

PPL ELECTRIC UTILITIES CORPORATION

Cash Working Capital
As of December 31, 2010
(Thousands of Dollars)

<u>Line No.</u>	<u>Description</u>	<u>Amount</u>
1	Operation and maintenance expense (C-4, page 2)	\$ 23,462
2	Average prepayments (C-4, page 3)	2,470
3	Accrued taxes (C-4, page 4)	15,144
4	Interest payments (C-4, page 5)	(9,565)
5	Preference dividend payments (C-4, page 6)	<u>168</u>
6	Total cash working capital requirement	<u><u>\$ 31,679</u></u>

PPL Electric Utilities Corporation

Working Capital Required for Operation and Maintenance Expenses
As of December 31, 2010
(Thousands of Dollars)

The Company bills its customers every month. On this basis, there is a considerable span of days between the time electricity is furnished to a customer and the time the customer pays for such electricity.

In many instances, the Company must pay its bills for payroll and other O&M expenses prior to the time it is able to collect the amount due for the service which requires the incurrance of such expenses. Thus, the Company has examined its records to determine, as to the major categories of expense, the average span of days which exists between the time an expense is incurred and the time it must be paid. Schedule C-4, page 2, of Exhibit Historic 1 sets forth the individual components which result in the days lag between payment of expenses and receipt of the related revenues used in the determination of the working capital required for the pro forma O&M expense for the test year ending December 31, 2010.

<u>Line No.</u>	<u>Description</u>	<u>Amount</u>
1	Net pro forma O&M expense (a)	402,041
2	O&M expense per day (line 1 divided by 365 days)	1,101
3	Average lag in days between payment of O&M expenses and receipt of revenue (b)	21.3
4	Working capital requirement (line 2 x line 3)	<u>\$ 23,462</u>
(a)	Total pro forma operation and maintenance expense (D-1)	\$ 412,894
	Less: Non-cash items	
	Uncollectible accounts expense per budget	9,242
	Amortization of Ice and Snow Storm costs	1,611
		<u> </u>
	Net pro forma O&M expense	<u>\$ 402,041</u>

(b) See Exhibit Historic 1, Schedule C-4, page 2.

PPL ELECTRIC UTILITIES CORPORATION

Average Prepayments
As of December 31, 2010
(Thousands of Dollars)

Line No.	Month	Insurance	PUC Annual Assessment	Postage	Total
1	December 2009	\$ 0	\$ 2,426	\$ 16	\$ 2,442
2	January 2010	12	1,847	24	1,883
3	February	45	1,522	65	1,632
4	March	41	1,142	47	1,230
5	April	36	761	37	834
6	May	32	380	29	441
7	June	27	4,275	59	4,361
8	July	23	3,919	49	3,991
9	August	18	3,563	38	3,619
10	September	13	3,062	22	3,097
11	October	8	3,235	23	3,266
12	November	4	2,831	34	2,869
13	December	0	2,426	16	2,442
14	Total Prepayments	<u>\$ 259</u>	<u>\$ 31,389</u>	<u>\$ 459</u>	<u>\$ 32,107</u>
15	Monthly Average	<u>\$ 20</u>	<u>\$ 2,415</u>	<u>\$ 35</u>	<u>\$ 2,470</u>

PPL ELECTRIC UTILITIES CORPORATION

Accrued Taxes
Year Ended December 31, 2010
(Thousands of Dollars)

<u>Line No.</u>	<u>Description</u>	<u>Amount</u>	<u>12-Month Accrued Factor (c)</u>	<u>Accrued Taxes</u>
1	Federal income tax (D-1, line 6, col. 5 + col. 7)	\$ 63,630	-3.77%	\$ (2,397)
2	PA income tax (D-1, line 7, col. 5 + col. 7)	19,742	-1.68%	(332)
3	PA gross receipts tax (a)	47,156	35.82%	16,890
4	PA capital stock tax (b)	2,744	-1.68%	(46)
5	PA public utility reality tax (D-10, page 4)	4,414	23.32%	<u>1,029</u>
6	Total accrued taxes			<u><u>\$ 15,144</u></u>
(a)	PA gross receipts tax			
	Amount per D-10, page 3	\$ 40,389		
	Amount due to proposed increase (D-11, page 5)	<u>6,767</u>		
	TOTAL	<u><u>\$ 47,156</u></u>		
(b)	PA capital stock tax			
	Amount applicable to electric operations (D-10, page 2)	\$2,497		
	Amount applicable to proposed increase (D-11, page 5)	<u>247</u>		
	TOTAL	<u><u>\$ 2,744</u></u>		

(c) The 12-month average factor represents, in the case of Federal and State income tax and capital stock tax, the portion of the tax liability which is available to the Company for the payment of other costs. This situation exists because revenue is available from customers prior to payment dates of the tax. The factors for the other Pennsylvania taxes represent the portions of those tax liabilities which must be provided by the Company due to payment of the taxes before the revenue is available from customers. Exhibit Historic 1, Schedule C-4, pages 7 through 12 reflect the computation of such factors.

PPL ELECTRIC UTILITIES CORPORATION

Interest Payments
As of December 31, 2010
(Thousands of Dollars)

<u>Line</u> <u>No.</u>	<u>Description</u>		<u>Amount</u>
1	Measures of value at December 31, 2010 (C-1)		\$ 2,918,456
2	Long-term debt ratio (B-9)		44.02%
3	Embedded cost of long-term debt (B-9)		6.67%
4	Pro forma interest (line 1 x line 2 x line 3)		<u>85,690</u>
5	Daily amount (line 4 ÷ 365)		<u>\$ 235</u>
6	Days to mid-point of interest payments	90.0	
7	Less: Revenue lag days (Historic C-4, page 2)	<u>49.3</u>	
8	Interest payments lag days (line 6 - line 7)		<u>40.7</u>
9	Total interest payments (line 5 x line 8)		<u>\$ 9,565</u>

PPL ELECTRIC UTILITIES CORPORATION

Preference Dividend Payments
As of December 31, 2010
(Thousands of Dollars)

<u>Line No.</u>	<u>Description</u>		<u>Amount</u>
1	Measures of value at December 31, 2010 (C-1)		\$ 2,918,456
2	Preference stock ratio (B-9)		7.61%
3	Embedded cost of preference stock (B-9)		6.39%
4	Pro forma dividends (line 1 x line 2 x line 3)		<u>\$ 14,192</u>
5	Daily amount (line 4 ÷ 365)		<u>\$ 39</u>
6	Days to mid-point of dividend payments	45.0	
7	Less: Revenue lag days (Historic C-4, page 2)	<u>49.3</u>	
8	Dividend payments lag days (line 6 - line 7)		<u>(4.3)</u>
9	Total preference dividend payments (line 5 x line 8)		<u>\$ (168)</u>