

William Keyser  
202 429 8186  
wkeyser@steptoe.com



1330 Connecticut Avenue, NW  
Washington, DC 20036-1795  
202 429 3000 main  
www.steptoe.com

March 31, 2023

**VIA ELECTRONIC FILING**

Hon. Kimberly D. Bose, Secretary  
Federal Energy Regulatory Commission  
888 First Street, N.E.  
Washington, D.C. 20426

**Re: PPL Electric Utilities Corporation  
Docket No. ER09-1148-000  
Informational Filing of 2023 Formula Rate Annual Update**

Dear Secretary Bose:

Pursuant to the Formula Rate Implementation Protocols (“Protocols”) of PPL Electric Utilities Corporation (“PPL Electric”) contained in Attachment H-8H of the PJM Interconnection, L.L.C. (“PJM”) Open Access Transmission Tariff (“OATT”), PPL Electric submits its Formula Rate Annual Update (“Annual Update”) for 2023. This 2023 Annual Update sets forth PPL Electric’s annual transmission revenue requirement (“ATRR”) calculated in accordance with its formula rate for transmission service (“Formula Rate”) under the PJM OATT for the period commencing April 1, 2023 to and including December 31, 2023.<sup>1</sup>

On March 24, 2023, the Commission approved revisions to Attachment H-8G and Attachment H-8H in Docket *PJM Interconnection, LLC*, 182 FERC ¶ 61,191 (2023) (“Attachment H Order”). The Attachment H Order revised PPL Electric’s Formula Rate and Protocols to transition from a mid-year rate year (June 1 to May 31) to a calendar year rate year (January 1 to December 31). As envisioned in the Attachment H Order, the rate-year transition is effective January 31, 2023.<sup>2</sup> In anticipation of this approval and to allow PPL Electric to transition to a calendar-year rate year on April 1, 2023, PPL Electric posted its 2023 Annual Update on the PJM website, in accordance with its

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<sup>1</sup> *PJM*, Intra-PJM Tariffs, OATT Attachment H-8H-PPL, §§ I.A (“Protocols”).

<sup>2</sup> See Attachment H Order, at P 18 & Ordering Paragraphs.

Protocols, on January 31, 2023.<sup>3</sup> In accordance with the Protocols, the 2023 Annual Update will be implemented on April 1, 2023.<sup>4</sup>

In accordance with the Protocols, this submission is provided to the Federal Energy Regulatory Commission (“Commission” or “FERC”) for informational purposes only.<sup>5</sup> As noted above, PPL Electric provided a copy of its 2023 Annual Update for posting on the PJM website on January 1, 2023.<sup>6</sup> Exhibit 1 to this informational filing is a copy of PPL Electric’s Formula Rate template (the “Template”) that has been populated with (1) actual 2021 inputs from PPL Electric’s 2021 FERC Form No. 1, which was filed with the Commission on March 30, 2022, and other data based on PPL Electric’s books and records, and (2) forecasted 2023 capital additions.<sup>7</sup> PJM will use the populated Template to determine charges for transmission service under Attachment H-8, Schedule 12-Appendix, and Schedule 12-Appendix A of the PJM OATT. Consistent with the Commission Staff’s Guidance on Formula Rate Updates, PPL Electric is submitting the Template and additional exhibits in Microsoft Excel format, where required.<sup>8</sup>

As required by the Protocols, no later than April 5, 2023, PPL Electric will send a “workable” Excel file containing the data in the populated Template in Exhibit 1 to the attention of the Chief Counsel of the Pennsylvania Public Utility Commission (“PA PUC”) and the general counsel or executive secretary of the New Jersey Board of Public Utilities, the Maryland Public Service Commission, and the Delaware Public Service Commission.<sup>9</sup> Within seven days of this filing, PPL Electric also will provide notice on the PJM website of the time, date, and location of the Annual Meeting during which PPL Electric will provide interested parties an opportunity to seek further information and clarification regarding

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<sup>3</sup> PPL Electric had initially provided its 2023 Annual update on October 31, 2022 to begin on January 1, 2023, but because the Commission had not yet accepted the filing in Docket No. ER22-2719, PPL Electric revised the 2023 Annual Update to begin on April 1, 2023.

<sup>4</sup> This informational filing contains the same exhibits contained in that posting, without any revisions and removes the revised label on several exhibits.

