

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

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In Re:

SECURITIES CERTIFICATE OF	:	
PPL ELECTRIC UTILITIES	:	
CORPORATION IN RESPECT OF	:	SECURITIES CERTIFICATE
NOT IN EXCESS OF \$250 MILLION	:	
AGGREGATE PRINCIPAL AMOUNT	:	
OF DEBT SECURITIES	:	
	:	NO.S-2012-
	:	

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TO THE PENNSYLVANIA PUBLIC UTILITY COMMISSION:

1. The name of the public utility filing this Securities Certificate is PPL Electric Utilities Corporation (“PPL Electric” or the “Company”), Two North Ninth Street, Allentown, Pennsylvania 18101-1179.

2. The name and address of PPL Electric’s attorneys are Michael A. McGrail and Frederick C. Paine, Two North Ninth Street, Allentown, Pennsylvania 18101-1179.

3. PPL Electric is a corporation organized on June 4, 1920 under the laws of the Commonwealth of Pennsylvania to exist perpetually. The Company is subject to the Pennsylvania Associations Code (15 Pa. C.S. §101 et seq.), including the Pennsylvania Business Corporation Law of 1988 (15 Pa. C.S. §1101 et seq.) for the government and regulation of its affairs. PPL Electric is engaged, *inter alia*, in the distribution of electricity and its intrastate rates and services are regulated by the Pennsylvania Public Utility Commission (“PUC” or “Commission”) pursuant to the Public Utility Code, 66 Pa.C.S. §§ 101 et seq. PPL Electric presently serves

approximately 1.4 million customers in its service territory, which encompasses approximately 10,000 square miles in eastern and central Pennsylvania. PPL Electric's service territory encompasses all or portions of 29 counties and includes 129 communities with populations over 5,000. The largest cities served by PPL Electric are Allentown, Bethlehem, Harrisburg, Hazleton, Lancaster, Scranton, Wilkes-Barre and Williamsport.

4. The Company is a direct subsidiary of PPL Corporation. PPL Corporation owns all of the Common Stock of the Company, and 100% of the outstanding voting stock of the Company.

5. This Securities Certificate requests Commission authorization for the Company to (a) issue not in excess of \$250 million aggregate principal amount of its secured or unsecured debt securities, which may include Senior Secured Bonds (the "New Bonds") in one or more series from time to time, primarily to fund the redemption of its \$250 million aggregate principal amount of 6.25% Preference Stock (the "Preference Stock") and (b) in conjunction with such issuances of New Bonds, to enter into interest rate protection arrangements with respect to a nominal amount of up to \$250 million of New Bonds .

In April 2006, PPL Electric issued \$250 million of 6.25% perpetual Preference Stock that is callable at par anytime after five years from date of issuance. At that time, Moody's Investors Service ("Moody's") and Standard & Poor's ("S&P", and together with Moody's, the "Rating Agencies") generally provided between 75% - 100% equity credit for this type of perpetual Preference Stock. Since that time, each Rating Agency has reduced the amount of equity credit afforded hybrid securities such as preferred or preference stock, mandatory convertibles and junior subordinated debt securities. Currently, Moody's and S&P allocate 50% equity and 50% debt credit to the Preference Stock at PPL Electric. Based on this reduction in equity credit given by the Rating Agencies and coupled with the ability to redeem the Preference Stock at par, PPL

Electric has determined that it can reduce its overall cost of capital by refunding the Preference Stock with proceeds provided by a combination of First Mortgage Bonds issued at PPL Electric and a capital contribution (i.e. equity) from PPL Corporation for the remaining balance. The redemption price to be paid is the par amount of the Preference Stock, plus any declared dividend. No premium is payable. The Company currently plans to issue the New Bonds in one or more series from time to time prior to December 31, 2012 at a price or prices and with an interest rate or rates which, in the judgment of the officers of the Company, will be competitive in the market with comparable quality securities having the same general terms and conditions. Any remaining funds available from the issuance of the New Bonds are expected to be used to fund PPL Electric's capital expenditures related to future infrastructure replacement or expansion.

PPL Electric proposes to issue the New Bonds under its Indenture dated as of August 1, 2001 (the "2001 Indenture"). The Company previously has issued approximately \$3.104 billion of Senior Secured Bonds under the 2001 Indenture (the "Existing Bonds," and collectively with the New Bonds, the "Bonds"), all of which Existing Bonds were authorized by the Commission under prior Securities Certificates filed by the Company. Like the Existing Bonds, the New Bonds will be secured by a lien in favor of the Trustee on the Company's distribution and certain of its transmission properties.

Set forth below is a description of the general terms or range of terms the Company expects will be applicable to each series of the New Bonds.

**EXACT TITLE OF SECURITY:**

Senior Secured Bonds, % Series due \_\_\_\_.

**AGGREGATE PRINCIPAL AMOUNT TO BE ISSUED:**

Not in excess of \$250,000,000. The principal amount of the New Bonds will be determined by the Company at or about the time of the sale of that series based on the Company's capital requirements, including amounts necessary to redeem its Preference Stock.

**NOMINAL DATE OF ISSUE:**

To be determined at the time of sale.

**DATE OF MATURITY:**

To be determined at the time of sale. It currently is expected that each series of the New Bonds will mature not later than 30 years from its original issue date.

**INTEREST RATE AND PAYMENT DATES:**

Interest Rate:

To be determined at the time of sale, depending on market conditions.

Payment Dates:

To be determined at the time of sale, depending on market conditions. It currently is expected that interest will be payable semiannually.

**EXTENT TO WHICH TAXES ON SECURITIES ARE ASSUMED:**

Based on tax laws currently in effect, the Company will not assume any taxes associated with the New Bonds.

**CALLABILITY PROVISIONS:**

To be determined at the time of sale, depending on market conditions.

**CONVERSION PROVISIONS:**

None.

