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**Steptoe**

January 23, 2023

**eTariff Filing**

The Honorable Kimberly D. Bose, Secretary  
Federal Energy Regulatory Commission  
888 First Street, NE  
Washington, D.C. 20426

Re: *PPL Electric Utilities Corporation*, Docket No. ER22-2719-002  
Response to Second Request for Additional Information Regarding Revisions to  
Formula Rate Attachment H-8 of PJM OATT Dated December 22, 2022

Dear Secretary Bose:

PPL Electric Utilities Corporation (“PPL Electric”) filed proposed revisions to Attachment H-8 of the PJM Interconnection, Inc. (“PJM”) Open Access Transmission Tariff (“PJM Tariff”) in Docket No. ER22-2719-000 on August 25, 2022 to transition PPL Electric’s transmission formula rate (“Formula Rate”) from a mid-year rate year to a calendar year rate year. PPL Electric supplemented that filing on October 31, 2022.<sup>1</sup> On December 22, 2022, Commission Staff requested additional information regarding the tariff protocols.<sup>2</sup> PPL Electric submits this response to the additional questions raised by Commission Staff in the December 22, 2022 information request.<sup>3</sup>

PPL Electric proposes additional modifications to its Formula Rate Protocols (“Protocols”) in Attachment H-8H to address questions raised by Commission Staff and demonstrates how the proposed changes to its Formula Rate and Formula Rate Protocols as modified herein are just and reasonable. PPL Electric requests that the Commission approve the proposed changes to its Formula Rate effective January 31, 2023. This will allow PPL Electric to implement the changes on April 1, 2023 per footnote 1 of the Protocols. Certainty for transmission customers is also

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<sup>1</sup> PPL Electric Utilities Corp. October 31, 2022 Filing (“Deficiency Response”).

<sup>2</sup> *PPL Electric Utilities Corp.*, Docket No. ER22-2719, *et al.*, Request for Additional Information (Dec. 22, 2022).

<sup>3</sup> Pursuant to Order No. 714, this filing is submitted by PJM on behalf of PPL Electric as part of an XML filing package that conforms with the Commission’s regulations. PJM has agreed to make all filings on behalf of the PJM Transmission Owners in order to retain administrative control over the PJM Tariff. Thus, PPL Electric has requested PJM submit this filing in the eTariff system as part of PJM’s electronic Intra PJM Tariff.

important and therefore, PPL Electric requests that the Commission issue an order approving the proposed changes on or before March 24, 2023. To the extent that the Commission has further questions or concerns regarding PPL Electric's Protocols, PPL Electric will agree to address those concerns in a compliance filing.

## I. RESPONSE TO SECOND DEFICIENCY LETTER

**Question 1. Based on the proposed tariff language, it appears that PPL's proposed protocols provide as few as 8 calendar days for Interested Parties to submit a Preliminary Challenge after receiving PPL's response to an information request. Additionally, with respect to Formal Challenges, PPL's proposed protocols provide as few as 21 days to submit a Formal Challenge after receiving PPL's response to a Preliminary Challenge.<sup>4</sup> If these time periods are correct, please provide additional support for these time periods and include relevant precedent as necessary.**

PPL Electric's Protocols provide more than 8 days to submit a Preliminary Challenge. PPL Electric's Protocols provide that Interested Parties may serve Information Requests during the Discovery Period.<sup>5</sup> The Discovery Period runs for 210 days, subject to extension.<sup>6</sup> Parties must file a Preliminary Challenge during the Review Period.<sup>7</sup> The Review Period runs for 240 days, subject to extension.<sup>8</sup> Following receipt of Information Requests, PPL Electric "shall make a good faith effort" to respond within 15 days.<sup>9</sup> The proposed Protocols provide that if PPL Electric is unable to provide a response within 15 days after the end of the Discovery Period, the Review

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<sup>4</sup> Deficiency Response, Exhibit 4, Attachment H-8H Clean, §§ I.L and VI.B.

<sup>5</sup> Attach. H-8H § VI.C ("During the Discovery Period, Interested Parties shall have the right to serve reasonable information and document requests ("Information Requests") on PPL Electric relevant to the Annual Update and True-Up Adjustment.").

<sup>6</sup> *Id.* ("The Discovery Period shall run for two hundred and ten (210) days, but may be extended in accordance with Section V.E below.").

<sup>7</sup> Attach. H-8H § I.H.

<sup>8</sup> Attach. H-8H § VI.B ("The Review Period shall run for two hundred and forty (240) days, but shall be extended by fifteen (15) days upon the receipt by PPL Electric of a written request for extension from one or more Interested Party(ies), whereupon the Review Period shall end no later than two hundred and fifty-five (255) days after the Publication Date, subject, however, to the terms of Section VI.E below.").

<sup>9</sup> Attach. H-8H § VI.E ("PPL Electric shall make a good faith effort to respond to Information Requests within fifteen (15) business days of receipt of such Information Requests. Notwithstanding anything to the contrary contained in these Protocols, with respect to any Information Requests received by PPL Electric within the Discovery Period and for which PPL Electric is unable to provide a response within fifteen (15) business days after the end of the Discovery Period, the Review Period shall be extended day for day until PPL Electric's response is provided.").

Period shall be extended day for day until PPL Electric's response to an Information Request is provided.<sup>10</sup> This ensures that parties will have at least 15 days from the receipt of PPL Electric's response to any Information Requests to submit a Preliminary Challenge. Parties also have the ability to extend the Review Period by an additional 15 days through a written request to PPL Electric. Thus, with the extension, parties have a total of 30 days from PPL Electric's response to any Information Requests to submit a Preliminary Challenge. The Commission has approved formula rate protocols with the same period to file a Preliminary Challenge after Information Request responses.<sup>11</sup> Additionally, other PJM protocols accepted by the Commission provide identical timelines for Preliminary Challenges following Information Requests and do not provide an Interested Party the unilateral right to extend the Review Period.<sup>12</sup>

Regarding resolution of Preliminary Challenges and filing of Formal Challenges, the Protocols provide interested parties with a minimum of 21 days to resolve Preliminary Challenges following the expiration of the Review Period. If the parties cannot reach resolution, an Interested Party would have an additional 21 days after that period has expired to file a Formal Challenge.<sup>13</sup> This time period was established via settlement agreement among the parties in Docket ER08-1457 initially establishing PPL Electric's Protocols and was unchanged by PPL Electric in this filing.<sup>14</sup> The Commission has also approved shorter timelines to file Formal Challenges following the Preliminary Challenge response deadline.<sup>15</sup>

**Question 2. PPL's revised protocols provide that “[t]he Annual Meeting shall take place no later than thirty (30) days after the Annual Update Publication Date.”<sup>16</sup> The Annual Update Publication Date is listed as October 31; therefore, the Annual Meeting can occur between November 1 and November 30. The Commission has stated that to be just and reasonable, formula rate protocols must “hold an annual meeting open to all**

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<sup>10</sup> Attach. H-8H § VI.E (“the Review Period shall be extended day for day until PPL Electric's response is provided”).

<sup>11</sup> See e.g., *Public Service Company of New Mexico*, 181 FERC ¶ 61,112, at PP 10, 31 (2022); see also Public Service Company of New Mexico Open Access Transmission Tariff Attachment H-2 § 7(a).

<sup>12</sup> PJM Tariff Attach. H-13B Section 2 (Commonwealth Edison) (providing as little as 15 days from response to an information request until Preliminary Challenge must be filed); PJM Tariff Attach. H-17B Section 3 & 4 (Duquesne) (providing substantively identical timeline to the timeline PPL proposes); PJM Tariff Attach. H-22B Section 2 & 3 (DEOK) (same); PJM Tariff Attachment H-24B Section 2 & 3 (EKPC) (same).

<sup>13</sup> Attachment H-8H § VI.B(2).

<sup>14</sup> *PPL Electric Utilities Corp.*, 128 FERC ¶ 61,178 (2009).

<sup>15</sup> In *Puget Sound Energy, Inc.*, the Commission recently approved protocols proving as little as no timeline between the conclusion of the Preliminary Challenge and the filing of a Formal Challenge. *Puget Sound Energy, Inc.*, 181 FERC ¶ 61,185, at PP 1, 30 (2022); see also, *Puget Sound Energy Open Access Transmission Tariff*, Attach. H-2.

<sup>16</sup> Deficiency Response, Exhibit 4, Attachment H-8H Clean, § IV.B(2).

interested parties, where the transmission owners can explain and those parties can review and discuss the transmission owner's calculations.”<sup>17</sup> The Annual Meeting should be both late enough to provide Interested Parties with sufficient time to review the publication and prepare for the meeting<sup>18</sup> and early enough for Interested Parties to engage in meaningful discovery after the meeting takes place.<sup>19</sup>

**Question 2a.** Please provide support for the November window for the Annual Meeting, including whether potentially holding the Annual Meeting as soon as the day after the Annual Update Publication date complies with the above objectives.

PPL Electric’s proposed tariff was not intended to prevent parties from having adequate review time prior to Annual Meetings. As such, PPL Electric has revised its proposed tariff to clarify that the Annual Meeting will occur no sooner than 14 days after the Publication date and no later than 30 days after the Publication Date. The Commission has accepted similar time periods to be a just and reasonable window for holding annual meetings in other formula rate protocols.<sup>20</sup>

**Question 2b.** In its Deficiency Response, PPL states that questions related to both the Annual Update and True-Up may be addressed at the Annual Meeting. Please explain how holding the Annual Meeting in November satisfies the above objectives, when the True-Up Publication Date occurs on June 1, five months prior to the Annual Meeting.

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<sup>17</sup> *Midwest Indep. Transmission Sys. Operator, Inc.*, 143 FERC ¶ 61,149, at P 86 (2013).

<sup>18</sup> *E.g. The Empire Dist. Elec. Co.*, 150 FERC ¶ 61,200, at P 40 (2015) (“As proposed, Empire’s protocols reduce the transparency afforded by the revised protocols by only allowing interested parties, at most, two weeks, and as little as seven days, to review the annual update, an insufficient period of time to prepare for meaningful participation in the annual meeting.”).

<sup>19</sup> *E.g. Kansas City Power & Light Co. & KCP&L Greater Missouri Operations Co. Kansas City Power & Light Co. KCP&L Greater Missouri Operations Co.*, 150 FERC ¶ 61,201, at P 36 (2015) (“Moreover, the proposed formula rate protocols that allow for as little as eight days of discovery after the Annual Update meeting may not provide interested parties with a sufficient period of time to consider the information exchanged at the Annual Update meeting before they make their information requests.”).

<sup>20</sup> *See, e.g., Puget Sound Energy, Inc.*, 181 FERC ¶ 61,185 (2022) (finding just and reasonable relevant sections of Puget Sound Energy Open Access Transmission Tariff, Attach. H-2 (“Such meeting shall occur be held no earlier than fifteen (15) days and no later than sixty (60) days after the Publication Date.”)); *see also, Kansas City Power & Light Co.*, 153 FERC ¶ 61,150 (2015) (permitting protocols with a True-Up Meeting 10 days to 38 days after posting and Annual Update Meeting 10 days to 22 days after posting); *Public Service Company of New Mexico*, 181 FERC ¶ 61,112 (2022) (finding protocols just and reasonable with meetings occurring between 15 to 21 days after Publication Date).

PPL Electric proposes to hold an Annual Meeting each year in November during which it will discuss the information included in its Annual Update that will create its transmission rate beginning on January 1 of the following year. The Annual Update includes both the projected revenue requirement for upcoming year and the True Up of the prior year because both are components of the transmission rate that goes into effect on January 1. Thus, the Annual Meeting will address both components and parties will have an opportunity to raise questions on both during the Annual Meeting.

