

**PPL ELECTRIC UTILITIES CORPORATION**

**Adjustment for Interest Expense on Customer Security Deposits  
Year Ended December 31, 2010**

*(Thousands of Dollars)*

The Commission, in its Final Order at Docket No. R-80031114, determined that it was appropriate to include the interest expense on customer deposits in PPL Electric's operation and maintenance expense when the deposits are used as a reduction to rate base. The interest on customer security deposits is computed at an interest rate calculated in accordance with 66 Pa. C.S. § 1404 ( c ) (6) and the Company's Tariff - Electric Pa. P.U.C. No. 201.

<u>Line No.</u>	<u>Description</u>	<u>Amount</u>
1	Customer security deposits	\$ 18,299
2	Interest rate	<u>6.000%</u>
3	Total increase in transmission and distribution expense (line 1 x line 2)	<u>\$ 1,098</u>