

**PENNSYLVANIA PUBLIC UTILITY COMMISSION
BUREAU OF AUDITS**



**REPORT ON
FIRSTENERGY PENNSYLVANIA ELECTRIC COMPANY
MET-ED RATE DISTRICT
(FORMERLY METROPOLITAN EDISON COMPANY)**

**STATEMENTS OF
SOLAR PHOTOVOLTAIC REQUIREMENTS CHARGE
FOR THE 12-MONTH PERIODS ENDED
MARCH 31, 2022, MARCH 31, 2021, AND MARCH 31, 2020**

**OCTOBER 22, 2025
DOCKET NO. D-2025-3053223**

**PA PUC BUREAU OF AUDITS
DOCKET NO. D-2025-3053223**

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Background

By Order entered December 7, 2023, at Docket No. A-2023-3038771, the Pennsylvania Public Utility Commission (PUC or Commission) approved the merger of Metropolitan Edison Company, Pennsylvania Electric Company, Pennsylvania Power Company, and West Penn Power Company into a single electric distribution operating company, FirstEnergy Pennsylvania Electric Company (FE PA).

FE PA is a subsidiary of FirstEnergy Corporation headquartered in Akron, Ohio. FE PA consists of four distinct rate districts corresponding to the previous local operating companies. The four districts are the: Met-Ed Rate District, Penelec Rate District, Penn Power Rate District, and West Penn Rate District.

The Met-Ed Rate District (Met-Ed) is based in Reading, Pennsylvania, and serves approximately 585,000 customers in eastern and southeastern Pennsylvania. According to Met-Ed's annual reports filed with the PUC, for the calendar years 2022, 2021, and 2020, Met-Ed's total electric distribution revenues from customers were \$1,014,213,338; \$845,104,826; and \$782,543,055; respectively.

On November 30, 2004, the Alternative Energy Portfolio Standards Act of 2004 (Act) was signed into law. The Act, which took effect on February 28, 2005, established an alternative energy portfolio standard for Pennsylvania. Generally, the Act requires that an annually increasing percentage of electricity sold to retail customers in Pennsylvania by electric distribution companies and electric generation suppliers be derived from alternative energy resources. On September 25, 2008, the Commission adopted a final rulemaking order which codified prior Commission interpretations of the Act and resolved issues relevant to its implementation.

By Order entered November 6, 2009, at Docket No. P-2009-2093053, the Commission approved Met-Ed's request to establish a Solar Photovoltaic Requirements Charge (SPVRC) Rider to meet the Act's requirements, effective January 1, 2011 through May 31, 2013. The SPVRC is applied to all Delivery Service customers, except for those customers providing Solar Photovoltaic Alternative Energy Credits (SPAECs) to Met-Ed from a customer-owned solar photovoltaic generator.

By Order entered September 4, 2018, at Docket No. P-2017-2637855, the PUC approved the Joint Petition of Met-Ed, Penelec, Penn Power, and West Penn for approval of their Default Service Programs. Among other items, the Order allowed the continuation of the SPVRC Rider for the period June 1, 2019 through May 31, 2023 and provided for the carrying cost of banked SPAECs to be recovered through the SPVRC.

By Order entered August 4, 2022, at Docket No. P-2021-3030012, the Commission approved the Joint Petition of Met-Ed, Penelec, Penn Power, and West Penn for approval of their Default Service Programs. Among other items, the Order allowed the continuation of the SPVRC Rider for the period June 1, 2023 through May 31, 2027 and provided for the carrying cost of banked SPAECs to be recovered through the SPVRC.



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Independent Auditor's Report to the Public Utility Commission

Report on the Financial Statements

We have audited FirstEnergy Pennsylvania Electric Company Met-Ed Rate District's Statements of Solar Photovoltaic Requirements Charge Over/Under Collections for the 12-month periods ended March 31, 2022, March 31, 2021, and March 31, 2020.

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 control 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

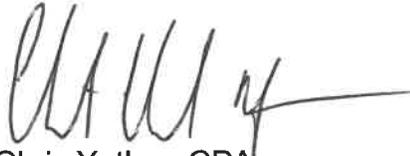
Our responsibility is to express an opinion on these statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether 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 Solar Photovoltaic Requirements Charge Statements, referred to above, present fairly, in all material respects, the Solar Photovoltaic Requirements Charge revenue and expenses of FirstEnergy Pennsylvania Electric Company Met-Ed Rate District for the years ending March 31, 2022, March 31, 2021 and March 31, 2020, 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 FirstEnergy Pennsylvania Electric Company Met-Ed Rate District's revenue and expenses.

A handwritten signature in black ink, appearing to read 'C. Yother', with a long horizontal line extending to the right.