This is consistent with the Commission precedent cited above that requires that utilities “hold an annual meeting open to all interested parties where the transmission owners can review and discuss the transmission owner’s calculations.” PPL Electric plans to hold an Annual Meeting and will talk through the calculations of the Annual Update in that Annual Meeting. The fact that PPL Electric will also publish the True Up on June 1 does not change the purpose of the Annual Meeting which is tied to the Annual Update and the projected rate that will go into effect on January 1 of the following year. The discovery period begins with the publication of the True Up and thus, parties will have time beginning the day after the True Up is posted to ask questions on the True Up. Parties will also have the ability to raise additional questions during the Annual Meeting if any lingering questions on the True Up remain. PPL Electric’s proposal is consistent with other transmission formula rate protocols in PJM.<sup>21</sup>

**Question 3: In order to “ease burdens (e.g., travel costs) to ensure all interested parties have the opportunity to participate in the meetings,” the Commission has required that formula rate protocols include language noting that annual update meetings will be accessible via remote access.**<sup>22</sup> Please explain whether PPL will provide remote access to annual update meetings.

PPL Electric already provides remote access to Annual Update meetings.<sup>23</sup> However, PPL Electric has modified its proposed tariff to ensure that Interested Parties explicitly have the opportunity to participate via remote access.<sup>24</sup>

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<sup>21</sup> See e.g., PJM Tariff Attach. H-15B §2(e) (Dayton Power & Light Co.) (“Between fifteen (15) and thirty (30) days after the Posting Date, DP&L shall hold the Annual Stakeholder Meeting to present, explain and answer questions concerning the Annual True-up Adjustment for the prior Rate Year and the Annual Update for the upcoming Rate Year.”); PJM Tariff Attach. H-16B § 1(c) (Virginia Electric and Power Co.); PJM Tariff Attach. H-17B (Duquesne) (not holding an annual meeting); PJM Tariff Attach. H-18B (TrAILCo) (same).

<sup>22</sup> E.g. *Black Hills Power, Inc.*, 150 FERC ¶ 61,198, at P 30 (2015).

<sup>23</sup> See, e.g., PPL Electric Utilities Corp., *Annual Update Meeting Notice* (Apr. 29, 2022) <https://www.pjm.com/-/media/markets-ops/trans-service/june-to-may/2022-2023/ppl/annual-meeting-notice.ashx>.

<sup>24</sup> See Attach. H-8H §§ IV.B(2) and III.E.

**Question 4:** The Commission has previously required that transmission owners provide notice within 10 days of posting the annual update and true-up, including providing notification of the filing through the email “exploder” list.<sup>25</sup> Please explain whether PPL’s protocols comply with this requirement

PPL Electric has modified its proposed tariff to include language ensuring that it will provide notice of both the Annual Update and True-Up Adjustment through an “exploder” list.

**Question 5:** The Commission has previously required that if there is a delay in the publication date, protocols should provide an equivalent extension of time for the submission of information requests.<sup>26</sup> The Commission also requires that protocols provide that if a deadline for interested parties falls on a weekend or holiday recognized by the Commission, that deadline will be moved to the next business day.<sup>27</sup> Please explain whether PPL’s protocols comply with this requirement.

PPL Electric’s proposed tariff has been modified such that should a delay in the Annual Update Publication Date occur, there will be an equivalent extension of time for submission of Information Requests.<sup>28</sup> Because the Discovery Period and Review Period are already time based from the True-Up Adjustment Publication Date, no modification to extend this period based on delay is appropriate. Additionally, PPL Electric has provided that if the conclusion of the Discovery Period or Review Period, or the deadline for responding to Preliminary Challenges or to file Formal Challenges falls on a weekend or holiday recognized by the Commission, that the deadline will be moved to the next business day.

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<sup>25</sup> *E.g. Midwest Indep. Transmission Sys. Operator, Inc.*, 146 FERC ¶ 61,212, PP 59, 71 (2014).

<sup>26</sup> *Id.* at P 61.

<sup>27</sup> *Id.*

<sup>28</sup> PPL Electric has added language stating that “[a]ny delay in the Publication Date of the Annual Update from the Publication Date shall extend the Discovery Period and Review Period an equivalent number of days.” *See Attach. H-8H § VI.E.*

## II. DOCUMENTS INCLUDED WITH THIS FILING

In accordance with the Commission's eTariff protocols, this filing includes the following documents:

1. **This transmittal letter;**
2. **A clean copy of the proposed changes to Attachment H-8H;**
3. **A redline of the proposed changes to Attachment H-8H showing all proposed changes in this docket; and**
4. **A redline of the proposed changes to Attachment H-8H against the October 31, 2022 version.**

## III. EFFECTIVE DATE AND TRANSITION

PPL Electric requests that the Commission issue an order as soon as possible making the proposed changes to Attachments H-8G and H-8H effective on January 31, 2023 to allow PPL Electric to make the transition to a calendar year rate year on April 1, 2023. As noted in footnote 1 of the Protocols, if the effective date is delayed beyond October 31, 2022 as initially requested by PPL Electric in its August filing, "the Annual Update establishing the first calendar year rate year will be delayed by the same amount of time the effective date is delayed beyond October 31, 2022." Because January 1, 2023 has already passed, PPL Electric seeks new effective and implementation dates to prevent confusion and allow proper and smooth implementation. Specifically, PPL Electric requests that the Commission issue an order on or before March 24, 2023 approving the proposed changes and make those changes effective on January 31, 2023. Pursuant to footnote 1 of the Protocols, this will allow the transition to a calendar year rate to occur on April 1, 2023. If the Commission has further questions regarding the proposed Protocols, PPL Electric requests that the Commission issue an order approving the proposed changes and require PPL Electric to address the Commission's questions or concerns regarding the proposed Protocols in a compliance filing. This will allow PPL Electric to implement the necessary rate changes for the conversion to a calendar year and still work out any remaining questions or concerns regarding the Protocols.

To the extent necessary, PPL Electric requests waiver of the notice requirements under 18 C.F.R. § 35.3(a)(1). To help facilitate the transition, PPL Electric posted its 2023 Annual Update on the PJM website on October 31, 2022,<sup>29</sup> consistent with the procedures proposed in the revised Protocols pending in this proceeding. PPL Electric recognizes that the Commission has not approved the proposed changes and ensured the appropriate caveats were included with the posting so customers are aware that the 2023 Annual Update remains subject to Commission approval. PPL Electric plans to supplement that posting no later than January 31, 2023 to reflect the proposed implementation on April 1, 2023 rather than January 1, 2023. By posting the 2023 Annual Update on the PJM website, it allows PPL Electric to transition to the revised Formula

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<sup>29</sup> PPL Electric Utilities Corp, 2023 Annual Update (Oct. 1, 2022) <https://www.pjm.com/media/markets-ops/trans-service/jan-to-dec/2023/ppl/2023-annual-update.ashx>.

Rate expeditiously and with minimal confusion, assuming the Commission issues an order approving the rates effective January 31, 2023. Upon acceptance of the filing by the Commission, PPL Electric will also submit an informational filing with the Commission as required by the Protocols and schedule a meeting to discuss the Annual Update as required by the Protocols. To the extent necessary, PPL Electric requests waiver of relevant Tariff provisions to allow it to move forward with the process in this manner so that it can transition to the new Formula Rate on April 1, 2023.

#### IV. SERVICE

PJM has served a copy of this filing on all PJM Members and on all state utility regulatory commissions in the PJM Region by posting this filing electronically. In accordance with the Commission's regulations,<sup>30</sup> PJM will post a copy of this filing to the FERC filings section of its internet site, located at the following link: <http://www.pjm.com/documents/ferc-manuals/ferc-filings.aspx> with a specific link to the newly-filed document, and will send an e-mail on the same date as this filing to all PJM Members and all state utility regulatory commissions in the PJM Region<sup>31</sup> alerting them that this filing has been made by PJM and is available by following such link. If the document is not immediately available by using the referenced link, the document will be available through the referenced link within 24 hours of the filing. Also, a copy of this filing will be available on the Commission's eLibrary website located at the following link: <http://www.ferc.gov/docs-filing/elibrary.asp> in accordance with the Commission's regulations and Order No. 714.

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<sup>30</sup> See 18 C.F.R. §§ 35.2(e) and 385.2010(f)(3).

<sup>31</sup> PJM already maintains, updates and regularly uses e-mail lists for all PJM members and affected state commissions.

**V. CONCLUSION**

PPL Electric respectfully requests that the Commission find this response addresses the questions raised in the second request for additional information and accept the Tariff revisions submitted in this proceeding as just and reasonable. PPL Electric requests the Commission approve the proposed changes to its Formula Rate effective January 31, 2023.

Respectfully submitted,

*/s/ William M. Keyser* \_\_\_\_\_

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**CERTIFICATE OF SERVICE**

I hereby certify that I have this day served the foregoing document upon each person designated on the official service list compiled by the Secretary in this proceeding.

Dated at Washington, D.C. this 23rd day of January 2023.

/s/ Jeannette Crooks

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**Exhibit I**  
**Attachment H-8H Clean**

**ATTACHMENT H-8H**  
**FORMULA RATE IMPLEMENTATION PROTOCOLS**

**I. Definitions**

- A. “Annual Transmission Revenue Requirement” or “ATRR” means the projected net revenue requirement calculated in accordance with PPL Electric’s Formula Rate, and which shall be posted on the PJM Website on or before October 31, 2022, and on or before each October 31<sup>st</sup> thereafter,<sup>1</sup> and shall be applicable for services for the period commencing January 1 of the next calendar year through and including December 31 of the next calendar year. The ATRR plus the True-Up Adjustment shall determine the rate for the period from January 1 through and including December 31 of the next calendar year.
- B. “Annual Update” means the informational filing submitted by PPL Electric on or before October 31, pursuant to Section IV of these Protocols.
- C. “Discovery Period” means the period, commencing as of the day immediately following the True-Up Adjustment Publication Date, for serving Information Requests pursuant to Section VI of these Protocols.
- D. “Formal Challenge” means a filing made by an Interested Party to the Commission in accordance with the terms of Section VII of these Protocols, and which shall include the information required under 18 C.F.R. § 385.206(b)(1), (2), (3), (4) and (7).
- E. “Formula Rate” means the cost of service template and associated attachments shown in Attachment H-8G.
- F. “Interested Party” means a party that is or may become a customer taking transmission service under this Formula Rate, any state utility commission or state consumer advocacy agency of a state in which customers that are allocated costs of the PPL Electric transmission facilities are located, any party to Commission Docket ER08-1457, or any entity having standing under Section 206 of the Federal Power Act.
- G. “Material Accounting Change” means any (i) change in PPL Electric’s accounting policies and practices (as such changes are defined by the Statement of Financial Accounting Standards No. 154 issued by the Financial Accounting Standards Board or its successor), or (ii) change in PPL Electric’s inter-corporate cost allocation policies or practices from those policies and/or practices in effect for the Rate Year upon which the immediately

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<sup>1</sup> In the transition from a June 1 to May 31 Rate Year to a calendar year Rate Year based on the January 1 to December 31 period, the Annual Update will occur on or before October 31, 2022 for rates to be effective January 1, 2023 through December 31, 2023. If the effective date of the transition from a June 1 to May 31 Rate Year to a calendar year Rate Year based on the January 1 to December 31 period does not occur by October 31, 2022, the Annual Update establishing the first calendar year rate year will be delayed by the same amount of time the effective date is delayed beyond October 31, 2022.

preceding Annual Update was based, which change causes a result under the Formula Rate different than the result under the Formula Rate as calculated without such change.

