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FEDERAL EXPRESS

December 17, 2013

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

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DEC 17 2013

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

Re: **PPL Electric Utilities Corporation**
Calculation of Distribution System Improvement Charge
Docket No.

Dear Ms. Chiavetta:

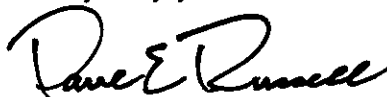
Enclosed for filing on behalf of PPL Electric Utilities Corporation ("PPL Electric") is the Calculation of Distribution System Improvement Charge ("DSIC"). Also enclosed is the verification of qualification and inspection required by the Final Implementation Order entered on August 2, 2012 at Docket No. M-2012-2293611. This calculation of the DSIC for the period January 1, 2014 through March 31, 2014, 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 December 17, 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,

A handwritten signature in black ink that reads "Paul E. Russell". The signature is written in a cursive style with a large, prominent initial "P".

Paul E. Russell

Enclosures

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

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PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

PPL ELECTRIC UTILITIES CORPORATION

**CALCULATION OF
DISTRIBUTION SYSTEM IMPROVEMENT CHARGE**

**For the Application Period
January 1, 2014 through March 31, 2014**

Docket Nos.

December 17, 2013

PPL ELECTRIC UTILITIES CORPORATION
 SCHEDULE 1 - COMPUTATION OF CUMULATIVE PROPOSED DSIC
 APPLICATION PERIOD: JANUARY 1, 2014 THROUGH MARCH 31, 2014

Line No.		Total
	Distribution System Improvement Charge	
1	Applicable Plant (Schedule 2, Line 2, Column P)	\$ 112,636,715
	Less:	
2	Accumulated Depreciation (Schedule 2, Line 3, Column M)	1,074,025
3	Retirements (Schedule 2, Line 4, Column P)	(41,712)
4	DSI = Distribution System Improvement Projects net of accumulated depreciation and retirements (Line 1 - Line 2 + Line 3)	111,520,977
5	Pre-tax return rate applicable to DSIC-eligible property (Schedule 3, Line 4)	2.89% 3,222,956
6	Dep = Depreciation Expense (Schedule 2, Line 6, Column I through K)	636,775
7	Net Amount to be Recovered (excludes Over/(Under) Collection) (w/o GRT) (Line 5 + Line 6)	3,859,731
8	Net Amount to be Recovered (excludes Over/(Under) Collection) (w/ GRT) (Line 7 x Note 1)	4,101,736
9	PQR = Projected Quarterly Distribution Revenue (Schedule 2, Line 9, Columns M through O)	260,256,790
10	DSIC = Distribution System Improvement Rider	
	Rate % of Billed Revenues (w/ GRT) (Line 8 / Line 9)	1.58%
	Note 1:	
	$\frac{1}{(1 - T)} = (T = 5.9\% \text{ Gross Receipts Tax})$	1.0627

PPL ELECTRIC UTILITIES CORPORATION
 SCHEDULE 2 - COMPUTATION OF CUMULATIVE PROPOSED DSIC by MONTH
 APPLICATION PERIOD: JANUARY 1, 2014 THROUGH MARCH 31, 2014

Line No.	(A) Jan-13	(B) Feb-13	(C) Mar-13	(D) Apr-13	(E) May-13	(F) Jun-13
1 Incremental Plant Additions			\$ 4,728,791	11,839,302.00	11,620,967.31	12,776,129.67
2 Cumulative Plant Less:			4,728,791	16,568,093	28,189,060	40,965,190
3 Accumulated Depreciation			5,175	32,267	87,700	170,233
4 Retirements			-	-	-	(2,365)
5 DSI = Distribution System Improvement Projects net of accumulated depreciation and retirements (Line 2 - Line 3 + Line 4)	-	-	4,723,616	16,535,826	28,101,360	40,792,592
6 Dep = Depreciation Expense	-	-	5,175	27,092	55,433	82,532
9 Projected Distribution Revenues						

