

PPL ELECTRIC UTILITIES CORPORATION

Adjustment to Deferred Income Taxes
As of December 31, 2009
(Thousands of Dollars)

<u>Provision</u>	<u>Debit</u>	<u>Credit</u>	<u>Net</u>	<u>Adjustment</u>	<u>Adjusted</u>
ACRS & MACRS:					
Transmission Property	\$ 10,278	\$ 0	\$ 10,278	\$ (338)	\$ 9,940
Distribution Property	25,180	0	25,180	(828)	24,352
General Property	4,233	(779)	3,454	(114)	3,340
Prior Year Tax Return Adjustments	4,947	(1,239)	3,708	(3,708)	0
Other 263A & Repair Allowance:					
Transmission Property	1,741	(268)	1,473	(57)	1,416
Distribution Property	19,656	(5,417)	14,239	(555)	13,684
General Property	880	(284)	596	(23)	573
Prior Year Tax Return Adjustments	82,178	0	82,178	(82,178)	0
Contributions in Aid Of Construction:					
Transmission Property	260	(2,081)	(1,821)	71	(1,750)
Distribution Property	3,945	(8,412)	(4,467)	174	(4,293)
Prior Year Tax Return Adjustments	804	(13,723)	(12,919)	12,919	0
Total					
Transmission Property	12,279	(2,349)	9,930	(324)	9,606
Distribution Property	48,781	(13,829)	34,952	(1,209)	33,743
General Property	5,113	(1,063)	4,050	(137)	3,913
Prior Year Tax Return Adjustments	87,929	(14,962)	72,967	(72,967)	0
Total	<u>\$154,102</u>	<u>\$(32,203)</u>	<u>\$121,899</u>	<u>\$ (74,637)</u>	<u>47,262</u>
Less: Deferred income taxes on T&D operations per books					<u>123,293</u>
Net decrease in deferred income taxes					<u><u>\$(76,031)</u></u>

PPL ELECTRIC UTILITIES CORPORATION

Adjustment to Provision For Deferred Income Taxes
As of December 31, 2009
(Thousands of Dollars)

This adjustment provides for the annual provision for deferred income taxes due to the (1) Accelerated Cost Recovery System (ACRS) of the Economic Recovery Act of 1981 and (2) Modified Accelerated Cost Recovery System (MACRS) of the Tax Reform Act of 1986.

<u>Line No.</u>	<u>Description</u>	<u>Amount</u>
	Transmission Property	
1	Tax depreciation computed under ACRS and MACRS	\$ 42,660
2	Book Depreciation allocated to ACRS and MACRS property	<u>14,281</u>
3	Excess ACRS and MACRS tax depreciation	<u>28,379</u>
	Distribution Property	
4	Tax depreciation computed under ACRS and MACRS	132,601
5	Book Depreciation allocated to ACRS and MACRS property	<u>67,606</u>
6	Excess ACRS and MACRS tax depreciation	<u>64,995</u>
	General Property	
7	Tax depreciation computed under ACRS and MACRS	37,647
8	Book Depreciation allocated to ACRS and MACRS property	<u>26,898</u>
9	Excess ACRS and MACRS tax depreciation	<u>10,749</u>
10	Net excess ACRS and MACRS/(straight-line) tax depreciation	<u>\$104,123</u>
11	Tax Rate Provisions - 35% Reversals - Average Rate Assumption Method	
12	Net annual deferred tax debit / (credit)	<u>\$ 37,632</u>
	Less: Net provision on T&D operations per books	
13	Provision for deferred taxes - debit	44,638
14	Provision for deferred taxes - credit	<u>(2,018)</u>
15		<u>42,620</u>
16	Net decrease in deferred income tax provision	<u>\$ (4,988)</u>