- H. “Preliminary Challenge” means a written notice delivered to PPL Electric during the Review Period which specifies an Interested Party’s challenge to the Annual Update or True-Up Adjustment pursuant to Section VI of these Protocols.
- I. “Protocols” means these Formula Rate Implementation Protocols.
- J. “Publication Date” means, with respect to the filing and posting of each Annual Update, October 31st of each year and with respect to the filing and posting of each True-Up Adjustment, June 1st of each year; provided, however, that if such date should fall on a weekend or a holiday recognized by the Commission, then the posting or filing shall be due on the next business day and the “Publication Date” shall correspond to the actual posting or filing date.
- K. “Rate Year” means the twelve consecutive month period of January 1 through December 31 that corresponds to the year for which charges are assessed under the Formula Rate.
- L. “Review Period” means the period, commencing as of the day immediately following the True-Up Publication Date, for reviewing these informational filings for any given year pursuant to Section VI of these Protocols.
- M. “True-Up Adjustment” means informational filing submitted by PPL Electric on or before June 1 of every year, pursuant to Section III of these Protocols that shall calculate the difference between (i) the ATRR for a Rate Year calculated pursuant to steps set forth in Attachment 6 of the Formula Rate and (ii) the ATRR for the same Rate Year calculated pursuant to the steps set forth in Attachment 6 of the Formula Rate, which difference, together with interest, calculated in accordance with the terms of Section III.B, shall be added to, or subtracted from, as the case may be, the ATRR used to set the rate that will be in effect for the next succeeding Rate Year.

## **II. Formula Rate**

- A. Formula Rate inputs for (i) rate of return on common equity;<sup>2</sup> and (ii) “Post-Employment Benefits other than Pensions” pursuant to Statement of Financial Accounting Standards No. 106, Employers’ Accounting for Post-Retirement Benefits other than Pensions (“PBOP”) charges shall be stated values to be used in the Formula Rate until changed pursuant to a Federal Power Act Section 205 or 206 proceeding. PPL Electric may make a limited Section 205 filing to change its rate of return on common equity, change its PBOP accruals, or to change the amortization/depreciation rate computations set forth in the Formula Rate. The sole issue for examination in any such limited Section 205 filing shall

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<sup>2</sup> If the transition from a June 1 to May 31 Rate Year to a calendar year Rate Year based on the January 1 to December 31 period occurs during a year in which the Base ROE would change on June 1<sup>st</sup> pursuant to the approved settlement agreement in Docket No. EL20-48-000, PPL Electric will use a blended (i.e., weighted average) Base ROE that reflects the number of months each ROE set forth in Section 1.1 of the settlement agreement is in effect during the transition year.

be whether such proposed changes are just and reasonable, and shall not include other aspects of the Formula Rate. These protocols shall not prohibit an Interested Party protesting any such limited Section 205 filing from arguing that the proposed changes will render other aspects of the Formula Rate unjust and unreasonable. If the Commission accepts such argument, the only remedy shall be the rejection of the limited Section 205 filing or of the proposed changes, and such rejection shall not result in any change to any aspect of the Formula Rate. Changes in depreciation rates to track a state commission order shall become effective on the same date as the state commission order becomes effective, but no earlier than the effective date of a limited Section 205 filing to incorporate such changes in the Formula Rate.

- B. Any modification to the Formula Rate shall be made through a Federal Power Act Section 205 or Section 206 filing, and not through any Annual Update, a Preliminary Challenge, a Formal Challenge or a True-Up Adjustment.
- C. The Formula Rate is not intended to preempt, negate, or be a substitute for any obligations of PPL Electric under any applicable state law.
- D. PPL Electric shall file and seek Commission approval to use a new depreciation and service life study at the time it files any such study with the Pennsylvania Public Utility Commission, provided, however, no depreciation and service life study may be used by PPL Electric to determine the amortization/depreciation expense in the Formula Rate for more than five years without completing, filing and obtaining Commission approval of a new depreciation and service life study.

### **III. True-Up Adjustment**

- A. PPL Electric will calculate the amount of under- or over-collection of its actual Net Revenue Requirement during the preceding Rate Year (“True-Up Adjustment”) on June 1st of each year.<sup>3</sup> The True-Up Adjustment shall be the sum of the True-Up Adjustment Over/Under Recovery and the Interest on the True-Up Adjustment Over/Under Recovery as determined in Section III(C).
- B. PPL Electric’s projected Net Revenue Requirement collected during the previous Rate Year<sup>4</sup> will be compared to PPL Electric’s actual Net Revenue Requirement for the

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<sup>3</sup> In order to transition to a calendar year rate year that is effective January 1, 2023, the October 31, 2022 annual update will consist of a truncated true-up. The rate in effect for the months of June through December 2022 included a pro-rata share of the 2021 true-up or seven months of the 2021 true-up amount. The rates effective January 1, 2023 will include the remaining portion, or five months, of the 2021 true-up amount. The June 1, 2023 True-Up Adjustment will true-up the 2022 calendar year ATRR received to 2022 calendar year revenue requirement based on 2022 actual costs.

<sup>4</sup> If the initial use of the calendar year rate year covers only part of a calendar year, the initial projected annual ATRR will be divided by 12 to calculate the monthly projected cost of service to be collected each month it is effective that first year. Similarly, the actual ATRR will be divided by 12 to calculate the actual monthly cost of service to be collected during those same months of that year. Similar calculations of projected ATRR and actual ATRR will be made for the months prior to the effective date of this Formula Rate using the previous formula rate and protocols in effect during those months. The actual ATRR computed under each of the two formula rate periods that initial Rate

previous Rate Year calculated in accordance with PPL Electric's Formula Rate and based upon (i) PPL Electric's FERC Form No. 1 for that same Rate Year, (ii) any FERC orders specifically applicable to PPL Electric's calculation of its annual revenue requirement, (iii) the books and records of PPL Electric (which shall be maintained consistent with the FERC Uniform System of Accounts ("USofA")), (iv) FERC accounting policies and practices applicable to the calculation of annual revenue requirements under formula rates, and (v) any aspects of the PJM Tariff Governing Documents that apply to the calculation of annual revenue requirements under individual transmission owner formula rates,<sup>5</sup> to determine any over- or under-recovery ("True-Up Adjustment Over/Under Recovery").

- C. PPL Electric shall submit a "workable" Excel file containing its True Up Adjustment as an informational filing to the Commission and shall post the same on the website of PJM Interconnection, L.L.C. ("PJM"), www.pjm.com, or any successor thereto ("PJM Website"). Within ten (10) days of such posting, PJM shall provide notice of such posting via an email exploder list.
- D. Interest on any True-up shall be based on the interest rate equal to the interest rate determined by 18 C.F.R. § 35.19a. Interest rates will be used to calculate the time value of money for the period that the True-up exists. The interest rate to be applied to the True-up will be determined using the average rate for the twenty (20) months preceding September 1 of the current year.

#### **IV. Annual Update and Annual Meeting**

##### **A. Annual Update**

PPL Electric shall submit its Annual Update as an informational filing to the Commission and shall post the same on the PJM Website.

- (1) The Annual Update shall calculate PPL Electric's Annual Transmission Revenue Requirement for the next Rate Year in accordance with the terms of the Formula Rate and these Protocols.
- (2) The Annual Transmission Revenue Requirement shall be based on PPL Electric's books and records which reflect data properly recorded in:
  - (a) PPL Electric's FERC Form No. 1 (to the extent the Formula Rate specifies FERC Form No. 1 data as the input sources); and
  - (b) The Commission's Uniform System of Accounts, as each exists as of the last day of the preceding calendar year.

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Year will be added together to obtain the total actual ATRR. The first True-Up Adjustment will compare this total actual ATRR to the ATRR collected under the two formulas for that initial Rate Year.

<sup>5</sup> PJM Tariff Governing Documents include the PJM Tariff, Bylaws, Criteria, and Membership Agreements.

(3) The Annual Update shall:

- (a) provide supporting documentation for data not otherwise available in FERC Form No. 1 that are used in the Formula Rate;
- (b) provide notice of Material Accounting Changes, which may incorporate by reference applicable disclosure statements filed with the Securities and Exchange Commission;
- (c) be subject to challenge and review only in accordance with the procedures set forth in this Attachment; and
- (d) provide sufficient information, including all workpapers necessary to explain any changes made since the last Annual Update, to enable any Interested Party to replicate the calculation of the Formula Rate results from FERC Form No. 1 and other applicable accounting inputs and to compare the calculation to that of prior Rate Years, and further to include, as applicable:
  - (i) identification of any changes in the formula references in the FERC Form No. 1;
  - (ii) identification of all adjustments made to the FERC Form No. 1 data in determining formula inputs, including relevant footnotes to the FERC Form No. 1 and any adjustments not shown in FERC Form No. 1 footnotes;
  - (iii) a description and quantification of the inputs to the Annual Transmission Revenue Requirement that materially changed since the immediately preceding Annual Update, and a detailed explanation of the primary reason(s) for such changes; and
  - (iv) the most recent annual report filed with the Pennsylvania Public Utility Commission that shows the annual amortization/depreciation rates derived from the applicable depreciation and service life study approved for use by the Commission as the basis for calculating such rates.

B. Annual Meeting and Formula Rate Data

- (1) Within five calendar days of the Annual Update Publication Date, PPL Electric will send a “workable” Excel file containing data for the Formula Rate populated with inputs for the Annual Transmission Revenue Requirement for the next Rate Year to the attention of the Chief Counsel of the Pennsylvania Public Utility Commission, and to 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, and shall post the same to the PJM Website. Within ten (10) days of such posting, PJM shall provide notice of such posting via an email exploder list. Upon written request for a particular Rate Year’s Annual Update by any Interested Party, PPL Electric will promptly make available to such Interested Party a “workable” Excel file containing that year’s Annual Update. Upon written request, PPL Electric will provide to an Interested Party a description

of the basis upon which transmission projects were planned either by PJM or PPL Electric.

(2) PPL Electric shall provide notice on the PJM Website of the time, date and location of an Annual Meeting among Interested Parties (“Annual Meeting”) no later than seven (7) days prior to the Annual Meeting. The Annual Meeting shall take place no sooner than fourteen (14) and no later than thirty (30) days after the Annual Update Publication Date. This Annual Meeting shall permit PPL Electric to explain and clarify its Annual Update, and provide Interested Parties an opportunity to seek information and clarifications from PPL Electric about the Annual Update. The Annual Meeting shall also provide Interested Parties an opportunity to seek information and clarification regarding the Annual Transmission Revenue Requirement. PPL Electric shall provide remote access to Annual Meetings to allow all Interested Parties the opportunity to remotely participate in such meetings.

(3) PPL Electric will, on a best efforts basis, notify each of the parties to Commission Docket No. ER08-1457 each year by electronic mail that the Annual Update has been posted and describe the time and location of the Annual Meeting. Parties to Commission Docket No. ER08-1457 are responsible for providing any change to their contact information to PPL Electric in order to continue to receive such notice. Updated contact information should be sent to Office of General Counsel, PPL Services Corporation, Two North Ninth Street, Allentown, PA 18101, referencing Docket No. ER08-1457.

C. Annual Transmission Revenue Requirement

(1) It is the intent of the Formula Rate, including the supporting explanations and allocations described therein, that each input to the Formula Rate for purposes of the Annual Transmission Revenue Requirement will be either taken directly from the FERC Form No. 1 or reconcilable to the FERC Form No. 1 by the application of clearly identified and supporting information. Where the reconciliation is provided through a worksheet included in the filed Formula Rate template, the inputs to the worksheet must meet this transparency standard, and doing so will satisfy this transparency requirement for the amounts that are output from the worksheet and input to the main body of the Formula Rate.

**V. Construction Work in Progress**

A. Accounting

For each transmission project listed on Attachment 7 for which PPL Electric, or one of its operating companies, has received Commission approval or authorization for incentive rate treatment and recovery of 100 percent of Construction Work in Progress (“CWIP”), PPL Electric shall use the following accounting procedures to ensure that it does not recover an Allowance for Funds Used During Construction (“AFUDC”) for such project.