**MAINTENANCE, DEPRECIATION AND SINKING  
FUND OR OTHER PROVISIONS:**

Sinking or Improvement Fund:

To be determined at the time of sale, depending on market conditions. None currently expected.

Maintenance and Replacement Fund:

To be determined at the time of sale, depending on market conditions. None currently expected.

**NAME AND ADDRESS OF TRUSTEE AND  
WHETHER AFFILIATED:**

Name and Address of Trustee:

The Bank of New York Mellon  
Global Structured Finance  
101 Barclay Street, 4<sup>th</sup> Floor  
New York, New York 10286

Affiliation:

The Bank of New York Mellon is not an affiliated interest of the Company within the meaning of Section 2101 of the Pennsylvania Public Utility Code.

In addition, in order to limit the Company's exposure to interest rate fluctuations in conjunction with the New Bonds, the Company may enter into arrangements with one or more financial institutions that will provide interest rate protection in the form of the purchase or sale of interest rate liability management instruments with respect to a nominal amount of up to \$250 million of New Bonds. Such instruments may include interest-rate swaps and/or interest-rate caps.

6. Subject to the approval of the Commission, as evidenced by the registration of this Securities Certificate, the Company proposes to issue and sell the New Bonds in one or more series from time to time directly to investors, through agents or to one or more underwriters for public offering, or in private placements directly to one or

more institutional investors or through agents, in each case on terms to be determined by market conditions at the time of sale. The Company will enter into one or more underwriting agreements, agency agreements or purchase agreements with underwriters, agents or other purchasers. The price to be paid to the Company by the underwriters, agents or other purchasers of the New Bonds and the compensation received by such parties will be determined at the time of sale.

\* \* \*

None of the underwriters, agents or other purchasers described above will be an affiliated interest of the Company within the meaning of Section 2101 of the Pennsylvania Public Utility Code.

\* \* \*

The estimate of expenses set forth below is based on a public offering of a series of New Bonds in the principal amount of \$250 million and would be expected to be the same whether that series of New Bonds is sold through competitive bidding or negotiated offering. These expenses would be paid from the general funds of the Company.

Filing Fee - Pennsylvania Public Utility Commission.....	\$ 350
Filing Fee – Securities and Exchange Commission.....	20,000
Printing and Engraving .....	50,000
Fees of Trustee, including counsel and authentication fees.....	35,000
Legal Fees, Expenses and Disbursements.....	110,000
Accounting Fees.....	40,000
Postage.....	4,000
Rating Agency Fees .....	140,000
Recording Fees.....	2,000
Blue Sky Fees and Expenses.....	10,000
Miscellaneous .....	<u>25,000</u>
<b>Total</b>	<b><u>\$448,350</u></b>

Any discounts relating to the sale of a series of the New Bonds will be charged to Unamortized Discount on Long-Term Debt. Any premiums relating to the sale of a series of the New Bonds will be credited to Unamortized Premium on Long-Term Debt. The issuance expenses related thereto will be charged to Unamortized Debt Expense. These amounts will be amortized over the life of the series being issued.

7. The net proceeds from the sale of the New Bonds will be added to the Company's treasury and used to redeem the Preference Stock in whole. At December 31, 2011, the Company had \$13 million of short-term debt outstanding.

\* \* \*

The issuance and sale of the New Bonds (as described in this Securities Certificate) will provide a portion of the Company's currently estimated capital requirements and, therefore, is necessary for the capital needs of the Company. The registration of this Securities Certificate will place the Company in a position to take advantage of current favorable capital market interest rates.

8. If the Company decides to issue the New Bonds pursuant to one or more public offerings, it will issue such New Bonds under a Prospectus Supplement to Registration Statement 333-180410-03, to be filed with the Securities and Exchange Commission (the "SEC") with respect to the New Bonds.

9. There are appended hereto and made a part hereof the following:

- (A) A balance sheet of the Company as of December 31, 2011.
- (B) A statement of income and statement of retained earnings of the Company for the three months ended December 31, 2011.
- (C) Statement of utility plant of the Company at original cost as of December 31, 2011. The Company makes a part hereof by reference the revised Reclassification and Original Cost Studies heretofore filed with the Commission.

- (D) Statement of securities of other corporations owned by the Company as of December 31, 2011.
- (E) Statement showing the status of the funded debt of the Company as of December 31, 2011.
- (F) Statement showing the status of outstanding capital stock of the Company as of December 31, 2011.
- (G) Registration Statement filed with the Securities and Exchange Commission under the Securities Act of 1933 with respect to the New Bonds. (To be supplied in the future if filed with the SEC)
- (H) The Public Utility Holding Company Act has been repealed.
- (I) Copy of resolutions of the Board of Directors of the Company authorizing the issuance and sale of the New Bonds. (To be supplied following an issuance of New Bonds)
- (J) Proposed form of Supplemental Indenture to 2001 Indenture pursuant to which the New Bonds will be issued. (To be supplied following an issuance of New Bonds)

A copy of the 2001 Indenture is attached as Exhibit (J) to Securities Certificate No. S-00010853.

Copies of supplements to the 2001 Indenture pursuant to which Senior Secured Bonds are currently outstanding have been filed as exhibits to Securities Certificates of the Company as follows:

	<u>Securities Certificate Number</u>	<u>Exhibit</u>
Supplemental Indenture No. 1 dated as of August 1, 2001	S-00010853	(J)
Supplemental Indenture No. 2 dated as of February 1, 2003	S-00020932	(J)
Supplemental Indenture No. 3 dated as of May 1, 2003	S-00020933	(J)
Supplemental Indenture No. 4 dated as of February 1, 2005	S-00041035	(J)

