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File #: 153362

January 4, 2016

***VIA ELECTRONIC FILING***

Rosemary Chiavetta, Secretary  
Pennsylvania Public Utility Commission  
Commonwealth Keystone Building  
400 North Street, 2nd Floor North  
P.O. Box 3265  
Harrisburg, PA 17105-3265

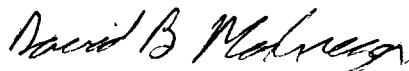
**Re: Petition of PPL Electric Utilities Corporation For Approval of a Distribution System Improvement Charge - Docket No. P-2012-2325034**

Dear Secretary Chiavetta:

Enclosed for filing is PPL Electric Utilities Corporation's Compliance Filing for Implementing Distribution System Improvement Charges Revised Refund and Recoupment Plan, for the above-referenced proceedings.

Copies will be provided as indicated on the Certificate of Service.

Respectfully submitted,

  
David B. MacGregor

DBM/jl  
Enclosures

cc: Certificate of Service  
Bureau of Technical Utility Services  
Bureau of Audits

**CERTIFICATE OF SERVICE**

***Docket No. P-2012-2325034***

I hereby certify that true and correct copies of the foregoing have been served upon the following persons, in the manner indicated, in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant).

**Via E-Mail and First Class Mail**

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Erin L. Gannon, Esquire  
Office of Consumer Advocate  
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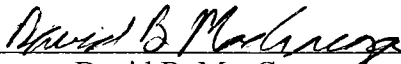
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Date: January 4, 2016

  
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David B. MacGregor

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Petition of PPL Electric Utilities :  
Corporation For Approval of a Distribution : Docket No. P-2012-2325034  
System Improvement Charge :

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**PPL ELECTRIC UTILITIES CORPORATION  
COMPLIANCE FILING FOR IMPLEMENTING  
DISTRIBUTION SYSTEM IMPROVEMENT CHARGES  
REVISED REFUND AND RECOUPMENT PLAN**

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TO THE PENNSYLVANIA PUBLIC UTILITY COMMISSION:

PPL Electric Utilities Corporation (“PPL Electric” or the “Company”) hereby submits its compliance filing for implementing a revised plan to (i) refund Distribution System Improvement Charges (“DSIC”) to all current Large Commercial & Industrial customers on Rate Schedule LP-5 (“LP-5 customers”) and (ii) recoup the associated DSIC expenses from all other applicable Rate Schedules consistent with the terms and conditions of the approved DSIC tariff provisions (hereinafter, collectively the “Revised DSIC Refund and Recoupment Plan”). As explained in more detail below, PPL Electric’s Revised DSIC Refund and Recoupment Plan fully complies with the Pennsylvania Public Utility Commission’s (“Commission”) Opinion and Order issued on November 5, 2015, at Docket No. P-2012-2325034 (“*November 2015 Order*”) and, therefore, should be approved. In support thereof, PPL Electric states as follows:

**I. BACKGROUND**

On February 14, 2012, Governor Corbett signed into law Act 11 of 2012 (Act 11), effective in sixty days, which, among other things, amended Chapter 13 of Title 66 of the Public

Utility Code to approve a DSIC for electric distribution companies (“EDCs”). See 66 Pa.C.S. §§ 1350-1360. Act 11 provides utilities with the ability to implement a DSIC to recover reasonable and prudent costs incurred to repair, improve or replace certain eligible property that is part of the utility’s distribution system. 66 Pa.C.S. § 1353.

On August 2, 2012, the Commission issued its *Final Implementation Order*, at Docket No. M-2012-2293611, establishing procedures necessary to implement Act 11. The *Final Implementation Order* adopted the requirements established in Act 11, provided additional standards that each utility must meet in developing a Long Term Infrastructure Improvement Plan (“LTIIP”) and DSIC, and gave guidance to utilities for meeting the Commission’s standards.