(1) PPL Electric shall assign each such project a unique Super Project Number (“SPN”) for internal cost tracking purposes.

- (2) PPL Electric shall record actual construction costs to each SPN through expenditure requisitions (“ERs”) that are coded to correspond to the SPN for each such project. Such ERs shall be segregated from ERs from work orders for any other projects of PPL Electric.
- (3) For each such project, PPL Electric shall prepare monthly ER summaries of costs incurred under the associated SPN. These summaries shall show monthly additions to CWIP and plant in service and shall correspond to amounts recorded in PPL Electric’s FERC Form No. 1. PPL Electric shall use these summaries as data inputs into the Annual Update calculated on Attachment 6 of the Formula Rate. PPL Electric shall make such ER summaries available upon request under the review procedures of Section VI.
- (4) When any such project, or portion thereof, is placed into service, PPL Electric shall deduct from the total CWIP the accumulated charges for ERs under the SPN for that project, or portion thereof. The purpose of this control process is to ensure that expenditures are not double counted as both CWIP and as additions to plant.
- (5) For non-incentive transmission projects, PPL Electric shall record AFUDC to be applied to CWIP and capitalized when the project is placed into service.

B. **Annual Reporting**

PPL Electric shall include in the Annual Update submitted to the Commission the following information concerning each such project:

- (1) the actual amount of CWIP recorded for each project;
- (2) any amounts recorded in related Commission accounts or sub-accounts, such as AFUDC and regulatory liability;
- (3) the resulting effect on the CWIP revenue requirement;
- (4) a statement of the current status of each project; and
- (5) the estimated in-service date for each project.

**VI. Annual Update and True-Up Adjustment Review Procedures**

- A. Each Annual Update and True-Up Adjustment shall be subject to the following review procedures, which procedures may also address PPL Electric’s posting as provided herein.
- B. The Review Period shall commence the day immediately following the Publication Date of the True-Up Adjustment. Interested Parties shall have the right to review the calculations and inputs of the Annual Update and the True-Up Adjustment. The Review Period shall run for two hundred and forty (240) days, but shall be extended by fifteen (15) days upon the receipt by PPL Electric of a written request for extension from one or more

Interested Party(ies), whereupon the Review Period shall end no later than two hundred and fifty-five (255) days after the Publication Date, subject, however, to the terms of Section VI.E below.

- C. During the Discovery Period, Interested Parties shall have the right to serve reasonable information and document requests (“Information Requests”) on PPL Electric relevant to the Annual Update and True-Up Adjustment. The Discovery Period shall run for two hundred and ten (210) days, but may be extended in accordance with Section V.E below.
- D. The subjects of such Information Requests shall be limited to what is or may be reasonably necessary to determine: (a) that the input data are properly recorded; (b) that PPL Electric has properly applied the Formula Rate and the procedures in these Protocols; (c) the accuracy of data and the consistency with the Formula Rate of the charges shown in the Annual Update and the True-Up Adjustment; (d) the extent and effect(s) of Material Accounting Changes; (e) the prudence of the costs and expenditures included for recovery in the Annual Update; (f) the prudence of projected expenses included in the projected capital addition expenditures; and (g) the reasonableness of any cost allocation methodologies, including inter-corporate cost allocation methodologies that differ from those utilized in the prior Annual Update.
- E. PPL Electric shall make a good faith effort to respond to Information Requests within fifteen (15) business days of receipt of such Information Requests. Notwithstanding anything to the contrary contained in these Protocols, with respect to any Information Requests received by PPL Electric within the Discovery Period and for which PPL Electric is unable to provide a response within fifteen (15) business days after the end of the Discovery Period, the Review Period shall be extended day for day until PPL Electric’s response is provided. If the Discovery Period concludes on a weekend or holiday recognized by FERC, the Discovery Period shall be extended to the next business day, and the Review Period shall be extended an equivalent number of days. If the Review Period concludes on a weekend or holiday recognized by FERC, the Review Period shall be extended to the next business day. Any delay in the Publication Date of the Annual Update from the Publication Date shall extend the Discovery Period and Review Period an equivalent number of days.

## **VII. Preliminary and Formal Challenges**

- A. Challenges
  - (1) Preliminary or Formal Challenges to the Annual Update and True-Up Adjustment posting may challenge one or more of the following:
    - (a) the extent or effect of a Material Accounting Change;
    - (b) whether a True-Up Adjustment includes only properly recorded data in accordance with Section III;
    - (c) whether the Annual Update fails to include data properly recorded in accordance with Section IV;

- (d) whether the Annual Update satisfies the transparency standard of Section IV.D;
- (e) the proper application by PPL Electric of the Formula Rate and the procedures in these Protocols;
- (f) the accuracy of data and the consistency with the Formula Rate of the charges shown in the Annual Update and the True-Up Adjustment;
- (g) the consistency of the amortization/depreciation rates in the Formula Rate with the most recent depreciation and service life study approved for use by the Commission as the basis for calculating amortization/depreciation rates in the Formula Rate;
- (h) the prudence of PPL Electric's projected costs and expenditures;
- (i) the prudence of the actual costs and expenditures;
- (j) the effect of any change to the underlying Uniform System of Accounts or FERC Form No. 1; and
- (k) whether, as a consequence of any of the above in this Section VII.A.1, the Formula Rate, as initially accepted by the Commission, has been materially altered.

B. Resolution of Preliminary Challenges or Filing of Formal Challenge

- (1) PPL Electric and Interested Parties raising Preliminary Challenges shall attempt in good faith to resolve all Preliminary Challenges.
- (2) If an Interested Party who has raised a Preliminary Challenge and PPL Electric have not resolved the Preliminary Challenge within twenty-one (21) days after expiration of the Review Period, that Interested Party shall have an additional twenty-one (21) days to make a Formal Challenge with the Commission, which shall be served on PPL Electric by electronic service on the date of such filing; provided, however, if the Commission initiates a proceeding to consider the Annual Update, Interested Parties may raise therein any Formal Challenges without regard to the Review Period or timeframes specified herein. If either period concludes on a weekend or holiday recognized by FERC, the period shall be extended to the next business day.
- (3) Interested Parties shall make a good faith effort to raise all issues in a Preliminary Challenge prior to filing a Formal Challenge; provided, however, that a Preliminary Challenge shall not be a prerequisite for bringing a Formal Challenge.
- (4) Within twenty (20) days of the date of the filing of a Formal Challenge, PPL Electric shall submit its response to the Commission and certify therein that it has served by electronic service that response on any party that has filed a Formal

Challenge and on each person upon whom PPL Electric served the Annual Update and True-Up Adjustment.

C. Formal Proceedings

- (1) In any proceeding initiated by the Commission concerning the Annual Update, the True-Up Adjustment or in response to a Formal Challenge, PPL Electric shall bear the burden of proving that it has reasonably applied the terms of the Formula Rate, including the calculation of the True-Up Adjustment and/or reasonably adopted and applied Material Accounting Changes, if any, consistent with the applicable procedures in these Protocols. Nothing herein is intended to alter the burdens applied by the Commission with respect to prudence challenges.
- (2) Nothing herein shall be deemed to limit in any way the right of PPL Electric, pursuant to Section 205 of the Federal Power Act and the regulations thereunder, or any Interested Party, pursuant to Section 206 of the Federal Power Act and the regulations thereunder, to file changes to the Formula Rate or any of its stated values. The party filing pursuant to Section 205 or 206 bears the burden under such section as required by law.

**VIII. Changes to Annual Informational Filings**

- A. Any changes to the data inputs, including but not limited to revisions to PPL Electric's FERC Form No. 1, or as the result of any FERC proceeding to consider the Annual Update or the True-Up Adjustment, or as a result of the procedures set forth herein, shall be incorporated into the Formula Rate and the charges produced by the Formula Rate (with interest determined in accordance with 18 C.F.R. § 35.19a) in the Annual Update for the next effective Rate Year. This reconciliation mechanism shall apply in lieu of mid-Rate Year adjustments and any refunds or surcharges. However, actual refunds or surcharges (with interest determined in accordance with 18 C.F.R. § 35.19a) for the then current Rate Year shall be made in the event that the Formula Rate is replaced by a stated rate by PPL Electric.
- B. To the extent that any party, including but not limited to PPL Electric, its auditors, any wholesale customer, any Interested Party, or the Commission, finds an error in any FERC Form No. 1 data or specific data applied in the Formula Rate, related to the period under review, such error must be corrected in the Formula Rate or Annual Update and shall be reflected in the True-Up Adjustment in the next succeeding True-Up Adjustment. Nothing herein is intended to allow, bar, or otherwise address any error, or the correction thereof, occurring in a period prior to the period under review. Further, nothing herein shall prejudice any party's claims concerning: (i) any error occurring in a period prior to the period under review; (ii) the correction of any prior period errors in the Formula Rate; or (iii) the implementation of any such corrections.

**Exhibit II**

**Attachment H-8H**

**Redline Against Current Effective Tariff**

**ATTACHMENT H-8H**  
**FORMULA RATE IMPLEMENTATION PROTOCOLS**

**Section 1:**

**I. Definitions**

- A. “Annual Transmission Revenue Requirement” or “ATRR” means the projected net revenue requirement calculated in accordance with PPL Electric’s Formula Rate, and which shall be posted on the PJM Website on or before October 31, 2022, May 15, 2009 and on or before each October 31<sup>st</sup> May 15<sup>th</sup> thereafter,<sup>1</sup> and shall be applicable for services for the period commencing January June 1 of the next calendar such year through and including December May 31 of the next calendar year. The ATRR plus the True-Up Adjustment shall determine the rate for the period from January 1 through and including December 31 of the next calendar year.
- B. “Annual Update” means the informational filing submitted by PPL Electric on or before October 31 May 15, 2009, and each May 15<sup>th</sup> thereafter, pursuant to Section IVH of these Protocols.
- C. “Discovery Period” means the period, commencing as of the day immediately following the Annual Update True-Up Adjustment Publication Date, for serving Information Requests pursuant to Section VI of these Protocols.
- D. “First Rate Year” means the period of November 1, 2008 through May 31, 2009, which corresponds to the period for which charges are assessed under the Formula Rate as set forth in PPL Electric’s original formula rate template filed on August 28, 2008 with the Federal Energy Regulatory Commission (“Commission”) in Docket No. ER08-1457-000.
- E.D. “Formal Challenge” means a filing made by an Interested Party to the Commission in accordance with the terms of Section VII of these Protocols, and which shall include the information required under 18 C.F.R. § 385.206(b)(1), (2), (3), (4) and (7).
- F.E. “Formula Rate” means the cost of service template and associated attachments shown in Attachment H-8G.
- G.F. “Interested Party” means a party that is or may become a customer taking transmission service under this Formula Rate, any state utility commission or state consumer advocacy agency of a state in which customers that are allocated costs of the PPL Electric transmission facilities are located, any party to Commission Docket ER08-1457, or any entity having standing under Section 206 of the Federal Power Act.

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<sup>1</sup> In the transition from a June 1 to May 31 Rate Year to a calendar year Rate Year based on the January 1 to December 31 period, the Annual Update will occur on or before October 31, 2022 for rates to be effective January 1, 2023 through December 31, 2023. If the effective date of the transition from a June 1 to May 31 Rate Year to a calendar year Rate Year based on the January 1 to December 31 period does not occur by October 31, 2022, the Annual Update establishing the first calendar year rate year will be delayed by the same amount of time the effective date is delayed beyond October 31, 2022.

