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FEDERAL EXPRESS

September 20, 2013

Rosemary Chiavetta, Esquire
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17120

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SEP 20 2013

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

**Re: PPL Electric Utilities Corporation
Supplement No. 138 to Tariff - Electric Pa. P.U.C. No. 201 and
Calculation of Distribution System Improvement Charge
Docket No. P-2012-2325034**

Dear Ms. Chiavetta:

Enclosed for filing on behalf of PPL Electric Utilities Corporation ("PPL Electric") is Supplement No. 138 to PPL Electric's Tariff – Electric Pa. P.U.C. No. 201 as well as the Calculation of Distribution System Improvement Charge ("DSIC"). Also enclosed is the verification of qualification and inspection required by the Final Implementation Order entered on August 2, 2012 at Docket No. M-2012-2293611. This calculation of the DSIC for the period October 1, 2013 through December 31, 2013, is being filed pursuant to the procedures set forth in PPL Electric's Tariff – Electric Pa. P.U.C. No. 201.

Pursuant to 52 Pa. Code § 1.11, the enclosed documents are to be deemed filed on September 20, 2013, which is the date they were deposited with an overnight express delivery service as shown on the delivery receipt attached to the mailing envelope.

In addition, please date and time-stamp the enclosed extra copy of this letter and return it to me in the envelope provided.

If you have any questions regarding the enclosed report or need additional data, please call me or Bethany L. Johnson, PPL Electric's Manager-Regulatory Compliance at (610) 774-7011.

Very truly yours,


Paul E. Russell

Enclosures

cc: Mr. Carl Lesney
Tanya J. McCloskey, Esquire
Ms. Lori Burger
Mr. John R. Evans
J. Edward Simms, Esquire



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PA PUBLIC UTILITY COMMISSION
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PPL Electric Utilities Corporation

GENERAL TARIFF

RULES AND RATE SCHEDULES FOR ELECTRIC SERVICE

In the territory listed on pages 4, 4A, and 4B
and in the adjacent territory served.

ISSUED: September 20, 2013

EFFECTIVE: October 1, 2013

GREGORY N. DUDKIN, PRESIDENT

Two North Ninth Street
Allentown, PA 18101-1179

NOTICE

THIS TARIFF MAKES CHANGES (C) IN EXISTING RATES. SEE PAGE TWO.

LIST OF CHANGES MADE BY THIS SUPPLEMENT

CHANGES:

Distribution System Improvement Charge
(DSIC)

Page No. 19Z.16

The charges under the DSIC are set forth for the period October 1, 2013 through December 31, 2013.

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PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

TABLE OF CONTENTS

	<u>Page</u>	<u>Revision</u>
Table of Contents -----	3	One Hundred-Twenty-Third
	3A	Seventy-Ninth
	3B	Fifty-Seventh
	3C	Thirty-Sixth
Territory Covered by This Tariff -----	4	Fourth
	4A	Fourth
	4B	Fourth
RULES FOR ELECTRIC SERVICE		
1 - Electric Service Tariff -----	5	Sixth
	5A	Sixth
2 - Requirements for Service -----	6	Fourth
	6A	Sixth
	6B	Fifth
3 - Extension of Service -----	7	Sixth
	7A	Fourth
	7B	Ninth
4 - Supply of Service -----	8	Eighth
	8A	Eighth
	8B	Fourth
	8C	Fourth
	8D	Fourth
	8E	Third
5 - Use of Service -----	9	Fourth
	9A	Fourth
6 - Auxiliary Service For Non-Qualifying Facilities -----	10	Seventh
Page Intentionally Left Blank-----	10A	Sixth
6A - Standby Service for Qualifying Facilities -----	10B	Fifth
	10C	Sixth
	10D	Twenty-Third
	10E	Twenty-Second
7 - Temporary Service -----	11	Sixth
8 - Measurement of Service -----	12	Fourth
	12A	First
9 - Billing and Payment for Service -----	13	Fourth
	13A	Sixth
	13B	Fifth
10 - Disconnection and Reconnection of Service -----	14	Fourth
	14A	Tenth
11 - Net Service for Generation Facilities -----	14B	Second
	14C	Original
RIDERS, SURCHARGE, OPTION, AND CHARGES		
Rider Matrix -----	14D	Eighth
GRA - Page Intentionally Left Blank-----	15	Seventh
Page Intentionally Left Blank-----	15A	Sixth
State Tax Adjustment Charge -----	16	Thirtieth
Emergency Energy Conservation Rider -----	17	Fifth
	17A	Third
Universal Service Rider -----	18	Eleventh
RSP - Page Intentionally Left Blank-----	18E	Second
Page Intentionally Left Blank-----	18F	Third
Page Intentionally Left Blank-----	18G	Third

