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E-File

December 22, 2016

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

**Re: PPL Electric Utilities Corporation
Storm Damage Expense Rider for the period January 1, 2017
through December 31, 2017
Docket No. M-2016-2577976**

Dear Ms. Chiavetta:

Enclosed for filing on behalf of PPL Electric Utilities Corporation ("PPL Electric") is a copy of the letter sent to the Office of Consumer Advocate and the PPL Industrial Customer Alliance on December 21, 2016 to notify them of tariff modifications to the Storm Damage Expense Rider made by Tariff Supplement No.216, submitted on December 1, 2016 and revised on December 21, 2016.

Pursuant to 52 Pa. Code § 1.11, the enclosed document is to be deemed filed on December 22, 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 Scott R. Koch, PPL Electric's Regulatory Operations Supervisor at (610) 774-2070.

Very truly yours,

Kimberly A. Klock

Enclosures

cc via email: Rick Kanaskie, Esquire
Ms. Lori Burger
Adeolu A. Bakare, Esquire
Shaun Sparks, Esquire

Tanya J. McCloskey, Esquire
Mr. John R. Evans
Pamela C. Polacek, Esquire
Ms. Marissa Boyle

Rosemary Chiavetta, Secretary

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December 22, 2016

bc: Ms. B. Johnson - Email
Mr. S. Koch - Email

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Electronic Service

December 21, 2016

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P.O. Box 1166
Harrisburg, PA 17108-1166

**Re: PPL Electric Utilities Storm Damage Expense Rider for the
Period January 1, 2017 through December 31, 2017
Docket No. M- 2016-2577976**

Counsel,

This letter is intended to notify you that PPL Electric Utilities Corporation ("PPL Electric") submitted tariff supplement, Supplement No. 216, on December 1, 2016 to update the Storm Damage Expense Rider ("SDER") for the period January 1, 2017 through December 31, 2017. Supplement No. 216 updates the SDER rate and proposes to modify the tariff to reflect that the SDER will include all qualifying storm damage expenses caused by reportable storms incurred during the 12-month period ending two months prior to the effective date of the rate and to align the reconciliation period with this modified expense period.

Pursuant to the Pennsylvania Commission ("Commission") Opinion and Order entered April 3, 2014 at Docket No. R-2012-2290597, the SDER recovers only actual, experienced reportable storm damage expenses and may not be used to recover forecasted or estimated expenses. The SDER rate becomes effective on January 1 each year and is based upon the actual storm damage expenses incurred from December 1 through November 30 of the prior year. Thus, as originally approved, the SDER is based on the net storm damage expenses for the previous twelve-month period ending one month before the beginning of the recovery period.

In the April 3, 2014 Opinion and Order approving the SDER, the Commission directed PPL Electric to file the updates to the SDER rate on 30 days notice. To comply with this requirement and meet the January 1 effective date of the SDER, PPL Electric must file its SDER update on or before December 1 of each year. However, PPL Electric is unable to close its books for the month of November by the December 1 filing date for the SDER. Consequently, as originally approved, the SDER rate filed December 1 does not include the actual storm damage costs experienced for the month of November.

To address this issue, PPL Electric has proposed to modify the SDER tariff to include the actual, experienced reportable storm damage expenses incurred during the 12-month period of November 1 through October 31. This will allow PPL Electric to include a complete 12-months of actual storm damage expenses in its December 1 SDER rate filing without using forecasted or estimated expenses. As a result of this proposed change, the recovery period for the SDER will continue to be January 1 through December 31, but will be based on net storm damage expenses for the 12 month period ending two months before the beginning of the recovery period (November 1 through October 31).

In addition, the Commission's Bureau of Audits has requested that PPL Electric update the customer safeguard provisions of its SDER tariff to reflect that the annual reconciliation period will be based on the period ending October 31, rather than the period ending November 30. This change will ensure that the reconciliation period is consistent with the modified expense period described above. No other changes to the SDER mechanism have been made.