H.G. “Material Accounting Change” means any (i) change in PPL Electric’s accounting policies and practices (as such changes are defined by the Statement of Financial Accounting Standards No. 154 issued by the Financial Accounting Standards Board or its successor), or (ii) change in PPL Electric’s inter-corporate cost allocation policies or practices from those policies and/or practices in effect for the Rate Year upon which the immediately preceding Annual Update was based, which change causes a result under the Formula Rate different than the result under the Formula Rate as calculated without such change.

I.H. “Preliminary Challenge” means a written notice delivered to PPL Electric during the Review Period which specifies an Interested Party’s challenge to the Annual Update or True-Up Adjustment pursuant to Section VI of these Protocols.

J.I. “Protocols” means these Formula Rate Implementation Protocols.

K.J. “Publication Date” means, with respect to the filing and posting of each Annual Update, October 31stMay 15th of each year and with respect to the filing and posting of each True-Up Adjustment, June 1st of each year; provided, however, that if such date should fall on a weekend or a holiday recognized by the Commission, then the posting or filing shall be due on the next business day and the “Publication Date” shall correspond to the actual posting or filing date.

L.K. “Rate Year” means the twelve consecutive month period of January June 1 through DecemberMay 31 that corresponds to the year for which charges are assessed under the Formula Rate.

M.L. “Review Period” means the period, commencing as of the day immediately following the Annual Update True-Up Publication Date, for reviewing these informational filings for any given year pursuant to Section VI of these Protocols.

N.M. “True-Up Adjustment” means informational filing submitted by PPL Electric on or before June 1 -of every year, pursuant to Section III of these Protocols that will shall calculate the difference between (i) the ATRR for a Rate Year calculated pursuant to steps 1, 2, 3, and 9 of set forth in Attachment 6 of the Formula Rate and (ii) the ATRR for the same Rate Year calculated pursuant to steps 6 through 8 of the steps set forth in Attachment 6 of the Formula Rate, which difference, together with interest, calculated in accordance with the terms of Section III.BE.1, shall be added to, or subtracted from, as the case may be, the ATRR used to set the rate that will be in effect for the next succeeding Rate Year.

## II. Formula Rate

A. Formula Rate inputs for (i) rate of return on common equity;<sup>2</sup> and (ii) “Post-Employment Benefits other than Pensions” pursuant to Statement of Financial Accounting Standards

<sup>2</sup> If the transition from a June 1 to May 31 Rate Year to a calendar year Rate Year based on the January 1 to December 31 period occurs during a year in which the Base ROE would change on June 1<sup>st</sup> pursuant to the approved settlement agreement in Docket No. EL20-48-000, PPL Electric will use a blended (i.e., weighted average) Base ROE that reflects the number of months each ROE set forth in Section 1.1 of the settlement agreement is in effect during the transition year.

No. 106, Employers' Accounting for Post-Retirement Benefits other than Pensions ("PBOP") charges shall be stated values to be used in the Formula Rate until changed pursuant to a Federal Power Act Section 205 or 206 proceeding. PPL Electric may make a limited Section 205 filing to change its rate of return on common equity, change its PBOP accruals, or to change the amortization/depreciation rate computations set forth in the Formula Rate. The sole issue for examination in any such limited Section 205 filing shall be whether such proposed changes are just and reasonable, and shall not include other aspects of the Formula Rate. These protocols shall not prohibit an Interested Party protesting any such limited Section 205 filing from arguing that the proposed changes will render other aspects of the Formula Rate unjust and unreasonable. If the Commission accepts such argument, the only remedy shall be the rejection of the limited Section 205 filing or of the proposed changes, and such rejection shall not result in any change to any aspect of the Formula Rate. Changes in depreciation rates to track a state commission order shall become effective on the same date as the state commission order becomes effective, but no earlier than the effective date of a limited Section 205 filing to incorporate such changes in the Formula Rate.

- B. Any modification to the Formula Rate shall be made through a Federal Power Act Section 205 or Section 206 filing, and not through any Annual Update, a Preliminary Challenge, a Formal Challenge or a True-Up Adjustment.
- C. The Formula Rate is not intended to preempt, negate, or be a substitute for any obligations of PPL Electric under any applicable state law.
- D. PPL Electric shall file and seek Commission approval to use a new depreciation and service life study at the time it files any such study with the Pennsylvania Public Utility Commission, provided, however, no depreciation and service life study may be used by PPL Electric to determine the amortization/depreciation expense in the Formula Rate for more than five years without completing, filing and obtaining Commission approval of a new depreciation and service life study.

### **III. True-Up Adjustment**

- A. PPL Electric will calculate the amount of under- or over-collection of its actual Net Revenue Requirement during the preceding Rate Year ("True-Up Adjustment") on June 1st of each year.<sup>3</sup> The True-Up Adjustment shall be the sum of the True-Up Adjustment Over/Under Recovery and the Interest on the True-Up Adjustment Over/Under Recovery as determined in Section III(C).:

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<sup>3</sup> In order to transition to a calendar year rate year that is effective January 1, 2023, the October 31, 2022 annual update will consist of a truncated true-up. The rate in effect for the months of June through December 2022 included a pro-rata share of the 2021 true-up or seven months of the 2021 true-up amount. The rates effective January 1, 2023 will include the remaining portion, or five months, of the 2021 true-up amount. The June 1, 2023 True-Up Adjustment will true-up the 2022 calendar year ATRR received to 2022 calendar year revenue requirement based on 2022 actual costs.

B. PPL Electric's projected Net Revenue Requirement collected during the previous Rate Year<sup>4</sup> will be compared to PPL Electric's actual Net Revenue Requirement for the previous Rate Year calculated in accordance with PPL Electric's Formula Rate and based upon (i) PPL Electric's FERC Form No. 1 for that same Rate Year, (ii) any FERC orders specifically applicable to PPL Electric's calculation of its annual revenue requirement, (iii) the books and records of PPL Electric (which shall be maintained consistent with the FERC Uniform System of Accounts ("USofA")), (iv) FERC accounting policies and practices applicable to the calculation of annual revenue requirements under formula rates, and (v) any aspects of the PJM Tariff Governing Documents that apply to the calculation of annual revenue requirements under individual transmission owner formula rates,<sup>5</sup> to determine any over- or under-recovery ("True-Up Adjustment Over/Under Recovery").

C. PPL Electric shall submit a "workable" Excel file containing its True Up Adjustment as an informational filing to the Commission and shall post the same on the website of PJM Interconnection, L.L.C. ("PJM"), www.pjm.com, or any successor thereto ("PJM Website"). Within ten (10) days of such posting, PJM shall provide notice of such posting via an email exploder list.

D. Interest on any True-up shall be based on the interest rate equal to the interest rate determined by 18 C.F.R. § 35.19a. Interest rates will be used to calculate the time value of money for the period that the True-up exists. The interest rate to be applied to the True-up will be determined using the average rate for the twenty (20) months preceding September 1 of the current year.

#### **III.IV. Annual Update and Annual Meeting**

A. First Rate Year

The parties hereto agree that, for the First Rate Year, the Annual Transmission Revenue Requirement, as set forth in PPL Electric's original formula rate template filed on August 28, 2008 with the Commission in Docket No. ER08-1457-000, will be divided by the number of months the rate is in effect to calculate the projected cost of service to be collected each month of the First Rate Year. The first True-Up Adjustment under these Protocols will be calculated in May 2009 and shall be the difference between the Annual Transmission Revenue Requirement set forth in the original filing and the Annual Transmission Revenue Requirement for the First Rate Year, calculated based upon the Annual Update filed/posted on or before May 15, 2009.

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<sup>4</sup> If the initial use of the calendar year rate year covers only part of a calendar year, the initial projected annual ATRR will be divided by 12 to calculate the monthly projected cost of service to be collected each month it is effective that first year. Similarly, the actual ATRR will be divided by 12 to calculate the actual monthly cost of service to be collected during those same months of that year. Similar calculations of projected ATRR and actual ATRR will be made for the months prior to the effective date of this Formula Rate using the previous formula rate and protocols in effect during those months. The actual ATRR computed under each of the two formula rate periods that initial Rate Year will be added together to obtain the total actual ATRR. The first True-Up Adjustment will compare this total actual ATRR to the ATRR collected under the two formulas for that initial Rate Year.

<sup>5</sup> PJM Tariff Governing Documents include the PJM Tariff, Bylaws, Criteria, and Membership Agreements.

B.A. Annual Update

~~(1) PPL Electric shall submit its Annual Update as an informational filing to the Commission and shall post the same on the PJM website Website. of PJM Interconnection,~~

~~(1) L.L.C. (“PJM”), www.pjm.com, or any successor thereto (“PJM Website”). The Annual Update shall calculate PPL Electric’s Annual Transmission Revenue Requirement for the next Rate Year in accordance with the terms of the Formula Rate and these Protocols, as well as a True Up Adjustment.~~

- (2) The Annual Transmission Revenue Requirement shall be based on PPL Electric’s books and records which reflect data properly recorded in:
  - (a) PPL Electric’s FERC Form No. 1 (to the extent the Formula Rate specifies FERC Form No. 1 data as the input sources); and
  - (b) The Commission’s Uniform System of Accounts, as each exists as of the last day of the preceding calendar year.
- (3) The Annual Update shall:
  - (a) provide supporting documentation for data not otherwise available in FERC Form No. 1 that are used in the Formula Rate;
  - (b) provide notice of Material Accounting Changes, which may incorporate by reference applicable disclosure statements filed with the Securities and Exchange Commission;
  - (c) be subject to challenge and review only in accordance with the procedures set forth in this Attachment; and
  - (d) provide sufficient information, including all workpapers necessary to explain any changes made since the last Annual Update, to enable any Interested Party to replicate the calculation of the Formula Rate results from FERC Form No. 1 and other applicable accounting inputs and to compare the calculation to that of prior Rate Years, and further to include, as applicable:
    - (i) identification of any changes in the formula references in the FERC Form No. 1;
    - (ii) identification of all adjustments made to the FERC Form No. 1 data in determining formula inputs, including relevant footnotes to the FERC Form No. 1 and any adjustments not shown in FERC Form No. 1 footnotes;
    - (iii) a description and quantification of the inputs to the Annual Transmission Revenue Requirement that materially changed since the immediately preceding Annual Update, and a detailed explanation of the primary reason(s) for such changes; and
    - (iv) the most recent annual report filed with the Pennsylvania Public Utility Commission that shows the annual amortization/depreciation rates

derived from the applicable depreciation and service life study approved for use by the Commission as the basis for calculating such rates.

C.B. Annual Meeting and Formula Rate Data

- (1) Within five calendar days of the Annual Update Publication Date, PPL Electric will send a “workable” Excel file containing data for the Formula Rate populated with inputs for the Annual Transmission Revenue Requirement for the next Rate Year to the attention of the Chief Counsel of the Pennsylvania Public Utility Commission, and to 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, and shall post the same to the PJM Website. Within ten (10) days of such posting, PJM shall provide notice of such posting via an email exploder list. Upon written request for a particular Rate Year’s Annual Update by any Interested Party, PPL Electric will promptly make available to such Interested Party a “workable” Excel file containing that year’s Annual Update. Upon written request, PPL Electric will provide to an Interested Party a description of the basis upon which transmission projects were planned either by PJM or PPL Electric.
- (2) Within two business days of the Annual Update Publication Date, PPL Electric shall also provide notice on the PJM Website of the time, date and location of an Annual Meeting among Interested Parties (“Annual Meeting”) no later than seven (7) days prior to the Annual Meeting. The Annual Meeting shall take place no sooner than thirty (30) days after posting of the notice of the Annual Meeting and no sooner than fourteen (14) and no later than thirty (30) days after the Annual Update Publication Date. This Annual Meeting shall permit PPL Electric to explain and clarify its Annual Update, and provide Interested Parties an opportunity to seek information and clarifications from PPL Electric about the Annual Update. The Annual Meeting shall also provide Interested Parties an opportunity to seek information and clarification regarding the Annual Transmission Revenue Requirement, including the True Up Adjustment, input data and cost detail. PPL Electric shall provide remote access to Annual Meetings to allow all Interested Parties the opportunity to remotely participate in such meetings.
- (3) PPL Electric will, on a best efforts basis, notify each of the parties to Commission Docket No. ER08-1457 each year by electronic mail that the Annual Update has been posted and describe the time and location of the Annual Meeting. Parties to Commission Docket No. ER08-1457 are responsible for providing any change to their contact information to PPL Electric in order to continue to receive such notice. Updated contact information should be sent to Office of General Counsel, PPL Services Corporation, Two North Ninth Street, Allentown, PA 18101, referencing Docket No. ER08-1457.