Supplemental Indenture No. 5 dated as of May 1, 2005	S-00041035	(J)
Supplemental Indenture No. 6 dated as of December 1, 2005	S-00051056	(J)
Supplemental Indenture No. 7 dated as of August 1, 2007	S-2008-2035720	(J)
Supplemental Indenture No. 8 dated as of October 1, 2008	S-2008-2065794	(J)
Supplemental Indenture No. 9 dated as of October 1, 2008	S-2008-2060876	(J)
Supplemental Indenture No. 10 dated as of May 1, 2009	S-2009-2094547	(J)
Supplemental Indenture No. 12 dated as of July 1, 2011	S-2011-2219042	(J)
Supplemental Indenture No. 13 dated as of August 1, 2011	S-2011-2246812	(J)

- (K) Statement showing, in journal entry form, all charges to be made on the books of account of the Company as a result of the proposed sale, issuance and delivery of the New Bonds.
- (L) Proposed form of underwriting, agency or other purchase agreement. (To be supplied following an issuance of New Bonds)
- (M) No Net Earnings Certificate is required for the issuance of the New Bonds.
- (N) Not applicable.
- (O) Requirements and Sources of Funds.
- (P) Capital Structure of the Company at December 31, 2011 and as adjusted to give effect, among other things, to the issuance and sale of the New Bonds.
- (Q) Calculation of the book value per share of the Company's Common Stock as of December 31, 2011.

WHEREFORE, PPL Electric Utilities Corporation requests the Commission to register this Securities Certificate pursuant to Chapter 19 of the Public Utility Code and evidence such registration by an Order.

PPL Electric Utilities Corporation

By:   
Russell R. Clelland  
Assistant Treasurer

Dated: April 26, 2012



PPL ELECTRIC UTILITIES CORPORATION  
BALANCE SHEET ACCOUNTS

ACCT. NO.	TITLE OF ACCOUNT	DECEMBER 31, 2011
<b>ASSETS AND OTHER DEBITS</b>		
UTILITY PLANT		
101	UTILITY PLANT IN SERVICE	\$ 5,783,441,699
105	UTILITY PLANT HELD FOR FUTURE USE	38,910,622
106	CC NOT CLASSIFIED	236,469,705
107	CONSTRUCTION WORK IN PROGRESS	263,133,101
	GROSS UTILITY PLANT	6,321,955,127
108/111	ACCUMULATED PROVISION FOR DEPRECIATION AND AMORTIZATION OF UTILITY PLANT IN SERVICE	(2,259,928,380)
	NET UTILITY PLANT	4,062,026,747
OTHER PROPERTY AND INVESTMENTS		
121	NONUTILITY PROPERTY	3,558,134
122	ACCUMULATED PROVISION FOR DEPRECIATION OF NONUTILITY PROPERTY	(779,113)
	NET NONUTILITY PROPERTY	2,779,021
123	INVESTMENT IN SUBSIDIARY COMPANIES	306,056,846
124	OTHER INVESTMENTS	988,124
128	OTHER SPECIAL FUNDS	11,428,331
	TOTAL OTHER PROPERTY AND INVESTMENTS	321,252,322
CURRENT AND ACCRUED ASSETS		
131	CASH	235,903
132	INTEREST SPECIAL DEPOSITS	0
134	OTHER SPECIAL DEPOSITS	0
135	WORKING FUNDS	93,857
136	TEMPORARY CASH INVESTMENTS	14,582,077
	NOTES AND ACCOUNTS RECEIVABLE	
141	NOTES RECEIVABLE	0
142	CUSTOMER ACCOUNTS RECEIVABLE	272,960,212
143	OTHER ACCOUNTS RECEIVABLE	21,944,482
144	ACCUMULATED PROVISION FOR UNCOLLECTIBLE ACCOUNTS-CREDIT	(21,049,996)
	TOTAL NOTES AND ACCOUNTS RECEIVABLE	273,854,698
	RECEIVABLES FROM ASSOCIATED COMPANIES	
145	NOTES RECEIVABLE FROM ASSOCIATED COMPANIES	0
146	ACCOUNTS RECEIVABLE FROM ASSOCIATED COMPANIES	33,609,389
	TOTAL RECEIVABLES FROM ASSOCIATED COMPANIES	33,609,389
	MATERIALS AND SUPPLIES	
154	PLANT MATERIALS AND OPERATING SUPPLIES	38,868,515
163	STORES EXPENSE UNDISTRIBUTED	2,992,877
	TOTAL MATERIALS AND SUPPLIES	41,861,392
165	PREPAYMENTS	78,961,656
	OTHER CURRENT AND ACCRUED ASSETS	
171	INTEREST AND DIVIDENDS RECEIVABLE	1,573
172	RENTS RECEIVABLE	6,187,031
173	ACCRUED UTILITY REVENUES	97,803,046
174	MISCELLANEOUS CURRENT AND ACCRUED ASSETS	5,023,271
190	ACCUMULATED DEFERRED INCOME TAXES (CURRENT)	28,021,655
	TOTAL OTHER CURRENT AND ACCRUED ASSETS	137,036,576
	TOTAL CURRENT AND ACCRUED ASSETS	580,235,548
DEFERRED DEBITS		
181	UNAMORTIZED DEBT EXPENSE	17,598,276
182.3	OTHER REGULATORY ASSETS	603,594,346
183	PRELIMINARY SURVEY AND INVESTIGATION CHARGES	0
184	CLEARING ACCOUNTS	0
185	TEMPORARY FACILITIES	12,112
186	MISCELLANEOUS DEFERRED DEBITS	50,601,529
189	UNAMORTIZED LOSS ON REACQUIRED DEBT	76,632,814
190	ACCUMULATED DEFERRED INCOME TAXES	319,277,228
	LESS CURRENT ACCUMULATED DEFERRED INCOME TAXES	28,021,655
	TOTAL ACCUMULATED DEFERRED INCOME TAXES (NONCURRENT)	291,255,573
	TOTAL DEFERRED DEBITS	1,039,694,650
TOTAL ASSETS AND OTHER DEBITS		\$ 6,003,209,267