On January 15, 2013, PPL filed a Petition for Approval of a DSIC, pursuant to 66 Pa.C.S. § 1353. By Order entered May 23, 2013 (“*May 2013 Order*”), the Commission approved PPL Electric’s DSIC, subject to refund, pending final resolution of four identified issues. The four issues reserved for further resolution were as follows:

1. Whether customers taking service under Rate Schedule LP-5 at transmission voltage rates should be included under the DSIC charge;
2. If revenues associated with the Company’s Act 129 Compliance Rider (“ACR”), Smart Meter Rider, Universal Service Rider, Net Metering Rider, and Competitive Enhancement Rider (“CER”) riders in PPL Electric’s tariffs are properly included as distribution revenues;
3. Impact of accumulated deferred income taxes associated with DSIC investments; and
4. Calculation of state income tax component of the DSIC revenue requirement.

On June 20, 2013, PPL Electric filed its compliance filing, as directed by the Commission in its *May 2013 Order*. The Company’s DSIC rate became effective as of July 1,

2013, subject to refund, pending final resolution of the four reserved issues. The four issues identified in the *May 2013 Order* were referred to the Office of Administrative Law Judge for final resolution.

On August 1, 2014, following an evidentiary hearing, Administrative Law Judge Kandice F. Melillo issued a Recommended Decision that approved the DSIC calculation proposed by PPL Electric with certain modifications. Pertinent to this compliance filing plan, the Recommended Decision found that PPL Electric's DSIC should not be applied to LP-5 customers and that refunds be made to these customers.<sup>1</sup> PPL Electric and the Office of Consumer Advocate ("OCA") filed Exceptions to the Recommended Decision on August 21, 2014. PPL Electric and PP&L Industrial Customer Alliance ("PPLICA") filed Replies to Exceptions on September 2, 2014.

The Commission issued an Order on April 9, 2015 ("*April 2015 Order*"). Therein, the Commission directed as follows:

6. That the application of the PPL Electric Utilities Corporation's Distribution System Improvement Charge to the Corporation's Rate LP-5 customers, as filed by PPL Electric Utilities Corporation, effective July 1, 2013, is hereby rejected.

7. That as a result of amending PPL Electric Utilities Corporation's Distribution System Improvement Charge to exclude LP-5 customers, PPL Electric Utilities Corporation shall issue refunds to these customers, calculated retroactively to July 1, 2013, with interest at the residential mortgage rate, pursuant to 66 Pa.C.S. § 1358(e)(3) and in accordance with Ordering Paragraph No. 10, *infra*.

\* \* \*

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<sup>1</sup> The Recommended Decision also found that the ACR and CER revenues should be excluded from PPL Electric's DSIC calculation and that appropriate refunds be issued to customers. The Commission rejected this recommendation, concluding that the ACR and CER revenues should be included in PPL Electric's calculation of the DSIC. On April, 24, 2015, PPLICA filed a Petition for Reconsideration regarding whether the ACR and CER revenues should be included in PPL Electric's calculation of the DSIC. PPL Electric filed an Answer to the Petition for Reconsideration on May 4, 2015. By Order entered October 1, 2015, the Commission denied PPLICA's Petition for Reconsideration.

9. That, within thirty (30) days of the date of entry of this Opinion and Order, PPL Electric Utilities Corporation shall file a tariff supplement to modify its Distribution System Improvement Charge, consistent with this Opinion and Order, to become effective on ten days' notice, effective July 1, 2013.

10. That, within thirty (30) days of the date of entry of this Opinion and Order, PPL Electric Utilities Corporation shall file a refund plan for approval by the Pennsylvania Public Utility Commission, with a copy to the Bureau of Technical Utility Services and the Bureau of Audits, delineating the amount and procedure for the distribution of refunds set forth in Ordering No. 7, supra.

*April 2015 Order*, Ordering Paragraphs 6-7 and 9-10, pp. 68-69.

On May 11, 2015, PPL Electric submitted a compliance filing plan to (i) refund DSIC revenues to all current LP-5 customers and (ii) recoup the associated DSIC expenses from all other applicable Rate Schedules consistent with the terms and conditions of the Commission-approved DSIC tariff provisions.<sup>2</sup> On May 21, 2015, PPLICA filed an Exception to the proposed DSIC refund plan, and requested that PPL Electric be directed to file a revised DSIC refund plan, requesting that the Commission deny PPL Electric's proposal as presented, and direct PPL Electric to file a revised DSIC refund plan that calculates the refunds for each individual LP-5 customer based on actual billed amounts.

