PotomacEdison
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VIA ELECTRONIC FILING

Andrew Johnston, Executive Secretary
Maryland Public Service Commission
6 St. Paul Street
Baltimore, MD 21202

Re: PC 72 – Potomac Edison's Large Load Tariff Filing

Dear Secretary Johnston:

Pursuant to §§ 4-212 and 7-232 of the Maryland Code, Public Utilities Article ("PUA), The Potomac Edison Company ("Potomac Edison" or "Company") hereby submits for the Maryland Public Service Commission's approval this proposal to create a separate class of large load customers, to be served under this Large Load Tariff ("Schedule LL"). In addition, Potomac Edison comments below on Commission Technical Staff's Model Large Load Rate Schedule in accordance with the Commission's August 7, 2026, Notice of Request for Comments.

Proposed Schedule LL

Potomac Edison shares the state's goal to protect residential customers from bearing costs associated with the interconnection of large load customers to the electric system. To date, the Company has included customer protections in its contracts with large load customers. Potomac Edison's proposed Schedule LL is modeled after the Company's contract protections, while also aligning with applicable state statutes and regulations and, where possible, Staff's model rate schedule.

The proposed Schedule LL provides customer protections including:

- A distribution minimum demand of no less than 85% of contract capacity
- A transmission service threshold demand of 85% of contract capacity plus losses
- Collateral requirements covering the cost to construct incremental transmission and distribution facilities
- An Electric Service Agreement contract term of no less than 10 years plus a load ramp period
- Termination provisions allowing the data center to exit after the seventh year following the load ramp period, subject to payment of an exit fee equaling minimum charges for 36 months
- Suspension of service, with Commission approval, if the customer exceeds contract capacity by more than 1,000 kW

Potomac Edison's residential customer protections against costs related to data centers extend beyond the proposed Schedule LL. For instance, Schedule LL does not prescribe the allocation of wholesale transmission costs, which are subject to exclusive federal jurisdiction. To protect customers from a data center's wholesale transmission costs, Schedule LL requires the large load customer to enter into a contract with the electric utility. The contract, which will be filed with the Federal Energy Regulatory Commission ("FERC"), will set an 85% minimum demand for allocation of wholesale transmission costs based on single coincident peak. The contract will further include a true-up to recover any shortfall at wholesale. Accordingly, this proposed tariff ensures 85% minimum demand at the wholesale and retail levels.

Upon Commission approval of the Schedule LL tariff language, the Company will file with the Commission a compliance tariff with issued and effective dates in the tariff footer.

Once PJM Interconnection, LLC finalizes terms of its anticipated Reliability Backstop Procurement ("RBP") and Interim Resource Adequacy Service ("IRAS"), and upon FERC approval of these programs, Potomac Edison will propose amendments to Schedule LL to address RBP and IRAS implementation details, including any collateral requirements.

Staff's Model Large Load Rate Schedule

Potomac Edison's proposed Schedule LL includes a transmission make whole charge, instead of Commission Staff's recommended Large Load Customer Transmission Cost Adjustment, Annual PJM Wholesale Transmission Cost True-Up, and Large Load Customer Wholesale Cost True-Up Rider. Potomac Edison agrees with the customer-protection objective that data center customers should bear the costs and financial risks appropriately attributable to the infrastructure projects undertaken to serve their load, rather than shifting those risks to other customers. Indeed, Potomac Edison has advocated for similar proposals at FERC, supporting reforms to FERC's rolled-in pricing policy. However, the Staff's model tariff formulation does not align with the current federal ratemaking framework.

Under current FERC policy, the costs of network upgrades generally are recovered on a rolled-in basis, and large load customers remain responsible for their proportionate share of those costs through applicable transmission rates that are charged to load serving entities based on Network Service Peak Load. Under existing FERC policy, there is no separate identification of the costs of the new transmission upgrades for large load customers at the wholesale level that are included in the rolled-in network transmission rates. Further, while the Commission may establish retail rates and customer protections, it cannot establish wholesale transmission rates or displace the applicable FERC process.[1]

[1] If FERC adopts the policy changes Potomac Edison is advocating, Potomac Edison will propose amendments to Schedule LL.

Potomac Edison appreciates the opportunity to comment, and is happy to answer any questions the Commission may have on the Company's proposed tariff.

Respectfully submitted,

Jessica M. Raba
Counsel to The Potomac Edison Company

JMR/dml

Enclosures

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LARGE LOAD SERVICE
SCHEDULE "LL"

AVAILABILITY

Service under this Schedule is required for all Large Load Customers with an Electric Service Agreement capacity of 25,000 kilowatts or more at a single location or in aggregate across the Company's service territory. Large Load Customers are defined in accordance with § 7-232 of the Public Utilities Article, Annotated Code of Maryland. An Electric Service Agreement shall be executed prior to the Large Load Customer receiving Service from the Company. Service shall not be available for Standby or Maintenance Service such as that required for Alternative Generation Facilities. All applicable surcharges, credits and taxes shall apply.