PPL ELECTRIC UTILITIES CORPORATION  
BALANCE SHEET ACCOUNTS

ACCT. NO.	<u>TITLE OF ACCOUNT</u>	<u>DECEMBER 31, 2011</u>
	<b>LIABILITIES AND OTHER CREDITS</b>	
	PROPRIETARY CAPITAL	
201	COMMON STOCK ISSUED	\$ 363,833,249
204	PREFERRED STOCK ISSUED	250,000,000
207	PREMIUM ON CAPITAL STOCK	0
211	ADDITIONAL PAID IN CAPITAL	991,262,745
214	CAPITAL STOCK EXPENSE	(11,735,245)
216	EARNINGS REINVESTED	526,594,518
216.1	UNAPPROPRIATED UNDISTRIBUTED SUBSIDIARY EARNINGS	4,047,246
217	REACQUIRED CAPITAL STOCK	0
219	OTHER COMPREHENSIVE INCOME	67,594
	TOTAL PROPRIETARY CAPITAL	2,124,070,107
	LONG-TERM DEBT	
221	BONDS	1,724,040,000
222	REACQUIRED BONDS	0
224	OTHER LONG-TERM DEBT	0
225	UNAMORTIZED PREMIUM ON LONG-TERM DEBT	0
226	UNAMORTIZED DISCOUNT ON LONG-TERM DEBT-DEBIT	(6,253,320)
	TOTAL LONG-TERM DEBT	1,717,786,680
	LESS AMOUNTS DUE WITHIN ONE YEAR	
221	BONDS	0
	TOTAL LONG-TERM DEBT	1,717,786,680
	OTHER NONCURRENT LIABILITIES	
227	OBLIGATIONS UNDER CAPITAL LEASES-NONCURRENT	0
228.3	ACCUMULATED PROVISION FOR PENSIONS AND BENEFITS	239,402,996
229	ACCUMULATED PROVISION FOR RATE REFUNDS	0
	TOTAL OTHER NONCURRENT LIABILITIES	239,402,996
	CURRENT AND ACCRUED LIABILITIES	
	LONG-TERM DEBT DUE WITHIN ONE YEAR	
221	BONDS	0
231	NOTES PAYABLE	0
232	ACCOUNTS PAYABLE	174,762,886
233	NOTES PAYABLE - AFFILIATED COMPANIES	0
234	ACCOUNTS PAYABLE TO ASSOCIATED COMPANIES	66,031,310
235	CUSTOMER DEPOSITS	16,861,676
236	TAXES ACCRUED	0
237	INTEREST ACCRUED	24,377,612
238	DIVIDENDS DECLARED	3,906,235
240	MATURED INTEREST	0
241	TAX COLLECTIONS PAYABLE	575,580
242	MISCELLANEOUS CURRENT AND ACCRUED LIABILITIES	56,338,371
243	OBLIGATIONS UNDER CAPITAL LEASES-CURRENT	0
283	ACCUMULATED DEFERRED INCOME TAXES-OTHER (CURRENT)	3,401,521
	TOTAL CURRENT AND ACCRUED LIABILITIES	346,255,191
	DEFERRED CREDITS	
252	CUSTOMER ADVANCES FOR CONSTRUCTION	179,577
253	OTHER DEFERRED CREDITS	63,753,448
254	OTHER REGULATORY LIABILITIES	63,478,696
255	ACCUMULATED DEFERRED INVESTMENT TAX CREDITS	4,748,743
257	UNAMORTIZED GAIN ON REAQUIRED DEBT	0
281	ACCUMULATED DEFERRED INCOME TAXES - ACCELERATED AMORTIZATION PROPERTY	0
282	ACCUMULATED DEFERRED INCOME TAXES-OTHER PROPERTY	1,130,817,355
283	ACCUMULATED DEFERRED INCOME TAXES-OTHER	316,117,995
	LESS ACCUMULATED DEFERRED INCOME TAXES-OTHER (CURRENT)	3,401,521
	TOTAL ACCUMULATED DEFERRED INCOME TAXES-OTHER (NONCURRENT)	312,716,474
	TOTAL DEFERRED CREDITS	1,575,694,293
	TOTAL LIABILITIES AND OTHER CREDITS	\$ 6,003,209,267

Note: This schedule includes the consolidated accounts of PPL Group and PPL Receivables Corporation. PPL Receivables Corporation was formed to purchase receivables and unbilled revenues from PPL Electric Utilities Corporation to secure commercial paper financing.

**PPL ELECTRIC UTILITIES CORPORATION**  
**STATEMENT OF CONTINGENT LIABILITIES**  
**DECEMBER 31, 2011**

**Commitments and Contingencies**

**Energy Purchase Commitments**

In 2009, the Pennsylvania Public Utility Commission (PUC) approved PPL Electric Utilities Corporation's (PPL Electric) Provider of Last Resort (PLR) energy procurement plan for the period January 2011 through May 2013. To date, PPL Electric has conducted ten of its 14 planned competitive solicitations. The solicitations include a mix of long-term and short-term purchases ranging from five months to ten years to fulfill PPL Electric's obligation to provide for customer supply as a PLR.

**Legal Matters**

PPL Electric is involved in legal proceedings, claims and litigation in the ordinary course of business. PPL Electric cannot predict the outcome of such matters, or whether such matters may result in material liabilities, unless otherwise noted.

**Regulatory Issues**

Enactment of Financial Reform Legislation

In July 2010, the Dodd-Frank Act was signed into law. The Dodd-Frank Act includes provisions that impose derivative transaction reporting requirements and require most over-the-counter derivative transactions to be executed through an exchange and to be centrally cleared. The Dodd-Frank Act also provides that the Commodity Futures Trading Commission (CFTC) may impose collateral and margin requirements for over-the-counter derivative transactions, as well as capital requirements for certain entity classifications. Final rules on major provisions in the Dodd-Frank Act are being established through rulemakings, and the CFTC generally has postponed implementation until the later of July 16, 2012 or when required key final rules are issued (e.g. definitional rules for "swap" and "swap dealer"). In order to comply with implementing regulations of the Dodd-Frank Act, PPL Electric likely will be faced with significant new recordkeeping and reporting requirements. Also, PPL Electric could face significantly higher operating costs or may be required to post additional collateral if it is subject to margin requirements as ultimately adopted in the implementing regulations of the Dodd-Frank Act. PPL Electric will continue to evaluate the provisions of the Dodd-Frank Act. At this time, PPL Electric cannot predict the impact that the law or its implementing regulations will have on its business or operations, or the markets in which it transacts business, but could incur material costs related to compliance with the Dodd-Frank Act.