On November 5, 2015, the Commission issued the *November 2015 Order*. Therein, the Commission granted PPLICA's Exception and approved PPL Electric DSIC refund plan with the following modifications:

1. Refunds for each individual LP-5 customer shall be calculated based on actual billed amounts;

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<sup>2</sup> On May 11, 2015, PPL Electric also filed Supplement No. 186 to Tariff – Electric Pa. P.U.C No. 201 (Supplement 186) to revise its DSIC to reflect that it does not apply to Rate LP-5 customers in compliance with the April 2015 Order. By Secretarial Letter issued May 29, 2015, PPL was notified that Supplement 186 became by operation of law.

2. The recoupment of the total refund amount from all other applicable rate schedules shall be a separate line item component of the e-factor calculation; and

3. The 3-month quarterly recovery period shall have an effective date of April 1, 2016 through June 30, 2016.

*November 2015 Order*, p. 10. The Commission further directed PPL Electric to submit, within 60 days, a Revised DSIC Refund and Recoupment Plan that incorporates these modifications.

PPL Electric hereby submits this compliance filing to implement a Revised DSIC Refund and Recoupment Plan as required by the *November 2015 Order*. As described in more detail below, PPL Electric's Revised DSIC Refund and Recoupment Plan is consistent with Act 11, the *Final Implementation Order*, at Docket No. M-2012-2293611, the *May 2013 Order*, the *April 2015 Order*, and the *November 2015 Order*.

## **II. IMPLEMENTATION PLAN FOR REVISED DSIC REFUND TO CURRENT LP-5 CUSTOMERS**

PPL Electric's proposed Revised DSIC Refund and Recoupment Plan is described below. The Revised DSIC Refund and Recoupment Plan is set forth in the *pro forma* tariff supplement attached hereto as **Appendix A**.

### **A. REFUND OF DSIC REVENUES TO LP-CUSTOMERS**

PPL Electric proposes to refund DSIC revenues to each individual LP-5 customer by implementing the following:

#### **1. DSIC Revenues to be Refunded**

The DSIC revenues to be refunded are all DSIC revenues recovered from LP-5 customers from July 1, 2013 through the June 1, 2015 effective date of PPL Electric's Supplement No. 186,

which eliminated LP-5 customers from application of the DSIC.<sup>3</sup> As of November 30, 2015, the total amount to be refunded to LP-5 customers was \$560,838, excluding interest. PPL Electric will continue to update the DSIC balances to be refunded to LP-5 customers as of the end of the first month after Commission approval of the Revised DSIC Refund and Recoupment Plan. Interest will be applied at the residential mortgage rate to all of the DSIC revenue recovered from LP-5 customers since July 1, 2013.

## 2. **Bill Credit**

PPL Electric will implement a one-time Bill Credit to refund the DSIC revenues to each current LP-5 customer. The one-time Bill Credit will be based on the actual DSIC billed amounts to each current LP-5 customer on PPL Electric's system. A list of the actual DSIC Bill Credit amounts to each current LP-5 customers is attached here to as **Appendix B**.

The Bill Credit will be applied to a customer's total monthly bill for generation, transmission, distribution, and all riders. The Bill Credit will not be applied to individual line item bill components. Current LP-5 customers will receive their refund in a single month, unless this would result in a negative total bill, in which case the Bill Credit will continue until such time that each current LP-5 customer receives a full refund. Customers may, as part of normal business process, request a check for any remaining Bill Credit amounts.

## 3. **Timing of Bill Credit**

The Company will administer the DSIC refunds to each current LP-5 customer as a Bill Credit applied beginning with the bill issued in the first month following the Commission approval of the Revised DSIC Refund and Recoupment Plan.

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<sup>3</sup> See Footnote 2.

## **B. RECOUPMENT OF REFUNDED DSIC REVENUES FROM APPLICABLE RATE SCHEDULES**

The DSIC revenues being refunded to current LP-5 customers under the proposed Revised DSIC Refund and Recoupment Plan were initially recovered for DSIC eligible plant. Under Act 11 and the Company's Commission-approved DSIC tariff provision, these expenses are eligible to be fully recovered through the DSIC. Therefore, as part of its Revised DSIC Refund and Recoupment Plan, and in accordance with the *November 2015 Order*, PPL Electric proposes to recover these expenses from all other applicable rate schedules as described below.

