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E-File

December 20, 2017

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. 240 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. 240 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 January 1, 2018 through March 31, 2018 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 20, 2017, which is the date it was submitted electronically via 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 only): Tanya J. McCloskey, Esquire
R. Kanaskie, Esquire
Ms. Lori Burger
Mr. John R. Evans

PPL ELECTRIC UTILITIES CORPORATION

**CALCULATION OF
DISTRIBUTION SYSTEM IMPROVEMENT CHARGE**

**For the Application Period
January 1, 2018 through March 31, 2018**

Docket No.

December 20, 2017

PPL ELECTRIC UTILITIES CORPORATION
SCHEDULE A - COMPUTATION OF CUMULATIVE PROPOSED DSIC
APPLICATION PERIOD: January 1, 2018 THROUGH March 31, 2018

Line No.		Total
	Distribution System Improvement Charge	
1	Applicable Plant (Schedule B, Line 2, Column M)	\$ 89,953,645
	Less:	
2	Accumulated Depreciation (Schedule B, Line 3, Column M)	728,963
3	Retirements (Schedule B, Line 4, Column M)	(41)
	DSI = Distribution System Improvement Projects net of accumulated depreciation and retirements (Line 1 - Line 2 + Line 3)	89,224,641
5	Pre-tax return rate applicable to DSIC-eligible property (Schedule C, Line 4)	2.75% 2,453,678
6	Dep = Depreciation Expense (Schedule B, Line 6, Column I through K)	454,276
7	E=Experienced Net Over/(Under) Collections (A)	-
8	Net Amount to be Recovered/(Refunded) (includes Over/(Under) Collection) (w/o GRT) (Line 5 + Line 6 - Line 7)	2,907,954
9	Net Amount to be Recovered/(Refunded) (includes Over/(Under) Collection) (w/ GRT) (Line 8 x Note 1)	3,090,280
10	PQR = Projected Quarterly Distribution Revenue	341,393,213
11	DSIC = Distribution System Improvement Rider (B)	
	Rate % of Billed Revenues (w/ GRT) (Line 9 / Line 10)	0.91%
	 Note 1:	
	$\frac{1}{(1 - T)} = (T = 5.9\% \text{ Gross Receipts Tax})$	1.062699

(A) 100% of the Over/(Under) Collection shown on Schedule 1, Line 10 of the Distribution System Improvement Charge ("DSIC") Reconciliation Report, dated January 31, 2017 at Docket No. M-2017-2586829 was returned to customers in the DSIC rate beginning on April 1, 2017 and ending on June 30, 2017.

PPL ELECTRIC UTILITIES CORPORATION
 SCHEDULE B - COMPUTATION OF CUMULATIVE PROPOSED DSIC by MONTH
 APPLICATION PERIOD: January 1, 2018 THROUGH March 31, 2018

Line No.	(A)	(B)	(C)	(D)	(E)	(F)	(G)
	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17
1	-	-	-	9,473,124	10,730,339	8,834,645	9,635,651
2	-	-	-	9,473,124	20,203,463	29,038,108	38,673,759
3	-	-	-	10,541	35,357	88,690	172,649
4	-	-	-	-	-	-	(41)
5	-	-	-	9,462,583	20,168,106	28,949,418	38,501,069
6	-	-	-	10,541	24,816	53,333	83,959
7	\$ 114,213,358	\$ 116,523,174	\$ 111,992,692	\$ 99,574,619	\$ 87,320,533	#REF!	#REF!

PPL ELECTRIC UTILITIES CORPORATION
 SCHEDULE B - COMPUTATION OF CUMULATIVE PROPOSED DSIC by MONTH
 APPLICATION PERIOD: January 1, 2018 THROUGH March 31, 2018

Line No.	(H)	(I)	(J)	(K)	(L)	(M)
	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Total
1	Incremental Plant Additions (A)	17,300,710	5,791,505	15,211,608	12,976,063	\$ 89,953,645
2	Cumulative Plant (Sum of Line 1)	55,974,469	61,765,974	76,977,582	89,953,645	89,953,645
	Less:					728,963
3	Accumulated Depreciation (Sum of Line 6)	274,687	401,154	549,969	728,963	(41)
4	Retirements	-	-	-	-	
5	DSI = Distribution System Improvement Projects net of accumulated depreciation and retirements (Line 2 - Line 3 + sum(Line 4))	55,699,782	61,364,820	76,427,613	89,224,682	89,224,641
6	Dep = Depreciation Expense	102,038	126,467	148,815	178,994	728,963
7	Projected Distribution Revenues	#REF!	\$ 96,657,273	\$ 86,343,625	\$ 90,941,933	

PPL ELECTRIC UTILITIES CORPORATION
SCHEDULE C - COMPUTATION OF CUMULATIVE PROPOSED DSIC PRE-TAX RATE OF RETURN
APPLICATION PERIOD: January 1, 2018 THROUGH March 31, 2018

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	45.58%	4.58%	2.09%	-	2.09%
2	Common Equity	54.42%	9.55%	5.20%	1.709211797	8.89%
3	Total	<u>100.00%</u>		<u>7.29%</u>		<u>10.98%</u>
4	10.98% Annual PTRR / 4 quarters = 2.75% 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 18, line 7, dated June 30, 2017 at Docket No. M-2017-2626454.



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: December 20, 2017

EFFECTIVE: January 1, 2018

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 0.91%
for the period January 1, 2018 through March 31,
2018.

PPL Electric Utilities Corporation

Supplement No. 240
Electric Pa. P.U.C. No. 201
Two Hundred-Eighteenth Revised Page No. 3
Canceling Two Hundred-Seventeenth Revised Page No. 3

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DISTRIBUTION SYSTEM IMPROVEMENT CHARGE (DSIC)

In addition to the net charges provided for in this Tariff, a charge of 0.91% will apply 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 January 1, 2018 through March 31, 2018. (C)

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)