D.C. Annual Transmission Revenue Requirement

- (1) It is the intent of the Formula Rate, including the supporting explanations and allocations described therein, that each input to the Formula Rate for purposes of

the Annual Transmission Revenue Requirement will be either taken directly from the FERC Form No. 1 or reconcilable to the FERC Form No. 1 by the application of clearly identified and supporting information. Where the reconciliation is provided through a worksheet included in the filed Formula Rate template, the inputs to the worksheet must meet this transparency standard, and doing so will satisfy this transparency requirement for the amounts that are output from the worksheet and input to the main body of the Formula Rate.

#### E. Implementation of True Up Adjustment

(1) ~~Interest on any True Up Adjustment shall be based on the Commission's interest rate on refunds (18 C.F.R. §35.19a). The interest payable shall be calculated as follows:~~

~~To calculate the monthly interest rate used in the True Up Adjustment, PPL Electric will use the Commission's published First Quarter interest rate as applied to the month of March, i.e., the published First Quarter interest rate divided by 365 and multiplied by the number of days in March (31 days). Under PPL Electric's Formula Rate, the annual reconciliation amount is assumed to be incurred evenly over the prior Rate Year (June 1 through May 31). Thus, the reconciliation amount is divided by 12 and the monthly interest rate is applied for the appropriate number of months until the effective date of the revised rate (June 1). A constant monthly payment is then calculated that will recover the total amount of interest accrued over a 12-month period with interest at the monthly interest rate. The sum of these 12 monthly payments is then added to (or subtracted from) the Annual Transmission Revenue Requirement recovered in the Rate Year beginning on June 1.~~

#### IV.V. Construction Work in Progress

##### A. Accounting

For each transmission project listed on Attachment 7 for which PPL Electric, or one of its operating companies, has received Commission approval or authorization for incentive rate treatment and recovery of 100 percent of Construction Work in Progress (“CWIP”), PPL Electric shall use the following accounting procedures to ensure that it does not recover an Allowance for Funds Used During Construction (“AFUDC”) for such project.

- (1) PPL Electric shall assign each such project a unique Super Project Number (“SPN”) for internal cost tracking purposes.
- (2) PPL Electric shall record actual construction costs to each SPN through expenditure requisitions (“ERs”) that are coded to correspond to the SPN for each such project. Such ERs shall be segregated from ERs from work orders for any other projects of PPL Electric.
- (3) For each such project, PPL Electric shall prepare monthly ER summaries of costs incurred under the associated SPN. These summaries shall show monthly additions

to CWIP and plant in service and shall correspond to amounts recorded in PPL Electric's FERC Form No. 1. PPL Electric shall use these summaries as data inputs into the Annual Update calculated on Attachment 6 of the Formula Rate. PPL Electric shall make such ER summaries available upon request under the review procedures of Section VI.

- (4) When any such project, or portion thereof, is placed into service, PPL Electric shall deduct from the total CWIP the accumulated charges for ERs under the SPN for that project, or portion thereof. The purpose of this control process is to ensure that expenditures are not double counted as both CWIP and as additions to plant.
- (5) For non-incentive transmission projects, PPL Electric shall record AFUDC to be applied to CWIP and capitalized when the project is placed into service.

#### B. Annual Reporting

PPL Electric shall include in the Annual Update submitted to the Commission the following information concerning each such project:

- (1) the actual amount of CWIP recorded for each project;
- (2) any amounts recorded in related Commission accounts or sub-accounts, such as AFUDC and regulatory liability;
- (3) the resulting effect on the CWIP revenue requirement;
- (4) a statement of the current status of each project; and
- (5) the estimated in-service date for each project.

#### V.VI. Annual Update and True-Up Adjustment Review Procedures

- A. Each Annual Update and True-Up Adjustment shall be subject to the following review procedures, which procedures may also address PPL Electric's posting as provided herein.
- B. The Review Period shall commence upon the day immediately following the Publication Date of the Annual Update and True-Up Adjustment. Interested Parties shall have the right to review the calculations and inputs of the Annual Update and, including the True-Up Adjustment. The Review Period shall run for two one-hundred and eighty forty (180240) days, but shall be extended by fifteen (15) days upon the receipt by PPL Electric of a written request for extension from one or more Interested Party(ies), whereupon the Review Period shall end no later than two one-hundred and ninety fifty-five (195255) days after the Publication Date, subject, however, to the terms of Section VI.E below.
- C. During the Discovery Period, Interested Parties shall have the right to serve reasonable information and document requests ("Information Requests") on PPL Electric relevant to the Annual Update and, including the True-Up Adjustment. The Discovery Period shall

run for ~~two one~~ hundred and ~~fifty ten~~ (150210) days, but may be extended in accordance with Section V.E below.

D. The subjects of such Information Requests shall be limited to what is or may be reasonably necessary to determine: (a) that the input data are properly recorded; (b) that PPL Electric has properly applied the Formula Rate and the procedures in these Protocols; (c) the accuracy of data and the consistency with the Formula Rate of the charges shown in the Annual Update ~~and (including~~ the True-Up Adjustment); (d) the extent and effect(s) of Material Accounting Changes; (e) the prudence of the costs and expenditures included for recovery in the Annual Update; (f) the prudence of projected expenses included in the projected capital addition expenditures; and (g) the reasonableness of any cost allocation methodologies, including inter-corporate cost allocation methodologies that differ from those utilized in the prior Annual Update.

E. PPL Electric shall make a good faith effort to respond to Information Requests within fifteen (15) business days of receipt of such Information Requests. Notwithstanding anything to the contrary contained in these Protocols, with respect to any Information Requests received by PPL Electric within the Discovery Period and for which PPL Electric is unable to provide a response within fifteen (15) business days after the end of the Discovery Period, the Review Period shall be extended day for day until PPL Electric's response is provided. If the Discovery Period concludes on a weekend or holiday recognized by FERC, the Discovery Period shall be extended to the next business day, and the Review Period shall be extended an equivalent number of days. If the Review Period concludes on a weekend or holiday recognized by FERC, the Review Period shall be extended to the next business day. Any delay in the Publication Date of the Annual Update from the Publication Date shall extend the Discovery Period and Review Period an equivalent number of days.

## **VI.VII. Preliminary and Formal Challenges**

A. Challenges

(1) Preliminary or Formal Challenges to the Annual Update and True-Up Adjustment posting may challenge one or more of the following:

- (a) the extent or effect of a Material Accounting Change;
- (b) whether a True-Up Adjustment includes only properly recorded data in accordance with Section III;
- (c) whether the Annual Update fails to include data properly recorded in accordance with Section IVH;
- (d) whether the Annual Update satisfies the transparency standard of Section IVH.D;
- (e) the proper application by PPL Electric of the Formula Rate and the procedures in these Protocols;

- (f) the accuracy of data and the consistency with the Formula Rate of the charges shown in the Annual Update and (including) the True-Up Adjustment;
- (g) the consistency of the amortization/depreciation rates in the Formula Rate with the most recent depreciation and service life study approved for use by the Commission as the basis for calculating amortization/depreciation rates in the Formula Rate;
- (h) the prudence of PPL Electric's projected costs and expenditures;
- (i) the prudence of the actual costs and expenditures;
- (j) the effect of any change to the underlying Uniform System of Accounts or FERC Form No. 1; and
- (k) whether, as a consequence of any of the above in this Section VII.A.1, the Formula Rate, as initially accepted by the Commission, has been materially altered.

B. Resolution of Preliminary Challenges or Filing of Formal Challenge

- (1) PPL Electric and Interested Parties raising Preliminary Challenges shall attempt in good faith to resolve all Preliminary Challenges.
- (2) If an Interested Party who has raised a Preliminary Challenge and PPL Electric have not resolved the Preliminary Challenge within twenty-one (21) days after expiration of the Review Period, that Interested Party shall have an additional twenty-one (21) days to make a Formal Challenge with the Commission, which shall be served on PPL Electric by electronic service on the date of such filing; provided, however, if the Commission initiates a proceeding to consider the Annual Update, Interested Parties may raise therein any Formal Challenges without regard to the Review Period or timeframes specified herein. If either period concludes on a weekend or holiday recognized by FERC, the period shall be extended to the next business day.
- (3) Interested Parties shall make a good faith effort to raise all issues in a Preliminary Challenge prior to filing a Formal Challenge; provided, however, that a Preliminary Challenge shall not be a prerequisite for bringing a Formal Challenge.
- (4) Within twenty (20) days of the date of the filing of a Formal Challenge, PPL Electric shall submit its response to the Commission and certify therein that it has served by electronic service that response on any party that has filed a Formal Challenge and on each person upon whom PPL Electric served the Annual Update and True-Up Adjustment.

C. Formal Proceedings

- (1) In any proceeding initiated by the Commission concerning the Annual Update, the True-Up Adjustment or in response to a Formal Challenge, PPL Electric shall bear the burden of proving that it has reasonably applied the terms of the Formula Rate, including the calculation of the True-Up Adjustment and/or reasonably adopted and applied Material Accounting Changes, if any, consistent with the applicable procedures in these Protocols. Nothing herein is intended to alter the burdens applied by the Commission with respect to prudence challenges.
- (2) Nothing herein shall be deemed to limit in any way the right of PPL Electric, pursuant to Section 205 of the Federal Power Act and the regulations thereunder, or any Interested Party, pursuant to Section 206 of the Federal Power Act and the regulations thereunder, to file changes to the Formula Rate or any of its stated values. The party filing pursuant to Section 205 or 206 bears the burden under such section as required by law.

#### **VII.VIII. Changes to Annual Informational Filings**

- A. Any changes to the data inputs, including but not limited to revisions to PPL Electric's FERC Form No. 1, or as the result of any FERC proceeding to consider the Annual Update or the True-Up Adjustment, or as a result of the procedures set forth herein, shall be incorporated into the Formula Rate and the charges produced by the Formula Rate (with interest determined in accordance with 18 C.F.R. § 35.19a) in the Annual Update for the next effective Rate Year. This reconciliation mechanism shall apply in lieu of mid-Rate Year adjustments and any refunds or surcharges. However, actual refunds or surcharges (with interest determined in accordance with 18 C.F.R. § 35.19a) for the then current Rate Year shall be made in the event that the Formula Rate is replaced by a stated rate by PPL Electric.
- B. To the extent that any party, including but not limited to PPL Electric, its auditors, any wholesale customer, any Interested Party, or the Commission, finds an error in any FERC Form No. 1 data or specific data applied in the Formula Rate, related to the period under review, such error must be corrected in the Formula Rate or Annual Update and shall be reflected in the True-Up Adjustment in made as part of the next succeeding True-Up AdjustmentAnnual Update. Nothing herein is intended to allow, bar, or otherwise address any error, or the correction thereof, occurring in a period prior to the period under review. Further, nothing herein shall prejudice any party's claims concerning: (i) any error occurring in a period prior to the period under review; (ii) the correction of any prior period errors in the Formula Rate; or (iii) the implementation of any such corrections.

