

**PENNSYLVANIA PUBLIC UTILITY COMMISSION  
BUREAU OF AUDITS**



**REPORT ON  
FIRSTENERGY PENNSYLVANIA ELECTRIC COMPANY  
PENELEC RATE DISTRICT  
(FORMERLY PENNSYLVANIA ELECTRIC 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-2025-3053224**

**PA PUC BUREAU OF AUDITS  
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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 Penelec Rate District (Penelec) is based in Reading, Pennsylvania, and serves approximately 588,000 customers in central and northern Pennsylvania. According to Penelec's annual reports filed with the PUC, for the calendar years 2022, 2021, and 2020, Penelec's total electric distribution revenues from customers were \$944,087,129; \$820,940,066; and \$806,406,927; 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-2009-2093054, the Commission approved Penelec'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 Penelec from a customer-owned solar photovoltaic generator.

By Order entered September 4, 2018, at Docket No. P-2017-2637857, the PUC approved the Joint Petition of Penelec, Met-Ed, 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-2021-3030013, the Commission approved the Joint Petition of Penelec, Met-Ed, 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.



**COMMONWEALTH OF PENNSYLVANIA**  
PENNSYLVANIA PUBLIC UTILITY COMMISSION  
COMMONWEALTH KEYSTONE BUILDING  
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HARRISBURG, PENNSYLVANIA 17120

## **Independent Auditor's Report to the Public Utility Commission**

### **Report on the Financial Statements**

We have audited FirstEnergy Pennsylvania Electric Company Penelec 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**

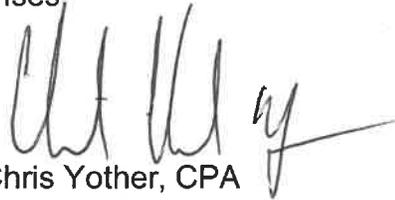
Our responsibility is to express an opinion on these statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether 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 Penelec 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 Penelec Rate District's revenue and expenses.



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

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**Solar Photovoltaic Requirements Charge (SPVRC)<sup>1</sup>  
Over/(Under) Collections (Section 1307(e))  
for the 12 months ended March 31, 2022<sup>2</sup>**

<u>Month</u>	<u>SPVRC Revenue</u> (1)	<u>SPVRC Costs</u> (2)	<u>Over/(Under) Collections</u> (3) = (1) – (2)
April 2021	\$ 300,676	\$ 130,369	\$ 170,307
May	292,208	121,706	170,502
June	266,237	478,536	(212,299)
July	240,732	274,161	(33,429)
August	239,382	250,577	(11,195)
September	250,771	827,764	(576,993)
October	205,904	240,097	(34,193)
November	231,454	241,842	(10,388)
December	232,011	146,653	85,358
January 2022	249,325	143,570	105,755
February	262,402	292,202	(29,800)
March	248,731	285,921	(37,190)
<b>Total</b>	<b>\$ 3,019,833</b>	<b>\$ 3,433,398</b>	<b>\$ (413,565)</b>

<sup>1</sup> As reported to the Commission at Docket No. M-2022-3032080.

<sup>2</sup> Notes to the Financial Statements are an integral part of this report.

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**Solar Photovoltaic Requirements Charge (SPVRC)<sup>3</sup>  
Over/(Under) Collections (Section 1307(e))  
for the 12 months ended March 31, 2021<sup>4</sup>**

<u>Month</u>	<u>SPVRC Revenue</u> (1)	<u>SPVRC Costs</u> (2)	<u>Over/(Under) Collections</u> (3) = (1) – (2)
April 2020	\$ 370,493	\$ 495,978	\$ (125,485)
May	350,719	474,627	(123,908)
June	342,869	483,089	(140,220)
July	314,768	491,933	(177,165)
August	348,481	252,094	96,387
September	333,068	53,145	279,923
October	284,403	225,292	59,111
November	292,434	229,847	62,587
December	299,013	249,796	49,217
January 2021	344,641	195,385	149,256
February	334,650	130,592	204,058
March	339,011	229,259	109,752
<b>Total</b>	<b>\$ 3,954,550</b>	<b>\$ 3,511,037</b>	<b>\$ 443,513</b>

<sup>3</sup> As reported to the Commission at Docket No. M-2021-3025527.

<sup>4</sup> Notes to the Financial Statements are an integral part of this report.

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**Solar Photovoltaic Requirements Charge (SPVRC)<sup>5</sup>  
Over/(Under) Collections (Section 1307(e))  
for the 12 months ended March 31, 2020<sup>6</sup>**

<u>Month</u>	<u>SPVRC Revenue</u> (1)	<u>SPVRC Costs</u> (2)	<u>Over/(Under) Collections</u> (3) = (1) – (2)
April 2019	\$ 267,506	\$ 328,824	\$ (61,318)
May	249,618	248,509	1,109
June	180,720	419,551	(238,831)
July	407,769	384,460	23,309
August	441,552	380,460	61,092
September	408,906	(1,024,249)	1,433,155
October	391,846	555,971	(164,125)
November	382,688	556,677	(173,989)
December	417,230	556,564	(139,334)
January 2020	426,552	555,811	(129,259)
February	420,659	554,284	(133,625)
March	425,890	506,168	(80,278)
Total	<u>\$ 4,420,936</u>	<u>\$ 4,023,030</u>	<u>\$ 397,906</u>

<sup>5</sup> As reported to the Commission at Docket No. M-2020-3019517.

<sup>6</sup> 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 Penelec'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-2022-3032080, M-2021-3025527, and M-2020-3019517.

**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 Penelec 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 Penelec 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.