergoing major transformation as the power sector works to meet the increasing electricity demands of artificial intelligence and the digital economy.

## PJM's Generation Interconnection Queue



**Queue Not Closed: 1-2 Year Turnaround Time to be Studied**



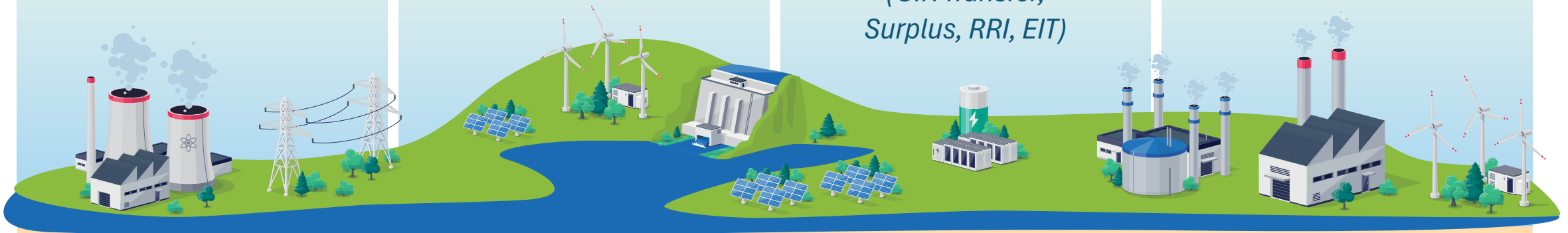
**Google AI to Further Expedite**



**Creation of On-Ramps to Go Quicker**  
*(CIR Transfer, Surplus, RRI, EIT)*



**~54 GW Have Agreements**

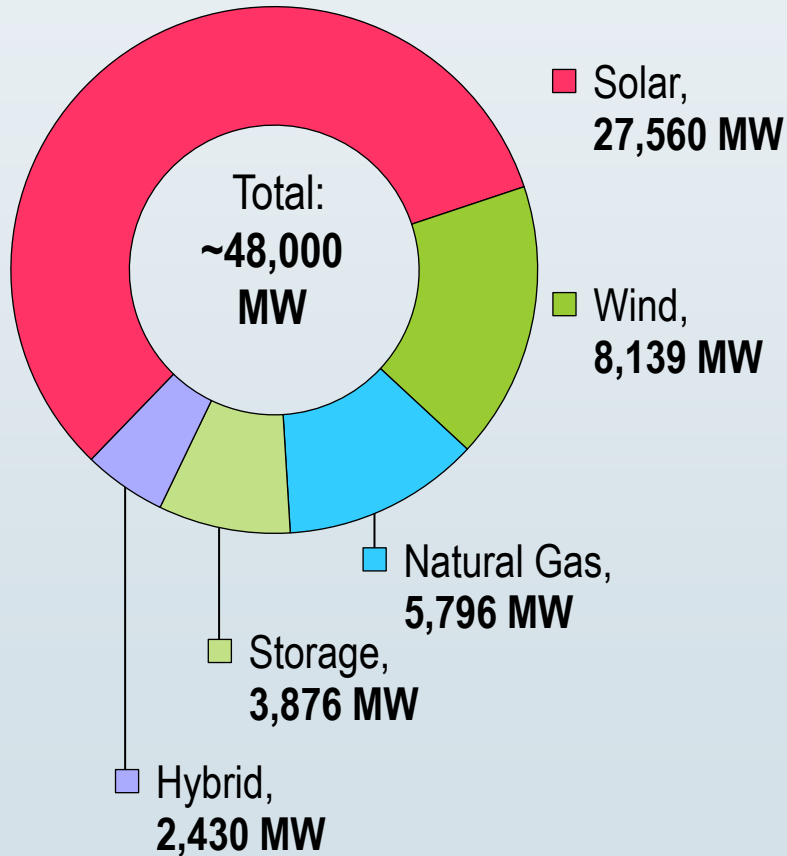


**PJM has shifted from queue reform to delivery with faster study timelines, new on-ramps, and significant new supply already approved or connected.**

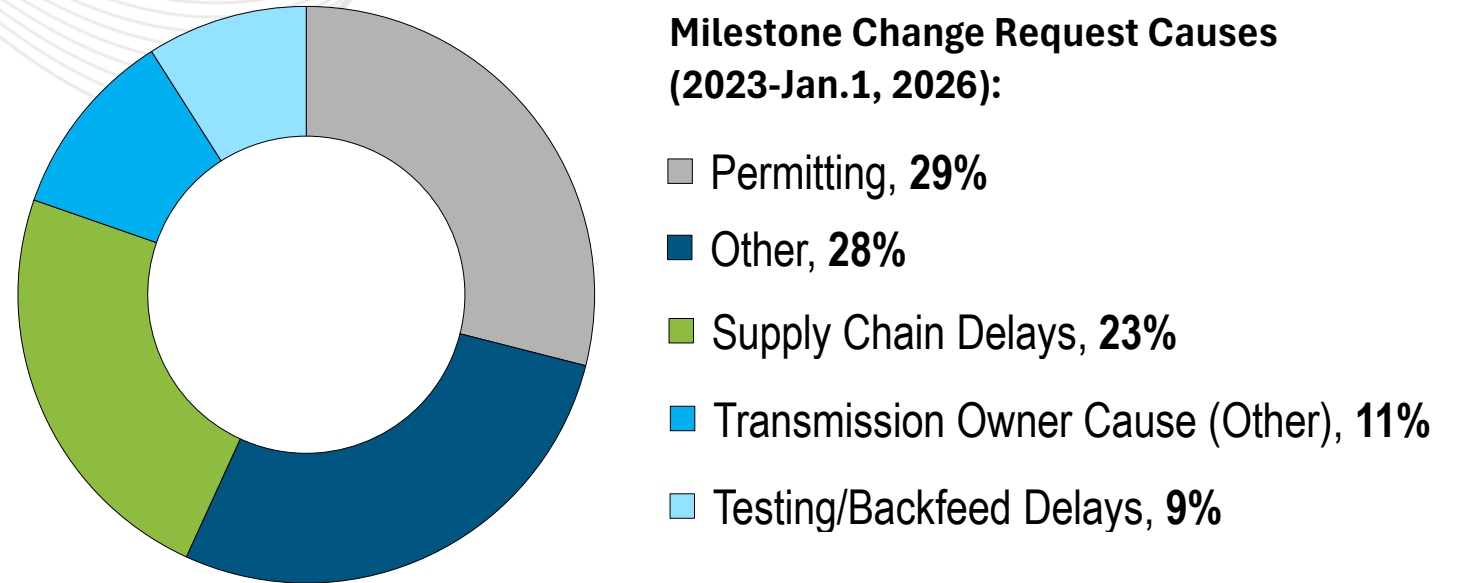
# Projects Through Queue But Not Constructed

## Projects Under Construction by Fuel Type (MW)

As of Jan. 15, 2026



## Milestone Change Request Causes (2023-Jan.1, 2026):



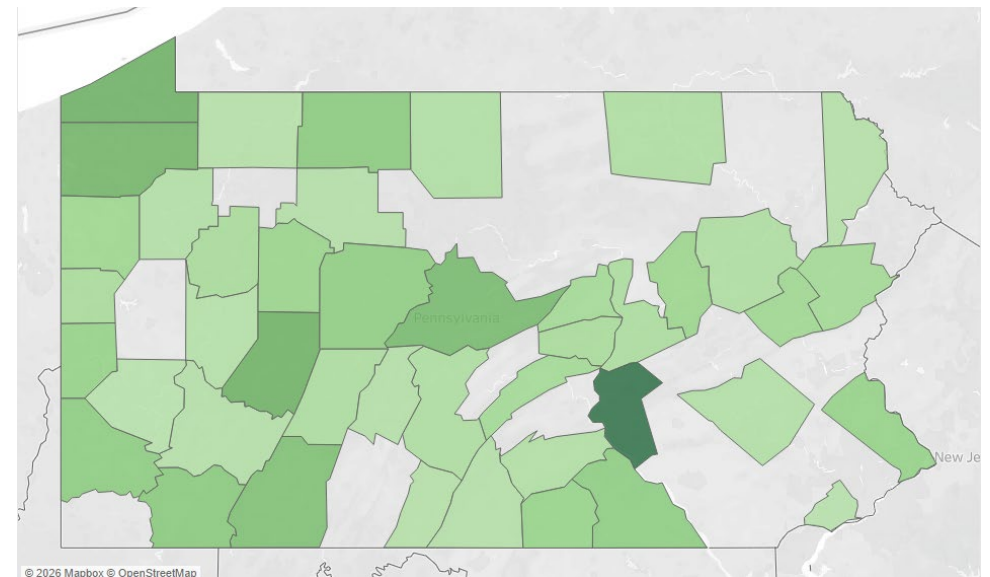
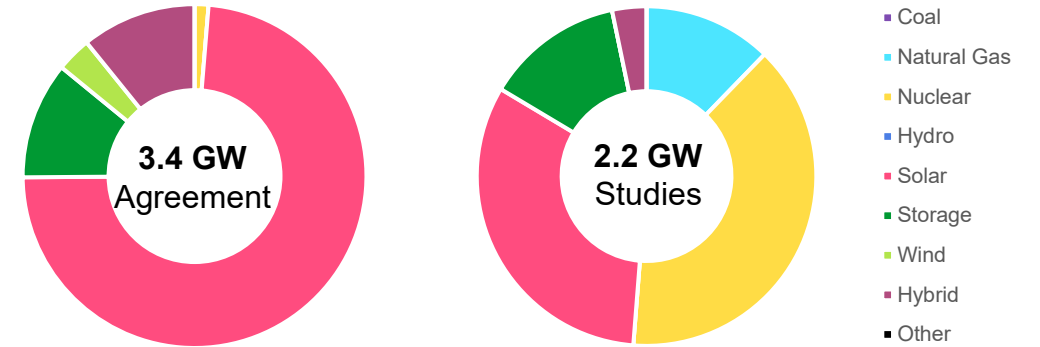
- **Other:** includes various delay such as land ownership, ownership transfer, Engineering Procurement and Construction Contractor (EPC) procurement, equipment issues, and construction delays
- **Transmission Owner Cause (Other):** includes various delays caused by the TO such as construction delays, IA delays and network upgrade delays

- **Backfeed:** Provided by the Transmission owner to the Project Developer's substation to provide electrical power for testing and commissioning items prior to generator first synch. It is electrical power that flows from the PJM transmission system into a generator or project facility in a direction opposite to the intended long-term design for normal operation. This reverse flow is typically temporary, controlled, and restricted.

## Project Count

Fuel	Agreements	Studies
Coal		
Natural gas		1
Nuclear	1	1
Hydro		
Solar	77	18
Storage	5	3
Wind	1	1
Hybrid	7	2
Other		
<b>Total</b>	<b>91</b>	<b>26</b>

## MW Breakdown



**Testimony of Brendan Taylor, Vice President, Regulatory Policy & Strategy**  
**PECO**  
**Pennsylvania House Democratic Policy Committee**  
**April 22, 2026**

Thank you, Chairman Bizarro, Representatives Cephas and O'Mara, and members of the committee for holding this important hearing today. My name is Brendan Taylor, and I serve as Vice President, Regulatory Policy and Strategy for PECO which provides electric distribution service to Philadelphia and southeastern Pennsylvania, and natural gas distribution service in Philadelphia's suburban counties.

