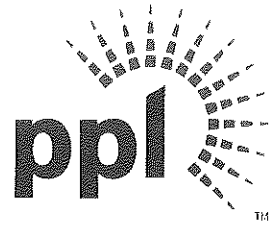


Paul E. Russell
Associate General Counsel

PPL
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E-File

June 20, 2014

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

**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 July 1, 2014 through September 30, 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 June 20, 2014, which is the date they were filed electronically using the Commission's E-Filing System.

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 cursive script that reads "Paul Russell" followed by a flourish.

Paul E. Russell

Enclosures

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

PPL ELECTRIC UTILITIES CORPORATION

CALCULATION OF
DISTRIBUTION SYSTEM IMPROVEMENT CHARGE

For the Application Period
July 1, 2014 through September 30, 2014

Docket No.

June 20, 2014

PPL ELECTRIC UTILITIES CORPORATION
 SCHEDULE 1 - COMPUTATION OF CUMULATIVE PROPOSED DSIC
 APPLICATION PERIOD: JULY 1, 2014 THROUGH SEPTEMBER 30, 2014

Line No.		Total
	Distribution System Improvement Charge	
1	Applicable Plant (Schedule 2, Line 2, Column Y)	\$ 172,733,026
	Less:	
2	Accumulated Depreciation (Schedule 2, Line 3, Column Q)	2,875,998
3	Retirements (Schedule 2, Line 4, Column Y)	(188,182)
4	DSI = Distribution System Improvement Projects net of accumulated depreciation and retirements (Line 1 - Line 2 + Line 3)	169,668,846
5	Pre-tax return rate applicable to DSIC-eligible property (Schedule 3, Line 4)	2.95%
6	Dep = Depreciation Expense (Schedule 2, Line 6, Column O through Q)	962,137
7	E=Experienced Net Over/(Under) Collections, excluding interest (A)	(15,512)
8	Net Amount to be Recovered (includes Over/(Under) Collection) (w/o GRT) (Line 5 + Line 6 - Line 7)	<u>5,982,880</u>
9	Net Amount to be Recovered (includes Over/(Under) Collection) (w/ GRT) (Line 8 x Note 1)	<u>6,358,007</u>
10	PQR = Projected Quarterly Distribution Revenue (Schedule 2, Line 7, Columns S through U)	<u>227,558,064</u>
11	DSIC = Distribution System Improvement Rider	
	Rate % of Billed Revenues (w/ GRT) (Line 9 / Line 10)	2.79%
	Note 1:	
	$\frac{1}{(1 - T)} = (T = 5.9\% \text{ Gross Receipts Tax})$	1.0627

(A) Schedule 1, Line 6 divided by 4, of the Distribution System Improvement Charge ("DSIC") Reconciliation Report, dated January 30, 2014 at Docket No. M-2014-2405341. (Attachment 1)

PPL ELECTRIC UTILITIES CORPORATION
 SCHEDULE 2 - COMPUTATION OF CUMULATIVE PROPOSED DSIC by MONTH
 APPLICATION PERIOD: JULY 1, 2014 THROUGH SEPTEMBER 30, 2014

Line No.	(A)	(B)	(C)	(D)	(E)	(F)
	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13
1			\$	11,839,302	11,620,967	12,776,130
2				16,568,093	28,189,080	40,965,190
3				32,267	87,700	170,232
4				-	-	(2,365)
5	-	-	4,723,616	16,635,826	28,101,360	40,792,593
6	-	-	5,175	27,092	55,433	82,532
7						

DSI = Distribution System Improvement Projects net of accumulated depreciation and retirements (Line 2 - Line 3 + Line 4)

Projected Distribution Revenues

PPL ELECTRIC UTILITIES CORPORATION
 SCHEDULE 2 - COMPUTATION OF CUMULATIVE PROPOSED DSIC by MONTH
 APPLICATION PERIOD: JULY 1, 2014 THROUGH SEPTEMBER 30, 2014

