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FEDERAL EXPRESS

December 1, 2010

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, Pennsylvania 17120

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PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

**Re: PPL Electric Utilities Corporation
Proposed Calculation of 2011
Transmission Service Charge
Docket No. M-2010-2207826**

Dear Ms. Chiavetta:

Enclosed for filing on behalf of PPL Electric Utilities Corporation ("PPL Electric") are eight (8) copies of PPL Electric's proposed calculation of its 2011 Transmission Service Charge ("TSC") for the application period January 1, 2011 through May 31, 2011. This proposed calculation of the 2011 TSC is being filed pursuant to the procedures set forth in PPL Electric's Tariff - Electric Pa. P.U.C. No. 201.

Pursuant to 52 Pa. Code § 1.11, the enclosed document is to be deemed filed on December 1, 2010, which is the date it was deposited with an overnight express delivery service as shown on the delivery receipt attached to the mailing envelope.

In addition, please date and time-stamp the enclosed extra copy of this letter and return it to me in the envelope provided.

If you have any questions regarding the enclosed filing, please call me or Joseph M. Kleha, PPL Electric's Manager-Regulatory Compliance and Rates at (610) 774-4486.

Very truly yours,

Paul E. Russell

Enclosures

cc: Mr. Carl Lesney
Mr. Richard E. Wallace
J. Edward Simms, Esquire

Irwin A. Popowsky, Esquire
William R. Lloyd, Esquire

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PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

PPL ELECTRIC UTILITIES CORPORATION

**PROPOSED CALCULATION OF 2011
TRANSMISSION SERVICE CHARGE**

For the Application Period January 1 through May 31, 2011

Docket No. M-2010-2207826

December 1, 2010

PPL ELECTRIC UTILITIES CORPORATION
COMPUTATION OF PROPOSED TRANSMISSION SERVICE CHARGE
COMPUTATION PERIOD: JANUARY 1, 2011 THROUGH MAY 31, 2011

| Line No. | Total | Residential | Small Commercial & Industrial | Large Commercial & Industrial - Primary | Large Commercial & Industrial - Transmission | |
|----------|---|----------------------|-------------------------------|---|--|-----------------------|
| 1 | | (A) | (A) | (B) | (B) | |
| 2 | TCd = Total Demand-related Portion of Projected PJM-Billed Transmission Service Expenses (Schedule B) \$ | 33,282,989 | \$ 24,239,060 | \$ 8,212,686 | \$ 465,496 | \$ 365,747 |
| 3 | TCe = Total Energy-related Portion of Projected PJM-Billed Transmission Service Expenses (Schedule B) | 1,225,752 | 758,741 | 421,658 | 25,741 | 19,612 |
| 4 | E = Experienced Net Over/(Under) Collections, Including Interest and Audit Adjustment (C), Net Prior Period Remaining Balance (D) | 3,598,511 | 15,799,485 | (6,042,487) | (5,068,005) | (1,090,482) |
| | | <u>16,682,907</u> | <u>6,430,650</u> | <u>4,207,779</u> | <u>2,458,070</u> | <u>3,586,408</u> |
| 5 | Net Over/(Under) Collection Amount | <u>20,281,418</u> | <u>22,230,135</u> | <u>(1,834,708)</u> | <u>(2,609,935)</u> | <u>2,495,926</u> |
| 6 | Total Amount to be Recovered (Line 2 plus Line 3 less Line 5) \$ | <u>14,227,323</u> | <u>\$ 2,767,666</u> | <u>\$ 10,469,052</u> | <u>\$ 3,101,172</u> | <u>\$ (2,110,567)</u> |
| 7 | Total Amount to be Recovered, Including MFC (Line 6 times MFC) \$ | <u>14,288,678</u> | <u>\$ 2,818,541</u> | <u>10,479,532</u> | <u>\$ 3,101,172</u> | <u>\$ (2,110,567)</u> |
| 8 | S = Projected Total Retail KWH Sales to Customers | <u>6,759,581,000</u> | <u>4,183,056,000</u> | <u>2,324,648,000</u> | <u>143,718,000</u> | <u>108,159,000</u> |
| 9 | Billing Demand kW | | | <u>333,716</u> | | |
| 10 | Peak Load Contribution (MW) | | | | <u>165</u> | |
| 11 | Merchant Function Charge Factor (MFC) | | | | | |
| | Residential | 1/(1 - .01805) = | 1.018382 | | | |
| | Small Commercial & Industrial | 1/(1 - .0010) = | | 1.001001 | | |
| 12 | $\frac{1}{(1 - T)}$ = (T = 5.9% Gross Receipts Tax) x | 1.062699 | | | | |
| 13 | TSC = Transmission Service Charge (\$ / KWH) | | | | | |
| | Energy Rate (\$/KWH) (w/o GRT) | \$ | 0.00067 | \$ | 0.00451 | \$ |
| | Demand Rate (\$/KW) (w/o GRT) | | | | \$ | 1.39489 |
| | | | | | \$ | 2.21665 |
| | Energy Rate (\$/KWH) (w/ GRT) | \$ | 0.00071 | \$ | 0.00479 | \$ |
| | Demand Rate (\$/KW) (w/ GRT) | | | | \$ | 1.48235 |
| | | | | | \$ | 2.35563 |

(A) $TSC = [TCe/S + TCd/S - E/S] \times 1/(1-T)$

(B) $TSC = TSCd + TSCe$
 $TSCd = [TCd/D] \times 1/(1-T)$
 $TSCe = [TCe/S - E/S] \times 1/(1-T)$

(C) Schedule 1 of the Transmission Service Charge Reconciliation Report, dated December 1, 2010, at Docket No. M-2009-2139375.