New Jersey Capacity Legislation

In January 2011, New Jersey enacted a law that intervenes in the wholesale capacity market exclusively regulated by the Energy Regulatory Commission (FERC): S. No. 2381, 214th Leg. (N.J. 2011) (the Act). To create incentives for the development of new, in-state electric generation facilities, the Act implements a "long-term capacity agreement pilot program (LCAPP)." The Act requires New Jersey utilities to pay a guaranteed fixed price for wholesale capacity, imposed by the New Jersey Board of Public Utilities (BPU), to certain new generators participating in PJM Interconnection, L.L.C. (PJM), with the ultimate costs of that guarantee to be borne by New Jersey ratepayers. PPL Corporation (PPL) believes the intent and effect of the LCAPP is to encourage the construction of new generation in New Jersey even when, under the FERC-approved PJM economic model, such new generation would not be economic. The Act could depress capacity prices in PJM in the short term and harm the long-term ability of the PJM capacity market to incent necessary generation investment throughout PJM. In February 2011, the PJM Power Providers Group (P3), an organization in which PPL is a member, filed a complaint before the FERC seeking changes in PJM's capacity market rules designed to ensure that subsidized generation, such as may result from the implementation of the LCAPP, will not be able to set capacity prices artificially low as a result of their exercise of buyer market power. In April 2011, the FERC issued an order granting in part and denying in part P3's complaint and ordering changes in PJM's capacity rules consistent with a significant portion of P3's requested changes. PPL Electric cannot predict the outcome of this proceeding or the economic impact on its business or operations, or the markets in which it transacts business.

In addition, in February 2011, PPL and several other generating companies and utilities filed a complaint in U.S. District Court in New Jersey challenging the Act on the grounds that it violates well-established principles under the Supremacy

Clause and the Commerce Clause of the U.S. Constitution. In this action, the plaintiffs request declaratory and injunctive relief barring implementation of the Act by the Commissioners of the BPU. In October 2011, the court denied the BPU's motion to dismiss the proceeding and the litigation is moving forward. PPL Electric cannot predict the outcome of this proceeding or the economic impact on its business or operations, or the markets in which it transacts business.

#### FERC Market-Based Rate Authority

Periodic market-based rate filings with the FERC have been made by PPL Electric. These filings consisted of a Northeast market-based rate filing for PPL subsidiaries in PJM's region. In June 2011, FERC approved PPL's market-based rate update for the Eastern region.

Currently, a seller granted FERC market-based rate authority may enter into power contracts during an authorized time period. If the FERC determines that the market is not workably competitive or that the seller possesses market power or is not charging "just and reasonable" rates, it may institute prospective action, but any contracts entered into pursuant to the FERC's market-based rate authority remain in effect and are generally subject to a high standard of review before the FERC can order changes. Recent court decisions by the U.S. Court of Appeals for the Ninth Circuit have raised issues that may make it more difficult for the FERC to continue its program of promoting wholesale electricity competition through market-based rate authority. These court decisions permit retroactive refunds and a lower standard of review by the FERC for changing power contracts, and could have the effect of requiring the FERC in advance to review most, if not all, power contracts. In June 2008, the U.S. Supreme Court reversed one of the decisions of the U.S. Court of Appeals for the Ninth Circuit, thereby upholding the higher standard of review for modifying contracts. At this time, PPL cannot predict the impact of these court decisions on the FERC's future market-based rate authority program or on its business.

#### Energy Policy Act of 2005 - Reliability Standards

The North American Electric Reliability Corporation (NERC) is responsible for establishing and enforcing mandatory reliability standards (Reliability Standards) regarding the bulk power system. The FERC oversees this process and independently enforces the Reliability Standards.

The Reliability Standards have the force and effect of law and apply to certain users of the bulk power electricity system, including electric utility companies, generators and marketers. The FERC has indicated it intends to vigorously enforce the Reliability Standards using, among other means, civil penalty authority. Under the Federal Power Act, the FERC may assess civil penalties of up to \$1 million per day, per violation, for certain violations. The first group of Reliability Standards approved by the FERC became effective in June 2007.

PPL Electric monitors its compliance with the Reliability Standards and continues to self-report potential violations of certain applicable reliability requirements and submit accompanying mitigation plans, as required. The resolution of a number of potential violations is pending. Any regional reliability entity determination concerning the resolution of violations of the Reliability Standards remains subject to the approval of the NERC and the FERC. PPL Electric cannot predict the outcome of these matters, and cannot estimate a range of reasonably possible losses, if any, other than the amounts currently recorded.

In the course of implementing its program to ensure compliance with the Reliability Standards by PPL Electric, certain other instances of potential non-compliance may be identified from time to time.

#### **Environmental Matters**

Due to the environmental issues discussed below or other environmental matters, PPL Electric may be required to modify, curtail, replace or cease operating certain facilities or operations to comply with statutes, regulations and other requirements of regulatory bodies or courts.

#### Superfund and Other Remediation

PPL Electric is a potentially responsible party at several sites listed by the Environmental Protection Agency (EPA) under the federal Superfund program, including the Columbia Gas Plant site, the Metal Bank site and the Ward Transformer site. Clean-up actions have been or are being undertaken at all of these sites, the costs of which have not been significant to PPL Electric. However, should the EPA require different or additional measures in the future, or should PPL Electric's share of costs at multi-party sites increase significantly more than currently expected, the costs could be significant.

