

Paul E. Russell
Associate General Counsel

PPL
Two North Ninth Street
Allentown, PA 18101-1179
Tel. 610.774.4254 Fax 610.774.6726
perussell@pplweb.com



E-File

December 18, 2015

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

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

Dear Ms. Chiavetta:

Enclosed for filing on behalf of PPL Electric Utilities Corporation ("PPL Electric") is the Calculation for the Distribution System Improvement Charge ("DSIC"). This calculation of the DSIC for the period beginning January 1, 2016 through March 31, 2016 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 document is to be deemed filed on December 18, 2015, which is the date it was filed electronically using the Commission's E-Filing System.

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

Very truly yours,

Paul E. Russell

Enclosures

cc: Mr. Dennis P. Hosler
Ms. Lori Burger
Mr. John R. Evans

Tanya J. McCloskey, Esquire
J. Edward Simms, Esquire

PPL ELECTRIC UTILITIES CORPORATION

CALCULATION OF
DISTRIBUTION SYSTEM IMPROVEMENT CHARGE

For the Application Period
January 1, 2016 through March 31, 2016

Docket No.

December 18, 2015

PPL ELECTRIC UTILITIES CORPORATION
SCHEDULE A - COMPUTATION OF CUMULATIVE PROPOSED DSIC
APPLICATION PERIOD: January 1, 2016 THROUGH March 31, 2016

Line No.		Total
	Distribution System Improvement Charge	
1	Applicable Plant (Schedule B, Line 2, Column N) Less:	\$ 385,035,860
2	Accumulated Depreciation (Schedule B, Line 3, Column L)	13,211,182
3	Retirements (Schedule B, Line 4, Column N)	(6,891,643)
4	DSI = Distribution System Improvement Projects net of accumulated depreciation and retirements (Line 1 - Line 2 + Line 3)	364,933,035
5	Pre-tax return rate applicable to DSIC-eligible property (Schedule C, Line 4)	2.74% 9,999,165
6	Dep = Depreciation Expense (Schedule B, Line 6, Column J through L)	2,275,204
7	E=Experienced Net Over/(Under) Collections, excluding Interest (A)	111,493
8	Net Amount to be Recovered (includes Over/(Under) Collection) (w/o GRT) (Line 5 + Line 6 - Line 7)	12,162,876
9	Net Amount to be Recovered (includes Over/(Under) Collection) (w/ GRT) (Line 8 x Note 1)	12,925,476
10	PQR = Projected Quarterly Distribution Revenue	316,310,510
11	DSIC = Distribution System Improvement Rider (B)	
	Rate % of Billed Revenues (w/ GRT) (Line 9 / Line 10)	0.00%
	Note 1:	
	$\frac{1}{(1 - T)} = (T = 5.9\% \text{ Gross Receipts Tax})$	1.062699

(A) Schedule 1, Line 11 divided by 4, of the Distribution System Improvement Charge ("DSIC") Reconciliation Report, dated March 30, 2015 at Docket No. M-2015-2465166.

(B) Line 11, Calculation provides a rate of 4.09%. Per the Commission's Order P-2012-2325034 the DSIC rate is 0.00% due PPL's rate case at Docket No. R-2015-2469275.

PPL ELECTRIC UTILITIES CORPORATION
 SCHEDULE B - COMPUTATION OF CUMULATIVE PROPOSED DSIC by MONTH
 APPLICATION PERIOD: January 1, 2016 THROUGH March 31, 2016

Line No.	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)	(M)	(N)
	2014 Balance	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Total
1 Incremental Plant Additions	251,838,990	13,092,294	11,452,805	10,591,145	16,141,185	11,333,966	12,482,419	13,639,903	11,385,541	10,272,158	11,924,251	10,881,203		\$ 385,035,860
2 Cumulative Plant (Sum of Line 1)	251,838,990	264,931,284	276,384,089	286,975,234	303,116,419	314,450,385	326,932,804	340,572,707	351,958,248	362,230,406	374,154,657	385,035,860		385,035,860
Less:														
3 Accumulated Depreciation (Sum of Line 6)	5,959,330	6,496,279	7,056,994	7,637,439	8,244,383	8,881,222	9,538,169	10,224,063	10,935,978	11,669,931	12,427,947	13,211,182		13,211,182
4 Retirements	(1,487,375)	(53,288)	-	(235,865)	(612,422)	(352,273)	(1,578,990)	(479,265)	(335,096)	(114,996)	(1,227,400)	(414,673)		(6,891,643)
5														
DSI = Distribution System Improvement Projects net of accumulated depreciation and retirements (Line 2 - Line 3 + Line 4)		258,381,717	269,327,095	279,101,930	294,259,614	305,216,890	315,815,645	329,869,379	340,687,174	350,445,479	360,499,310	371,410,005	-	364,933,035
6 Dep = Depreciation Expense	5,959,330	536,949	560,715	580,445	606,944	636,839	656,947	685,894	711,915	733,953	758,016	783,235		13,211,182
7 Projected Distribution Revenues		\$ 92,368,715	\$ 89,237,824	\$ 86,591,221	\$ 81,273,496	\$ 73,024,007	\$ 75,056,922	\$ 80,102,133	\$ 83,860,686	\$ 77,743,836	\$ 70,086,878	\$ 75,118,147	\$ 86,446,369	

PPL ELECTRIC UTILITIES CORPORATION
SCHEDULE C - COMPUTATION OF CUMULATIVE PROPOSED DSIC PRE-TAX RATE OF RETURN
APPLICATION PERIOD: January 1, 2016 THROUGH March 31, 2016

Line No.	(A) Description	(B) Capitalization Ratio	(C) Embedded Cost	(D) Rate of Return	(E) Tax Multiplier (1)	(F) Pre-Tax Rate of Return (PTRR)
1	Long-Term Debt	49.25%	4.80%	2.36%	-	2.36%
2	Common Equity	50.75%	9.90%	5.02%	1.709211797	8.58%
3	Total	<u>100.00%</u>		<u>7.38%</u>		<u>10.94%</u>
4	10.94% Annual PTRR / 4 quarters = 2.74% 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%.
 $1/[(1-9.99%)*(1-35\%)] = 1.709211797$

Line 2, Column C, from the PUC's Quarterly Financial Report page 14, line 7, dated June 30, 2015 at Docket No. M-2015-2505842.