(Continued)

TABLE OF CONTENTS (CONTINUED)

	<u>Page</u>	<u>Revision</u>
RIDERS, SURCHARGE, OPTION, AND CHARGES (Continued)		
Competitive Enhancement Rider - - - - -	19Z.15	First
Distribution System Improvement Charge - - - - -	19Z.16	Second
	19Z.17	First
	19Z.18	First
	19Z.19	First
RATE SCHEDULES - GENERAL		
RS - Residential Service - - - - -	20	Thirty-First
	20A	Twentieth
	20B	Nineteenth
Page Intentionally Left Blank- - - - -	20C	Fourteenth
RTS(R) - Residential Service - Thermal Storage - - - - -	21	Thirty-Second
	21A	Nineteenth
RTD(R) - Page Intentionally Left Blank- - - - -	22	Thirtieth
Page Intentionally Left Blank- - - - -	22A	Twenty-Third
GS-1 - Small General Service - Sec. Voltage - - - - -	24	Twenty-Sixth
	24A	Twenty-Sixth
	24B	Twenty-First
GS-3 - Large General Service - Sec. Voltage - - - - -	25	Twenty-Fifth
	25A	Twenty-Second
	25B	Twenty-Second
LP-4 - Large General Service - 12 KV - - - - -	27	Twenty-Third
	27A	Fifteenth
LP-5 - Large General Service - 69 KV or Higher - - - - -	28	Twenty-Third
	28A	Thirteenth
LP-6 - Page Intentionally Left Blank- - - - -	28B	Twenty-Second
Page Intentionally Left Blank- - - - -	28C	Fifteenth
LPEP - Power Service to Electric Propulsion - - - - -	29	Twenty-Third
	29A	Sixteenth
IS-1(R) - Interruptible Service - Greenhouses- - - - -	30	Twentieth
	30.1	Seventeenth
IS-P(R) - Page Intentionally Left Blank- - - - -	30A	Twentieth
Page Intentionally Left Blank- - - - -	30B	Seventeenth
Page Intentionally Left Blank- - - - -	30B.1	Nineteenth

(Continued)

DISTRIBUTION SYSTEM IMPROVEMENT CHARGE (DSIC)

In addition to the net charges provided for in this Tariff, a charge of 1.06% will apply (C) consistent with the Commission Order dated May 23, 2013, at Docket No. P-2012-2325034, approving the DSIC. This charge will be effective during the period October 1, 2013 through December 31, 2013.

GENERAL DESCRIPTION

A. *Purpose:* To recover the reasonable and prudent costs incurred to repair, improve, or replace eligible property which is completed and placed in service and recorded in the individual accounts, as noted below, between base rate cases and to provide PPL Electric with the resources to accelerate the replacement of aging infrastructure, to comply with evolving regulatory requirements and to develop and implement solutions to regional supply problems.

The costs of extending facilities to serve new customers are not recoverable through the DSIC.

B. **Eligible Property:** The DSIC-eligible property will consist of the following:

- Poles and towers (Account 364);
- Overhead conductors (Account 365) and underground conduit and conductors (Accounts 366 and 367);
- Line transformers (account 368) and substation equipment (Account 362);
- Any fixture or device related to eligible property listed above, including insulators, circuit breakers, fuses, reclosers, grounding wires, crossarms and brackets, relays, capacitors, converters and condensers;
- Unreimbursed costs related to highway relocation projects where an electric distribution company must relocate its facilities; and
- Other related capitalized costs.

C. **Effective Date:** The DSIC will become effective for bills rendered on and after July 1, 2013.

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PA PUBLIC UTILITY COMMISSION
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PPL ELECTRIC UTILITIES CORPORATION

**CALCULATION OF
DISTRIBUTION SYSTEM IMPORVEMENT CHARGE**

**For the Application Period
October 1, 2013 through December 31, 2013**

Docket Nos. P-2012-2325034

September 20, 2013

PPL ELECTRIC UTILITIES CORPORATION
SCHEDULE 1 - COMPUTATION OF CUMULATIVE PROPOSED DSIC
APPLICATION PERIOD: OCTOBER 1, 2013 THROUGH DECEMBER 31, 2013