The Commission has advised that it intends to provisionally approve the SDER rate in Supplement No. 216, including the proposed modifications to the expense and reconciliation periods described above, subject to any future complaints. PPL Electric wanted to make sure you were aware of the proposed modification, and the Commission's plan to provisionally approve the SDER rate in Supplement No. 216. Also, since the tariff revision will receive only provisional approval, PPL Electric acknowledges that it would retain the burden of proof in any complaint proceeding arising out of this proposed tariff revision.

PPL Electric is happy to discuss any questions you may have regarding the updated SDER rate and/or the proposed modifications to the expense and reconciliation periods. If you have any questions or concerns regarding this filing, please contact the undersigned at (610) 774-5696 or kklock@pplweb.com.

Very truly yours,



Kimberly A. Klock

Cc: Secretary Chiavetta
Marissa Boyle, Bureau of Technical Utility Services
Shaun Sparks, Law Bureau

STORM DAMAGE EXPENSE RIDER (Continued)

FACTOR DEFINITION (Continued)

In order to calculate the C factor for each application year starting with 2015, the Company will include in the SDER all qualifying storm damage expenses caused by reportable storms incurred during the 12-month period ending two months prior to the application year, except that all qualifying expenses caused by major storm events, defined as an interruption of electric service resulting from conditions beyond the control of the Company which affects at least 10% of the Company's customers during the course of the event for a duration of 5 minutes each or greater (see 52 Pa. Code §57.192), will be recovered over three years and reflected in SDER rates commencing in the application year after the storm occurred. (C)

Qualifying expenses from major storm events occurring during 2012 that were the subject of deferral petitions which subsequently were approved by the Commission shall be recovered over three application years commencing in 2015. The C factor will include interest for major storm events that are subject to amortization, as provided above. Such interest shall be computed monthly at the average rate of interest specified for residential mortgage lending by the Secretary of Banking in accordance with the Act of January 30, 1974 (P.L. 13, No. 6 referred to as the Loan Interest and Protection law, 41 P.S. §§ 101 et seq.), from the month the amortization begins to the effective month that the full amount of the amortization is recovered.

The R Factor = The R factor is the amount of applicable storm damage expense reflected in the Company's base rates. The R factor for 2014 and thereafter, unless modified by the Commission in a subsequent base rate case, shall equal \$14,700,000, which for purposes of this SDER constitutes the amount of expense from reportable storms currently recovered through base rates, excluding previously approved amortization allowances for expenses for extraordinary storms that currently are reflected in the Company's base rates.

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STORM DAMAGE EXPENSE RIDER (Continued)

RECOVERY PERIOD

For 2015 and subsequent years, the SDER charges together with supporting data will be filed with the Commission no later than December 1 of the preceding year. The SDER charges shall become effective for service rendered on and after the following January 1.

Upon a determination that an SDER charge, if left unchanged, would result in a material over or under-collection of all SDER expenses incurred or expected to be incurred during the current 12-month application period, the Company may file with the Commission a request for an interim revision of the SDER to become effective thirty (30) days from the date of filing, unless otherwise ordered by the Commission.

ACCOUNTING

Beginning on December 1, 2013, the Company will record any qualifying storm damage expenses from reportable storms in excess of the \$14,700,000 included in base rates, to a regulatory asset for inclusion in the SDER. If the amount of storm damage expense incurred is less than the \$14,700,000 included in base rates, the Company will record a regulatory liability for inclusion in the SDER.

CUSTOMER SAFEGUARDS

Cap: Total annual revenues collected under the SDER will be capped at an amount not to exceed 3% of the total intrastate operating revenues billed to customers, exclusive of amounts recovered under the State Tax Adjustment Surcharge. If storm damage expense for recovery exceeds 3%, the excess expenses will be deferred and available for recovery in the Company's next base rate case under Section 1308.

Audit/Reconciliation: The SDER is subject to audit at intervals determined by the Commission. Any cost determined by the Commission not to comply with any provision of 66 Pa C.S. §§ 1307, *et seq.*, shall be credited to customer accounts. The SDER is subject to annual reconciliation based on a reconciliation period ending October 31 of each year. The revenue received under the SDER for the reconciliation (C) period will be compared to PPL Electric's eligible costs for that period. The difference between revenue and costs will be recouped or refunded, as appropriate, in accordance with Section 1307(e), over a one-year period.

(Continued)