PPL Electric is remediating or has completed the remediation of several sites that were not addressed under a regulatory program such as Superfund, but for which PPL Electric may be liable for remediation. These include a number of former coal gas manufacturing facilities in Pennsylvania previously owned or operated or currently owned by a predecessor of PPL Electric. There are additional sites, formerly owned or operated by a PPL Electric predecessor for which PPL Electric lacks information on current site conditions and is therefore unable to predict what, if any, potential liability it may have.

In June 2011, Lepore-Moyers Partnership (LMP) filed a complaint in federal district court against PPL Electric, UGI Corporation and a neighboring property owner relating to contamination allegedly emanating from the former Mount Joy Manufactured Gas Plant (MGP) site located in Lancaster County, Pennsylvania. LMP owns property adjacent to the Mount Joy MGP site and claims that environmental testing done on its property indicates the presence of volatile organic compounds in the soil and/or groundwater. LMP claims that defendants are responsible for, among other things, the reimbursement of costs, future response costs, investigation and remediation of the contamination, and damages caused by the contamination. PPL Electric expects the costs related to this matter to be insignificant.

Depending on the outcome of investigations at sites where investigations have not begun or been completed or developments at sites for which PPL Electric currently lacks information, the costs of remediation and other liabilities could be substantial. PPL Electric and its subsidiaries also could incur other non-remediation costs at sites included in current consent orders or other contaminated sites which could be significant. PPL Electric is unable to estimate a range of reasonably possible losses, if any, related to these matters.

The EPA is evaluating the risks associated with polycyclic aromatic hydrocarbons and naphthalene, chemical by-products of coal gas manufacturing. As a result of the EPA's evaluation, individual states may establish stricter standards for water quality and soil cleanup. This could require PPL Electric to take more extensive assessment and remedial actions at former coal gas manufacturing facilities. PPL Electric cannot estimate a range of reasonably possible losses, if any, related to these matters.

From time to time, PPL Electric undertakes remedial action in response to spills or other releases at various on-site and off-site locations, negotiates with the EPA and state and local agencies regarding actions necessary for compliance with applicable requirements, negotiates with property owners and other third parties alleging impacts from PPL Electric's operations, and undertakes similar actions necessary to resolve environmental matters which arise in the course of normal operations. Based on analyses to date, resolution of these general environmental matters is not expected to have a material adverse impact on PPL Electric's operations.

Future cleanup or remediation work at sites currently under review, or at sites not currently identified, may result in material additional costs for PPL Electric.

#### *Electric and Magnetic Fields*

Concerns have been expressed by some members of the public regarding potential health effects of power frequency electric and magnetic fields (EMF), which are emitted by all devices carrying electricity, including electric transmission and distribution lines and substation equipment. Government officials in the U.S. and the U.K. have reviewed this issue. The U.S. National Institute of Environmental Health Sciences concluded in 2002 that, for most health outcomes, there is no evidence that EMFs cause adverse effects. The agency further noted that there is some epidemiological evidence of an association with childhood leukemia, but that the evidence is difficult to interpret without supporting laboratory evidence. The U.K. National Radiological Protection Board (part of the U.K. Health Protection Agency) concluded in 2004 that, while the research on EMFs does not provide a basis to find that EMFs cause any illness, there is a basis to consider precautionary measures beyond existing exposure guidelines. The Stakeholder Group on Extremely Low Frequency EMF, set up by the U.K. Government, has issued two reports, one in April 2007 and one in June 2010, describing options for reducing public exposure to EMF. The U.K. Government responded to the first report in 2009, agreeing to some of the proposals, including a proposed voluntary code to optimally phase 132 kilovolt overhead lines to reduce public exposure to EMF where it is cost effective to do so. In February 2011, the U.K. Government and the Energy Networks Association agreed to voluntary codes of practice under which new high voltage lines will be designed and operated using optimal phasing to reduce EMF unless doing so would be unreasonable, and defining the circumstances under which utilities will need to provide evidence of compliance with EMF exposure limits adopted by the U.K. Government. The U.K. Government is currently considering the second report which concentrates on EMF exposure from distribution systems. PPL Electric believes research on EMF and health issues should continue and is taking steps to reduce EMFs, where practical, in the design of new transmission and distribution facilities. PPL Electric is unable to predict what effect, if any, the EMF issue might have on its operations and facilities and the associated cost, or what, if any, liabilities it might incur related to the EMF issue.

## Guarantees and Other Assurances

In the normal course of business, PPL Electric may enter into agreements that provide financial performance assurance to third parties on behalf of certain subsidiaries. Such agreements include, for example, guarantees, stand-by letters of credit issued by financial institutions and surety bonds issued by insurance companies. These agreements are entered into primarily to support or enhance the creditworthiness attributed to a subsidiary on a stand-alone basis or to facilitate the commercial activities in which these subsidiaries enter.

The table below details guarantees provided as of December 31, 2011.

	Exposure at December 31, 2011 (a)	Expiration Date
Guarantee of inventory value	\$ 14 (b)	2016

(a) Represents the estimated maximum potential amount of future payments that could be required to be made under the guarantee.

(b) PPL Electric entered into a contract with a third party logistics firm that provides inventory procurement and fulfillment services. Under the contract, the logistics firm has title to the inventory purchased for PPL Electric's use. Upon termination of the contract, PPL Electric has guaranteed to purchase any remaining inventory that has not been used or sold by the logistics firm at the weighted-average cost at which the logistics firm purchased the inventory, thus protecting the logistics firm from reductions in the fair value of the inventory.

PPL Electric provides other miscellaneous guarantees through contracts entered into in the normal course of business. These guarantees are primarily in the form of indemnification or warranties related to services or equipment and vary in duration. The amounts of these guarantees often are not explicitly stated, and the overall maximum amount of the obligation under such guarantees cannot be reasonably estimated. Historically, no significant payments have been made with respect to these types of guarantees and the probability of payment/performance under these guarantees is remote.