PPL ELECTRIC UTILITIES CORPORATION
 SCHEDULE 2 - COMPUTATION OF CUMULATIVE PROPOSED DSIC by MONTH
 APPLICATION PERIOD: JANUARY 1, 2014 THROUGH MARCH 31, 2014

Line No.	(G)	(H)	(I)	(J)	(K)	(L)
	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13
1 Incremental Plant Additions	14,672,495.85	10,580,388.64	10,537,007.88	20,231,641.99	15,649,990.81	
2 Cumulative Plant Less:	55,637,686	66,218,074	76,755,082	96,986,724	112,636,715	
3 Accumulated Depreciation	288,716	437,250	611,013	822,581	1,074,025	
4 Retirements	(13)	-		(423)	(38,910)	
5 DSI = Distribution System Improvement Projects net of accumulated depreciation and retirements (Line 2 - Line 3 + Line 4)	55,348,956	65,780,824	76,144,070	96,163,720	111,523,779	-
6 Dep = Depreciation Expense	118,484	148,534	173,763	211,568	251,444	-
9 Projected 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 2 - COMPUTATION OF CUMULATIVE PROPOSED DSIC by MONTH
 APPLICATION PERIOD: JANUARY 1, 2014 THROUGH MARCH 31, 2014

Line No.		(M)	(N)	(O)	(P)
		Jan-14	Feb-14	Mar-14	Total
1	Incremental Plant Additions				\$ 112,636,715
2	Cumulative Plant				112,636,715
	Less:				
3	Accumulated Depreciation				1,074,025
4	Retirements				(41,712)
	DSI = Distribution System Improvement Projects net of accumulated depreciation and retirements (Line 2 - Line 3 + Line 4)				111,520,977
6	Dep = Depreciation Expense				1,074,025
9	Projected Distribution Revenues	\$ 88,618,532	\$ 88,894,592	\$ 82,743,667	

PPL ELECTRIC UTILITIES CORPORATION
SCHEDULE 3 - COMPUTATION OF CUMULATIVE PROPOSED DSIC PRE-TAX RATE OF RETURN
APPLICATION PERIOD: JANUARY 1, 2014 THROUGH MARCH 31, 2014

Line No.	(A) Description	(B) Capitalization Ratio	(C) Embedded Cost	(D) Rate of Return	(E) Tax Multiplier (1)	(D) Pre-Tax Rate of Return (PTRR)
1	Long-Term Debt	49.36%	5.19%	2.56%	-	2.56%
2	Common Equity	50.64%	10.40%	5.27%	1.709211797	9.01%
3	Total	<u>100.00%</u>		<u>7.83%</u>		<u>11.57%</u>

4 11.57% Annual PTRR / 4 quarters = 2.89% 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%.

$$1/[(1-9.99%)*(1-35\%)] = 1.709211797$$

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PA PUBLIC UTILITY COMMISSION
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PPL ELECTRIC UTILITIES CORPORATION

**Distribution System Improvement Charge (DSIC)
RECONCILIATION REPORT**

For the Period January 1, 2013 to December 30, 2013

December 17, 2013

PPL ELECTRIC UTILITIES CORPORATION
DISTRIBUTION SYSTEM IMPROVEMENT CHARGE (DSIC) RECONCILIATION
Report For The Period January 1, 2013 to December 31, 2013

<u>Line No.</u>		<u>(A)</u> <u>Total</u>
1	Filed Distribution Revenue (including GRT), (Schedule 2, Line 1, Column M)	\$ <u>371,898,805</u>
2	Filed Distribution Revenue (excluding GRT), (Schedule 2, Line 3, Column M)	\$ <u>349,956,777</u>
3	Filed Distribution System Improvement Charge Revenue Requirement (including GRT), (Schedule 2, Line 5, Column M)	\$ <u>2,346,323</u>
4	Actual DSIC Revenues Billed (including GRT), (Schedule 2, Line 6, Column M)	\$ <u>2,437,455</u>
5	Actual Distribution Revenue (excluding GRT), (Schedule 2, Line 8, Column M)	\$ <u>2,293,644</u>
6	Net Over/(Under) Collection Amount (Schedule 2, Line 9, Column M)	\$ <u>(52,679)</u>
7	Interest on Over/(Under) Collection, (Schedule 2, Line 10, Column M)	\$ <u>(3,111)</u>
8	Net Over/(Under) Collection Amount, Including Interest (Line 7 plus Line 8)	\$ <u>(55,790)</u>
9	E-Factor Balance (Schedule 4, Line 13, Column B)	-
10	Total Over/(Under) Collection Balance	<u><u>(55,790)</u></u>