<sup>5</sup> See *PPL Elec. Utils. Corp.*, Docket No. ER09-1148-000 (Letter Order issued Mar. 19, 2010) (stating that PPL Electric submits its Annual Updates in Docket No. ER09-1148-000 “for informational purposes only” and, as the Commission stated, “[u]pon receipt, the Commission will not act on or notice the informational filing because the formula rate implementation protocols provide specific procedures for notice, review, and challenges to the annual updates.”).

<sup>6</sup> A copy of this transmittal letter will also be provided to PJM on March 31, 2023 for posting on the PJM website.

<sup>7</sup> Protocols § IV.B(2).

<sup>8</sup> See Staff’s Guidance on Formula Rate Updates (July 17, 2014).

<sup>9</sup> Protocols § IV.B(1).

PPL Electric's 2023 Annual Update.<sup>10</sup> As required by the Protocols, PPL Electric will use its best efforts to notify by electronic mail each of the parties in the docket in which PPL Electric's Formula Rate was accepted by the Commission (Docket No. ER08-1457-000) that the 2023 Annual Update has been posted and provide the time and location of the Annual Meeting.<sup>11</sup>

## **I. SUPPORTING DOCUMENTATION**

In addition to the populated Template, PPL Electric also submits Exhibits 2A through 5, which contain additional information provided pursuant to the Protocols. PPL Electric also includes Exhibit 6 in its Annual Update, which provides work papers supporting the return of excess accumulated deferred income taxes ("ADIT") associated with the Tax Cuts and Jobs Act of 2017 ("TCJA") and the recovery of the deferred income tax expense associated with the equity component of the Allowance for Funds Used During Construction ("AFUDC Equity") approved by the Commission in Docket No. ER19-1145-000.<sup>12</sup>

### **A. Data Not Otherwise Available In FERC Form No. 1**

Section IV.A(3)(a) of the Protocols and the Commission Staff's Guidance on Formula Rate Updates require PPL Electric to submit supporting documentation for data not otherwise available in its FERC Form No. 1. Exhibit 2 contains support for the relevant data not otherwise available in PPL Electric's 2021 FERC Form No. 1. Specifically, Exhibit 2 includes additional details regarding the following: (1) revenue credits (Revenue Credit Worksheet, Exhibit 2A), (2) amortized investment tax credits (Schedule of Deferred Investment Tax Credit, Exhibit 2B), and (3) Post-Employment Benefits Other Than Pensions ("PBOP") expenses (PBOP Expenses, Exhibit 2C).

### **B. Return of Excess ADIT and Accounting for AFUDC Equity**

On April 29, 2019, the Commission accepted modifications to PPL Electric's Formula Rate to: (1) permit PPL Electric to return to customers or recover from customers, as applicable, excess or deficient ADIT resulting from the reduction in the Federal Income Tax ("FIT") Rate under the TCJA and from future changes in income tax laws; and (2) permit PPL Electric to prospectively account for deferred income tax expense associated with the equity component of AFUDC Equity.<sup>13</sup> The modifications to PPL Electric's

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<sup>10</sup> *Id.* § IV.B(2).

<sup>11</sup> *Id.* § IV.B(3).

<sup>12</sup> *PJM Interconnection, L.L.C.*, 167 FERC ¶ 61,083 (2019) ("April 2019 Order").

<sup>13</sup> *PPL Electric Utils. Corp.*, Revisions to Attachment H-8G of the PJM Interconnection, L.L.C., Open Access Transmission Tariff, Docket No. ER19-1145-000 (filed Feb. 28, 2019).

Formula Rate were made effective June 1, 2019.<sup>14</sup> As noted above, PPL Electric includes Exhibit 6, which provides work papers supporting the return of excess ADIT associated with the TCJA and the recovery of the deferred income tax expense associated with the equity component of AFUDC Equity.

### **C. Material Accounting Changes**

Section IV.A(3)(b) of the Protocols requires PPL Electric to provide notice of any Material Accounting Changes in its 2023 Annual Update.<sup>15</sup> There are no Material Accounting Changes.

### **D. Changes to PPL Electric's ATRR**

PPL Electric notes that the 2023 Annual Update includes a True-Up that is calculated consistent with the transition approved in the Attachment H Order.<sup>16</sup> Exhibit 1, Attachment 6, Line 10 is adjusted to include the remaining 2 months of the 2021 True-Up with interest (filed April 28, 2022). PPL Electric also updated its state tax rate to reflect a change that has become effective January 1, 2023. The 2023 Annual Update also uses the most recent adjusted transmission zonal peak load numbers provided under PJM's published Network Service Peak Load for 2023.