**Exhibit III**

**Attachment H-8H**  
**Redline Against October 31, 2022 Version**

**ATTACHMENT H-8H**  
**FORMULA RATE IMPLEMENTATION PROTOCOLS**

**I. Definitions**

- A. “Annual Transmission Revenue Requirement” or “ATRR” means the projected net revenue requirement calculated in accordance with PPL Electric’s Formula Rate, and which shall be posted on the PJM Website on or before October 31, 2022, and on or before each October 31st thereafter,<sup>1</sup> and shall be applicable for services for the period commencing January 1 of the next calendar year through and including December 31 of the next calendar year. The ATRR plus the True-Up Adjustment shall determine the rate for the period from January 1 through and including December 31 of the next calendar year.
- B. “Annual Update” means the informational filing submitted by PPL Electric on or before October 31, pursuant to Section IV of these Protocols.
- C. “Discovery Period” means the period, commencing as of the day immediately following the True-Up Adjustment Publication Date, for serving Information Requests pursuant to Section VI of these Protocols.
- D. “Formal Challenge” means a filing made by an Interested Party to the Commission in accordance with the terms of Section VII of these Protocols, and which shall include the information required under 18 C.F.R. § 385.206(b)(1), (2), (3), (4) and (7).
- E. “Formula Rate” means the cost of service template and associated attachments shown in Attachment H-8G.
- F. “Interested Party” means a party that is or may become a customer taking transmission service under this Formula Rate, any state utility commission or state consumer advocacy agency of a state in which customers that are allocated costs of the PPL Electric transmission facilities are located, any party to Commission Docket ER08-1457, or any entity having standing under Section 206 of the Federal Power Act.
- G. “Material Accounting Change” means any (i) change in PPL Electric’s accounting policies and practices (as such changes are defined by the Statement of Financial Accounting Standards No. 154 issued by the Financial Accounting Standards Board or its successor), or (ii) change in PPL Electric’s inter-corporate cost allocation policies or practices from those policies and/or practices in effect for the Rate Year upon which the immediately preceding Annual Update was based, which change causes a result under the Formula Rate different than the result under the Formula Rate as calculated without such change.

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<sup>1</sup> In the transition from a June 1 to May 31 Rate Year to a calendar year Rate Year based on the January 1 to December 31 period, the Annual Update will occur on or before October 31, 2022 for rates to be effective January 1, 2023 through December 31, 2023. If the effective date of the transition from a June 1 to May 31 Rate Year to a calendar year Rate Year based on the January 1 to December 31 period does not occur by October 31, 2022, the Annual Update establishing the first calendar year rate year will be delayed by the same amount of time the effective date is delayed beyond October 31, 2022.

- H. “Preliminary Challenge” means a written notice delivered to PPL Electric during the Review Period which specifies an Interested Party’s challenge to the Annual Update or True-Up Adjustment pursuant to Section VI of these Protocols.
- I. “Protocols” means these Formula Rate Implementation Protocols.
- J. “Publication Date” means, with respect to the filing and posting of each Annual Update, October 31st of each year and with respect to the filing and posting of each True-Up Adjustment, June 1st of each year; provided, however, that if such date should fall on a weekend or a holiday recognized by the Commission, then the posting or filing shall be due on the next business day and the “Publication Date” shall correspond to the actual posting or filing date.
- K. “Rate Year” means the twelve consecutive month period of January 1 through December 31 that corresponds to the year for which charges are assessed under the Formula Rate.
- L. “Review Period” means the period, commencing as of the day immediately following the True-Up Publication Date, for reviewing these informational filings for any given year pursuant to Section VI of these Protocols.
- M. “True-Up Adjustment” means informational filing submitted by PPL Electric on or before June 1 of every year, pursuant to Section III of these Protocols that shall calculate the difference between (i) the ATRR for a Rate Year calculated pursuant to steps set forth in Attachment 6 of the Formula Rate and (ii) the ATRR for the same Rate Year calculated pursuant to the steps set forth in Attachment 6 of the Formula Rate, which difference, together with interest, calculated in accordance with the terms of Section III.B, shall be added to, or subtracted from, as the case may be, the ATRR used to set the rate that will be in effect for the next succeeding Rate Year.

## **II. Formula Rate**

- A. Formula Rate inputs for (i) rate of return on common equity;<sup>2</sup> and (ii) “Post-Employment Benefits other than Pensions” pursuant to Statement of Financial Accounting Standards No. 106, Employers’ Accounting for Post-Retirement Benefits other than Pensions (“PBOP”) charges shall be stated values to be used in the Formula Rate until changed pursuant to a Federal Power Act Section 205 or 206 proceeding. PPL Electric may make a limited Section 205 filing to change its rate of return on common equity, change its PBOP accruals, or to change the amortization/depreciation rate computations set forth in the Formula Rate. The sole issue for examination in any such limited Section 205 filing shall be whether such proposed changes are just and reasonable, and shall not include other aspects of the Formula Rate. These protocols shall not prohibit an Interested Party

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<sup>2</sup> If the transition from a June 1 to May 31 Rate Year to a calendar year Rate Year based on the January 1 to December 31 period occurs during a year in which the Base ROE would change on June 1st pursuant to the approved settlement agreement in Docket No. EL20-48-000, PPL Electric will use a blended (i.e., weighted average) Base ROE that reflects the number of months each ROE set forth in Section 1.1 of the settlement agreement is in effect during the transition year.

protesting any such limited Section 205 filing from arguing that the proposed changes will render other aspects of the Formula Rate unjust and unreasonable. If the Commission accepts such argument, the only remedy shall be the rejection of the limited Section 205 filing or of the proposed changes, and such rejection shall not result in any change to any aspect of the Formula Rate. Changes in depreciation rates to track a state commission order shall become effective on the same date as the state commission order becomes effective, but no earlier than the effective date of a limited Section 205 filing to incorporate such changes in the Formula Rate.

- B. Any modification to the Formula Rate shall be made through a Federal Power Act Section 205 or Section 206 filing, and not through any Annual Update, a Preliminary Challenge, a Formal Challenge or a True-Up Adjustment.
- C. The Formula Rate is not intended to preempt, negate, or be a substitute for any obligations of PPL Electric under any applicable state law.
- D. PPL Electric shall file and seek Commission approval to use a new depreciation and service life study at the time it files any such study with the Pennsylvania Public Utility Commission, provided, however, no depreciation and service life study may be used by PPL Electric to determine the amortization/depreciation expense in the Formula Rate for more than five years without completing, filing and obtaining Commission approval of a new depreciation and service life study.

### **III. True-Up Adjustment**

- A. PPL Electric will calculate the amount of under- or over-collection of its actual Net Revenue Requirement during the preceding Rate Year (“True-Up Adjustment”) on June 1st of each year.<sup>3</sup> The True-Up Adjustment shall be the sum of the True-Up Adjustment Over/Under Recovery and the Interest on the True-Up Adjustment Over/Under Recovery as determined in Section III(C).
- B. PPL Electric’s projected Net Revenue Requirement collected during the previous Rate Year<sup>4</sup> will be compared to PPL Electric’s actual Net Revenue Requirement for the previous Rate Year calculated in accordance with PPL Electric’s Formula Rate and based

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<sup>3</sup> In order to transition to a calendar year rate year that is effective January 1, 2023, the October 31, 2022 annual update will consist of a truncated true-up. The rate in effect for the months of June through December 2022 included a pro-rata share of the 2021 true-up or seven months of the 2021 true-up amount. The rates effective January 1, 2023 will include the remaining portion, or five months, of the 2021 true-up amount. The June 1, 2023 True-Up Adjustment will true-up the 2022 calendar year ATRR received to 2022 calendar year revenue requirement based on 2022 actual costs.

<sup>4</sup> If the initial use of the calendar year rate year covers only part of a calendar year, the initial projected annual ATRR will be divided by 12 to calculate the monthly projected cost of service to be collected each month it is effective that first year. Similarly, the actual ATRR will be divided by 12 to calculate the actual monthly cost of service to be collected during those same months of that year. Similar calculations of projected ATRR and actual ATRR will be made for the months prior to the effective date of this Formula Rate using the previous formula rate and protocols in effect during those months. The actual ATRR computed under each of the two formula rate periods that initial Rate Year will be added together to obtain the total actual ATRR. The first True-Up Adjustment will compare this total actual ATRR to the ATRR collected under the two formulas for that initial Rate Year.

upon (i) PPL Electric's FERC Form No. 1 for that same Rate Year, (ii) any FERC orders specifically applicable to PPL Electric's calculation of its annual revenue requirement, (iii) the books and records of PPL Electric (which shall be maintained consistent with the FERC Uniform System of Accounts ("USofA")), (iv) FERC accounting policies and practices applicable to the calculation of annual revenue requirements under formula rates, and (v) any aspects of the PJM Tariff Governing Documents that apply to the calculation of annual revenue requirements under individual transmission owner formula rates,<sup>5</sup> to determine any over- or under-recovery ("True-Up Adjustment Over/Under Recovery").

- C. PPL Electric shall submit a "workable" Excel file containing its True Up Adjustment as an informational filing to the Commission and shall post the same on the website of PJM Interconnection, L.L.C. ("PJM"), [www.pjm.com](http://www.pjm.com), or any successor thereto ("PJM Website"). Within ten (10) days of such posting, PJM shall provide notice of such posting via an email exploder list.
- D. Interest on any True-up shall be based on the interest rate equal to the interest rate determined by 18 C.F.R. § 35.19a. Interest rates will be used to calculate the time value of money for the period that the True-up exists. The interest rate to be applied to the True-up will be determined using the average rate for the twenty (20) months preceding September 1 of the current year.

#### **IV. Annual Update and Annual Meeting**

##### **A. Annual Update**

PPL Electric shall submit its Annual Update as an informational filing to the Commission and shall post the same on the PJM Website.

- (1) The Annual Update shall calculate PPL Electric's Annual Transmission Revenue Requirement for the next Rate Year in accordance with the terms of the Formula Rate and these Protocols.
- (2) The Annual Transmission Revenue Requirement shall be based on PPL Electric's books and records which reflect data properly recorded in:
  - (a) PPL Electric's FERC Form No. 1 (to the extent the Formula Rate specifies FERC Form No. 1 data as the input sources); and
  - (b) The Commission's Uniform System of Accounts, as each exists as of the last day of the preceding calendar year.
- (3) The Annual Update shall:
  - (a) provide supporting documentation for data not otherwise available in FERC Form No. 1 that are used in the Formula Rate;

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<sup>5</sup> PJM Tariff Governing Documents include the PJM Tariff, Bylaws, Criteria, and Membership Agreements.

- (b) provide notice of Material Accounting Changes, which may incorporate by reference applicable disclosure statements filed with the Securities and Exchange Commission;
- (c) be subject to challenge and review only in accordance with the procedures set forth in this Attachment; and
- (d) provide sufficient information, including all workpapers necessary to explain any changes made since the last Annual Update, to enable any Interested Party to replicate the calculation of the Formula Rate results from FERC Form No. 1 and other applicable accounting inputs and to compare the calculation to that of prior Rate Years, and further to include, as applicable:
  - (i) identification of any changes in the formula references in the FERC Form No. 1;
  - (ii) identification of all adjustments made to the FERC Form No. 1 data in determining formula inputs, including relevant footnotes to the FERC Form No. 1 and any adjustments not shown in FERC Form No. 1 footnotes;
  - (iii) a description and quantification of the inputs to the Annual Transmission Revenue Requirement that materially changed since the immediately preceding Annual Update, and a detailed explanation of the primary reason(s) for such changes; and
  - (iv) the most recent annual report filed with the Pennsylvania Public Utility Commission that shows the annual amortization/depreciation rates derived from the applicable depreciation and service life study approved for use by the Commission as the basis for calculating such rates.

