

PPL ELECTRIC UTILITIES CORPORATION

Statement of Income
Twelve Months Ended December 31
(Thousands of Dollars)

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<u>OPERATING REVENUES</u>	<u>\$3,213,510</u>	<u>\$ 3,242,451</u>	<u>\$3,429,101</u>	<u>\$ 3,823,931</u>
<u>OPERATING EXPENSE</u>				
401 - 402 Total Operation & Maintenance Expen:	2,561,166	2,541,218	2,466,006	3,203,196
403 - 405 Depreciation Expense and Amortizatio of Electric Plant Acquisition Adjustments	132,026	131,009	128,251	130,331
407 Regulatory Debits (Credits), net	(287)	(770)	314,289	0
408.1 Taxes Other Than Income Taxes	206,760	209,994	190,704	231,638
411.6/411.7 (Gains)/Losses From Disposition of Uti Plant	3	1	(1)	0
Total Operating Expenses Prior to Federal & State Income Taxes	<u>2,899,668</u>	<u>2,881,452</u>	<u>3,099,249</u>	<u>3,565,165</u>
Operating Income Prior to Federal & State Income Taxes	<u>313,842</u>	<u>360,999</u>	<u>329,852</u>	<u>258,766</u>
<u>FEDERAL AND STATE INCOME TAXES</u>				
409.1 Federal Income Taxes	63,660	48,794	72,253	20,484
State Income Taxes	7,664	4,551	25,064	5,303
410.1 & 411.1				
Deferred Federal Income Taxes - Net	19,027	45,099	(16)	36,185
Deferred State Income Taxes - Net	(4,216)	5,257	(14,839)	3,072
411.4 Investment Tax Credit Adjustments				
Deferrals	0	0	0	0
Amortization - Credit	(2,392)	(2,186)	(1,858)	(1,708)
Total Federal & State Income Taxes	<u>83,743</u>	<u>101,515</u>	<u>80,604</u>	<u>63,336</u>
Operating Income After Federal & State Income Taxes	<u>\$ 230,099</u>	<u>\$ 259,484</u>	<u>\$ 249,248</u>	<u>\$ 195,430</u>

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<u>OTHER INCOME AND DEDUCTIONS</u>					
Other Income					
415	Merchandising Income	\$ 443	522	\$ 455	\$ 0
416,417	Merchandising Expense	(421)	(442)	(357)	0
418.0	Non-Utility Operating Income (Loss)	(43)	(43)	(43)	0
418.1	Equity in Earnings of Subsidiary Comp	0	0	0	0
419.0	Interest & Dividend Income	7,985	6,892	7,942	5,878
419.1	Allowance for Other Funds Used	1,263	1,007	1,037	0
	During Construction				
421.1	Gain on Disposition of Property	4,709	1	23	0
421	Other Misc. Non-Operating Income	488	412	437	0
	Total Other Income	<u>14,424</u>	<u>8,349</u>	<u>9,494</u>	<u>5,878</u>
Other Income Deductions					
421.2	Loss on Disposition of Property	728	13	4	0
426	Miscellaneous	1,661	3,001	3,478	1,177
	Total Other Income Deductions	<u>2,389</u>	<u>3,014</u>	<u>3,482</u>	<u>1,177</u>
Taxes Applicable to Other Income Deductions					
408.2	Taxes Other Than Income Taxes	0	0	0	0
409.2	Federal Income Tax	(1,280)	(837)	516	1,480
	State Income Tax	(406)	(265)	164	470
410.2 & 411.2	Deferred Federal Income Taxes - Net	987	(415)	(1,057)	0
	Deferred State Income Taxes - Net	313	(132)	(335)	0
	Total Taxes Applicable to Other Income Deduction	<u>(386)</u>	<u>(1,649)</u>	<u>(712)</u>	<u>1,950</u>
	Income Before Interest Charges	<u>242,520</u>	<u>266,468</u>	<u>255,972</u>	<u>198,181</u>
<u>INTEREST CHARGES</u>					
427	Interest on Long-term Debt	74,673	81,162	104,950	91,104
428	Amortization of Debt Discount & Exper	3,231	2,996	3,085	2,001
428.1	Amortization of Loss on Reacquired De	3,362	3,258	2,958	5,153
429	Amortization of Premium on Debt-Crec	0	(1)	(4)	0
430	Interest on Debt to Associated Compar	17,684	13,804	1,614	0
431	Other Interest Expense	7,245	7,066	8,706	1,375
432	Allowance for Borrowed Funds Used				
	During Construction	(3,149)	(2,260)	(2,010)	(6,652)
	Net Interest Charges	<u>103,046</u>	<u>106,025</u>	<u>119,299</u>	<u>92,981</u>
	NET INCOME	<u>\$ 139,474</u>	<u>\$ 160,443</u>	<u>\$ 136,673</u>	<u>\$ 105,200</u>