As discussed in the January 31 posting, Exhibit 1, which implements Attachment H-8G, adjusts the rate year ROE to 10.49%, utilizing a month by month blended Base ROE as required by the terms of the settlement agreement in Docket No. EL20-48, which were incorporated into the PPL Electric formula rate at Note J. Specifically, this blended base ROE was calculated by taking two months of 9.95 and seven months of 10.0 to reflect the fact that PPL Electric's base ROE was due to increase on June 1 absent any additional changes.

Section IV.A(3)(d) of the Protocols requires PPL Electric to provide sufficient information to explain any changes made since the last Annual Update. Exhibit 3A is a variance report that identifies the changes to PPL Electric's populated Template contained in Exhibit 1 when compared to the populated Template submitted in Docket No. ER09-1148-000 for the 2022 Rate Year.<sup>17</sup> Included with the variance report is an explanation of significant changes made since the last Annual Update (Exhibit 3B).

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<sup>14</sup> April 2019 Order at P1.

<sup>15</sup> Section I.H. of the Protocols defines Material Accounting Changes.

<sup>16</sup> Attachment H Order.

<sup>17</sup> *PPL Elec. Utils. Corp.*, 2019 Formula Rate Annual Update, Docket No. ER09-1148-000, at Exhibit 1 (filed Apr. 30, 2019).

Further, the Protocols require PPL Electric to identify any changes in the formula references in FERC Form No. 1 and any adjustments made to the FERC Form No. 1 data in determining inputs. As discussed above, PPL Electric's formula rate template was modified by the Attachment H Order. The 2023 Annual Update reflects those changes approved by the Commission including use of a projected December 31, 2022 plant balance in Exhibit 1.<sup>18</sup>

### **E. Construction Work In Progress**

Section V.B of the Protocols requires PPL Electric to provide information regarding transmission projects for which it has received Commission approval to recover 100 percent of CWIP. PPL Electric received approval for inclusion of CWIP in its rate base for the Susquehanna-Roseland Project<sup>19</sup> and the Northeast/Pocono Reliability Project.<sup>20</sup> Both projects are in service and there is no projected CWIP for either project in 2023.

### **F. Depreciation Expense**

Section IV.A(3)(d)(iv) of the Protocols requires PPL Electric to provide the most recent annual report filed with the PA PUC that shows the annual depreciation rates derived from the applicable depreciation and service life study approved for use by the Commission as the basis for calculating such rates. Exhibit 5 is a copy of the annual report filed with the PA PUC on December 31, 2021, in PA PUC Docket No. M-110500.F2022ADR that shows the annual depreciation rates for 2021 derived from PPL Electric's depreciation and service life study that was approved by the Commission in Docket No. ER18-22-000 on December 5, 2017.<sup>21</sup>

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<sup>18</sup> Attachment H Order.

<sup>19</sup> *PPL Elec. Utils. Corp.*, 123 FERC ¶ 61,068 (2008).

<sup>20</sup> *PPL Elec. Utils. Corp.*, 141 FERC ¶ 61,021, at P 43 (2012); *PPL Elec. Utils. Corp.*, Docket No. ER13-1026-000 (Letter Order issued Apr. 1, 2013).

<sup>21</sup> *PPL Elec. Utils. Corp.*, Docket No. ER18-22-001 (Letter Order issued Dec. 5, 2017).

Hon. Kimberly D. Bose, Secretary

March 31, 2023

Page 6

## II. CONCLUSION

The enclosed 2023 Annual Update provides the information required by the Protocols to be submitted to the Commission and posted on PJM's website. The Protocols provide specific procedures governing notice, requests for information, review, and challenge of this 2023 Annual Update. Therefore, no action is required by the Commission regarding this 2023 Annual Update at this time.

If you should have any questions regarding this 2023 Annual Update, please contact the undersigned.

Sincerely,

Steven M. Nadel, Esq.  
PPL Services Corporation  
Two North Ninth Street  
Allentown, PA 18101

/s/ William M. Keyser  
William M. Keyser, Esq.  
Joe Bower, Esq.  
Steptoe and Johnson LLP  
1330 Connecticut Avenue, N.W.  
Washington, DC 20036

*Attorneys for PPL Electric Utilities  
Corporation*

Enclosures