PPL ELECTRIC UTILITIES CORPORATION
RECONCILIATION OF DISTRIBUTION SYSTEM IMPROVEMENT CHARGE ("DSIC") REVENUE REQUIREMENT AND ACTUAL REVENUES

Line No.	Month >>	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)	(M)
		January 2013	February 2013	March 2013	April 2013	May 2013	June 2013	July 2013	August 2013	September 2013	October 2013	November 2013	December 2013	Total
1	Filed Distribution Revenue (including GRT)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 76,326,008	\$ 78,213,990	\$ 75,410,974	\$ 70,482,327	\$ 71,465,508	\$ -	\$ 371,898,805
2	Gross Receipts Tax Factor (1)	0.941	0.941	0.941	0.941	0.941	0.941	0.941	0.941	0.941	0.941	0.941	0.941	
3	Filed Distribution Revenue (excluding GRT)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 71,822,772	\$ 73,598,365	\$ 70,961,727	\$ 66,323,870	\$ 67,249,043	\$ -	\$ 349,956,777
4	DSIC Rate	0.43%	0.43%	0.43%	0.43%	0.43%	0.43%	0.43%	0.43%	0.43%	1.06%	1.06%	1.06%	
5	Filed "DSIC" Revenue Requirement (Line 3 multiplied by Line 4)						\$ -	\$ 308,638	\$ 316,477	\$ 305,135	\$ 703,033	\$ 712,840	\$ -	\$ 2,346,323
6	Actual DSIC Revenues Billed (including GRT), (Schedule 5, Column A)						\$ -	\$ 318,034	\$ 331,382	\$ 317,361	\$ 725,092	\$ 745,586	\$ -	\$ 2,437,455
7	Gross Receipts Tax Factor (1)	0.941	0.941	0.941	0.941	0.941	0.941	0.941	0.941	0.941	0.941	0.941	0.941	
8	Actual "DSIC" Revenues Billed (excluding GRT)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 299,270	\$ 311,830	\$ 298,636	\$ 682,312	\$ 701,596	\$ -	\$ 2,293,644
9	Net Over/(Under) Collection (Line 8 less Line 5)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (9,588)	\$ (4,647)	\$ (6,486)	\$ (20,721)	\$ (11,244)	\$ -	\$ (52,879)
10	Interest on Over/(Under) Collection (Schedule 3, Column D)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (568)	\$ (298)	\$ (425)	\$ (1,182)	\$ (618)	\$ -	\$ (3,111)
11	Net Over/(Under) Collection, Including Interest	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (10,166)	\$ (4,945)	\$ (6,904)	\$ (21,913)	\$ (11,862)	\$ -	\$ (56,790)

(1) Gross Receipts Tax Factor (11-058)

PPL ELECTRIC UTILITIES CORPORATION
INTEREST EXPENSE ON DISTRIBUTION SYSTEM IMPROVEMENT CHARGE ("DSIC")
OVER/(UNDER) COLLECTIONS

Line No.	Month	(A) Interest Rate Overcollection	(B) Weighting Factor (number of months) (2)	(C) Over/(Under) Collection (1)	(D) Interest on Over/(Under) Collection
1	January 2013		21	\$ -	\$ -
2	February 2013		20	-	\$ -
3	March 2013		19	-	\$ -
4	April 2013		18	-	\$ -
5	May 2013		17	-	\$ -
6	June 2013		16	-	\$ -
7	July 2013	5.00%	15	(9,568)	\$ (598)
8	August 2013	5.50%	14	(4,647)	\$ (298)
9	September 2013	5.75%	13	(6,499)	\$ (405)
10	October 2013	5.75%	12	(20,721)	\$ (1,192)
11	November 2013	6.00%	11	(11,244)	\$ (618)
12	December 2013		10	-	\$ -
13	Total			<u>\$ (52,679)</u>	<u>\$ (3,111)</u>

(1) From Schedule 2, Line 9.