(D) Schedule 7, Page 1 of 2, of the Transmission Service Charge Reconciliation Report, dated December 1, 2010, at Docket No. M-2009-2139375.

PPL ELECTRIC UTILITIES CORPORATION
PROJECTED 2010 PJM-BILLED TRANSMISSION SERVICE EXPENSES BY MONTH

| Line No. | Description | January 2011 | February 2011 | March 2011 | April 2011 | May 2011 | Total 2011 |
|--------------------------|---|-----------------------|------------------|------------------|------------------|------------------|-------------------|
| <i>Demand Components</i> | | | | | | | |
| 1 | Network Transmission Service Charge | \$ 6,961,787 | \$ 6,054,183 | \$ 6,515,680 | \$ 5,890,716 | \$ 5,810,716 | \$ 31,233,082 |
| 2 | Network Transmission Service Charge - Call Option | - | - | - | - | - | - |
| 3 | Seams Elimination Cost Assignment - SECA Charge/SECA Call Option | - | - | - | - | - | - |
| 4 | Reactive Supply and Voltage Control from Generation Sources Service | 48,914 | 48,914 | 48,914 | 48,914 | 48,914 | 244,570 |
| 5 | Black Start Service | 470 | 470 | 470 | 470 | 470 | 2,350 |
| 6 | Transmission Losses (Point-to-Point) Credits | - | - | - | - | - | - |
| 7 | Non-Firm Point-to-Point Transmission Service Credits | (68,000) | (68,000) | (68,000) | (68,000) | (68,000) | (340,000) |
| 8 | Transmission Enhancement Charges | 456,183 | 439,215 | 426,951 | 398,866 | 380,757 | 2,101,972 |
| 9 | PJM Schedule 13 Expansion Cost Recovery Mechanism | 8,901 | 8,570 | 8,331 | 7,783 | 7,430 | 41,015 |
| 10 | Total Demand Components | 7,408,255 | 6,463,352 | 6,932,346 | 6,278,749 | 6,180,287 | 33,282,989 |
| <i>Energy Components</i> | | | | | | | |
| 11 | Reliability First Corporation Charge (RFC) | 3,342 | 3,018 | 3,342 | 3,234 | 3,342 | 16,278 |
| 12 | PJM System Control and Dispatch Service | 82,211 | 74,255 | 82,211 | 79,559 | 82,211 | 400,447 |
| 13 | Transmission Owner Scheduling, System Control and Dispatch Service | 13,731 | 12,403 | 13,731 | 13,288 | 13,731 | 66,884 |
| 14 | Regulation and Frequency Response Service | 61,820 | 63,272 | 76,970 | 82,724 | 89,303 | 374,089 |
| 15 | Operating Reserve - Supplemental Reserve Service | - | - | - | - | - | - |
| 16 | Day Ahead | 24,455 | 22,088 | 24,455 | 23,666 | 24,455 | 119,119 |
| 17 | Real Time (Balancing) | 14,213 | 12,837 | 14,213 | 13,754 | 14,213 | 69,230 |
| 18 | Synchronous Condensing Charge | 1,486 | 1,342 | 1,486 | 1,438 | 1,486 | 7,238 |
| 19 | Operating Reserve - Synchronous Reserve | 31,320 | 28,289 | 31,320 | 30,310 | 31,320 | 152,559 |
| 20 | North American Electric Reliability Corporation Charge (NERC) | 1,829 | 1,652 | 1,829 | 1,770 | 1,829 | 8,909 |
| 21 | Day Ahead Scheduling Charge | 2,258 | 2,040 | 2,258 | 2,185 | 2,258 | 10,999 |
| | | 236,665 | 221,196 | 251,815 | 251,928 | 264,148 | 1,225,752 |
| | | \$ 7,644,920 | \$ 6,704,548 | \$ 7,184,161 | \$ 6,530,677 | \$ 6,444,435 | \$ 34,508,741 |
| | | (A) Total 2011 | | Factors | | | |
| 22 | Demand Expense Allocation | | | | | | |
| | Residential | \$ 24,239,060 | | | | | 72.8% |
| 23 | Small Commercial & Industrial | 8,212,686 | | | | | 24.7% |
| 24 | Large Commercial & Industrial - Primary | 465,496 | | | | | 1.4% |
| 25 | Large Commercial & Industrial - Transmission | 365,747 | | | | | 1.1% |
| | Total | 33,282,989 | | | | | 100.0% |
| 26 | Energy Expense Allocation | | | | | | |
| | Residential | 758,741 | | | | | 61.9% |
| 27 | Small Commercial & Industrial | 421,658 | | | | | 34.4% |
| 28 | Large Commercial & Industrial - Primary | 25,741 | | | | | 2.1% |
| 29 | Large Commercial & Industrial - Transmission | 19,612 | | | | | 1.6% |
| | Total | 1,225,752 | | | | | 100.0% |
| 30 | Total Expense Allocation | | | | | | |
| | Residential | 24,997,801 | | | | | |
| 31 | Small Commercial & Industrial | 8,634,344 | | | | | |
| 32 | Large Commercial & Industrial - Primary | 491,237 | | | | | |
| 33 | Large Commercial & Industrial - Transmission | 385,359 | | | | | |
| | Total | \$ 34,508,741 | | | | | |

Schedule B

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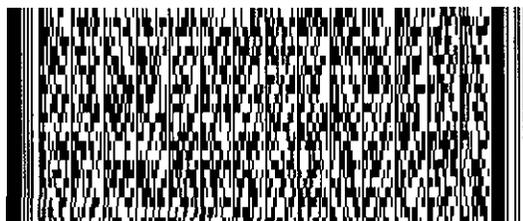


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