## B. Annual Meeting and Formula Rate Data

- (1) Within five calendar days of the Annual Update Publication Date, PPL Electric will send a “workable” Excel file containing data for the Formula Rate populated with inputs for the Annual Transmission Revenue Requirement for the next Rate Year to the attention of the Chief Counsel of the Pennsylvania Public Utility Commission, and to 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, and shall post the same to the PJM Website. Within ten (10) days of such posting, PJM shall provide notice of such posting via an email exploder list. Upon written request for a particular Rate Year’s Annual Update by any Interested Party, PPL Electric will promptly make available to such Interested Party a “workable” Excel file containing that year’s Annual Update. Upon written request, PPL Electric will provide to an Interested Party a description of the basis upon which transmission projects were planned either by PJM or PPL Electric.
- (2) PPL Electric shall provide notice on the PJM Website of the time, date and location of an Annual Meeting among Interested Parties (“Annual Meeting”) no later than

seven (7) days prior to the Annual Meeting. The Annual Meeting shall take place no sooner than fourteen (14) and no later than thirty (30) days after the Annual Update Publication Date. This Annual Meeting shall permit PPL Electric to explain and clarify its Annual Update, and provide Interested Parties an opportunity to seek information and clarifications from PPL Electric about the Annual Update. The Annual Meeting shall also provide Interested Parties an opportunity to seek information and clarification regarding the Annual Transmission Revenue Requirement. PPL Electric shall provide remote access to Annual Meetings to allow all Interested Parties the opportunity to remotely participate in such meetings.

- (3) PPL Electric will, on a best efforts basis, notify each of the parties to Commission Docket No. ER08-1457 each year by electronic mail that the Annual Update has been posted and describe the time and location of the Annual Meeting. Parties to Commission Docket No. ER08-1457 are responsible for providing any change to their contact information to PPL Electric in order to continue to receive such notice. Updated contact information should be sent to Office of General Counsel, PPL Services Corporation, Two North Ninth Street, Allentown, PA 18101, referencing Docket No. ER08-1457.

C. Annual Transmission Revenue Requirement

- (1) It is the intent of the Formula Rate, including the supporting explanations and allocations described therein, that each input to the Formula Rate for purposes of the Annual Transmission Revenue Requirement will be either taken directly from the FERC Form No. 1 or reconcilable to the FERC Form No. 1 by the application of clearly identified and supporting information. Where the reconciliation is provided through a worksheet included in the filed Formula Rate template, the inputs to the worksheet must meet this transparency standard, and doing so will satisfy this transparency requirement for the amounts that are output from the worksheet and input to the main body of the Formula Rate.

**V. Construction Work in Progress**

A. Accounting

For each transmission project listed on Attachment 7 for which PPL Electric, or one of its operating companies, has received Commission approval or authorization for incentive rate treatment and recovery of 100 percent of Construction Work in Progress (“CWIP”), PPL Electric shall use the following accounting procedures to ensure that it does not recover an Allowance for Funds Used During Construction (“AFUDC”) for such project.

- (1) PPL Electric shall assign each such project a unique Super Project Number (“SPN”) for internal cost tracking purposes.
- (2) PPL Electric shall record actual construction costs to each SPN through expenditure requisitions (“ERs”) that are coded to correspond to the SPN for each such project. Such ERs shall be segregated from ERs from work orders for any other projects of PPL Electric.

- (3) For each such project, PPL Electric shall prepare monthly ER summaries of costs incurred under the associated SPN. These summaries shall show monthly additions to CWIP and plant in service and shall correspond to amounts recorded in PPL Electric's FERC Form No. 1. PPL Electric shall use these summaries as data inputs into the Annual Update calculated on Attachment 6 of the Formula Rate. PPL Electric shall make such ER summaries available upon request under the review procedures of Section VI.
- (4) When any such project, or portion thereof, is placed into service, PPL Electric shall deduct from the total CWIP the accumulated charges for ERs under the SPN for that project, or portion thereof. The purpose of this control process is to ensure that expenditures are not double counted as both CWIP and as additions to plant.
- (5) For non-incentive transmission projects, PPL Electric shall record AFUDC to be applied to CWIP and capitalized when the project is placed into service.

B. Annual Reporting

PPL Electric shall include in the Annual Update submitted to the Commission the following information concerning each such project:

- (1) the actual amount of CWIP recorded for each project;
- (2) any amounts recorded in related Commission accounts or sub-accounts, such as AFUDC and regulatory liability;
- (3) the resulting effect on the CWIP revenue requirement;
- (4) a statement of the current status of each project; and
- (5) the estimated in-service date for each project.

**VI. Annual Update and True-Up Adjustment Review Procedures**

- A. Each Annual Update and True-Up Adjustment shall be subject to the following review procedures, which procedures may also address PPL Electric's posting as provided herein.
- B. The Review Period shall commence the day immediately following the Publication Date of the True-Up Adjustment. Interested Parties shall have the right to review the calculations and inputs of the Annual Update and the True-Up Adjustment. The Review Period shall run for two hundred and forty (240) days, but shall be extended by fifteen (15) days upon the receipt by PPL Electric of a written request for extension from one or more Interested Party(ies), whereupon the Review Period shall end no later than two hundred and fifty-five (255) days after the Publication Date, subject, however, to the terms of Section VI.E below.

- C. During the Discovery Period, Interested Parties shall have the right to serve reasonable information and document requests (“Information Requests”) on PPL Electric relevant to the Annual Update and True-Up Adjustment. The Discovery Period shall run for two hundred and ten (210) days, but may be extended in accordance with Section V.E below.
- D. The subjects of such Information Requests shall be limited to what is or may be reasonably necessary to determine: (a) that the input data are properly recorded; (b) that PPL Electric has properly applied the Formula Rate and the procedures in these Protocols; (c) the accuracy of data and the consistency with the Formula Rate of the charges shown in the Annual Update and the True-Up Adjustment; (d) the extent and effect(s) of Material Accounting Changes; (e) the prudence of the costs and expenditures included for recovery in the Annual Update; (f) the prudence of projected expenses included in the projected capital addition expenditures; and (g) the reasonableness of any cost allocation methodologies, including inter-corporate cost allocation methodologies that differ from those utilized in the prior Annual Update.
- E. PPL Electric shall make a good faith effort to respond to Information Requests within fifteen (15) business days of receipt of such Information Requests. Notwithstanding anything to the contrary contained in these Protocols, with respect to any Information Requests received by PPL Electric within the Discovery Period and for which PPL Electric is unable to provide a response within fifteen (15) business days after the end of the Discovery Period, the Review Period shall be extended day for day until PPL Electric’s response is provided. If the Discovery Period concludes on a weekend or holiday recognized by FERC, the Discovery Period shall be extended to the next business day, and the Review Period shall be extended an equivalent number of days. If the Review Period concludes on a weekend or holiday recognized by FERC, the Review Period shall be extended to the next business day. Any delay in the Publication Date of the Annual Update from the Publication Date shall extend the Discovery Period and Review Period an equivalent number of days.

## **VII. Preliminary and Formal Challenges**

- A. Challenges
  - (1) Preliminary or Formal Challenges to the Annual Update and True-Up Adjustment posting may challenge one or more of the following:
    - (a) the extent or effect of a Material Accounting Change;
    - (b) whether a True-Up Adjustment includes only properly recorded data in accordance with Section III;
    - (c) whether the Annual Update fails to include data properly recorded in accordance with Section IV;
    - (d) whether the Annual Update satisfies the transparency standard of Section IV.D;

- (e) the proper application by PPL Electric of the Formula Rate and the procedures in these Protocols;
- (f) the accuracy of data and the consistency with the Formula Rate of the charges shown in the Annual Update and the True-Up Adjustment;
- (g) the consistency of the amortization/depreciation rates in the Formula Rate with the most recent depreciation and service life study approved for use by the Commission as the basis for calculating amortization/depreciation rates in the Formula Rate;
- (h) the prudence of PPL Electric's projected costs and expenditures;
- (i) the prudence of the actual costs and expenditures;
- (j) the effect of any change to the underlying Uniform System of Accounts or FERC Form No. 1; and
- (k) whether, as a consequence of any of the above in this Section VII.A.1, the Formula Rate, as initially accepted by the Commission, has been materially altered.

B. Resolution of Preliminary Challenges or Filing of Formal Challenge

- (1) PPL Electric and Interested Parties raising Preliminary Challenges shall attempt in good faith to resolve all Preliminary Challenges.
- (2) If an Interested Party who has raised a Preliminary Challenge and PPL Electric have not resolved the Preliminary Challenge within twenty-one (21) days after expiration of the Review Period, that Interested Party shall have an additional twenty-one (21) days to make a Formal Challenge with the Commission, which shall be served on PPL Electric by electronic service on the date of such filing; provided, however, if the Commission initiates a proceeding to consider the Annual Update, Interested Parties may raise therein any Formal Challenges without regard to the Review Period or timeframes specified herein. If either period concludes on a weekend or holiday recognized by FERC, the period shall be extended to the next business day.
- (3) Interested Parties shall make a good faith effort to raise all issues in a Preliminary Challenge prior to filing a Formal Challenge; provided, however, that a Preliminary Challenge shall not be a prerequisite for bringing a Formal Challenge.
- (4) Within twenty (20) days of the date of the filing of a Formal Challenge, PPL Electric shall submit its response to the Commission and certify therein that it has served by electronic service that response on any party that has filed a Formal Challenge and on each person upon whom PPL Electric served the Annual Update and True-Up Adjustment.

C. Formal Proceedings

- (1) In any proceeding initiated by the Commission concerning the Annual Update, the True-Up Adjustment or in response to a Formal Challenge, PPL Electric shall bear the burden of proving that it has reasonably applied the terms of the Formula Rate, including the calculation of the True-Up Adjustment and/or reasonably adopted and applied Material Accounting Changes, if any, consistent with the applicable procedures in these Protocols. Nothing herein is intended to alter the burdens applied by the Commission with respect to prudence challenges.
- (2) Nothing herein shall be deemed to limit in any way the right of PPL Electric, pursuant to Section 205 of the Federal Power Act and the regulations thereunder, or any Interested Party, pursuant to Section 206 of the Federal Power Act and the regulations thereunder, to file changes to the Formula Rate or any of its stated values. The party filing pursuant to Section 205 or 206 bears the burden under such section as required by law.

### **VIII. Changes to Annual Informational Filings**

- A. Any changes to the data inputs, including but not limited to revisions to PPL Electric's FERC Form No. 1, or as the result of any FERC proceeding to consider the Annual Update or the True-Up Adjustment, or as a result of the procedures set forth herein, shall be incorporated into the Formula Rate and the charges produced by the Formula Rate (with interest determined in accordance with 18 C.F.R. § 35.19a) in the Annual Update for the next effective Rate Year. This reconciliation mechanism shall apply in lieu of mid-Rate Year adjustments and any refunds or surcharges. However, actual refunds or surcharges (with interest determined in accordance with 18 C.F.R. § 35.19a) for the then current Rate Year shall be made in the event that the Formula Rate is replaced by a stated rate by PPL Electric.
- B. To the extent that any party, including but not limited to PPL Electric, its auditors, any wholesale customer, any Interested Party, or the Commission, finds an error in any FERC Form No. 1 data or specific data applied in the Formula Rate, related to the period under review, such error must be corrected in the Formula Rate or Annual Update and shall be reflected in the True-Up Adjustment in the next succeeding True-Up Adjustment. Nothing herein is intended to allow, bar, or otherwise address any error, or the correction thereof, occurring in a period prior to the period under review. Further, nothing herein shall prejudice any party's claims concerning: (i) any error occurring in a period prior to the period under review; (ii) the correction of any prior period errors in the Formula Rate; or (iii) the implementation of any such corrections.