I received a Bachelor of Science in Business Administration from the University of Delaware and a Master of Business Administration from Villanova University. During the past 19 years, I have held numerous positions within PECO and its parent, Exelon Corporation, including serving as Director of Operations Analysis and Strategy and Director of Finance at Pepco Holdings Inc.

In my role, I have responsibility for coordinating execution of all PECO's regulatory responsibilities with the PA Public Utility Commission (PUC), including retail rates, regulatory compliance, energy acquisition for default service customers, and PECO's energy efficiency programs.

In my testimony today, I'd like to describe how our industry is structured, discuss our commitment to affordability, and share our thoughts on how to address affordability in both the immediate and long term.

**Understanding the Components of a Customer's Electric Bill**

The main components of a customer's electric bill are distribution, transmission, and generation (or "supply"). About 40 percent of the average residential customer's bill is for energy delivery charges (distribution and transmission), 40 percent for generation, and about 20 percent for a range of government-mandated charges.

These include universal service programs, uncollectible bills, the state's Act 129 energy efficiency (EE) and demand response (DR) programs, Alternative Energy Portfolio Standards (AEPS) Act compliance, and taxes.

**Distribution** reflects the cost of owning, operating and maintaining the local grid that delivers power directly to homes and businesses. These costs include capital investments in infrastructure which are depreciated over time, as well as O&M expenses like labor, materials, and administrative support. Distribution is a regulated utility service provided to all customers within a service territory through tariffs that treat similar customers or rate classes equally. As part of our responsibility to provide safe and reliable service, we continue to make investments in the grid which are recovered in our distribution rates.

We are pleased that the PUC has recognized PECO as Pennsylvania's most reliable large electric utility, and we are the only large utility in the state to meet the PUC's reliability benchmarks.

**Transmission** is the cost of owning, operating and maintaining the high-voltage transmission grid that delivers electricity from generators to the local distribution systems. These costs are calculated pursuant to a formula approved by the Federal Energy Regulatory Commission (FERC) at the wholesale level and allocated to utility customers by their electric distribution company.

**Supply** is the cost that the customer pays for the electric commodity provided by a competitive supplier or through utility default service. This includes energy, capacity, ancillary services, and compliance with Alternative Energy Portfolio Standards requirements. Utilities do not earn a profit on supply; these costs are passed through to customers at cost based on the results of competitive procurements.

In our deregulated electricity market, electric distribution companies are responsible for providing delivery service, while customers have the option to purchase their supply from a non-utility supplier or receive "default service" from their local utility.

While competitive suppliers are unregulated, utility default service procurements are conducted under the oversight of the PUC and must be made on a competitive basis, consistent with the “least cost over time” requirements of the law.

Rising supply costs — particularly higher capacity costs in wholesale energy markets — are putting significant upward pressure on customer bills. Since 2024, the average residential customer bill has increased by \$28, or 21%, driven primarily by higher capacity payments to PJM, along with other contributing factors such as market volatility. Capacity costs are the charges utilities pay to ensure enough electricity resources will be available in advance to meet peak demand and maintain grid reliability during extreme conditions.

Another factor for many customers is retail supplier overcharges. We commend the House Energy Committee for its consideration of Rep. Boyd’s HB 2131 that will provide consumer protections for customers who choose competitive retail suppliers. Last year alone, the 20 percent of PECO electric customers who elect to buy their energy from retail suppliers paid more than \$100 million more than they would have had they received default service. This is a significant contributor to the affordability crisis that so many customers are facing.

#### *Affordability and Utility Rates*

Last week, following continued and meaningful dialogue with customers, community partners, policymakers, and other stakeholders, PECO withdrew its previously filed electric and natural gas distribution regulatory rate review filings with the Pennsylvania Public Utility Commission (PUC).

This decision reflects our deep commitment to customer affordability at a time when households and businesses continue to face sustained financial pressure from the rising costs of everyday essentials, including energy. While the proposed rate reviews were designed to support necessary long-term investments in the safety, reliability, and resiliency of our electric and natural gas systems, customer affordability continues to emerge clearly and consistently as a foremost concern.

Our decision to withdraw the filings was informed by our ongoing engagement and is firmly grounded in the commitments outlined in The Exelon Promise – to put customers and communities first; to listen, learn, and respond; and to act responsibly in balancing near-term customer impacts with long-term system needs. Listening to customers and stakeholders is not a one-time exercise, but a core part of how we evaluate major decisions that affect the people and businesses we serve.

Moving forward, we will continue to invest in the local electric and natural gas systems needed to maintain safety, reliability, and service quality.

- Ongoing investments will focus on system safety, system maintenance, operational integrity, and reliability standards that customers depend on every day – safety is non-negotiable.
- These investments ensure the grid continues to perform safely and reliably even as broader investment strategies are evaluated.
- Customers can expect PECO will continue its commitment to reliability performance, while managing costs responsibly.

This will require some difficult decisions. While we will minimize impact on reliability, we will defer select, non-urgent infrastructure investments, primarily those focused on longer-term system replacement. For example, we will delay the retirement of existing 4 kV electric cable, which is more prone to reliability issues, more difficult to repair as the technology is becoming obsolete and can create challenges when integrating solar generation and EVs to the system. In our new plan moving forward, we will defer similar enhancements in support of affordability.

We look forward to working with stakeholders across the region to find long-term solutions to high energy costs and to make needed investments at another time.

At the same time, we remain focused on expanding and promoting energy assistance, energy efficiency, and customer support programs, particularly for low and limited-income customers who need help the most.

In 2025, PECO's Customer Assistance Program (CAP) delivered approximately \$225 million in discounted bills and arrearage forgiveness to our low-income customers. CAP is based on a PUC-determined energy burden index that reduces bills to levels they can afford, and the overwhelming majority of CAP customers are able to remain current on their bills through this assistance.

Last year, we also launched our \$12.5 million Customer Relief Fund which has provided bill assistance to more than 9,000 customers to date. Customers can visit <http://www.peco.com/Help> for more information.

#### *PECO's Affordability Policy Pillars*

I'd like to emphasize that addressing affordability requires a comprehensive approach. We've identified four policy pillars that we encourage our policymakers to consider:

- **Data Center Consumer Protection** – PECO believes that data centers must pay their fair share of building and maintaining the grid, and customers need to be protected against potential stranded costs arising from the increased demand on the transmission grid that data centers are driving. HB 1834 which the House has passed included some positive provisions to provide statutory backstop for the stranded cost protections that PECO has put in place. We are concerned however that requirements for direct cost assignment and the creation of a separate large load rate class will be counterproductive and actually increase, not decrease, costs to other customers. We've engaged directly with many of you to share those concerns and pledge to continue working with you to maintain the positive features of HB 1834 but address potential unintended consequences
- **Retail Market Reform** – As I mentioned earlier, PECO strongly supports HB 2131 and commends Rep. Boyd and the House for acting on this important bill that ensures that consumers have the information they need to make informed energy choices. The bill also provides the PA PUC needed oversight authority over the retail market.

- **Affordable Clean Energy** – In HB 504, the House has already passed reforms to our state energy efficiency law that PECO strongly supports. These reforms will provide greater flexibility for utilities to target their program budgets to low and moderate-income affordability without the risk of incurring penalties. There are additional opportunities to address the rapidly rising cost of the AEPS Tier II program which cost PECO default service customers \$40 million in 2025. Tier II resources aren't traditional renewables, but politically-preferred resources like waste coal, that are placing a growing burden on customers. And, we encourage you to continue to work to close the merchant generator loophole to our state's net metering law.
- **Energy Security and Resource Adequacy** – Finally, while all of these bills offer opportunities for immediate relief for customers, unless we address energy security and resource adequacy, we will continue to face high prices in wholesale energy and capacity markets. Simply put, there is no regulatory structure in place in Pennsylvania to ensure that there is a reliable, affordable energy supply for customers. The PJM market is simply not appropriately structured to ensure that new generation gets built as we continue to see growing demand. We should start these discussions with a long-term, customer-focused approach that puts all options on the table to meet this challenge.

Thank you for the opportunity to testify today, and I'll be pleased to answer your questions.



# Rate-making for Legislators

House Democratic Policy Committee  
Hearing on Utility Price Increases  
April 22, 2026

Kelly A. Monaghan, CPA, CGFM, CFE, CISA  
Deputy Executive Director



## Mission Statement

Balance the needs of consumers and utilities; ensure safe and reliable utility service at reasonable rates; protect the public interest; educate consumers to make independent and informed utility choices; further economic development; and foster new technologies and competitive markets in an environmentally sound manner



## Scope of PUC Jurisdiction

- Oversees the nearly 7,000 entities which provide utility services across the state, including:
  - Electricity
  - Natural gas
  - Pipeline transmission of natural gas and hazardous materials
  - Motor carrier transportation of passengers and property
  - Railroad crossings
  - Telecommunications
  - Water and wastewater collection and disposal

Bluefield Waterworks and Improvement Company v. Public Service Commission of West Virginia, 262 U.S. 670 (1923).  
The Court held utilities have the right to earn a fair return on its investment.

Federal Power Commission v. Hope Nat. Gas Co., 320 U.S. 591 (1944). ). The Court held utilities are entitled to a reasonable opportunity to recover their prudently-incurred costs.



# General Ratemaking Principles

“Every rate made, demanded, or received by any public utility... shall be **just and reasonable**, and in conformity with regulations or orders of the Commission.” 66 Pa. C.S. § 1301

- Just and reasonable rates for adequate service
- Operating efficiency
- Promote financially stable utilities by providing a reasonable opportunity to earn a fair rate of return
- Allow utilities to operate as regulated monopolies without the associated abuses:
  - Reduce output (66 Pa. C.S. § 1501)
  - Maximize rates (66 Pa. C.S. § 1301)
  - Price discrimination (66 Pa. C.S. § 1303 and 66 Pa. C.S. § 1304)