Eligible Large Load Customers may not take Service under a different Rate Schedule, except existing Large Load Customers as of the initial effective date of this Schedule that are eligible for this Schedule may remain on their existing Rate Schedule if:

a) The Large Load Customer's Distribution Billing Capacity does not increase by more than 25,000 kilowatts during the term of their existing Electric Service Agreement, or
b) The Large Load Customer does not enter into an Electric Service Agreement for Service that increases the Large Load Customer's capacity by more than 25,000 kilowatts as compared to the Large Load Customer's capacity under the then-existing Electric Service Agreement.

Existing Large Load Customers as of the initial effective date of this Schedule that are receiving Service under a different Rate Schedule shall have their Service transferred to this Schedule upon expiration of their initial Electric Service Agreement term or if either of the above conditions occur.

Prior to signing an Electric Service Agreement for Service under this Schedule, the prospective Large Load Customer shall:

1. Submit a written request for a Load Study pursuant to COMAR 20.96.01.02.
2. Designate a specific site at which its Large Load project will be constructed and served by the Company, where such Large Load Customer shall own or have exclusive right to use and improve the land at this specific site.
3. Receive a Load Study Completeness Determination pursuant to COMAR 20.96.01.03 and 20.96.01.05.
4. Enter into a Load Study Agreement pursuant to COMAR 20.96.01.04.
5. Pay for the Load Study and provide any required collateral in each case pursuant to the terms of the Load Study Agreement.
6. The prospective Large Load Customer will be charged an initial deposit reflective of the load size and perceived complexity of the Load Study. Once the Load Study is complete, actual costs will be calculated and the prospective Large Load Customer will be charged or refunded the balance, as appropriate.
7. Any changes made by the prospective Large Load Customer during the Load Study process deemed material by the Company may require an additional completeness review, an updated Load Study Agreement, additional deposit, and re-start of Company completion deadlines outlined in COMAR 20.96.05.
8. Receive a Load Study report from the Company at the conclusion of the Load Study.

The Company's Load Study process and methodology will be provided to the prospective Large Load Customer upon application.

LARGE LOAD SERVICE
SCHEDULE "LL" (Continued)

MONTHLY RATE

All Distribution Charges, surcharges, and taxes shall be calculated at rates pursuant to Rate Schedule PP.

Large Load Customers receiving Service under this Schedule may select an Electricity Supplier. Large Load Customers that do not receive service from an Electricity Supplier may receive Default Electricity Supply Service from the Company according to the Hourly-Priced LCS Rider only when the Large Load Customer has prepaid the Company for an estimate of no less than three (3) months of Transmission Service and Default Electricity Supply Service. The estimate will be determined by the Company and may change from time-to-time based upon the Company's estimate of the Large Load Customer's anticipated electricity usage and forecasted PJM market prices. The prepayment will be retained by the Company throughout the period by which the Large Load Customer is receiving Default Electricity Supply Service, and will be returned to the Large Load Customer only when the Large Load Customer selects and receives service from an Electricity Supplier and all outstanding bills due to the Company are paid in full. Default Electricity Supply Service is not available, and the Company is under no obligation to provide, if the Large Load Customer does not provide prepayment in advance of receiving Default Electricity Supply Service. The availability of Default Electricity Supply Service is limited to the availability of energy and capacity in PJM along with any other conditions, requirements, collateral, or limitations imposed by PJM on Large Load Customers.

MINIMUM CHARGE

The above Monthly Rate provisions applied to the Distribution Billing Capacity.

DETERMINATION OF DISTRIBUTION BILLING CAPACITY

The Distribution Billing Capacity during each billing period shall be the highest of:

1. The maximum 30-minute metered kilowatt capacity during the current billing period, or
2. 25,000 kilowatts, or
3. 85% of the kilowatt capacity specified in the Electric Service Agreement, or
4. 85% of the highest Distribution Billing Capacity established during the preceding eleven months.

Determination of the Distribution Billing Capacity may be adjusted according to the terms and conditions of the Electric Service Agreement during the Load Ramp Period.

Reactive kilovolt-ampere capacity is the highest metered demand in reactive kilovolt-amperes established over a 30-minute interval during each billing period.

Kilowatts and reactive kilovolt-amperes will be computed to the nearest whole number.