(2) The interest calculation uses the over(under) collections shown in column C times the interest rate in column (A) divided by 12 to obtain the monthly interest amount. The monthly amount calculated then is multiplied by the number of months in column (B).

PPL ELECTRIC UTILITIES CORPORATION
EFFECT ON THE OVER/(UNDER) COLLECTION BALANCE - DISTRIBUTION SYSTEM IMPROVEMENT CHARGE("DSIC")
Report For The Period January 1, 2013 to December 31, 2013

Line No.	Month	(A) (Refund)/ Recovery (1)	(B) Over/(Under) Balance (2)
1	Balance - December 31, 2013		
2	January 2014	-	-
3	February 2014	-	-
4	March 2014	-	-
5	April 2014	-	-
6	May 2014	-	-
7	June 2014	-	-
8	July 2014	-	-
9	August 2014	-	-
10	September 2014	-	-
11	October 2014	-	-
12	November 2014	-	-
13	December 2014	\$ -	-

(1) From Schedule 5, Column (C), for the respective month and rate group.

(2) Calculated using Line 1, Column (B) less the (Refund)/Recovery for the respective month in Column (A) respectively.

** Schedule #4 is blank as this is the first year for the DSIC mechanism, therefore there was no e-factor.

PPL ELECTRIC UTILITIES CORPORATION
SUMMARY OF DISTRIBUTION SYSTEM IMPROVEMENT CHARGE
REVENUES-
("DSIC")
For the Period January 1, 2013 to November 30, 2013

Month	(A) Distribution System Improvement Charge Revenues (DSIC)	(B) Distribution System Improvement Charge Revenues (Excl. Gross Receipts Tax) (1)	(C) Recouped Through E Factor	(D) Net DSIC Revenue (2)
January	2013	\$ -		\$ -
February	2013	\$ -		\$ -
March	2013	\$ -		\$ -
April	2013	\$ -		\$ -
May	2013	\$ -		\$ -
June	2013	\$ -		\$ -
July	2013 \$	318,034 (3)	\$ 299,270	\$ 299,270
August	2013 \$	331,382	\$ 311,830	\$ 311,830
September	2013 \$	317,361	\$ 298,637	\$ 298,637
October	2013 \$	725,092	\$ 682,312	\$ 682,312
November	2013 \$	745,586	\$ 701,596	\$ 701,596
December	2013	\$ -		\$ -
	<u>\$</u>	<u>2,437,455</u>	<u>\$</u>	<u>2,293,645</u>

(1) Column (A) times (1 - GRT).

(2) Column (B) less Column (C) for the respective month.

(3) The revenues reported for July 2013 contain \$383 billed during the dual revenue period of June 2013.

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Paul E Russell
PPL Corporation
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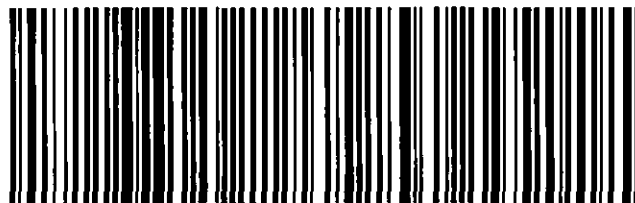
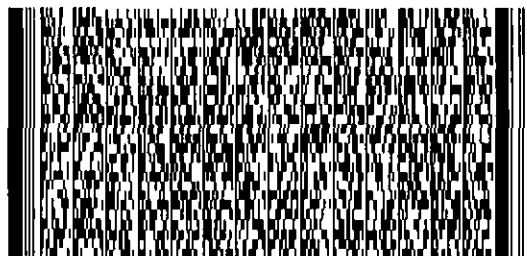
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