# Why Do Utilities File a Rate Case?



INCREASED EXPENSES

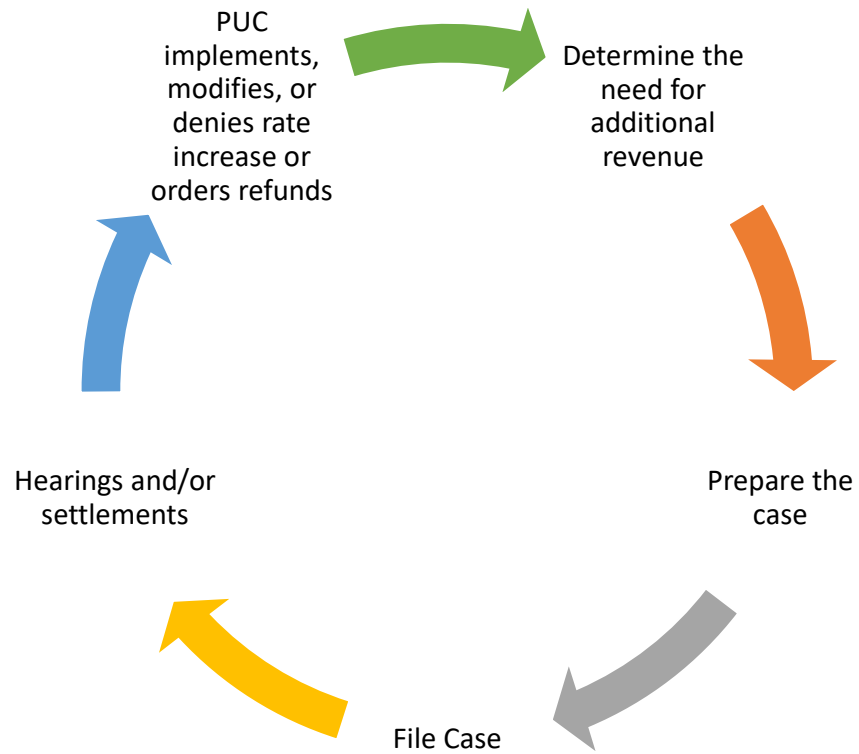


HIGHER CAPITAL COSTS



PLANT ADDITIONS

# Rate Case cycle



- How much is requested? Revenue Requirement
  - Revenue requirement = Overall cost of providing service
  - Rate increase = Revenue requirement - current revenue
- Who pays? Rate design
  - Based on class cost of service study
  - Guided by gradualism, simplicity, and the art of rate setting

- All rates and service rules are spelled out in tariffs; changed only upon the approval of the Commission. 66 Pa. C.S. § 1302
- Must be followed by the utility 66 Pa. C.S. § 1303
- Why use tariffs at all?:
  - Compelled service to large groups makes individual contract formation impractical
  - Publishing prices publicly guards against price discrimination



## Parties to a Rate Case

- The jurisdictional utility
- PUC Bureau of Investigation and Enforcement
- Office of the Consumer Advocate
- Office of the Small Business Advocate
- Other customer advocates
- Other customers who have become parties

## 9-month process

30-day advance  
notice of filing  
with PUC

60-day  
suspension of  
filing

7-months to  
complete

A fully litigated rate case is an extensive proceeding involving multiple parties, numerous hearings, deadlines, and volumes of documents and data

1. Prefiling notification rate filing with required data and testimony/exhibits
2. Initial discovery
3. Commission order superseding/investigating
4. Assignment to OALJ
5. More discovery
6. Prehearing conference
7. Public input hearings in company service territory
8. Direct testimony
9. Formal settlement discussions
10. Rebuttal testimony
11. Surrebuttal testimony
12. Evidentiary hearings
13. Main briefs
14. Reply briefs
15. Recommended decision
16. Exceptions
17. Reply exceptions
18. Public meeting(polling)
19. Commission order
20. Reconsideration/clarification
21. Appeal (not required)

- Adjudicatory proceedings held before an Administrative Law Judge
- The case builds an evidentiary record representing only the facts and arguments that can be considered in the Commission's deliberation and rulings.
- Civil rules of evidence apply, but not strictly
- Evidence is subjected to challenge and scrutiny



## Inside the Commission

- Statutory period begins when case is officially filed with the Secretary.
- Not required to be published in the Pennsylvania Bulletin.
- However, the utility is required to send notice of the rate proposal to all its ratepayers in billing statements.
- The rate proposal filing is broken down into parts including pre-filed testimony by the utility's experts, proposed tariff revisions, and other changes proposed by the utility.
- All documents are stored electronically and protected.
- Public documents are published to the PUC's website.



## PUC Public Meeting

- The Bureau of Technical Utility Services (TUS) performs initial analysis and report.
  - Commission acts in Public Meeting (Sunshine Act) and assigns to the Office of the Administrative Law Judge (OALJ)
- Commissioners vote to suspend
- Seven-month suspension period begins



## Evidentiary Hearings

- Party with the burden of proof opens (the company)
- Witnesses sworn in
- Presentation and admission of evidence
- Cross-examination
- Entry into the record



## Public Input Hearings

- Held in service territory
- Additional means of gathering evidence
- Opportunity for consumer participation
- “On the record” proceeding
- Public comments not included in the record unless the person is sworn in.
- Unofficial comments not submitted to the Secretary’s Bureau or submitted during public input hearings, such as comments on social media cannot be considered as part of the case.

- Prepared by the presiding officer
- Recommendation NOT a final determination
- Offers recommendation on contested issues or settlements in whole or in part
- Presents finding of facts and conclusions of law

After the recommended decision, parties may file exceptions:

- Parties may address findings in the recommended decision
- Arguments are limited to issues included in the record



## Public Meeting: The Commission Votes

- Resolution of the rate case
- Prior to the end of the seven-month suspension
- Result is the Final Order
- Secretary signs, enters, and serves on all Parties of Record.
- Publishes the Final Order on the Commission's website.
- The Office of Communications usually issues a press release summarizing the Final Order.



## Petitions for Reconsideration

- Opposing party's last chance to appeal to the PUC
- Must be filed within 15 days of Commission order
- Must raise new or novel argument or identify evidence not considered by the Commission
- Answer to petition must be filed in 10 days



# The Mechanics of Ratemaking

## Attrition – Decline in Earnings Between Rate Cases

- Growth Rates of Components Differ
- Revenue – New Customers, New Appliances, Conservation, Weather
- Expenses – New Contracts, Regulations, Inflation
- Investment (Rate Base) – Growth or Replacement?

- The annual revenues required by the utility to cover both its expenses and have the opportunity to earn a fair rate of return
- The annual costs to provide safe and reliable service to the utility's customers that the company is allowed to recover through rates

## Simple version

- Rev. Req. = Operating Expenses + (Rate Base \* Rate of Return)

- Expanded:

$$RR = O\&M + D + T + R_a$$

RR = Revenue requirement

O&M= operation & maintenance

D = depreciation & amortization expense

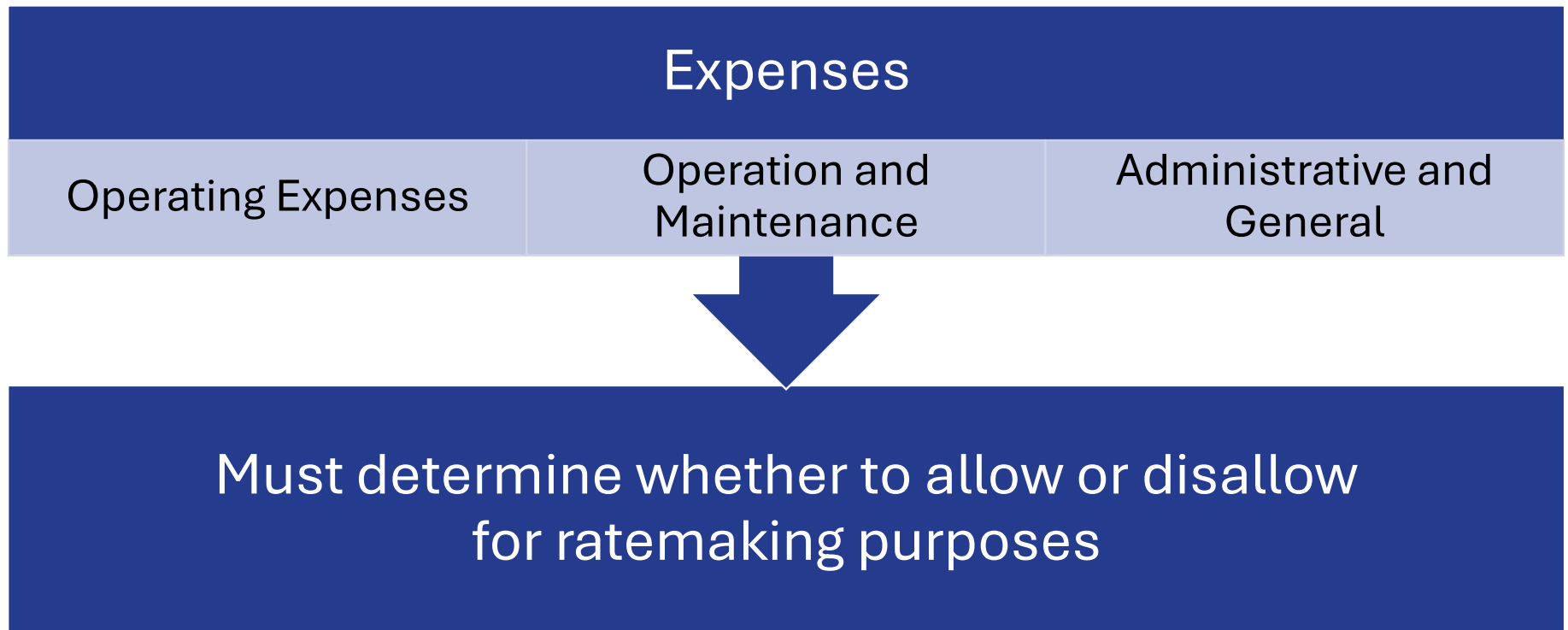
T = taxes other than income tax expense

$R_a$  = authorized (not guaranteed) rate of return



- A twelve-month period over which a utility's costs and revenues are measured as the basis for setting prospective rates
- For the period during which rates being set will be in effect
- Allows a utility to recover all expenses and a reasonable return – No more, no less
- PA uses a Fully Projected Future Test Year (FPFTY) for major rate cases

# Which expenses get adjusted?



## Depreciation

- The **return** of the utility's capital investment
- Non-cash transaction
- Accounts for the wear and tear of assets

## Taxes

- Income tax
- Taxes other than Income
- Regulatory Accounting vs. Tax Accounting

## Rate base – What is it?

- Consumers must pay for the creation, upkeep and extension of infrastructure
- Utility must be allowed a return on that infrastructure
- Includes a utility's investment in facilities (pipelines, vehicles, buildings, etc.) and the operating funds, or working capital, necessary to operate on a day-to-day basis
- Utility property is included in rates only if prudently constructed and necessary

Utility Property  
(plant,  
equipment, etc.)

Used and Useful

Several  
valuation  
methods

## What is “Used and Useful?”

- Utility property is included in rates only if it is prudently constructed and necessary to the provision of service to the public
- Plant must be constructed and completed and placed into service before being deemed **“Used and Useful”**

- **Cost of Utility Plant**
  - Less: Accumulated depreciation
- **Other adjustments:**
  - Contributions in Aid of Construction
  - Construction Work in Progress
  - Materials and supplies
  - Working Capital Allowance

# Rate of Return (RoR)

Compensation to investors for their investment

Percentage applied rate  
base

To be recovered in rates

Two cost types associated with RoR/Cost of Capital

Debt Capital

Equity Capital

ROR = Weighted cost of capital

While the total revenue requirement is a single, unified amount, the cost to serve different types of customers **varies significantly**.

The rate charged must be **fair and reasonable** to each ratepayer, reflecting the actual **cost of service** for each customer class.