LARGE LOAD SERVICE
SCHEDULE "LL" (Continued)

TRANSMISSION MAKE WHOLE CHARGE

Annual Transmission Rate Make-Whole Charge. On an annual basis, the Company will bill a surcharge to each Large Load Customer for the amount of the shortfall (calculated on an annual basis), if any, between the Annual Transmission Service Threshold Demand and the Large Load Customer's assigned Network Service Peak Load share for the delivery point established in the Construction Agreement, which represents the Large Load Customer's peak at the time of the transmission zone's annual hourly coincident peak. This surcharge will be included as a revenue credit in the transmission owner's formula rate revenue requirement and thereby passed back to transmission customers. The Annual Transmission Service Threshold Demand is calculated as 85% of the Large Load Customer's Electric Service Agreement capacity plus losses.

LARGE LOAD CUSTOMER-OWNED GENERATION

Large Load Customers shall enter into an interconnection agreement between the Company and the Large Load Customer in advance of connecting any source of power to the Company's system; such interconnection agreement to be subject to applicable FERC and PJM processes and requirements (if any). The physical point of interconnection for such power source will be separate from (but may be adjacent to) the physical point of interconnection that is used for delivery of power from the Company's system to the Large Load Customer's interconnection point. Emergency or backup generation that is not designed to operate in parallel with the Company's system is not subject to the additional requirements in this section.

If the Large Load Customer elects to use its behind-the-meter generation to offset the Large Load Customer's Electric Service Agreement capacity (either in initially establishing Service or in the context of a subsequent load expansion or behind-the-meter generation expansion at the same site, as reflected in a new or updated Electric Service Agreement capacity), the following requirements will apply. In order to ensure that the Large Load Customer's election does not result in it exceeding its Electric Service Agreement capacity, equipment must be in place and maintained through the term of the Electric Service Agreement to instantaneously curtail load equal to or greater than the behind-the-meter generation output, subject to the then-current technical requirements of the Company. The Large Load Customer will be responsible for all costs of such equipment. If the equipment fails and results in the Large Load Customer exceeding its Electric Service Agreement capacity, the Large Load Customer is responsible for any associated costs and penalties, and the Company reserves the right to install equipment at the Large Load Customer's expense to limit the Large Load Customer's capacity and/or raise before the Commission any unresolved reliability or safety concerns based on the facts and circumstances presented at that time.

Nothing in this section affects the Company's right to disconnect or curtail load in accordance with the Rules and Regulations of this Tariff. See the General section of this Schedule for additional suspension and disconnection provisions applicable to all Large Load Customers.

LARGE LOAD SERVICE
SCHEDULE "LL" (Continued)

ELECTRIC SERVICE AND CONSTRUCTION AGREEMENTS

Electric Service Agreements under this Schedule shall be made for an initial term of not less than the Load Ramp Period plus ten (10) years. By way of example, the initial term of an Electric Service Agreement for a Large Load Customer with a 4-year Load Ramp Period will be 14 years. The Load Ramp Period is the time of commencement of initial Service until the Large Load Customer reaches the full Electric Service Agreement capacity, which shall not exceed four (4) years unless the Large Load Customer and the Company mutually agree to a period of more than four (4) years in the Electric Service Agreement. If electric infrastructure is not in place to serve the Large Load Customer by the Electric Service Agreement's estimated in-service date, the Large Load Customer may petition the Commission for an adjustment to the contract term based on the facts and circumstances presented at that time (but will otherwise remain the Load Ramp Period plus 10 years).

After the initial term, Electric Service Agreements shall remain in effect unless terminated by either party by providing written notice to the other party no later than three (3) years prior to the requested date of termination. After the initial term, either party may request a modification to the Electric Service Agreement capacity by providing written notice to the other party no later than three (3) years prior to the requested modification date. During the initial term of the Electric Service Agreement, the Large Load Customer will be financially responsible to pay Minimum Charges regardless of the Large Load Customer choosing to curtail, reduce, suspend, or terminate Service, or failure to energize Service. If after completion of the seventh year of the Electric Service Agreement after the Load Ramp Period the Large Load Customer chooses to pay an exit fee equal to Minimum Charges for thirty-six (36) months after notice of termination, the Large Load Customer can thereafter terminate the Electric Service Agreement. By way of example, a Large Load Customer with a 3-year Load Ramp Period may pay the exit fee and terminate the Electric Service Agreement only after Year 10 of the Electric Service Agreement.

Maryland jurisdictional costs created by Large Load Customers receiving Service under this Schedule are the responsibility of such Large Load Customers and no load study, planning, or engineering analysis costs for the but-for analysis or otherwise required to commence Service to the Large Load Customer may be passed through or paid by other Customers not receiving Service under this Schedule.

The Company shall not be required to provide Service in excess of the Electric Service Agreement capacity except by mutual written agreement.