Chris Yother, CPA
Director
Bureau of Audits
Harrisburg, PA
October 22, 2025

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**Solar Photovoltaic Requirements Charge (SPVRC)¹
Over/(Under) Collections (Section 1307(e))
for the 12 months ended March 31, 2022²**

<u>Month</u>	<u>SPVRC Revenue</u> (1)	<u>SPVRC Costs</u> (2)	<u>Over/(Under) Collections</u> (3) = (1) – (2)
April 2021	\$ 318,617	\$ 134,960	\$ 183,657
May	291,487	127,994	163,493
June	299,661	309,631	(9,970)
July	264,721	312,650	(47,929)
August	264,854	268,883	(4,029)
September	273,823	741,107	(467,284)
October	217,973	281,998	(64,025)
November	217,627	287,897	(70,270)
December	227,850	286,215	(58,365)
January 2022	252,236	275,254	(23,018)
February	272,475	262,944	9,531
March	<u>245,742</u>	<u>301,157</u>	<u>(55,415)</u>
Total	<u>\$ 3,147,066</u>	<u>\$ 3,590,690</u>	<u>\$ (443,624)</u>

¹ As reported to the Commission at Docket No. M-2022-3032079.

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

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**Solar Photovoltaic Requirements Charge (SPVRC)³
Over/(Under) Collections (Section 1307(e))
for the 12 months ended March 31, 2021⁴**

<u>Month</u>	<u>SPVRC Revenue</u> (1)	<u>SPVRC Costs</u> (2)	<u>Over/(Under) Collections</u> (3) = (1) – (2)
April 2020	\$ 349,306	\$ 426,820	\$ (77,514)
May	354,540	423,382	(68,842)
June	363,872	437,278	(73,406)
July	360,227	433,873	(73,646)
August	399,033	263,224	135,809
September	375,993	112,594	263,399
October	300,054	234,640	65,414
November	291,381	241,292	50,089
December	320,814	269,243	51,571
January 2021	373,477	210,902	162,575
February	370,793	114,436	256,357
March	<u>344,848</u>	<u>460,803</u>	<u>(115,955)</u>
Total	<u>\$ 4,204,338</u>	<u>\$ 3,628,487</u>	<u>\$ 575,851</u>

³ As reported to the Commission at Docket No. M-2021-3025526.

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

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**Solar Photovoltaic Requirements Charge (SPVRC)⁵
Over/(Under) Collections (Section 1307(e))
for the 12 months ended March 31, 2020⁶**

<u>Month</u>	<u>SPVRC Revenue</u> (1)	<u>SPVRC Costs</u> (2)	<u>Over/(Under) Collections</u> (3) = (1) – (2)
April 2019	\$ 240,667	\$ 266,233	\$ (25,566)
May	222,773	186,394	36,379
June	142,546	433,874	(291,328)
July	456,365	434,306	22,059
August	501,313	432,806	68,507
September	461,002	96,748	364,254
October	406,931	458,127	(51,196)
November	388,421	462,598	(74,177)
December	428,210	442,920	(14,710)
January 2020	452,844	440,012	12,832
February	447,262	444,164	3,098
March	467,533	439,084	28,449
Total	\$ 4,615,867	\$ 4,537,266	\$ 78,601

⁵ As reported to the Commission at Docket No. M-2020-3019516.

⁶ Notes to the Financial Statements are an integral part of this report.

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Notes to the Financial Statements

1 – Statements

The Solar Photovoltaic Requirements Charge (SPVRC) Over/(Under) Collections presented in this report are condensed from the officially filed statements. The audit was conducted on Met-Ed's officially filed 1307(e) statements submitted to the PUC in accordance with Section 1307(e)(1) of the Public Utility Code on April 22, 2022, April 27, 2021 and April 20, 2020. The statements are available on the PUC's website (<http://www.puc.pa.gov>) at Docket Nos. M-2022-3032079, M-2021-3025526, and M-2020-3019516.

2 – SPVRC Revenue

SPVRC Revenue is derived by applying the SPVRC rate, excluding the E-Factor, to each kilowatt-hour (kWh) of energy delivered to all Delivery Service customers, except those customers providing SPAECs to Met-Ed from a customer-owned solar photovoltaic generator.

3 – SPVRC Costs

SPVRC Costs consist of the following components:

- A projection of the costs incurred to acquire SPAECs to be retired during the SPVRC Computational Year, June 1 through May 31, obtained from winning bidders selected in the competitive procurement process to fulfill the company's solar photovoltaic (SPV) obligations imposed by the Alternative Energy Portfolio Standards Act.
- Administrative costs associated with the competitive procurement process, which include, but are not limited to consultant costs; direct and indirect costs associated with the company's administration of the competitive procurement process and compliance with SPV obligations.
- The net of the following: the sale of proceeds into the market of excess, unused SPAECs procured by Met-Ed in the competitive procurement process; the cost of any additional or supplemental SPAECs purchased by Met-Ed in the market outside of the competitive bid process, as needed to meet its SPV obligations; and effective June 1, 2013, the carrying cost of banked SPAECs, computed and compounded monthly at the legal rate of interest, based upon the cost to acquire the banked SPAECs.

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Notes to the Financial Statements (continued)

4 – Over/(Under) Collections

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

- Variations between the actual volumes billed to customers and the estimates used to determine the SPVRC rates; and,
- Variations between the actual SPVRC Costs and the estimates used to determine the SPVRC rates.