Line No.	Total
	Distribution System Improvement Charge
1	Applicable Plant (Schedule 2, Line 2, Column M) \$ 66,218,074
	Less:
2	Accumulated Depreciation (Schedule 2, Line 3, Column M) 437,250
3	Retirements (Schedule 2, Line 4, Column M) (2,379)
4	DSI = Distribution System Improvement Projects net of accumulated depreciation and retirements (Line 1 - Line 2 + Line 3) 65,778,446
5	Pre-tax return rate applicable to DSIC-eligible property (Schedule 3, Line 4) 2.85% 1,874,686
6	Dep = Depreciation Expense (Schedule 2, Line 6, Column M) 349,550
7	Net Amount to be Recovered (excludes Over/(Under) Collection) (w/o GRT) (Line 5 + Line 6) <u>2,224,236</u>
8	Net Amount to be Recovered (excludes Over/(Under) Collection) (w/ GRT) (Line 7 x Note 1) <u>2,363,695</u>
9	PQR = Projected Quarterly Distribution Revenue (Schedule 2, Line 9, Columns J through L) <u>223,742,461</u>
10	DSIC = Distribution System Improvement Rider
	Rate % of Billed Revenues (w/ GRT) (Line 8 / Line 9) 1.06%
	Note 1:
	$\frac{1}{(1 - T)}$ = (T = 5.9% Gross Receipts Tax) 1.0627

PPL ELECTRIC UTILITIES CORPORATION
SCHEDULE 2 - COMPUTATION OF CUMULATIVE PROPOSED DSIC by MONTH
APPLICATION PERIOD: OCTOBER 1, 2013 THROUGH DECEMBER 31, 2013

Line No.	(A)	(B)	(C)	(D)	(E)	(F)
	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13
1			\$ 4,728,791	11,839,302.00	11,620,967.31	12,778,129.67
2			4,728,791	16,568,093	28,189,060	40,965,190
3			5,175	32,267	87,700	170,233
4			-	-	-	(2,365)
5			4,723,616	16,535,826	28,101,360	40,792,592
6			5,175	27,092	55,433	82,532
9						

PPL ELECTRIC UTILITIES CORPORATION
 SCHEDULE 2 - COMPUTATION OF CUMULATIVE PROPOSED DSIC by MONTH
 APPLICATION PERIOD: OCTOBER 1, 2013 THROUGH DECEMBER 31, 2013

	(G)	(H)	(I)	(J)	(K)	(L)	(M)
<u>Line No.</u>	<u>Jul-13</u>	<u>Aug-13</u>	<u>Sep-13</u>	<u>Oct-13</u>	<u>Nov-13</u>	<u>Dec-13</u>	<u>Total</u>
1 Incremental Plant Additions	14,672,495.85	10,580,388.64					\$ 66,218,074
2 Cumulative Plant Less:	55,637,686	66,218,074					66,218,074
3 Accumulated Depreciation	288,716	437,250					437,250
4 Retirements	(13)	-					(2,379)
DSI = Distribution System Improvement Projects net of accumulated depreciation and retirement: (Line 2 - Line 3 + Line 4)	55,348,956	65,780,824	-	-	-	-	65,778,446
6 Dep = Depreciation Expense	118,484	148,534	-	-	-	-	437,250
9 Projected 2013 Distribution Revenues	\$ 76,326,006	\$ 78,213,990	\$ 75,410,974	\$ 70,482,327	\$ 71,465,508	\$ 81,794,627	

PPL ELECTRIC UTILITIES CORPORATION
SCHEDULE 3 - COMPUTATION OF CUMULATIVE PROPOSED DSIC PRE-TAX RATE OF RETURN
APPLICATION PERIOD: OCTOBER 1, 2013 THROUGH DECEMBER 31, 2013

	(A)	(B)	(C)	(D)	(E)	(D)
Line No.	Description	Capitalization Ratio	Embedded Cost	Rate of Return	Tax Multiplier (1)	Pre-Tax Rate of Return (PTRR)
1	Long-Term Debt	50.67%	5.21%	2.64%	-	2.64%
2	Common Equity	49.33%	10.40%	5.13%	1.709211797	8.77%
3	Total	100.00%		7.77%		11.41%
4	11.41% Annual PTRR / 4 quarters = 2.85% Quarterly PTRR					

(1) The tax multiplier is calculated as follows: $1/[(1 - \text{Pa. Tax Rate}) \times (1 - \text{Fed. Tax Rate})]$ where the Pa. tax rate is 9.99% and Fed. tax rate is 35%.
 $1/[(1-9.99%)*(1-35\%)] = 1.709211797$

From: (610) 774-4254
Paul E Russell
PPL Corporation
2 N 9th Street
Allentown, PA 18101

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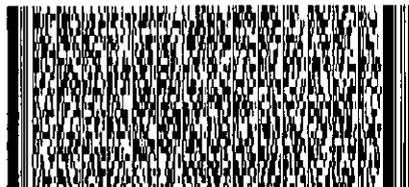


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