## **Customer Classes:**

- 1. Residential** – Basic household needs
- 2. Commercial** – Small businesses and retail
- 3. Industrial** – Large-scale manufacturing and production
- 4. Public/Governmental** – Schools, municipalities, and public services
- 5. Special/Additional Services** – Unique or specialized utility needs (e.g., time-of-use rates)



## Other Factors Affecting Utility Prices

- Rate design and avoidance of cross-subsidization
- Adjustment clauses
- Competition
- Net metering



## Participate in Rate Cases

- Submit comments and writing to the Secretary of the Commission:
  - Mail
  - Online form
  - E-mail
- Attend a public input hearing and make comments on the record.
  - In-person
  - Virtual
- File a formal rate complaint with the Secretary



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**PENNSYLVANIA HOUSE OF REPRESENTATIVES  
HOUSE MAJORITY POLICY COMMITTEE**

**Hearing on Utility Rate Increases**

**April 22, 2026**

**Testimony of Joline Price  
Divisional Supervising Attorney  
Energy & Utilities Unit  
Community Legal Services of Philadelphia**

Good morning. Thank you for the opportunity to provide testimony about utility rate increases and energy affordability. My name is Joline Price. I am a Divisional Supervising Attorney in the Energy & Utilities Unit of Community Legal Services, also known as CLS. As many of you know, CLS provides free civil legal assistance to low-income Philadelphians when they face the threat of losing their utility service, homes, incomes, health care, and even their families, serving about 13,000 clients each year. The Energy & Utilities Unit specifically works to ensure that every Philadelphian has equitable access to utility services. We believe that affordable home utility services are vital to the health and safety of all Philadelphians.

My colleague, Patrick Cicero, has provided extensive data on utility insecurity across Pennsylvania – increasing costs, arrearages, and, ultimately, termination of service. At CLS, we see the impacts of these rising and unaffordable rates first hand. Utility rates are unaffordable for the low and moderate income clients CLS serves. The numbers show this. In 2025, PECO Electric alone terminated more than 125,000 households in its service territory. Meanwhile, only 100,000 of those households were reconnected, leaving many households without electricity.<sup>1</sup>

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<sup>1</sup> Pa. PUC, *Terminations and Reconnections: Year-to-Date November 2024 vs. Year-to-Date November 2025*, <https://www.puc.pa.gov/media/3758/terminations-reconnectionsyttd-nov2024vs25.pdf>.

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Utility rate increases have been and will be devastating to these households. At the same time, I want to underscore that current rates are unaffordable too. Our current patchwork of assistance programs is insufficient to meet the need now and as rates increase.

To give you a picture, when clients come to CLS with high bills facing shutoff of services, we triage. First, we do what we can to help our clients avoid the shutoff of services or restore service. We use a number of tools, including accessing grant assistance to address past due balances. We then provide advice or assistance to help the client address the cause of the high bills. Sometimes an affordable payment arrangement or enrollment in a customer assistance program at a rate based on income is enough to ensure our clients can afford their utility bill going forward. More often though, our clients face continuing high bills due to poor housing stock, energy inefficient homes, and programs that only provide a limited amount of relief. In those cases, we need more robust assistance programs, increased investment in programs that provide repairs and efficiency upgrades to address energy costs, and safeguards against loss of utility services.

There are a number of policy interventions that would begin to address energy affordability.

1. Increased Grant Assistance

Grant assistance programs – both utility funded and through the federally funded Low Income Home Energy Assistance Program (LIHEAP), are limited, and can be used to address acute hardships, but not chronic unaffordability of bills. In Pennsylvania, LIHEAP is exclusively federally funded, and can only be used to address heating bills – not cooling costs. CLS continues to recommend state investment in LIHEAP to supplement federal funding – especially as federal funding becomes more unreliable.

2. Reforms to Billing and Collections Rules

Unaffordability of bills is often exacerbated by unnecessary fees – security deposits, late fees and reconnection fees are all added on top of already unaffordable bills. In addition, current payment arrangement standards used by the Public Utility Commission<sup>2</sup> are unnecessarily strict, often failing to take into consideration individual facts and circumstances. These strict standards prevent

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<sup>2</sup> Pa. PUC, Statement of Policy, “Sunset of Chapter 14, Title 66 of the Pennsylvania Public Utility Code,” (Dec. 12, 2024) Docket No. M-2024-3052328.

customers from accessing payment arrangements that would set them up for success. We appreciate the House's efforts to address these matters in passing House Bill 2333, which now awaits consideration in the Senate.

### 3. Increased Customer Assistance Program Enrollment and Changes to Cost Allocation

Pennsylvania's major electric and gas utilities are required to offer Customer Assistance Programs (CAPs) to low-income households. These programs set a household's bill at a percentage of income, charging the lower of that percentage of income or an actual or average bill. For electric non-heating customers, the applicable percentage of income is between 2-4% of income, for gas it is 4-6% of income, and for electric heating it is 6-10% of income. Enrollment in these programs is key to bill affordability, and often insulates enrolled households from utility rate increases. However, these programs are undersubscribed statewide. By way of example, in 2024, PECO had an estimated 372,543 low income customers,<sup>3</sup> and an average monthly CAP enrollment of 120,273 – less than a third of its eligible customers.<sup>4</sup>

Households often face barriers to enrollment due to burdensome documentation requirements, and are often not informed of these programs by the utilities until they've already accrued debt. Some of the policy solutions that could address these concerns include automatic enrollment of interested households using LIHEAP data, and requirements for increased and targeted screening of households from the time they set up service.

In addition, we urge the legislature and the PUC to address the method by which these programs are paid for. With limited exception, all of the costs of the CAP programs are borne by residential ratepayers – not commercial or industrial customers. While this issue is being discussed in the context of data center regulation, and the House has taken steps to require data centers to help with these costs, we believe more could be done to spread these costs across all rate classes.

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<sup>3</sup> Pa. PUC Bureau of Consumer Services, Universal Service Programs Collections Performance, Jan. 2026, <https://www.puc.pa.gov/media/3771/2024-universal-service-report-final.pdf> at 7.

<sup>4</sup> Id.

#### 4. Customer Assistance Program Design Changes

Each utility's CAP is designed slightly differently, with the program design approved by the PUC, guided by the PUC's CAP Policy Statement.<sup>5</sup> All of the electric Customer Assistance Programs have what are called Maximum CAP Credits. These are annual credit maximums that limit the amount of discount a customer can receive on CAP. Over the past few years, we have seen more and more PECO customers hit these maximums, often through no fault of their own. First, because these maximums are set as dollar amounts, increases in rates, including generation costs, cause households to hit these maximums more quickly. Second, households with high usage often hit these maximums – whether high usage driven by use of space heaters in the winter because the main heating source is broken or inefficient, high usage driven by inefficient baseboard electric heating, or high usage due to increased use of air conditioning in increasingly warm summers. For many households, this high usage is out of their control due to waitlists for repairs, landlord refusal to make fixes, or any number of other reasons. While the Commission's CAP Policy Statement allows for exemptions to these maximums, PECO in particular refuses to recognize any exemption for usage beyond a household's ability to control.

#### 5. Coordinated Efficiency and Repair Investments in Homes

Addressing energy affordability requires addressing the underlying reason many households have high bills – poor housing stock and energy inefficient homes. Currently, Pennsylvania operates a complicated web of energy efficiency and repair programs administered by a multitude of agencies and utilities – each with a unique set of complex rules and conditions of service. This makes it difficult for consumers to navigate – requiring multiple applications, contractors, and home audits. Given the age of Pennsylvania's housing stock, and the extent of deferred maintenance for low and moderate income households, homes that are most in need of efficiency services to control energy costs are regularly deferred due to problems with the home like mold and moisture, leaky roofs, and other needed repairs.

We urge consolidation and coordination of efficiency, weatherization, and home repair program delivery to prevent duplication and improve delivery of comprehensive weatherization and

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<sup>5</sup> Pa. PUC, Statement of Policy, "2019 Amendments to Policy Statement on Customer Assistance Program, 52 Pa. Code §§ 69.261-69.267," (Mar. 21, 2020) Docket No. M-2019-3012599.

efficiency services capable of producing lasting, long term energy and bill savings for Pennsylvania families that cannot otherwise afford to make efficiency investments.

6. Protections from Loss of Utility Service for Vulnerable Households

Finally, there must be safeguards put in place so that vulnerable households do not lose life-essential utility service. There will always be households on the margins – households whose income is too high for assistance, but not enough to make ends meet due to circumstances outside their control. Even as we address ongoing rate affordability, we must also ensure that households do not face involuntarily loss of service during the hot summer months, during periods of extreme weather, or when they are particularly vulnerable because there are children, elders, or disabled individuals in the home. We appreciate the House’s inclusion of extreme weather protections from termination in HB 2333, and would urge both the legislature and the PUC to expand available medical protections from termination.

These policy suggestions should be taken in tandem with others to prevent future increases in costs and reform our utility ratemaking processes – including addressing the increased costs caused by data center build out and reigning in utility profits through limits on rates of return. I appreciate the Policy Committee’s interest in utility rate affordability and am more than happy to answer any questions you might have.

Respectfully Submitted,



Joline Price  
Divisional Supervising Attorney  
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## **Joline Price**

### **Divisional Supervising Attorney**

Joline Price (she/her) is a Divisional Supervising Attorney in the Energy Unit at Community Legal Services. Ms. Price represents low-income Philadelphians struggling to afford, restore and maintain access to their gas, electric and water service. She also engages in a wide variety of state and city policy and legislative work. As part of both her individual client work and her systemic advocacy, Ms. Price regularly represents individual clients and groups in proceedings at the Pennsylvania Public Utility Commission. Ms. Price also serves as a member of the Public Advocate team in the Energy Unit, representing the interests of all residential customers (and some small business customers) at the Philadelphia Gas Commission and the Philadelphia Water, Sewer and Stormwater Rate Board.

Ms. Price's policy focuses include: household-level interventions to address the urban heat island effect, including year round grant assistance, access to air conditioning, affordable electricity and efficient homes; the structure and accessibility of low income bill discount programs at Philadelphia-area utilities; access to quality home repair and weatherization; and protections against termination of utility service.

Ms. Price coordinates much of the Energy Unit's outreach work, including leading work on utility clinics, community education and trainings, and working with stakeholders.

Ms. Price came to CLS with statewide legal services experience, having worked as a staff attorney at the Pennsylvania Utility Law Project and as a Langer, Grogan & Diver Fellow at the Pennsylvania Health Law Project. Ms. Price also served as a Law Clerk to Judge Mary C. Jacobson in New Jersey Superior Court.

Ms. Price received her J.D., magna cum laude, from the University of Pennsylvania Law School in 2012. She graduated from the University of California, Los Angeles in 2007.

**Before the Commonwealth of Pennsylvania  
House of Representatives  
House Majority Policy Committee**

**“Utility Price Increases”**

**April 22, 2026**

**Testimony of Harrison Breitman, Senior Attorney  
Pennsylvania Office of Consumer Advocate**

**I. INTRODUCTION**

Good morning, Chair Bizzarro, Rep. Cephas, and Members of the House Majority Policy Committee. My name is Harrison Breitman and I am a Senior Attorney at the Pennsylvania Office of Consumer Advocate (OCA)<sup>1</sup>, where I work on behalf of Pennsylvania Consumer Advocate Darryl Lawrence.

Addressing energy affordability is vital to the safety, health, and economic well-being of Pennsylvania utility consumers. Thank you for the opportunity to testify about rising electricity rates in Pennsylvania and policies that could assist in mitigating these costs.

