



COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA PUBLIC UTILITY COMMISSION
400 North Street, HARRISBURG, PA 17120

IN REPLY, PLEASE
REFER TO OUR FILE
Phone: 717-772-7777

November 27, 2023

G-2023-3040957
Utility Code: 110500

GARRETT LENT
POST & SCHELL PC
17 NORTH SECOND ST 12TH FL
HARRISBURG PA 17101
glent@postschell.com

RE: Request for Affiliated Interest Agreement between PPL Electric Utilities Corporation and its wholly owned, direct and indirect subsidiaries, CEP Lending Inc., and CEP Commerce LLC.

Dear Mr. Lent:

On May 26, 2023, PPL Electric Utilities Corporation (PPL EU) filed pursuant to Chapter 21 of the Public Utility Code for approval of an Affiliated Interest Agreement (AIA) between PPL EU and its wholly owned, direct or indirect subsidiaries, CEP Lending Inc. (Lending) and CEP Commerce, LLC (Commerce). PPL EU states that it is filing its Cash Management Arrangement (CMA) for approval as an AIA per the recommendations of the Pennsylvania Public Utility Commission's (Commission) Bureau of Audits in its Management Efficiency Investigation Report at Docket No. D-2019-3007812. By Secretarial Letter dated May 30, 2023, the Commission extended the 30-day statutory consideration period until further order of the Commission as provided in Chapter 21 of the Public Utility Code.

The CMA constitutes an arrangement between PPL EU and PPL Corporation (PPL Corp) affiliates to efficiently manage funds and is expected to result in higher returns for participants. As stated in the CMA, available funds will be loaned to PPL EU's affiliates based upon an evaluation of whether (a) the intercompany loan will provide a higher return than investing those funds on a stand-alone basis, (b) the interest rate charged is an arm's length, market-based rate that is appropriate for the amount and term of the loan, and (c) the tenor of the intercompany loan satisfies PPL EU's and its affiliates' ongoing liquidity requirements.

In the event that PPL EU holds excess cash that is not needed for its operations, PPL EU may make capital contributions to Lending through Commerce. The proceeds of such capital contribution may be loaned by Lending to affiliates of PPL Corp.

Upon review of the filing, it does not appear that the arrangement is unreasonable and contrary to the public interest. As noted in the Management Efficiency Investigation Report, the CMA appears to provide PPL EU with a beneficial structure. PPL EU's relationships with Commerce and Lending allows PPL EU to invest any excess funds in an intercompany loan that provides a higher return than investing those funds on a stand-alone basis.

Therefore, this filing is approved as requested. However, approval of this filing does not constitute a determination that such a filing is consistent with public interest, and that the associated costs are reasonable or prudent for the purposes of determining just and reasonable rates. Furthermore, the Commission's approval is contingent upon the possibility that subsequent audits, reviews, and inquiry, in any Commission proceeding, may be conducted, pursuant to 66 Pa. C.S. §§ 2102, *et seq.*

In addition, this approval will apply only to the agreement(s), services(s), matters, and parties specifically and clearly defined under this instant filing as well as any associated and previously filed filings.

Sincerely,

A handwritten signature in cursive script, appearing to read "Rosemary Chiavetta".

Rosemary Chiavetta
Secretary