Nothing in this Schedule limits the requirement that a Large Load Customer sign a Construction Agreement prior to commencement of the Company's construction of such investment and/or (as individual circumstances may in the Company's discretion permit) a Contribution in Aid of Construction agreement for Large Load Customer-specific investment. A Construction Agreement is an agreement between the Company and the Large Load Customer that describes the terms and conditions under which the Company will construct new facilities to provide new or upgraded electric Service to the Large Load Customer's delivery Service point.

LARGE LOAD SERVICE
SCHEDULE "LL" (Continued)

ELECTRIC SERVICE AND CONSTRUCTION AGREEMENTS (Continued)

To the extent required, Construction Agreements and Electric Service Agreements will be filed for review by regulatory agencies with authority to review some or all of the terms and conditions of such agreements.

Large Load Customers served under this Schedule agree to written attestation as part of its Electric Service Agreement that the Large Load Customer will follow all applicable technical operating requirements, such as not intentionally or unintentionally cycling load in a way that creates an imbalanced or unacceptable system frequency or conditions, and other requirements that will be maintained and periodically updated for the safety of the larger system. Upon detection of any activities outside of the technical requirements, the Company has the right to disconnect.

COLLATERAL REQUIREMENTS

Collateral requirements apply to both the Large Load Customer and the Large Load Customer's financial sponsor (regardless as to whether the sponsor is a co-signer on the applicable agreement with the Company).

Large Load Customers are required to post and maintain collateral to the following standards during the initial term in the amount of: (i) at Construction Agreement execution, the estimated cost to construct; and (ii) at Electric Service Agreement execution, the final cost to construct such incremental Company facilities as may be required to provide service at full Electric Service Agreement capacity to the Large Load Customer, provided that such required collateral will be reduced by 20% of the total collateral amount per year at the end of each of the last five (5) years of the initial term:

a) Large Load Customers with investment grade credit ratings greater than or equal to Moody's credit rating of A3 or higher, S&P credit rating of A- or higher, or a United States Treasury-listed surety whose bonds are rated "A" may satisfy the collateral requirement by:
    1. a "parental guarantee", or
    2. from a financial institution with investment grade credit metrics, or
    3. similar collateral to be determined solely by the Company, provided that if at any time the Large Load Customer no longer holds an investment-grade credit rating such Large Load Customer will repost all required collateral per the terms described in the following paragraphs.
b) Large Load Customers without investment grade credit ratings greater than or equal to Moody's credit rating of A3 or higher, S&P credit rating of A- or higher, or a United States Treasury-listed surety whose bonds are rated "A", or that have no credit rating, shall satisfy the collateral requirement through third-party issued letters of credit or surety bonds, provided that the third-party issuer has a credit rating of Moodys A3 or higher, or an S&P credit rating of A- or higher, or is a United States Treasury-listed surety whose bonds are rated "A."
c) The collateral will be maintained at the sole expense of the Large Load Customer. The Company will be entitled to access and draw upon the collateral as necessary to secure the Large Load Customer's performance.

LARGE LOAD SERVICE
SCHEDULE "LL" (Concluded)

COLLATERAL REQUIREMENTS (Continued)

The collateral contemplated by this section constitutes security for, but is not a limitation of, the Large Load Customer's obligations under this Schedule, the Construction Agreement, and the Electric Service Agreement, and shall not be the Company's exclusive remedy for the Large Load Customer's failure to perform Large Load Customer obligations.

If the financial condition of the Large Load Customer or guarantor changes – or market conditions (including ownership/structural changes) change – over the term of the Construction Agreement or Electric Service Agreement, the Company may reevaluate the Large Load Customer and its collateral requirements, which may be adjusted accordingly. Any assignment of the Large Load Customer's rights or obligations under the Construction Agreement and/or Electric Service Agreement shall not relieve the Large Load Customer of its collateral obligations unless expressly released by the Company, and any assignee must independently demonstrate creditworthiness and provide collateral in an amount and form consistent with the terms of the above paragraphs.

LATE PAYMENT CHARGE

Applies to this Schedule as set forth in Company Rule No. 12 of this Tariff.

GENERAL

Service supplied is subject to the Rules and Regulations Covering the Supply of Electric Service, and the "Customer Guide for Electric Service-Maryland".

The terms and conditions of Service under this Schedule shall apply upon a request for Service by an eligible Large Load Customer, but service to Large Load Customers under this Schedule will not commence until the Company has sufficient capacity to meet the Electric Service Agreement capacity requirements.

Service may be suspended by the Company to a Large Load Customer under this Schedule (including a Large Load Customer with behind-the-meter generation) if the Large Load Customer's usage exceeds its Electric Service Agreement capacity by more than 1,000 kilowatts. If additional capacity is available at the Large Load Customer site, the Company may seek mutual agreement to adjust the Electric Service Agreement capacity.