**II. SUMMARY**

There are four main takeaways that the OCA would like this Committee to consider:

1. Regulated public utilities use capital structures solely for ratemaking purposes that are typically weighed heavier towards equity than debt, significantly increasing rates. Requiring a 50% equity/50% debt capital structure in all rate proceedings would result in fairness for both ratepayers and shareholders.

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<sup>1</sup> The OCA has the statutory authority to represent the interests of Pennsylvania utility consumers before the Public Utility Commission (PUC), federal regulatory agencies, like the Federal Energy Regulatory Commission (FERC), and state and federal courts. However, where there are issues that affect classes of utility consumers differently, the OCA focuses on representing the interests of residential customers. This is because small businesses are adequately represented by the Office of Small Business Advocate, and larger commercial and industrial customers often choose to retain their own counsel.

2. Under current law, ratepayers pay for a utility's capital investments in advance due to the Fully Projected Future Test Year (FPFTY). Ratepayers are floating the utility's free cost of capital before receiving any benefit. Under current precedent, the FPFTY can be based on a year-end rate base as opposed to on an average basis, leading to higher than necessary rates. The OCA is opposed to the FPFTY as it is a driver of higher utility rates in Pennsylvania. However, a middle-of-the-road approach would require that an average be used for determining the FPFTY rate base instead of using the year-end rate base amount.

3. Pennsylvania utilities are permitted to use the Equal Lives Group (ELG) depreciation procedure, which is an accelerated form of depreciation recovery. Requiring the Average Life Group (ALG) depreciation procedure, which is used in the vast majority of jurisdictions, would provide significant relief for ratepayers.

4. Requiring that all transmission-owning utilities in Pennsylvania join PJM benefits Pennsylvania's consumers. This would remove the need for ratepayers to pay a 50-basis point return on equity adder that is intended to incentivize transmission-owning utilities to join PJM.

### **III. RATE REDUCTION RECOMMENDATIONS**

#### **A. Requiring a 50% Equity/50% Debt Capital Structure Results in Fairer Rates.**

Capital structure is the relative percentage of equity, preferred stock, and debt that a company uses to finance its investments. Equity (or common equity) represents ownership in a company and its investments. Equity is oftentimes significantly more expensive than debt. Excessive equity, while reducing financial risk for creditors and investors, increases the overall cost of capital, which must be recovered through rates. Additionally, equity is more expensive than debt as debt financing is tax deductible, but stock dividend payments are not.

While regulated utilities are not publicly traded companies, their parent companies are. The parent company acts as a holding company which wholly owns the regulated utility subsidiary and does not itself offer utility services. As parent companies are publicly traded and their subsidiary public utilities are not, the parent company's capital structure often differs from the capital structure proposed by the subsidiary utility for ratemaking purposes.

This benefits the parent company through a concept referred to as double leveraging. Through double leveraging, the parent company issues debt and infuses that debt into the regulated subsidiary as common equity. Since equity is more expensive than debt, this reduces costs to the parent company at the expense of the subsidiary's ratepayers. The costs that the parent company can collect from its subsidiary public utility are far greater than the cost of issuing debt.

In a relatively recent rate case involving an Electric Distribution Company, the OCA's 50% equity/50% debt capital structure adjustment was worth over \$90 million in reduced rates annually for ratepayers.

Requiring a 50% debt/50% equity capital structure for utility ratemaking purposes is fair for everyone, both shareholders and ratepayers. FERC often uses a 50% equity/50% debt capital structure. It should be required in rate cases before the Pennsylvania Public Utility Commission.

**B. Fully Projected Future Test Years Should Be Based on Average Rate Base.**

The test year is a critical component of utility ratemaking. It represents the data that the utility uses to justify their rate increase request, including revenues, capital expenditures, operating expenses, utility plant in service, and more. Traditionally, when a public utility came in for a rate increase, they relied on the Historic Test Year (HTY). The HTY is a 12-month period of actual data, free from any projections. To address issues of regulatory lag, which is the time period

between when costs are incurred and recovery in rates, the Future Test Year (FTY) was established, allowing utilities to project costs for a partial year.

Going a step further, under Act 11 of 2012, Pennsylvania utilities are permitted to develop rates based on a fully projected future test year (FPFTY).<sup>2</sup> With an FPFTY, Pennsylvania's utility consumers pay for the utility's capital investments in advance of utility plant being put into service that is used and useful.

Additionally, recent precedent allows utilities to use year-end rate base amounts instead of using an average rate base in the FPFTY.<sup>3</sup> Using year-end rate base methodology allows the utility to earn a return on its net plant investment far in advance of when the investment is actually made. Throughout the whole rate year, customers pay rates that include a return on a rate base larger than the actual investment in facilities being used to provide service because it assumes that all investments by the end of the year were made at the beginning of the year. This results an exacerbated mismatch and leads to increased costs for consumers.

On the other hand, the average rate base methodology measures the net investment in facilities to provide utility service over the course of the year. The average rate base methodology permits a more accurate level of plant additions to be included during the test year. It is internally consistent with the measurement of expenses, billing determinants, and income over the course of the year to use an average rate base.

A middle-of-the-road solution is requiring average rate base methodology instead of end of year rate base methodology for the FPFTY. To the best of the OCA's knowledge, Pennsylvania is the only state that allows the FPFTY to be based on year-end rate base.

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<sup>2</sup> The FPFTY is the 12-month period beginning with the first month that new rates would be placed into effect after application of the full suspension period.

<sup>3</sup> *McCloskey v. Pa. PUC*, 225 A.3d 192 (Jan. 15, 2020).

Other jurisdictions recognize the importance of utilizing an average rate base methodology in a fully projected future test year. The Illinois Commerce Commission held as follows:

The Commission finds that an average rate base methodology is more appropriate than a year end based calculation on the facts of the particular cases before us. The selection of an average rate base calculation take [sic] into account that investments are made throughout the test year, rather than the Companies' method of a year-end rate base which **inappropriately assumes, for rate setting purposes, that all investments are made at the beginning of the test year.**<sup>4</sup>

Requiring Pennsylvania customers to pay a return of and on plant investments that will not occur for almost one year does not produce just and reasonable rates for ratepayers. The average rate base measures the net investment in facilities to provide utility service over the course of the year, rather than as of a point in time as of the end of the year and helps mitigate the issues caused by the FPFTY.

**C. Pennsylvania Should Join the Supermajority of Jurisdictions and Adopt the Average Life Group Depreciation Procedure.**

The underlying principal of utility depreciation is intergenerational equity. Ratepayers who benefit from utility assets should pay for the assets during the benefit period, which is the life of the assets. Intergenerational equity is achieved through allocating costs to ratepayers consistently over that time-period.

Under the Average Life Group (ALG) depreciation procedure, the average life of all property results in the same depreciation rate applied to each age interval. For a simple example, if \$1 million of utility plant is depreciated under the ALG procedure over 10 years, ratepayers are charged \$100,000 per year. The ALG depreciation procedure is required by the vast majority of jurisdictions nationally.

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<sup>4</sup> *Re North Shore Gas Company*, ICC Docket Nos. 12-0511/0512, p. 26 (Order entered June 18, 2013).

Under the Equal Lives Group (ELG) depreciation procedure, property is divided into subgroups that each have a common life. The ELG procedure is an accelerated form of depreciation recovery, it results in higher rates for current customers. The larger the amount of investments, the larger the discrepancy will be between the two procedures.

In a recent proceeding, the OCA's recommendation to use the ALG procedure instead of the ELG procedure would have resulted in over \$63 million in savings for ratepayers. Pennsylvania should join the supermajority of states that require the ALG procedure.

**D. Requiring That All Transmission-Owning Utilities in Pennsylvania Belong to PJM Eliminates the Need to Pay a 50 Basis Point Adder Toward the Utility's Return on Equity.**

Maryland is currently in the process of approving the Utility RELIEF Act.<sup>5</sup> As part of this Act, all transmission-owning utilities are required to join PJM Interconnection (PJM).<sup>6</sup> This is significant because transmission-owning utilities are awarded a 50-basis point return on equity adder as an incentive to join PJM. If there were a state law in Pennsylvania requiring transmission-owning utilities to belong to PJM, that incentive would no longer be applicable. We could challenge the 50-basis point adder before the Federal Energy Regulatory Commission, as there would no longer be a reason for the incentive as joining PJM would be required by law. Our analysis indicates that this would save ratepayers \$28 million per year in excessive Regional Transmission Organization (RTO) costs.

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<sup>5</sup> Governor Moore, Senate President Ferguson, and House Speaker Peña-Melnyk Announce Agreement to Pass Utility RELIEF Act, <https://governor.maryland.gov/news/press/pages/Governor-Moore,-Senate-President-Ferguson,-and-House-Speaker-Pe%C3%B1a-Melnyk-Announce-Agreement-to-Pass-Utility-RELIEF-Act.aspx> (previously accessed on Apr. 17, 2026).

<sup>6</sup> Utility Dive, Maryland General Assembly passes rate relief measure to lower utility bills by \$150/year, <https://www.utilitydive.com/news/maryland-legislature-utility-rate-relief-act-exelon-firstenergy/817431/#:~:text=The%20bill%20cuts%20utility%20energy,years%2C%E2%80%9D%20among%20othe r%20provisions> (previously accessed on Apr. 17, 2026).

Thank you for your time, I am happy to respond to any questions you have about my testimony.

# Utility Rate Increases

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April 22, 2026

**Pennsylvania House of Representatives  
House Majority Policy Committee**

Patrick M. Cicero, Of Counsel  
[pcicero@pautilitylawproject.org](mailto:pcicero@pautilitylawproject.org)



# Pennsylvania Utility Law Project

PULP is a statewide legal services project of Regional Housing Legal Services and is a member of the Pennsylvania Legal Aid Network.

PULP's mission is to secure just and equitable access to safe and affordable utility services for Pennsylvanians experiencing poverty.

