

**PENNSYLVANIA PUBLIC UTILITY COMMISSION
BUREAU OF AUDITS**



**REPORT ON
PPL ELECTRIC UTILITIES CORPORATION**

**STATEMENTS OF
GENERATION SUPPLY CHARGE-2
APRIL 1, 2021 — MARCH 31, 2023**

**JUNE 5, 2025
DOCKET NO. D-2024-3050474**

**PA PUC BUREAU OF AUDITS
DOCKET NO. D-2024-3050474**

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Background

PPL Electric Utilities Corporation (PPL or company) is a wholly-owned subsidiary of PPL Corporation that furnishes electric distribution, transmission, and default supply service to about 1.5 million customers throughout eastern and central Pennsylvania. According to PPL's annual reports filed with the Pennsylvania Public Utility Commission (PUC or Commission), for the years 2023 and 2022, PPL's total electric revenue from residential, commercial, and industrial customers was \$2,364,605,269 and \$2,458,660,161; respectively.

By Order entered on October 27, 2016, at Docket No. P-2016-2526627, the Commission approved PPL's Default Service Program (DSP) for the period June 1, 2017 through May 31, 2021. Subsequently, by Order entered on December 17, 2020, at Docket No. P-2020-3019356, the Commission approved PPL's DSP for June 1, 2021 through May 31, 2025.



COMMONWEALTH OF PENNSYLVANIA
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Independent Auditor's Report to the Pennsylvania Public Utility Commission

Report on the Financial Statements

We have audited PPL Electric Utilities Corporation's Statements of Generation Supply Charge-2 Over/Under Collections for the 12-month periods ended March 31, 2023 and March 31, 2022.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether these statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in these statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of these statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of these statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of these statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the Generation Supply Charge-2 Statements, referred to above, present fairly, in all material respects, the Generation Supply Charge-2 revenue and expenses of PPL Electric Utilities Corporation as of March 31, 2023 and March 31, 2022, in conformity with accounting principles generally accepted in the United States of America and the requirements of the Pennsylvania Public Utility Commission.

Report on Other Legal and Regulatory Requirements

The accompanying statements were prepared for the purpose of complying with the rules and regulations of the Pennsylvania Public Utility Commission and are not intended to be a complete presentation of PPL Electric Utilities Corporation's revenue and expenses.

A handwritten signature in black ink, appearing to read "Chris Yother", with a long horizontal flourish extending to the right.

Chris Yother, CPA
Director
Bureau of Audits
Harrisburg, PA
June 5, 2025

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**Generation Supply Charge-2 (GSC-2)¹
Over/(Under) Collections (Section 1307(e))
for the 12 months ended March 31, 2023²**

<u>Customer Class</u>	<u>GSC-2 Revenue</u> (1)	<u>GSC-2 Expenses</u> (2)	<u>Over/(Under) Collection</u> (3) = (1) - (2)
Large C&I	\$ 8,791,155	\$ 10,408,486	\$ (1,617,331)

¹ As reported to the Commission at Docket No. M-2023-3040283.

² Notes to the Financial Statements are an integral part of this report.

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Generation Supply Charge-2 (GSC-2)³
Over/(Under) Collections (Section 1307(e))
for the 12 months ended March 31, 2022⁴

<u>Customer Class</u>	<u>GSC-2 Revenue</u> (1)	<u>GSC-2 Expenses</u> (2)	<u>Over/(Under) Collection</u> (3) = (1) - (2)
Large C&I	<u>\$ 5,204,069</u>	<u>\$ 5,649,367</u>	<u>\$ (445,298)</u>

³ As reported to the Commission at Docket No. M-2022-3032275.

⁴ Notes to the Financial Statements are an integral part of this report.

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Notes to the Financial Statements

1 – Statements

The Generation Supply Charge-2 (GSC-2) Over/(Under) Collections presented in this report are condensed from the officially filed statements. The audit was conducted on PPL's officially filed 1307(e) statements submitted to the PUC in accordance with Section 1307(e)(1) of the Public Utility Code on April 28, 2023 and May 2, 2022. The statements are available on the PUC's website (<http://www.puc.pa.gov>) at Docket Nos. M-2023-3040283 and M-2022-3032275.

2 – GSC-2 Revenue

GSC-2 Revenue is calculated by multiplying the GSC-2 rate, excluding E-Factor, by each kilowatt-hour (kWh) supplied to each Large Commercial and Industrial (C&I) customer who takes Basic Utility Supply Service (BUSS), as defined in the GSC-2 Tariff Rider.

3 – GSC-2 Expenses

GSC-2 Expenses are the expenses incurred to provide generation supply service to Large C&I customers receiving default service, net of energy expenses, which are customer specific and directly billed to the customer. GSC-2 hourly default service expenses include energy procurement expenses related to the PJM Reliability Pricing Model capacity costs, other PJM-related expenses, net metering expenses, and administrative expenses.

4 – Over/(Under) Collection

The Over/(Under) Collection is the difference between the GSC-2 Revenue and the GSC-2 Expenses. The resulting amount represents the portion of GSC-2 Revenue refundable to or GSC-2 Expenses recoverable from customers through subsequent GSC-2 rates. Differences arise for two primary reasons:

- Variations between the actual monthly volumes billed to customers and the estimates used to determine the GSC-2 rates; and,
- Variations between the actual GSC-2 expenses and the estimates used to determine the GSC-2 rates.