Line No.	(G)	(H)	(I)	(J)	(K)	(L)
	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13
1	14,672,496	10,580,389	10,537,008	20,231,842	15,649,991	10,876,532
2	55,637,666	66,218,075	76,755,083	96,986,725	112,636,716	123,513,248
3	286,716	437,250	611,013	822,581	1,074,025	1,356,169
4	(13)	-	-	(423)	(38,910)	-
5	55,348,957	65,780,825	76,144,070	96,163,721	111,523,781	122,157,079
6	118,484	148,534	173,763	211,568	251,444	282,144
7	\$ 76,326,006	\$ 78,213,991	\$ 75,410,975	\$ 70,482,327	\$ 71,465,507	\$ 81,794,627

DSI = Distribution System Improvement Projects net of accumulated depreciation and retirements (Line 2 - Line 3 + Line 4)

Dep = Depreciation Expense

Projected Distribution Revenues

PPL ELECTRIC UTILITIES CORPORATION
 SCHEDULE 2 - COMPUTATION OF CUMULATIVE PROPOSED DSI^C BY MONTH
 APPLICATION PERIOD: JULY 1, 2014 THROUGH SEPTEMBER 30, 2014

Line No.	(M)	(N)	(O)	(P)	(Q)	(R)
	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14
1	11,029,030	6,147,884	4,960,249	11,602,458	15,480,157	
2	134,542,278	140,690,162	145,650,411	157,252,869	172,733,026	
3	1,626,136	1,913,861	2,213,161	2,529,990	2,875,998	
4	(61,869)	(48,777)	-	(35,825)	-	
5	132,854,273	138,727,524	143,437,250	154,687,054	169,857,028	
6	269,967	287,725	299,300	316,829	346,008	
7	\$ 88,618,531	\$ 88,894,593	\$ 82,743,666	\$ 76,125,908	\$ 69,221,141	\$ 71,188,504

DSI = Distribution System Improvement Projects net of accumulated depreciation and retirements (Line 2 - Line 3 + Line 4)

Dep = Depreciation Expense

Projected Distribution Revenues

PPL ELECTRIC UTILITIES CORPORATION
 SCHEDULE 2 - COMPUTATION OF CUMULATIVE PROPOSED DSIC by MONTH
 APPLICATION PERIOD: JULY 1, 2014 THROUGH SEPTEMBER 30, 2014

Line No.	(S)	(T)	(U)	(V)	(W)	(X)	(Y)	Total
	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14		
1								
Incremental Plant Additions								\$ 172,733,026
2								
Cumulative Plant								172,733,026
Less:								
3								
Accumulated Depreciation								2,875,998
4								
Retirements								(188,182)
5								
DSI = Distribution System Improvement Projects net of accumulated depreciation and retirements (Line 2 - Line 3 + Line 4)								169,668,846
6								
Dep = Depreciation Expense								2,875,998
7								
Projected Distribution Revenues	\$ 75,965,014	\$ 77,714,666	\$ 73,878,384					

PPL ELECTRIC UTILITIES CORPORATION
SCHEDULE 3 - COMPUTATION OF CUMULATIVE PROPOSED DSIC PRE-TAX RATE OF RETURN
APPLICATION PERIOD: JULY 1, 2014 THROUGH SEPTEMBER 30, 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	47.63%	5.20%	2.48%	-	2.48%
2	Common Equity	52.37%	10.40%	5.45%	1.709211797	9.32%
3	Total	<u>100.00%</u>		<u>7.93%</u>		<u>11.80%</u>
4	11.80% Annual PTRR / 4 quarters = 2.95% 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%.
 $1/[(1-9.99\%)*(1-35\%)] = 1.709211797$

Attachment 1

Paul E. Russell
Associate General Counsel

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FEDERAL EXPRESS

January 30, 2014

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

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PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

**Re: PPL Electric Utilities Corporation
Distribution System Improvement Charge
Reconciliation Report
Docket Nos. M-2013-2384650 and P-2012-2325034**

Dear Ms. Chiavetta:

Enclosed for filing on behalf of PPL Electric Utilities Corporation ("PPL Electric") is the Distribution System Improvement Charge ("DSIC") Reconciliation Report. This reconciliation of the DSIC for the period July 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 January 30, 2014, 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.

Rosemary Chiavetta, Secretary

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, appearing to read "Paul E. Russell". The signature is written in a cursive style with a large initial "P" and "R".