We work to achieve our mission by empowering individuals and communities through:

- Legal Representation of Groups and Individuals
- Education and Training
- Policy Advocacy
- Supportive Services
- Consultation





# A Snapshot of Utility Insecurity

- U.S. households experiencing energy insecurity **rose from 27% in 2020 to 33% in 2024.**
- Nearly **25%** of households reported **reducing or forgoing food or medicine** to pay their energy bills.
- Energy insecurity continues to **disproportionately impact households of color.** Native American and Black households reported insecurity at nearly twice the national average.
- **1 in 20** PA households have utility debt, with average **balances exceeding \$1,200.**
- Over **414,669 families** had their electric, gas, or water services **terminated in 2025.**
- Since 2022, involuntary gas and electric shut offs have increased in PA by 27% - ***breaking records each year since 2023.***

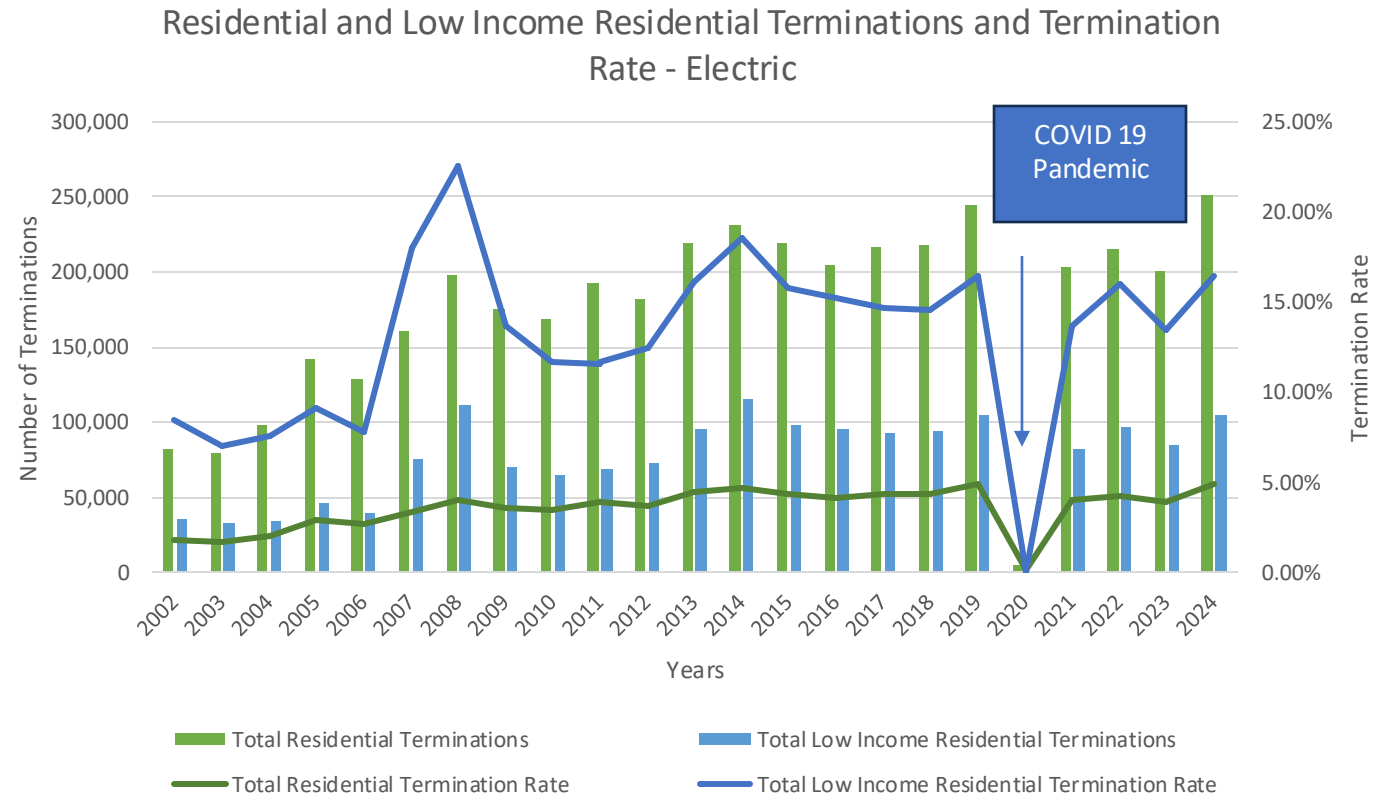
# Utility Insecurity: Termination of Service

**Over 414,669** households had their electric, gas, or water services terminated in 2025.

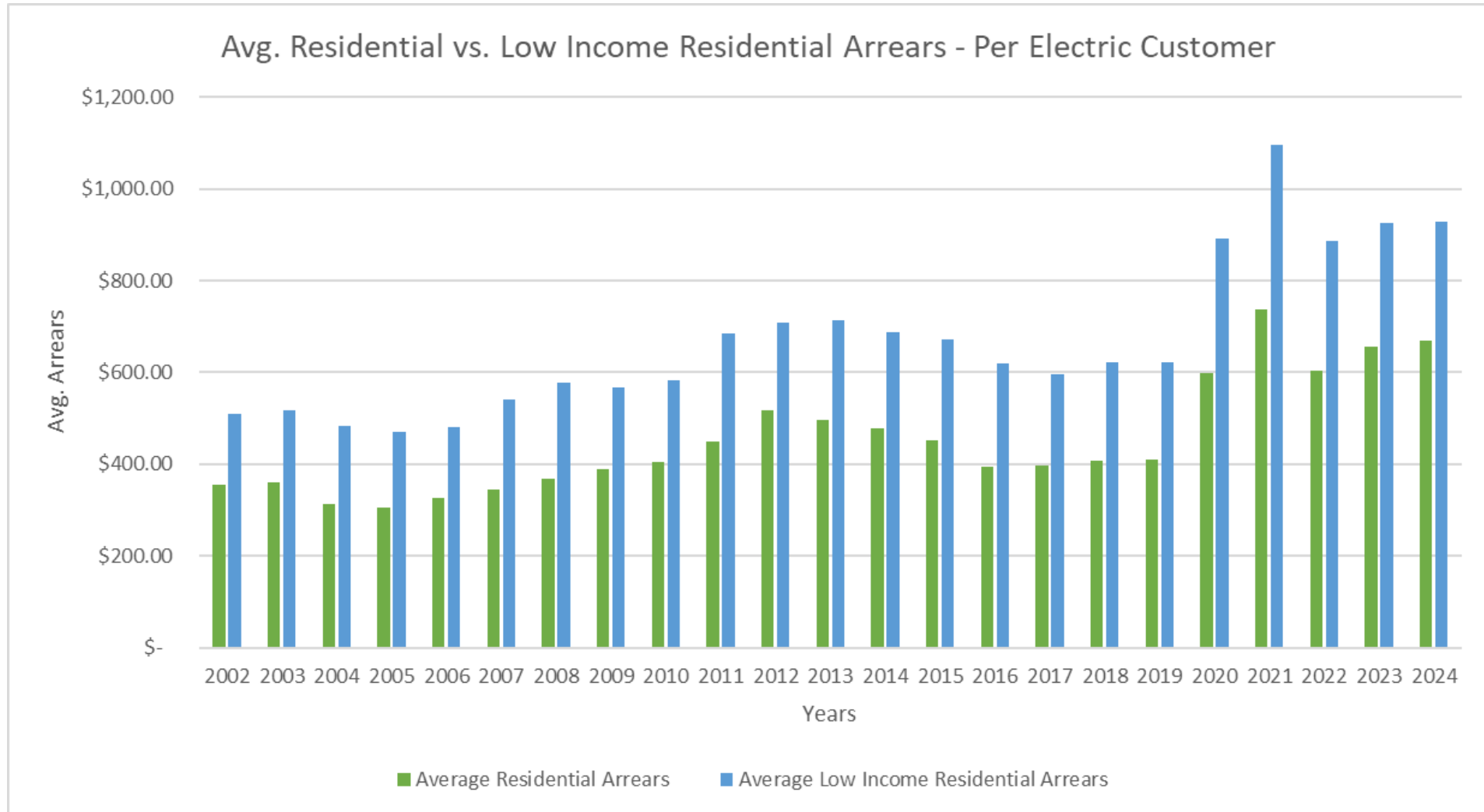
**288,423** of these were terminations of electric service - up 14.1% from 2024.

In December 2025, more than **21,500** Pennsylvania households entered winter without a safe heating source.

More than **14,100** households were still without safe heat as of February 1, 2026.



# Utility Insecurity: High Arrearage Balances



# Demographics of Economically Vulnerable Pennsylvanians

*Number of Customers – Confirmed Low-Income Electric – 2022-2024*

Utility	2022		2023		2024	
	Number	Percent of Total	Number	Percent of Total	Number	Percent of Total
Duquesne	51,118	9.4%	53,128	9.7%	53,730	9.8%
Met Ed	58,174	11.3%	61,036	11.8%	62,531	12.0%
PECO-Electric	145,073	9.5%	152,722	10.0%	142,541	9.3%
Penelec	72,888	14.5%	75,842	15.1%	77,298	15.4%
Penn Power	16,327	11.0%	16,768	11.2%	16,976	11.3%
PPL	199,360	15.9%	205,451	16.3%	210,754	16.6%
West Penn	63,157	10.0%	67,170	10.6%	69,223	10.9%
<b>Total/Industry Average</b>	<b>606,097</b>	<b>11.8%</b>	<b>632,116</b>	<b>12.3%</b>	<b>633,053</b>	<b>12.3%</b>

# Demographics of Economically Vulnerable Pennsylvanians

*Participants in Universal Service Programs  
Average Household Income – Summary for All Electric – 2022-2024*

Program	2022	2023	2024
LIURP	\$18,555	\$20,815	\$21,580
CAP	\$14,124	\$14,872	\$16,031
CARES	\$20,748	\$22,413	\$23,057
Hardship Fund	\$26,152	\$22,656	\$29,177
<b>Total/Industry Average</b>	<b>\$19,752</b>	<b>\$19,818</b>	<b>\$22,362</b>