PPL, on behalf of itself and certain of its subsidiaries including PPL Electric, maintains insurance that covers liability assumed under contract for bodily injury and property damage. The coverage requires a maximum \$4 million deductible per occurrence and provides maximum aggregate coverage of \$200 million. This insurance may be applicable to obligations under certain of these contractual arrangements.

**PPL ELECTRIC UTILITIES CORPORATION**  
**STATEMENT OF INCOME**  
**TWELVE MONTHS ENDED DECEMBER 31, 2011**

ACCT. NO.		
	UTILITY OPERATING INCOME	
400	OPERATING REVENUES	\$ 1,957,973,936
	OPERATING EXPENSES	
401	OPERATION EXPENSES	1,237,184,649
402	MAINTENANCE EXPENSES	113,261,433
403/406	DEPRECIATION EXPENSES AND AMORTIZATION OF ELECTRIC PLANT ACQUISITION ADJUSTMENTS	145,442,065
407.3	REGULATORY DEBITS	2,853,594
407.4	REGULATORY CREDITS	(10,048,372)
408.1	TAXES OTHER THAN INCOME TAXES	
	STATE GROSS RECEIPTS	108,559,262
	STATE CAPITAL STOCK	3,820,551
	STATE UTILITY AND LOCAL REAL ESTATE	1,904,565
	OTHER	6,430,705
409.1	INCOME TAXES	
	FEDERAL	(21,207,547)
	STATE	(9,474,375)
410.1	PROVISION FOR DEFERRED INCOME TAXES	
	FEDERAL	705,855,084
	STATE	95,009,038
411.1	PROVISION FOR DEFERRED INCOME TAXES-CREDIT	
	FEDERAL	(605,179,573)
	STATE	(92,936,894)
411.4	INVESTMENT TAX CREDIT ADJUSTMENT	(1,568,371)
411.6	GAINS FROM DISPOSITION OF UTILITY PLANT	
411.7	LOSSES FROM DISPOSITION OF UTILITY PLANT	64,764
411.8	GAINS FROM DISPOSITION OF EMISSION ALLOWANCES	
	TOTAL UTILITY OPERATING EXPENSES	1,679,970,578
	NET UTILITY OPERATING INCOME	278,003,358
	OTHER INCOME AND DEDUCTIONS	
	OTHER INCOME	
415/416	MERCHANDISING, JOBBING AND CONTRACT WORK	(21,434)
417.1	EXPENSES OF NONUTILITY OPERATIONS	(107,384)
418	NONOPERATING RENTAL INCOME	(42,853)
418.1	EQUITY IN EARNINGS OF SUBSIDIARY COMPANIES	1,292,256
419	INTEREST AND DIVIDEND INCOME	887,526
419.1	ALLOWANCE FOR EQUITY FUNDS USED DURING CONSTRUCTION	7,299,850
421	MISCELLANEOUS NONOPERATING INCOME	126
421.1	GAIN ON DISPOSITION OF PROPERTY	132,349
434	EXTRAORDINARY INCOME	
	TOTAL OTHER INCOME	\$ 9,440,436

**PPL ELECTRIC UTILITIES CORPORATION**  
**STATEMENT OF INCOME**  
**TWELVE MONTHS ENDED DECEMBER 31, 2011**

ACCT.			
<u>NO.</u>			
	OTHER INCOME AND DEDUCTIONS (CONTINUED)		
	OTHER INCOME DEDUCTIONS		
421.2	LOSS ON DISPOSITION OF PROPERTY	\$	274,966
426.1-426.5	MISCELLANEOUS INCOME DEDUCTIONS		3,260,210
435	EXTRAORDINARY DEDUCTIONS		
	TOTAL OTHER INCOME DEDUCTIONS		<u>3,535,176</u>
	TAXES APPLICABLE TO OTHER INCOME AND DEDUCTIONS		
408.2	TAXES OTHER THAN INCOME TAXES		200
409.2	INCOME TAXES		
	FEDERAL		759,946
	STATE AND D.C.		
409.3	EXTRAORDINARY ITEMS		
410.2/411.2	PROVISION FOR DEFERRED INCOME TAXES-NET		
	FEDERAL		4,606,730
	STATE		(6,078,690)
411.5	INVESTMENT TAX CREDIT		
	TOTAL TAXES APPLICABLE TO OTHER INCOME AND DEDUCTIONS		<u>(711,814)</u>
	NET OTHER INCOME AND DEDUCTIONS		<u>6,617,074</u>
	INCOME BEFORE INTEREST CHARGES		<u>284,620,432</u>
	INTEREST CHARGES		
427	INTEREST ON LONG-TERM DEBT		86,427,874
428	AMORTIZATION OF DEBT DISCOUNT AND EXPENSE		2,584,477
428.1	AMORTIZATION OF LOSS ON REACQUIRED DEBT		9,895,861
429	AMORTIZATION OF PREMIUM ON DEBT-CREDIT		(2,433)
429.1	AMORTIZATION OF GAIN ON REACQUIRED DEBT-CREDIT		
430	INTEREST ON DEBT TO ASSOCIATED COMPANIES		177,969
431	OTHER INTEREST CHARGES		145,566
432	ALLOW. FOR BORROWED FUNDS USED DURING CONSTRUCTION-CREDIT		(3,617,785)
	NET INTEREST CHARGES		<u>95,611,529</u>
	NET INCOME	\$	<u>189,008,903</u>

Note: This schedule includes the consolidated accounts of PPL Group and PPL Receivables Corporation. PPL Receivables Corporation was formed to purchase receivables and unbilled revenues from PPL Electric Utilities Corporation to secure commercial paper financing.