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

Distribution System Improvement Charge (DSIC)

RECONCILIATION REPORT

For the Period July 1, 2013 to December 31, 2013

January 30, 2014

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

Line No.		(A) Total
1	Filed Distribution Revenue (including GRT), (Schedule 2, Line 1, Column M)	\$ <u>453,693,432</u>
2	Filed Distribution Revenue (excluding GRT), (Schedule 2, Line 3, Column M)	\$ <u>426,925,521</u>
3	Filed Distribution System Improvement Charge Revenue Requirement (including GRT), (Schedule 2, Line 5, Column M)	\$ <u>3,162,192</u>
4	Actual DSIC Revenues Billed (including GRT), (Schedule 2, Line 6, Column M)	\$ <u>3,294,522</u>
5	Actual Distribution Revenue (excluding GRT), (Schedule 2, Line 8, Column M)	\$ <u>3,100,144</u>
6	Net Over/(Under) Collection Amount (Schedule 2, Line 9, Column M)	\$ <u>(62,048)</u>
7	Interest on Over/(Under) Collection, (Schedule 2, Line 10, Column M)	\$ <u>(3,560)</u>
8	Net Over/(Under) Collection Amount, Including Interest (Line 7 plus Line 8)	\$ <u>(65,608)</u>
9	E-Factor Balance (Schedule 4, Line 13, Column B)	-
10	Total Over/(Under) Collection Balance	<u><u>(65,608)</u></u>

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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)	(N)	(O)
		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)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,208,000	\$ 78,211,850	\$ 75,410,874	\$ 70,482,327	\$ 71,485,508	\$ 81,794,027	\$ 451,653,432		
2	Costs Recovered 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	0.941		
3	Filed Distribution Revenue (including GRT)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,262,272	\$ 72,989,385	\$ 70,591,177	\$ 68,323,870	\$ 67,249,045	\$ 76,988,744	\$ 426,925,521		
4	DSIC Rate	0.45%	0.45%	0.45%	0.45%	0.45%	0.45%	0.45%	0.45%	0.45%	0.45%	0.45%	0.45%	0.45%	1.00%	1.00%
5	Filed "DSIC" Revenue Requirement (Line 3 multiplied by Line 4)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,818,838	\$ 316,077	\$ 305,195	\$ 753,833	\$ 717,840	\$ 815,869	\$ 3,182,102		
6	Actual DSIC Revenue (Based on Billing Cycle) (including GRT) (Column 3, Column 4)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 318,034	\$ 331,382	\$ 317,961	\$ 725,022	\$ 746,598	\$ 857,027	\$ 3,204,522		
7	Costs Recovered 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	0.941		
8	Actual "DSIC" Revenue (Based on Billing Cycle) (including GRT) (Line 6 multiplied by Line 7)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 299,270	\$ 311,830	\$ 298,636	\$ 680,312	\$ 701,656	\$ 805,500	\$ 3,103,144		
9	Net Over/(Under) Collection (Line 8 less Line 5)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,581	\$ 14,647	\$ 6,489	\$ 20,721	\$ 11,244	\$ 19,361	\$ 102,643		
10	Interest on Over/(Under) Collection (Schedule 3, Column 2)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (290)	\$ (425)	\$ (1,120)	\$ (818)	\$ (449)	\$ (3,080)		
11	Net Over/(Under) Collection (including Interest)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,581	\$ 14,357	\$ 6,064	\$ 19,601	\$ 10,426	\$ 18,912	\$ 99,563		

(1) Costs Recovered Tax Factor (1-DSI)

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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	5.75%	10	(9,369)	(449)
13	Total			\$ (62,048)	\$ (3,560)

(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 July 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.

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PPL ELECTRIC UTILITIES CORPORATION
SUMMARY OF DISTRIBUTION SYSTEM IMPROVEMENT CHARGE ("DSIC") REVENUES
 For the Period July 1, 2013 to December 31, 2013

Schedule 6

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	\$ 316,034 (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	\$ 745,596	\$ 701,596	\$ -	\$ 701,596
December 2013	\$ 357,067	\$ 306,500	\$ -	\$ 306,500
	\$ 3,294,522	\$ 3,100,145	\$ -	\$ 3,100,145

(1) Column (A) lines (1 - GRT)

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

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

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