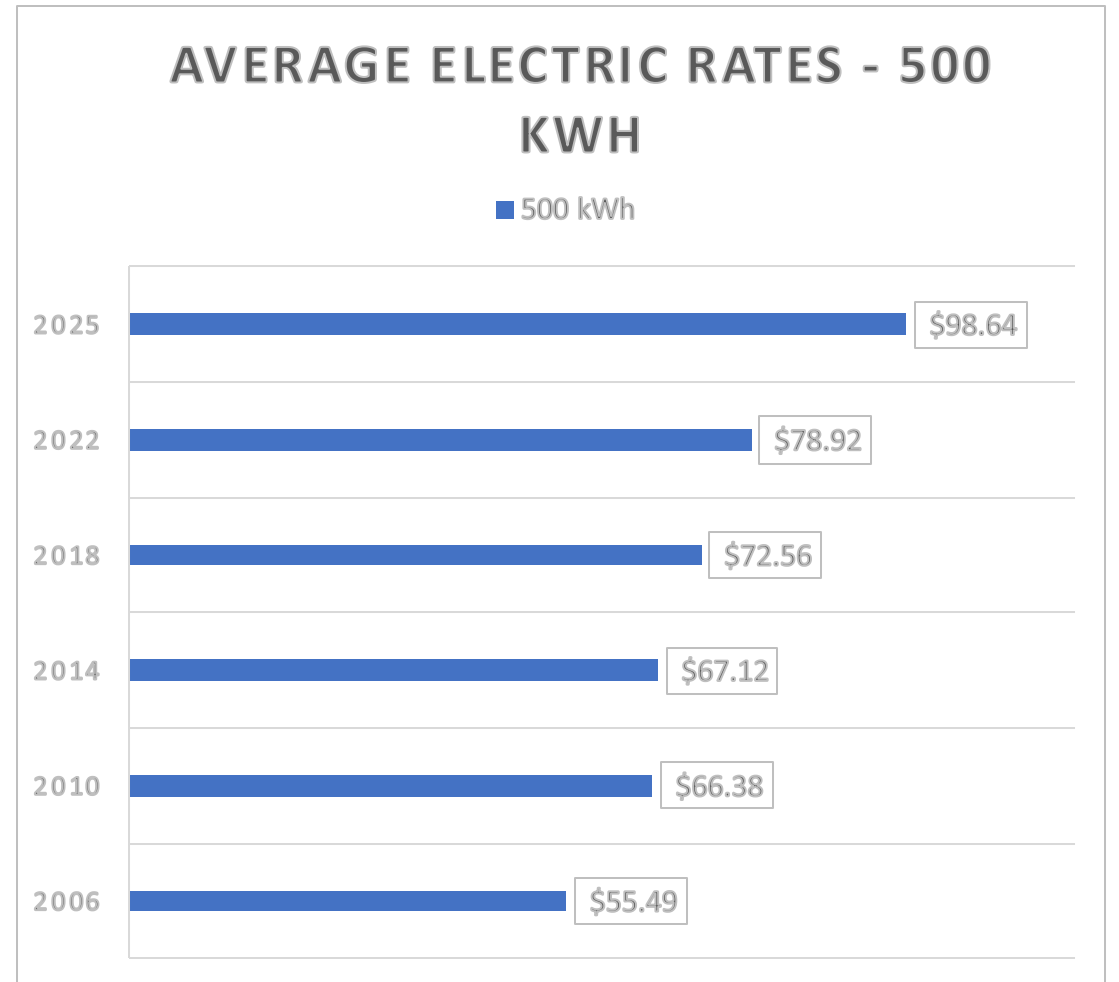
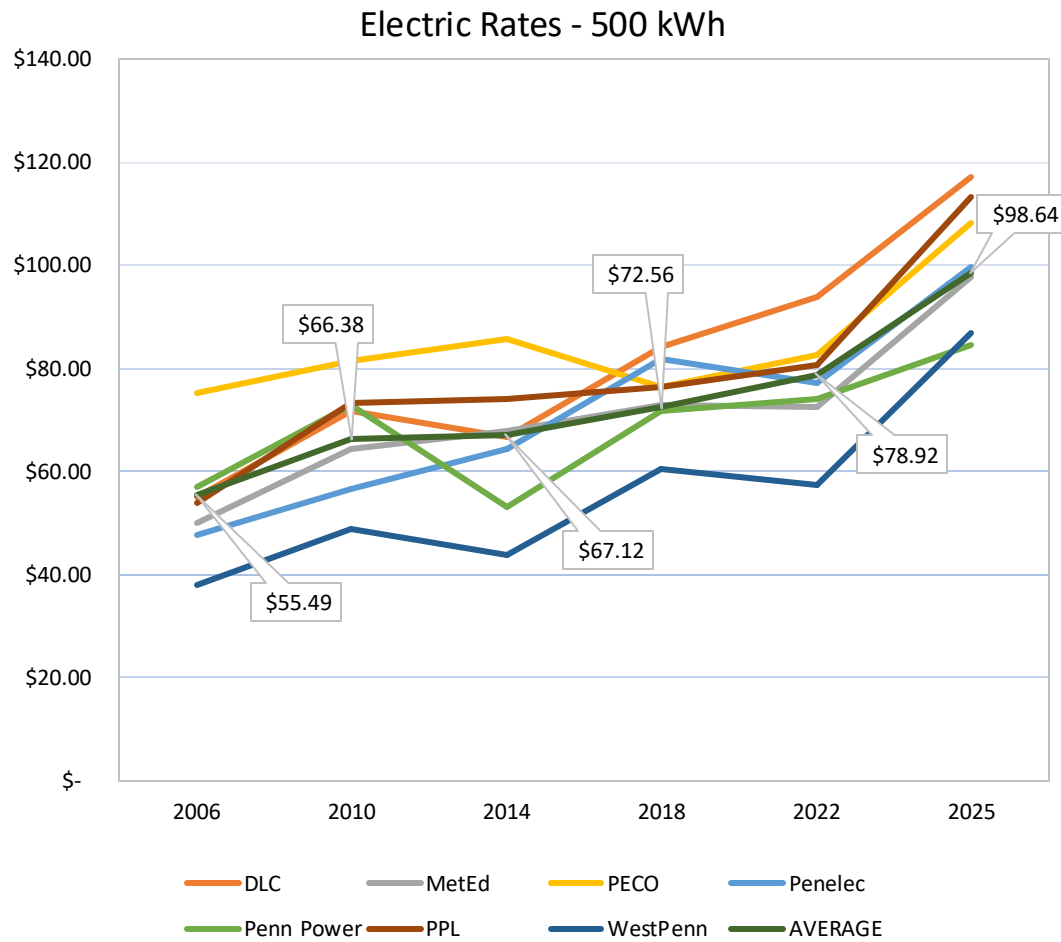
Participants in Utility Assistance Programs have very low incomes . . .

*Participants in Universal Service Programs  
Source of Household Income – Summary for All LIURP Electric – 2022-2024*

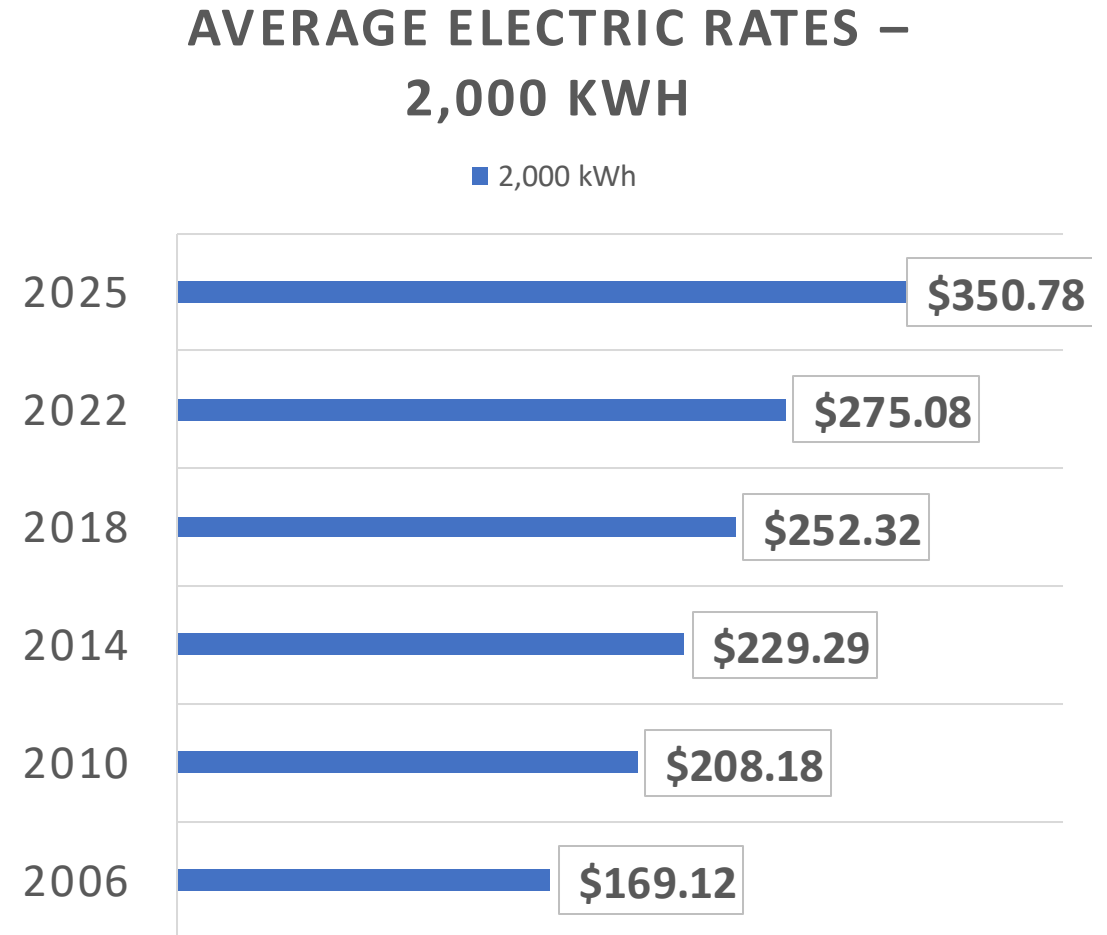
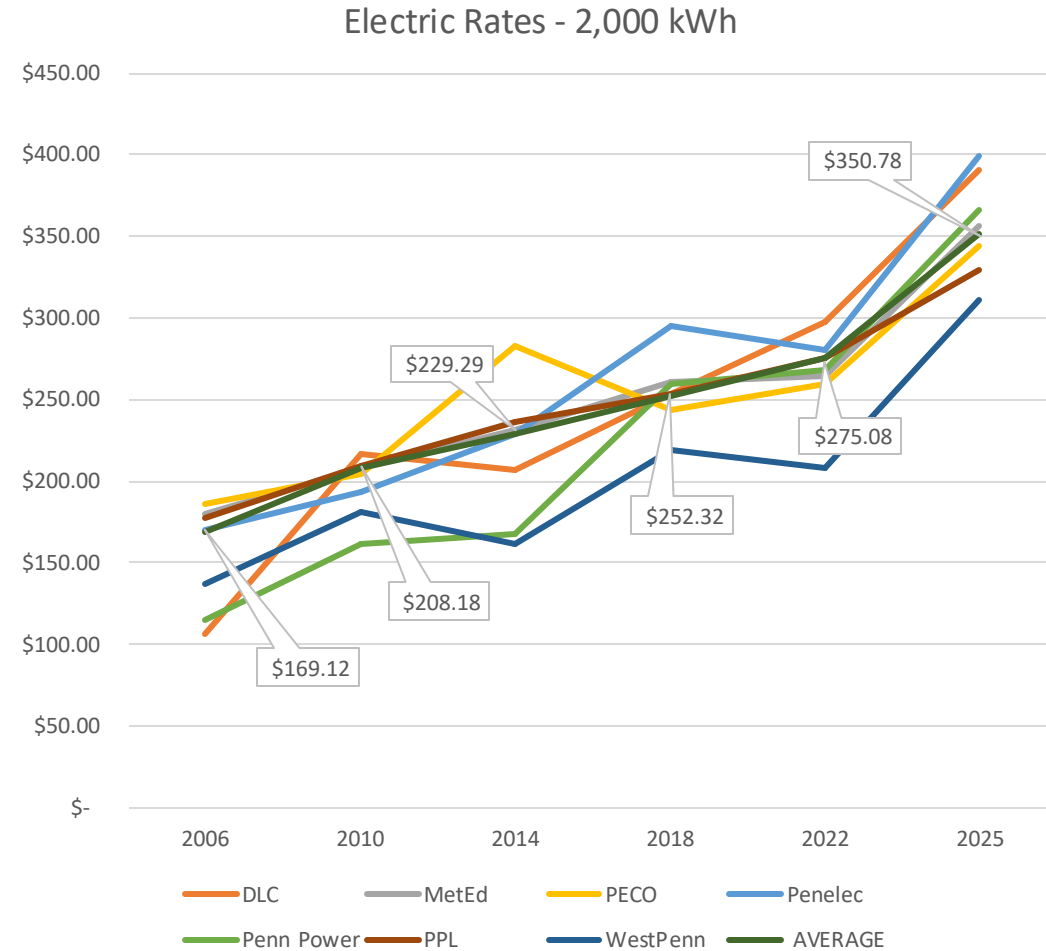
Source of Household Income	2022 LIURP	2023 LIURP	2024 LIURP
Employment	38.9%	44.4%	44.2%
Pension or Retirement	21.1%	23.5%	21.5%
Unemployment Compensation	7.7%	6.3%	7.8%
Disability	10.2%	9.5%	10.3%
Public Assistance	2.4%	2.1%	1.9%
Other	19.7%	14.2%	14.3%

... and most (76%) are employed, retired, or disabled.

