

TABLE I
PPL Electric Utilities Corporation
INCOME SUMMARY
R-2012-2290597
(\$000s) ✓

ALJ Recommendation

	Pro Forma Present Rates (1) \$	Company Adjustments (1) \$	Pro Forma Present Rates (Revised) (2) \$	ALJ Adjustments \$	ALJ Pro Forma Present Rates \$	ALJ Revenue Increase \$	Total Allowable Revenues \$
Operating Revenue	784,462	(4,037)	780,425	0	780,425	63,830	844,255
Expenses:							
O & M Expense	419,256	(1,387)	417,869	(5,062)	412,807	1,085	413,892
Depreciation	139,719	0	139,719	0	139,719	0	139,719
Taxes, Other	53,789	(273)	53,516	0	53,516	3,841	57,357
Income Taxes:							
State	1,759	(188)	1,571	583	2,154	5,885	8,039
Federal	(6,769)	(552)	(7,321)	1,836	(5,485)	18,557	13,072
Deferred Inc.	28,861	0	28,861	0	28,861	0	28,861
ITC	(915)	0	(915)	0	(915)	0	(915)
Total Expenses	635,700	(2,400)	633,300	(2,643)	630,657	29,368	660,025
Income Available for Return	148,762	(1,637)	147,125	2,643	149,768	34,501	184,269
Rate Base	2,422,106	(1,143)	2,420,963	(13,190)	2,407,773		2,407,773
Rate of Return	6.14%		6.08%		6.22%		7.65%

(1) Company Originally Filed

TABLE I(A)
PPL Electric Utilities Corporation
RATE OF RETURN
R-2012-2290597

	<u>Structure</u>	<u>Cost</u>	<u>After-Tax Weighted Cost</u>	<u>Effective Tax Rate Complement</u>	<u>Pre-Tax Weighted Cost Rate</u>
Total Cost of Debt			<u>2.70710000%</u>		<u>2.70710000%</u>
Long-term Debt	49.22%	5.50%	2.70710000%		2.71%
Short-term Debt	0.00%	0.00%	0.00000000%		0.00%
Preferred Stock	0.00%	0.00%	0.00000000%	0.585065	0.00%
Common Equity	50.78%	9.74%	4.94597200%	0.585065	8.45%
	<u>100.00%</u>		<u>7.65307200%</u>		<u>11.16%</u>

Pre-Tax Interest Coverage 4.12
(00.00/0.00)

After-Tax Interest Coverage 2.83

TABLE I(B)
PPL Electric Utilities Corporation
REVENUE FACTOR
R-2012-2290597

100%	1.00000000
Less:	
Uncollectible Accounts Factor (*)	0.01700000
PUC, OCA, OSBA Assessment Factors	<u>0.00000000</u>
	<u>0.98300000</u>
Gross Receipts Tax	0.05900000
Other Tax Factors	<u>0.00117650</u>
	<u>0.05915350</u>
Factor after other Taxes	0.92384650
State Income Tax Rate (*)	<u>0.09990000</u>
	<u>0.09229227</u>
Effective State Income Tax Rate	0.83155423
Factor After Local and State Taxes	<u>0.35000000</u>
Federal Income Tax Rate (*)	<u>0.29104398</u>
Effective Federal Income Tax Rate	<u>0.54051025</u>
Revenue Factor (100% - Effective Tax Rates)	<u><u>0.54051025</u></u>

(*) I&E recommended

TABLE II
PPL Electric Utilities Corporation
SUMMARY OF ADJUSTMENTS
R-2012-2290697

Adjustments	Rate Base	Revenues	Expenses	Depreciation	Taxes-Other	State Income Tax	Federal Income Tax
	\$	\$	\$	\$	\$	\$	\$
RATE BASE:							
CWC:							
Int. & Div.	(31)						
Taxes	7						
O & M	(13,166)						
	0						
REVENUES:		0				0	0
EXPENSES:							
Rate Case Normalization			(258)			26	81
Environmental Management			(103)			10	33
External Affairs			(620)			62	195
Office of General Counsel			(1,200)			120	378
Office of the Chairman			(387)			39	122
Consumer Education			(2,494)			249	786
			0			0	0
DEPRECIATION:							
						0	0
						0	0
TAXES:							
Interest Synchronization (Table III)						77	241
TOTALS	(13,190)	0	(5,062)	0	0	583	1,836

