

**PENNSYLVANIA PUBLIC UTILITY COMMISSION  
BUREAU OF AUDITS**



**REPORT ON  
FIRSTENERGY PENNSYLVANIA ELECTRIC COMPANY  
PENN POWER RATE DISTRICT  
(FORMERLY PENNSYLVANIA POWER 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-2025-3053225**

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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 Penn Power Rate District (Penn Power) is based in Reading, Pennsylvania, and serves approximately 170,000 customers in parts of Allegheny, Beaver, Butler, Crawford, Lawrence, and Mercer counties in Pennsylvania. According to Penn Power's annual reports filed with the PUC, for the calendar years 2022, 2021, and 2020, Penn Power's total electric distribution revenues from customers were \$302,116,739; \$253,315,352; and \$239,631,575; 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 17, 2010, at Docket No. P-2010-2157862, the PUC approved Penn Power's request to establish a SPVRC Rider, 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 Penn Power from a customer-owned solar photovoltaic generator.

By Order entered September 4, 2018, at Docket No. P-2017-2637858, the PUC approved the Joint Petition of Penn Power, Met-Ed, Penelec, 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-2021-3030014, the Commission approved the Joint Petition of Penn Power, Met-Ed, Penelec, 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  
400 NORTH STREET  
HARRISBURG, PENNSYLVANIA 17120

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

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

We have audited FirstEnergy Pennsylvania Electric Company Penn Power 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 Penn Power 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 Penn Power Rate District's revenue and expenses.

A handwritten signature in black ink, appearing to read "Chris 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)<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	\$ 89,689	\$ (165)	\$ 89,854
May	96,328	(8,679)	105,007
June	93,930	92,262	1,668
July	86,023	101,676	(15,653)
August	88,663	58,223	30,440
September	87,540	162,892	(75,352)
October	76,019	106,877	(30,858)
November	74,586	107,096	(32,510)
December	80,549	108,306	(27,757)
January 2022	84,058	104,294	(20,236)
February	92,853	103,902	(11,049)
March	87,848	100,360	(12,512)
<b>Total</b>	<b>\$ 1,038,086</b>	<b>\$ 1,037,044</b>	<b>\$ 1,042</b>

<sup>1</sup> As reported to the Commission at Docket No. M-2022-3032081.

<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	\$ 116,663	\$ 117,831	\$ (1,168)
May	111,327	116,932	(5,605)
June	112,120	134,121	(22,001)
July	108,951	134,121	(25,170)
August	112,384	329,170	(216,786)
September	106,846	(42,693)	149,539
October	93,965	57,213	36,752
November	90,388	60,583	29,805
December	99,399	67,594	31,805
January 2021	112,318	31,977	80,341
February	113,770	20,255	93,215
March	106,634	63,627	43,007
<b>Total</b>	<b>\$ 1,284,765</b>	<b>\$ 1,091,031</b>	<b>\$ 193,734</b>

<sup>3</sup> As reported to the Commission at Docket No. M-2021-3025528.

<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	\$ 80,436	\$ 86,174	\$ (5,738)
May	75,418	39,799	35,619
June	57,526	135,730	(78,204)
July	140,960	126,239	14,721
August	147,439	125,739	21,700
September	141,243	(8,081)	149,324
October	126,660	148,605	(21,945)
November	115,735	149,505	(33,770)
December	132,765	150,690	(17,925)
January 2020	143,269	147,871	(4,602)
February	133,344	146,681	(13,337)
March	131,759	124,552	7,207
Total	<u>\$ 1,426,554</u>	<u>\$ 1,373,504</u>	<u>\$ 53,050</u>

<sup>5</sup> As reported to the Commission at Docket No. M-2020-3019518.

<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 Penn Power's officially filed 1307(e) statements submitted to the PUC in accordance with Section 1307(e)(1) of the Public Utility Code on April 25, 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-2022-3032081, M-2021-3025528, and M-2020-3019518.

**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 Penn Power 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 Penn Power 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.