# Electric Rates, Baseload – 2006 to 2025



# Electric Rates, Heat – 2006 to 2025



# Components of an Electricity Bill

## DISTRIBUTION

PUC-regulated monopoly service

Obtained from your local Electric Distribution Company (EDC).

- Per kWh distribution rate
- Flat monthly customer charge
- Distribution system improvement charges
- Universal Service charges
- Taxes
- Misc.

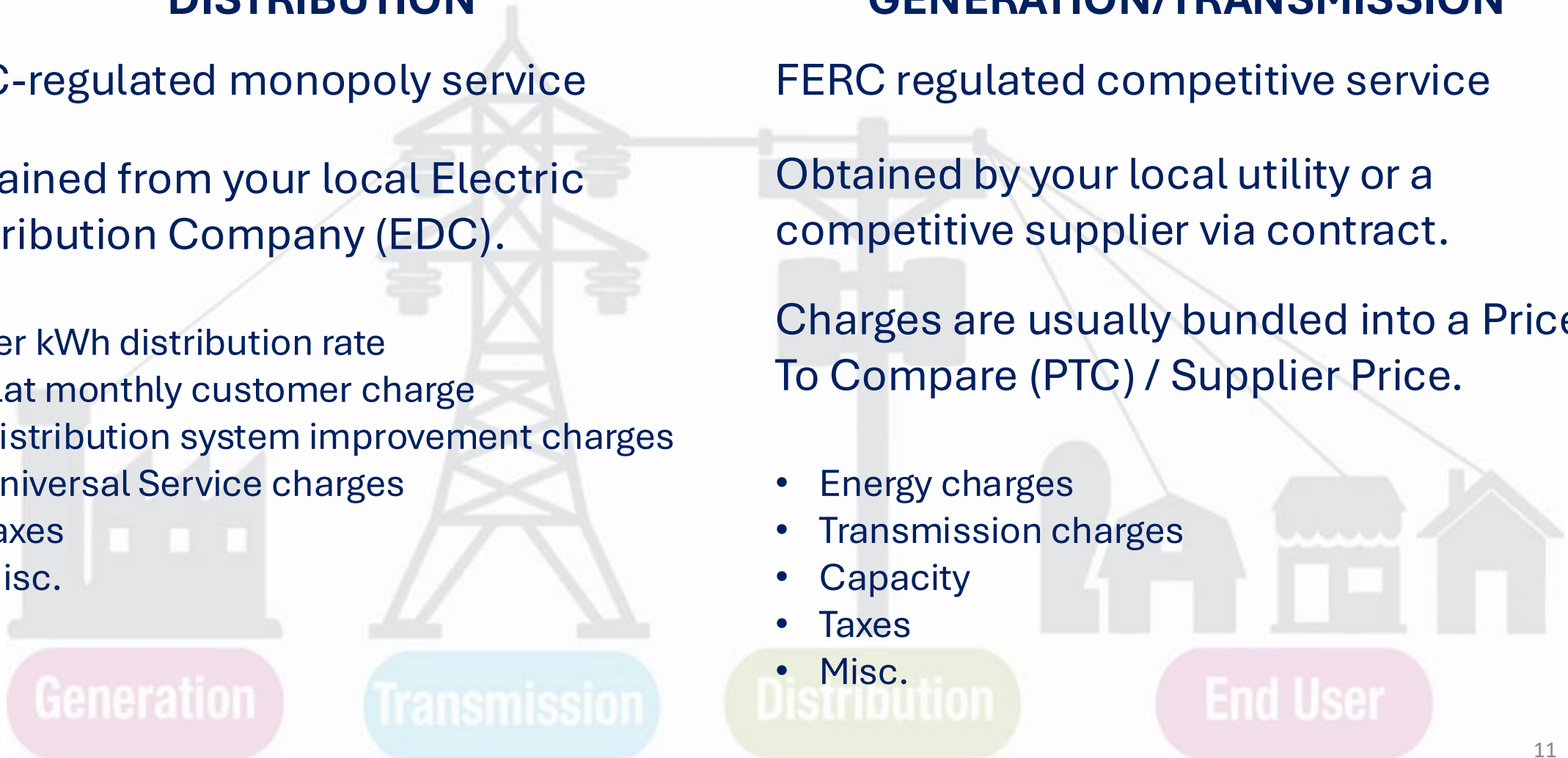
## GENERATION/TRANSMISSION

FERC regulated competitive service

Obtained by your local utility or a competitive supplier via contract.

Charges are usually bundled into a Price To Compare (PTC) / Supplier Price.

- Energy charges
- Transmission charges
- Capacity
- Taxes
- Misc.



# Pennsylvania Public Utility Commission (PUC)

## Regulated Utilities

- Investor-owned electric, natural gas, and water / wastewater companies
  - + PGW and Pittsburgh Water
- Subject to jurisdiction of the PUC and the Public Utility Code.
- Consumer complaints can be filed directly with the PUC.
- Must follow rules / regulations for billing, collections, and terminations.
- Large electric and gas utilities required by statute to offer assistance programs with specific components.
  - Note: Some PUC-regulated water and wastewater utilities are also now required to offer assistance programs.

## Other Utilities Not Regulated by the PUC

- Municipal utilities (except PGW and Pittsburgh Water) & electric co-ops
- Consumer complaints filed with Court of Common Pleas.
- Must follow Water Services Act, Utility Services Tenants Rights Act, and other broad consumer laws.
- Local rules apply. No detailed billing, collection, and termination standards.
- No requirement to offer assistance programs or payment arrangements.

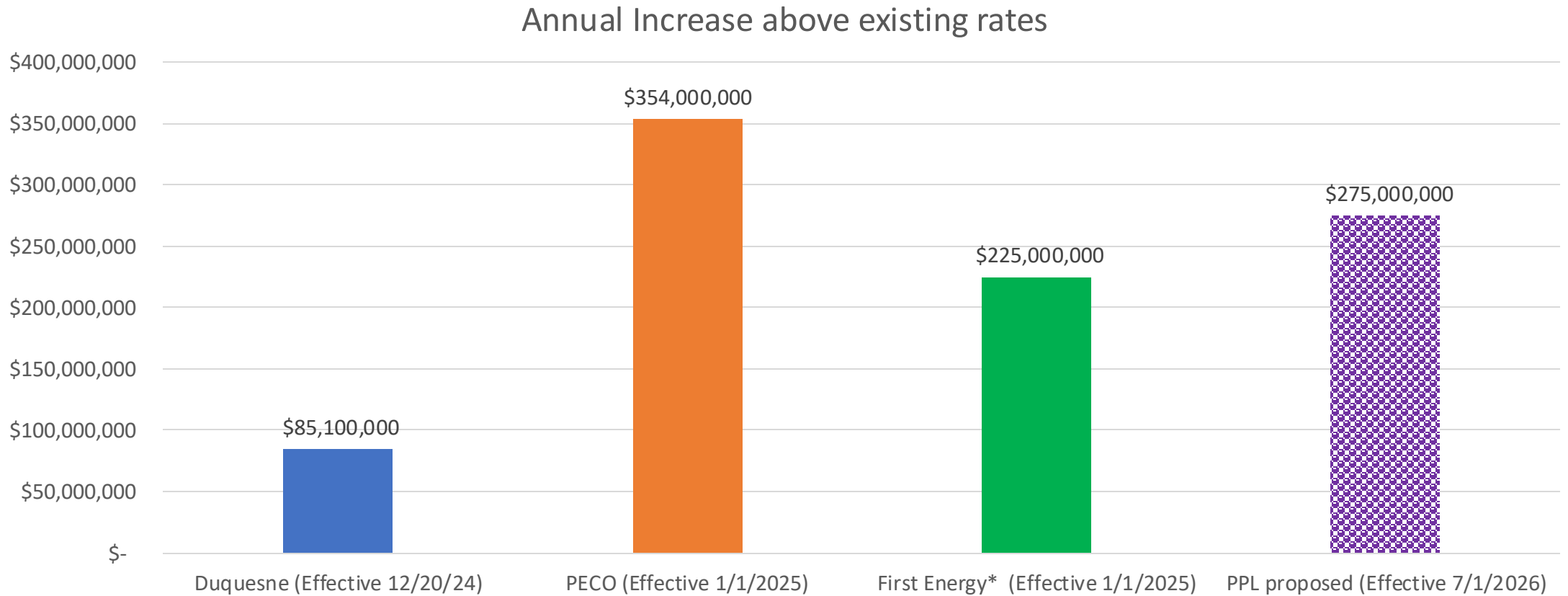
# Pennsylvania Public Utility Commission

The PUC regulates many essential utility services that we all rely on, including electric, gas, pipeline, motor carrier, rail, telecommunications, and water and wastewater services.

- **Rates** – How much utilities can charge for service.
- **Policies and Procedures** – What utilities are permitted to do and not do regarding service to consumers.
- **Low Income Programming** – What kinds of programs utilities can implement and the components the programs must have.
- **Company Structure** – Whether companies can merge or split.

PUC decisions can be appealed to the Commonwealth Court.

# Recent Distribution Rate Increases



\*FirstEnergy sets rates by separate rate district. This increase is cumulative of the following: (MetEd: \$39.6M, Penelec: \$57.7M, PennPower: \$24.8M, WestPenn Power: \$102.9M).

# Impact of Increases on Residential Customers

- Increases in **distribution rates** are felt by all customers, regardless of whether they are served by default service or a competitive electric supplier.
- Increases in the **generation / transmission / capacity markets** vary depending on whether the customer is served by default service or a retail supplier.
- Even in times when rates were relatively flat, residential customers served by retail suppliers pay considerably more for service than those served by default service.
  - Specifically, since 2015, **residential customers served by retail suppliers have paid on net more than \$2.2 billion than they otherwise would have paid had they remained on default service!**

# Why This All Matters: Utility Insecurity is Devastating

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## Health

- Exacerbates negative health outcomes
- Exposure to unhealthy/unsafe temperatures
- Inability to properly sanitize

## Family

- Interrupts family unity (CYS/custody disputes)
- Hinders child learning and development
- Severs critical communication with work/school

## Finance / Consumer Credit

- Long-term impact on consumer credit

## Housing

- Catalyst for eviction, foreclosure, and homelessness
- Constructive eviction / “Self-Help”
- Results in condemnation
- Difficulty relocating to new housing
- Ineligibility for public and private housing

# Resources

- [Desk Guide for Advocates](#): Guide explaining utility assistance programs and consumer protections (also includes all Company One-Pagers)
- [Company One-Pagers](#): Assistance programs available at each major electric, gas, and water company in English and Spanish
- [LIHEAP Advocates Manual](#): Guide explaining LIHEAP and practical advocacy tips
- [LIHEAP 2025-2026 Program Year One-Pager](#)
- [Tenants Utility Rights](#)

# Referrals: Legal Services

- If your constituent is a low income person facing the loss of utility service, or are already off, they can [contact their local legal aid organization](#).
- If your constituent is a low income person and they live in the city of Philadelphia, their local legal aid organization is [Community Legal Services of Philadelphia](#).
- If you are assisting a constituent and need technical assistance navigating a particularly tricky utility situation, reach out to the [Pennsylvania Utility Law Project](#).

# Contact Us

Statewide: Training / Technical Assistance

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