TABLE III
PPL Electric Utilities Corporation
INTEREST SYNCHRONIZATION
R-2012-2290597

	Amount \$
Company Rate Base Claim	2,420,963
ALJ Rate Base Adjustments	<u>(13,190)</u>
ALJ Rate Base	2,407,773
Weighted Cost of Debt	<u>2.70710000%</u>
ALJ Interest Expense	65,181
Company Claim	<u>65,947</u>
Total ALJ Adjustment	766
Company Adjustment	<u>0</u>
Net ALJ Interest Adjustment	766
State Income Tax Rate	<u>9.99%</u>
State Income Tax Adjustment	<u>77</u>
Net ALJ Interest Adjustment	766
State Income Tax Adjustment	<u>77</u>
Net ALJ Adjustment for F.I.T.	689
Federal Income Tax Rate	<u>35.00%</u>
Federal Income Tax Adjustment	<u><u>241</u></u>

PPL Electric Utilities Corporation

R-2012-2290597

Cash Working Capital

PPLEU CWC as Filed Schedule C-4

	Amount (x1,000)
O&M Expense	\$27,391
Average Prepayments	\$3,174
Accrued Taxes	\$16,068
Interest Payments	(\$8,061)
Total CWC	\$38,572
Total Jurisdictional CWC	\$31,593
ALJ Adjustments	
Calc O&M Difference	(\$13,168)
Calc Accrued Tax Difference	\$8
Calc Interest Payment Difference	(\$31)
Total CWC Adjustments	(\$13,191)
Total CWC	\$18,402

PPL Electric Utilities Corporation
R-2012-2290597

Operation and Maintenance Expense Component of CWC

Non-Jurisdictional O&M Expense per Co.	\$465,055
Jurisdictional Factor (1)	85.973%
Calculated Jurisdictional O&M Expense	\$399,823
ALI Adjustments	(\$5,062)
Net O&M Expense	\$394,761
O&M Expense per Day	\$1,082
Average Lag Days	9.6
O&M CWC Requirement	\$10,383
T&D WC requirement per Company	\$27,391
PPUC Jurisdictional WC Requirement	\$23,549
O&M CWC Adjustment	(\$13,166)

Non-Jurisdictional O&M Expense per Co. \$486,045
 Jurisdictional O&M Expense per Co. \$417,869
 Jurisdictional Factor 0.859733152

PPL Electric Utilities Corporation
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Cash Working Capital

Accrued Taxes Component of CWC

	Amount	12-Month Accrued Factor per Co.	Accrued Taxes
Federal Income Tax	(\$1,312)	-0.0595	\$78
PA Income Tax	\$11,864	-0.0386	(\$458)
PA GRT (0.059)	\$47,367	0.3364	\$15,934
PA Capital Stock Tax	\$2,029	-0.0386	(\$78)
PA PURTA	\$2,832	0.2114	\$599
Total Accrued Taxes			\$16,075
Total Accrued Taxes as Filed			\$16,068
Total Accrued Taxes			\$7

PA Gross Receipts

Amount per D-11 page 3 \$43,670

Amount due to proposed increase \$3,697

\$47,367

PA Capital Stock

Amount per D-11 page 2 \$1,954

Amount due to proposed increase \$75

\$2,029

PPL Electric Utilities Corporation

R-2012-2290597

Cash Working Capital

Interest Payments Component of CWC

Rate Base	\$2,420,963
Weighted Cost of Debt	0.02707100
Interest Expense	\$65,538
Daily Amount	\$180
Interest Payment Lag Days	32.9
Total Interest Payments	\$5,907
Total Interest Payments as filed	\$5,938
Difference	(\$31)