

PPL ELECTRIC UTILITIES CORPORATION

Operating Statements
For the Twelve Months Ended December 31
(Thousands of Dollars)

| | <u>2010</u> | <u>2009</u> | <u>Difference</u> |
|--|------------------|------------------|-------------------|
| <u>OPERATING REVENUES</u> | | | |
| 400 | | | |
| Electric Revenue: | | | |
| Residential | \$ 1,875,419 | \$ 1,460,439 | \$ 414,980 |
| Commercial | 1,233,903 | 1,167,961 | 65,942 |
| Industrial | 481,351 | 513,188 | (31,837) |
| Public Authorities | 26,797 | 23,016 | 3,781 |
| Railroads | 7,160 | 6,150 | 1,010 |
| Sales for Resale | 2,421 | 70,818 | (68,397) |
| Provision for Rate Refunds | 0 | 2,487 | (2,487) |
| Total Sales Revenue | <u>3,627,051</u> | <u>3,244,059</u> | <u>382,992</u> |
| Other Electric Revenue: | | | |
| Forfeited Discounts | 14,048 | 10,232 | 3,816 |
| Miscellaneous Service Revenue | 0 | 381 | (381) |
| Rent from Electric Property | 35,954 | 34,931 | 1,023 |
| Unbilled Revenues - Net | (26,993) | 21,341 | (48,334) |
| Other Electric Revenue | <u>173,871</u> | <u>118,157</u> | <u>55,714</u> |
| Total Other Electric Revenue | <u>196,880</u> | <u>185,042</u> | <u>11,838</u> |
| Total Operating Revenue | 3,823,931 | 3,429,101 | 394,830 |
| <u>OPERATING EXPENSE</u> | | | |
| 401 - 402 | | | |
| Operation and Maintenance Expense | | | |
| Power Production Expenses: | | | |
| Power Purchases | 2,555,030 | 1,875,557 | 679,473 |
| Ancillary Expenses | 183 | 36,858 | (36,675) |
| Other | 0 | 1,708 | (1,708) |
| Transmission Expenses | 156,307 | 169,612 | (13,305) |
| Regional Market Expenses | 3 | 4,106 | (4,103) |
| Distribution Expenses | 143,592 | 126,152 | 17,440 |
| Customer Accounts Expenses | 77,133 | 62,688 | 14,445 |
| Customer Service & Informational Expenses | 97,943 | 27,017 | 70,926 |
| Sales Expenses | 2,826 | 2,472 | 354 |
| Administrative and General Expenses | <u>170,179</u> | <u>159,836</u> | <u>10,343</u> |
| Total Operation & Maint. Expense | <u>3,203,196</u> | <u>2,466,006</u> | <u>737,190</u> |
| 403 - 405 | | | |
| Depreciation Expense and Amortization of Electric Plant Acquisition Adjustments | 130,331 | 128,251 | 2,080 |
| 407 | | | |
| Regulatory Debits (Credits), net | 0 | 314,289 | (314,289) |
| 408.1 | | | |
| Taxes Other Than Income Taxes | 231,638 | 190,704 | 40,934 |
| 411.6/411.7 | | | |
| (Gain)/Loss From Disposition of Emission Allowances | 0 | (1) | 1 |
| Total Operating Expenses Prior to Federal & State Income Taxes | <u>3,565,165</u> | <u>3,099,249</u> | <u>465,916</u> |
| Operating Income Prior to Federal & State Income Taxes | \$ 258,766 | \$ 329,852 | \$ (71,086) |

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| | <u>2010</u> | <u>2009</u> | <u>Difference</u> |
|--|---------------|---------------|-------------------|
| <u>FEDERAL AND STATE INCOME TAXES</u> | | | |
| 409.1 Federal Income Taxes | \$ 20,484 | \$ 72,253 | \$ (51,769) |
| State Income Taxes | 5,303 | 25,064 | (19,761) |
| 410.1 & 411.1 | | | |
| Deferred Federal Income Taxes - Net | 36,185 | (16) | 36,201 |
| Deferred State Income Taxes - Net | 3,072 | (14,839) | 17,911 |
| Investment Tax Credit Adjustments | | | |
| Deferrals | 0 | 0 | 0 |
| 411.4 Amortization - Credit | (1,708) | (1,858) | 150 |
| Total Federal & State Income Taxes | <u>63,336</u> | <u>80,604</u> | <u>(17,268)</u> |
| Operating Income After Federal & State Income Taxes | 195,430 | 249,248 | (53,818) |
| <u>OTHER INCOME AND DEDUCTIONS</u> | | | |
| Other Income | | | |
| 415 Merchandising Income | 0 | 455 | (455) |
| 416,417 Merchandising Expense | 0 | (357) | 357 |
| 418.0 Non-Utility Operating Income (Loss) | 0 | (43) | 43 |
| 418.1 Equity in Earnings of Subsidiary Companies | 0 | 0 | 0 |
| 419.0 Interest & Dividend Income | 5,878 | 7,942 | (2,064) |
| 419.1 Allowance for Other Funds Used During Construction | 0 | 1,037 | (1,037) |
| 421.1 Gain on Disposition of Property | 0 | 23 | (23) |
| 421 Other Misc. Non-Operating Income | 0 | 437 | (437) |
| Total Other Income | <u>5,878</u> | <u>9,494</u> | <u>(3,616)</u> |
| Other Income Deductions | | | |
| 421.2 Loss on Disposition of Property | 0 | 4 | (4) |
| 426 Miscellaneous | 1,177 | 3,478 | (2,301) |
| Total Other Income Deductions | <u>1,177</u> | <u>3,482</u> | <u>(2,305)</u> |
| Taxes Applicable to Other Income Deductions | | | |
| 408.2 Taxes Other Than Income Taxes | 0 | 0 | 0 |
| 409.2 Federal Income Tax | 1,480 | 516 | 964 |
| State Income Tax | 470 | 164 | 306 |
| 410.2 & 411.2 | | | |
| Deferred Federal Income Taxes - Net | 0 | (1,057) | 1,057 |
| Deferred State Income Taxes - Net | 0 | (335) | 335 |
| Total Taxes Applicable to Other Income Deduction | <u>1,950</u> | <u>(712)</u> | <u>2,662</u> |
| Income Before Interest Charges | \$ 198,181 | \$ 255,972 | \$ (57,791) |

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|--|-------------------|-------------------|--------------------|
| <u>INTEREST CHARGES</u> | | | |
| 427 Interest on Long-term Debt | \$ 91,104 | \$ 104,950 | \$ (13,846) |
| 428 Amortization of Debt Discount & Expense | 2,001 | 3,085 | (1,084) |
| 428.1 Amortization of Loss on Reacquired Debt | 5,153 | 2,958 | 2,195 |
| 429 Amortization of Premium on Debt-Credit | 0 | (4) | 4 |
| 430 Interest on Debt to Associated Companies | 0 | 1,614 | (1,614) |
| 431 Other Interest Expense | 1,375 | 8,706 | (7,331) |
| 432 Allowance for Borrowed Funds Used During Construction | <u>(6,652)</u> | <u>(2,010)</u> | <u>(4,642)</u> |
| Net Interest Charges | 92,981 | 119,299 | (26,318) |
| Net Income | <u>\$ 105,200</u> | <u>\$ 136,673</u> | <u>\$ (31,473)</u> |