To recover these expenses, PPL Electric proposes to include the total DSIC revenue to be refunded as an additional expense in the three-month quarterly recovery period with an effective date of April 1, 2016 through June 30, 2016. The DSIC revenues being refunded to current LP-5 customers will appear as a separate line item component of the E-factor calculation on the quarterly filing. These expenses would be in addition to the DSIC costs claimed in the quarterly filing. Thus, the total costs to be recovered through the DSIC in that quarter would include both the DSIC costs reflected in the quarterly filing and the total DSIC revenues being refunded to current LP-5 customers.

The total DSIC revenue to be refunded to current LP-5 customers will be recovered, together with the DSIC costs reflected in the quarterly filing, from all applicable rate schedules, consistent with the terms and conditions of PPL Electric's Commission-approved DSIC tariff provision. The incremental cost to other customer of recovering the DSIC refund amount is small. Recovering the total DSIC revenue to be refunded as an additional expense in the period of April 1, 2016 through June 30, 2015 is expected to increase the DSIC percentage by approximately 0.22% for the 3-month quarterly recovery period. For the average residential

customer on Rate Schedule RS using 1,000 kWh, this would result in an estimated increased customer cost of approximately \$0.13 per month for the 3-month quarterly recovery period.


The DSIC revenues being refunded under the Revised DSIC Refund and Recoupment Plan were for DSIC eligible plant and are eligible to be fully recovered through the DSIC. Recoupment of the refunded DSIC revenues from all applicable rate schedules will ensure that the costs incurred for the DSIC eligible plant since July 1, 2013, are recovered from the proper ratepayers that directly benefited from the distribution system improvements. PPL Electric submits that the proposed Revised DSIC Refund and Recoupment Plan is consistent with Act 11, the *Final Implementation Order*, at Docket No. M-2012-2293611, the *May 2013 Order*, the *April 2015 Order*, and the *November 2015 Order* and, therefore, should be approved.

### **III. CONCLUSION**

WHEREFORE, PPL Electric Utilities Corporation respectfully requests that the Pennsylvania Public Utility Commission issue an Order approving the Revised DSIC Refund and Recoupment Plan to: (i) issue refunds to each existing individual Large Commercial & Industrial customer on Rate Schedule LP-5 based on actual Distribution System Improvement Charges billed, and (ii) recover those refund amounts from all other applicable Rate Schedules, as set forth herein.

Respectfully submitted,

Paul E. Russell (I.D. # 21643)  
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Date: January 4, 2016

Attorneys for PPL Electric Utilities Corporation

# **Appendix A**

# PPL Electric Utilities Corporation

## DISTRIBUTION SYSTEM IMPROVEMENT CHARGE (DSIC)

(C)

In addition to the net charges provided for in this Tariff, a charge of XXX% 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 April 1, 2016 through June 30, 2016.

Effective April 1, 2016, or the first month after Commission approval of PPL Electric's Revised DSIC Refund and Recoupment Plan, whichever is later, there will be a one-time bill credit applied to each current Rate Schedule LP-5 customer's monthly bill based on the actual DSIC billed amounts to each current LP-5 customer on PPL Electric's system, which refund amounts will be recovered from all other applicable Rate Schedule customers through additional DSIC charges for the three-month quarterly recovery period of April 1, 2016 through June 30, 2016, consistent with the Commission Order entered XXXX, at Docket No. P-2012-2325034.

