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E-File

March 18, 2016

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

**Re: PPL Electric Utilities Corporation
Calculation and Supplement No. 203 to Tariff
Electric PA. P.U.C. No. 201 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 and Supplement No. 203 to PPL Electric's Tariff – Electric Pa. P.U.C. No. 201 for the Distribution System Improvement Charge ("DSIC"). This calculation of the DSIC for the period April 1, 2016 through June 30, 2016 is being filed pursuant to the procedures set forth in PPL Electric's Tariff - Electric Pa. P.U.C. No. 201.

This rate filing is in accordance with the Commission's Secretarial letter dated January 19, 2016 under Docket No. P-2012-2325034.

Pursuant to 52 Pa. Code § 1.11, the enclosed document is to be deemed filed on March 18, 2016, 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
April 1, 2016 through June 30, 2016

Docket No.

March 18, 2016

PPL ELECTRIC UTILITIES CORPORATION
 SCHEDULE A - COMPUTATION OF CUMULATIVE PROPOSED DSIC
 APPLICATION PERIOD: April 1, 2016 THROUGH June 30, 2016

Line No.	Description	Total
	Distribution System Improvement Charge	
1	Applicable Plant (Schedule B, Line 2, Column Q)	\$ 418,506,229
	Less:	
2	Accumulated Depreciation (Schedule B, Line 3, Column O)	15,693,241
3	Retirements (Schedule B, Line 4, Column Q)	(7,692,237)
4	DSI = Distribution System Improvement Projects net of accumulated depreciation and retirements (Line 1 - Line 2 + Line 3)	395,120,751
5	Pre-tax return rate applicable to DSIC-eligible property (Schedule C, Line 4)	2.77%
6	Dep = Depreciation Expense (Schedule B, Line 6, Column M through O)	10,944,845
		2,482,059
7	E=Experienced Net Over/(Under) Collections, excluding Interest (A)	178,091
8	Net Amount to be Recovered (includes Over/(Under) Collection) (w/o GRT) (Line 5 + Line 6 - Line 7)	<u>13,248,813</u>
9	Net Amount to be Recovered (includes Over/(Under) Collection) (w/ GRT) (Line 8 x Note 1)	<u>14,079,500</u>
10	PQR = Projected Quarterly Distribution Revenue	<u>258,880,486</u>
11	DSIC = Distribution System Improvement Rider (B)	
	Rate % of Billed Revenues (w/ GRT) (Line 9 / Line 10)	0.00%
12	LP-5 Refunded DSIC Revenue	560,838
13	DSIC Rate % to recoup refund (Line 12 / Line 10)	0.22%
	Note 1:	
	$\frac{1}{(1 - T)} = (T = 5.9\% \text{ Gross Receipts Tax})$	1.062699

(A) Schedule 1, Line 9 divided by 4, of the Distribution System Improvement Charge ("DSIC") Reconciliation Report, dated January 29, 2016 at Docket No. M-2016-2527137.

(B) Line 11, Calculation provides a rate of 5.44%. 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: April 1, 2016 THROUGH June 30, 2016

Line No.	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	
	2014 Balance	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	
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
2	Cumulative Plant (Sum of Line 1) Less:	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
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
4	Retirements	(1,487,375)	(53,288)	-	(235,865)	(612,422)	(352,273)	(1,578,990)	(479,265)	(335,096)
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	
6	Dep = Depreciation Expense	5,959,330	536,949	560,715	580,445	606,944	636,839	656,947	685,894	711,915
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	

PPL ELECTRIC UTILITIES CORPORATION
SCHEDULE B - COMPUTATION OF CUMULATIVE PROPOSED DSIC by MONTH
 APPLICATION PERIOD: April 1, 2016 THROUGH June 30, 2016

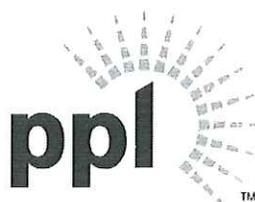
Line No.	(J)	(K)	(L)	(M)	(N)	(O)	(P)	(Q)	Total
	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16		
1	10,272,158	11,924,251	10,881,203	9,371,881	15,011,642	9,086,846			\$ 418,506,229
2	362,230,406	374,154,657	385,035,860	394,407,741	409,419,383	418,506,229			418,506,229
3	11,669,931	12,427,947	13,211,182	14,013,910	14,841,428	15,693,241			15,693,241
4	(114,996)	(1,227,400)	(414,673)	(474,484)	(319,633)	(6,477)			(7,692,237)
5	DSI = Distribution System Improvement Projects								
	350,445,479	360,499,310	371,410,005	379,919,347	394,258,322	402,806,511			395,120,751
6	733,953	758,016	783,235	802,728	827,518	851,813			15,693,241
7	\$ 77,743,836	\$ 70,086,878	\$ 75,118,147	\$ 86,446,369	\$ 100,839,570	\$ 109,726,525	\$ 105,744,415		

PPL ELECTRIC UTILITIES CORPORATION
SCHEDULE C - COMPUTATION OF CUMULATIVE PROPOSED DSIC PRE-TAX RATE OF RETURN
APPLICATION PERIOD: April 1, 2016 THROUGH June 30, 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	48.00%	4.78%	2.29%	-	2.29%
2	Common Equity	52.00%	9.90%	5.15%	1.709211797	8.80%
3	Total	<u>100.00%</u>		<u>7.44%</u>		<u>11.09%</u>
4	11.09% Annual PTRR / 4 quarters = 2.77% 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%.
 $1/[1 - 9.99\%] \times (1 - 35\%) = 1.709211797$

Line 2, Column C, from the PUC's Quarterly Financial Report page 18, line 7, dated September 30, 2015 at Docket No. M-2016-2522717.



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: March 18, 2016

EFFECTIVE: April 1, 2016

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 DSIC charge of 0.00% was revised to 0.22%
for the period April 1, 2016 through June 30,
2016.

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DISTRIBUTION SYSTEM IMPROVEMENT CHARGE (DSIC) (C)

In addition to the net charges provided for in this Tariff, a charge of 0.22% 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.

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)