### 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.

(Continued)

# **Appendix B**

Rate Class:LP-5

Total

Customer 1	868.88
Customer 2	5,007.70
Customer 3	2,761.44
Customer 4	7,276.68
Customer 5	7,463.11
Customer 6	10,460.36
Customer 7	1,216.39
Customer 8	14,558.30
Customer 9	10,796.16
Customer 10	6,446.19
Customer 11	3,614.96
Customer 12	4,276.67
Customer 13	802.21
Customer 14	516.01
Customer 15	1,399.81
Customer 16	3,086.79
Customer 17	4,995.84
Customer 18	621.37
Customer 19	653.33
Customer 20	1,186.85
Customer 21	2,320.21
Customer 22	2,837.82
Customer 23	2,910.90
Customer 24	528.69
Customer 25	0.00
Customer 26	5,542.98
Customer 27	4,850.74
Customer 28	6,996.00
Customer 29	1,292.58
Customer 30	4,546.38
Customer 31	52.92
Customer 32	1,146.54
Customer 33	10,277.70
Customer 34	4,725.52
Customer 35	1,591.94
Customer 36	603.13
Customer 37	830.42
Customer 38	924.53
Customer 39	10,873.56
Customer 40	6,988.68
Customer 41	3,453.40
Customer 42	19,721.89

Customer 43	6,452.51
Customer 44	4,947.67
Customer 45	5,925.63
Customer 46	1,765.17
Customer 47	718.74
Customer 48	6,015.59
Customer 49	3,891.45
Customer 50	696.74
Customer 51	12,689.28
Customer 52	10,741.06
Customer 53	25,899.43
Customer 54	720.58
Customer 55	524.59
Customer 56	2,595.94
Customer 57	3,498.84
Customer 58	5,825.86
Customer 59	2,132.65
Customer 60	3,186.43
Customer 61	1,173.77
Customer 62	529.42
Customer 63	3,212.63
Customer 64	819.49
Customer 65	2,817.85
Customer 66	5,187.72
Customer 67	632.10
Customer 68	8,779.72
Customer 69	14,494.29
Customer 70	3,142.71
Customer 71	1,518.94
Customer 72	726.02
Customer 73	524.44
Customer 74	13,445.78
Customer 75	6,438.49
Customer 76	1,727.53
Customer 77	1,141.41
Customer 78	14.21
Customer 79	7,559.71
Customer 80	0.00
Customer 81	984.51
Customer 82	3,551.15
Customer 83	60.15
Customer 84	3,246.78
Customer 85	4,267.46
Customer 86	1,445.18
Customer 87	1,103.89
Customer 88	484.70

Customer 89	3,090.69
Customer 90	8,505.30
Customer 91	1,323.08
Customer 92	528.69
Customer 93	528.69
Customer 94	2,274.99
Customer 95	578.91
Customer 96	5,023.00
Customer 97	104.66
Customer 98	2,791.49
Customer 99	4,370.94
Customer 100	141.27
Customer 101	527.37
Customer 102	855.42
Customer 103	3,910.45
Customer 104	528.82
Customer 105	4,025.30
Customer 106	2,859.48
Customer 107	528.69
Customer 108	11,295.75
Customer 109	3,265.44
Customer 110	557.75
Customer 111	19.62
Customer 112	625.79
Customer 113	4,430.45
Customer 114	1,436.49
Customer 115	2,374.38
Customer 116	7,540.98
Customer 117	1,063.64
Customer 118	3,415.68
Customer 119	2,074.78
Customer 120	604.62
Customer 121	795.01
Customer 122	4,290.38
Customer 123	5,325.44
Customer 124	6,826.65
Customer 125	5,033.74
Customer 126	5,048.46
Customer 127	10,002.48
Customer 128	6,639.79
Customer 129	2,513.16
Customer 130	528.69
Customer 131	0.00
Customer 132	522.51
Customer 133	178.13
Customer 134	528.69

Customer 135	528.69
Customer 136	528.69
Customer 137	528.69
Customer 138	512.96
Customer 139	485.32
Customer 140	528.69
Customer 141	2,674.85
Customer 142	1,521.83
Customer 143	2,524.02
Customer 144	19,038.91
Customer 145	5,605.92
Customer 146	6,279.30
Customer 147	2,549.53
Customer 148	732.54
Customer 149	3,096.41
Customer 150	2,313.30
Customer 151	528.69
Customer 152	3,441.42
Customer 153	5,006.20
Customer 154	568.52
Customer 155	528.69
Customer 156	525.56
Customer 157	458.61
Customer 158	528.69
Customer 159	2,082.66
Total	560,838.22