**PPL ELECTRIC UTILITIES CORPORATION**  
**STATEMENT OF RETAINED EARNINGS**  
**TWELVE MONTHS ENDED DECEMBER 31, 2011**

Retained earnings, December 31, 2010	\$	449,557,885
Activity during the twelve months ended December 31, 2011		
Net income		189,008,903
Dividends declared - preferred		(15,625,024)
Dividends declared - common		(92,300,000)
Retained earnings, December 31, 2011	<u>\$</u>	<u>530,641,764</u>

**PPL ELECTRIC UTILITIES CORPORATION  
UTILITY PLANT ACCOUNTS**

Acct. <u>No.</u>		<u>DECEMBER 31, 2011</u>
	Utility plant in service	
101	Electric plant in service	
	Intangible plant	\$ 58,724,148
	Transmission plant	1,233,152,143
	Distribution plant	3,951,956,956
	General plant	<u>539,608,452</u>
	Electric plant in service	5,783,441,699
101.1	Property under capital leases	
	Total utility plant in service	<u>5,783,441,699</u>
105	Electric plant held for future use	38,910,622
106	CC not classified	236,469,705
107	Construction work in progress	<u>263,133,101</u>
	Total utility plant	6,321,955,127
108	Accumulated provision for depreciation of utility plant	(2,231,825,465)
111	Accumulated provision for amortization of utility plant	(28,102,915)
	 Net utility plant	 <u><u>\$ 4,062,026,747</u></u>

**PPL ELECTRIC UTILITIES CORPORATION**  
**STATEMENT OF SECURITIES OF OTHER ENTITIES OWNED**  
**AS OF DECEMBER 31, 2011**

Name of Issuer	Title of Security	Number of Shares or Principal Amount	Date Acquired	Price Paid	Book Value	Approximate Value Indicated by Market Quotations December 31, 2011
Securities of Subsidiaries						
CEP Commerce, LLC	Member's Interests	\$ 10,072	7/1/2000	\$ 10,072	\$ 306,056,846	Not Available
				<u>10,072</u>	<u>306,056,846</u>	
Other Corporate Securities						
Mortgages						
Juniata County Industrial Park Expansion	Mortgage	139,901	7/24/1997	139,901	99,900	Not Available
Pike County Business Park	Mortgage	397,692	7/23/1997	397,692	397,692	Not Available
Pocono Mtn Business Park (Senda)	Mortgage	625,000	3/15/2002	625,000	375,000	Not Available
	Total Mortgages			<u>\$ 1,162,593</u>	<u>872,592</u>	
Other Corporate Securities						
Stocks						
Sears Holdings Corporation	Common	233 shares	Not Available	Not Available	7,405	\$ 7,405
Time Warner Cable	Common	1,620 shares	Not Available	Not Available	102,983	\$ 102,983
Quad/Graphics Inc.	Common	349 shares	Not Available	Not Available	5,144	\$ 5,144
	Total Stocks				<u>115,532</u>	
	Total Securities of Other Entities Owned				<u>\$ 307,044,970</u>	

**PPL ELECTRIC UTILITIES CORPORATION**  
**STATEMENT SHOWING THE STATUS OF THE FUNDED DEBT**  
**AS OF DECEMBER 31, 2011**

Name and Description of Obligation (a)	Interest		Term at Date Of Issue (Years) (d)	Date of Maturity (e)	Total Principal Amount Authorized (1) (f)	Total Principal Amount Outstanding (Not Held by the Public Utility) (g)	Total Principal Amount Held by the Public Utility		
	Rate (b)	Dates Payable (c)					Reacquired and Held in Treasury (h)	Plledged (i)	In Sinking or Other Funds (j)
First Mortgage Bonds (1): 7-3/8% Series due 2014	7-3/8%	Mar. 1 & Sep. 1	20	Mar. 1, 2014	\$100,000,000	\$ 10,290,000	None	None	None
						10,290,000			
Senior Secured Bonds (Pollution Control Series)									
Series 2008 due 2023	4.00%	Apr. 1 & Oct. 1	15	Oct. 1, 2023	90,000,000	90,000,000	None	None	None
4.75% Series due 2027	4.75%	Feb. 15 & Aug. 15	22	Feb. 15, 2027	108,250,000	108,250,000	None	None	None
4.70% Series due 2029	4.70%	Mar. 1 & Sept. 1	24	Sept. 1, 2029	115,500,000	115,500,000	None	None	None
						313,750,000			
Senior Secured Bonds									
7.125% Series due 2013 (2)	7.125%	May 30 & Nov. 30	5	Nov. 30, 2013	400,000,000	0	None	None	None
4.95% Series due 2015	4.95%	June 15 & Dec. 15	10	Dec. 15, 2015	100,000,000	100,000,000	None	None	None
5.15% Series due 2020	5.15%	June 15 & Dec. 15	15	Dec. 15, 2020	100,000,000	100,000,000	None	None	None
6.45% Series due 2037	6.45%	Feb. 15 & Aug. 15	30	Aug. 15, 2037	250,000,000	250,000,000	None	None	None
6.25% Series due 2039	6.25%	May 15 & Nov. 15	30	May 15, 2039	300,000,000	300,000,000	None	None	None
5.20% Series due 2041 (3)	5.20%	July 15 & Jan. 15	30	July 15, 2041	250,000,000	250,000,000	None	None	None
3.00% Series due 2021 (2)	3.00%	Mar. 15 & Sept. 15	10	Sept. 15, 2021	400,000,000	400,000,000	None	None	None
						1,400,000,000			
Unamortized Premium on Long-Term Debt						0			
Unamortized Discount on Long-Term Debt						(6,253,320)			
Total Funded Debt						\$ 1,717,786,680			

(1) In December 2008, PPL Electric completed an in-substance defeasance of the 1945 First Mortgage Bonds by depositing sufficient funds with the trustee to solely satisfy the principal and remaining interest obligations on the bonds when due. Also in December 2008, PPL Electric discharged the lien under the 1945 First Mortgage Bond Indenture, dated as of October 1, 1945, which covered substantially all electric distribution and certain transmission plant owned by PPL Electric and was the agreement under which the First Mortgage Bonds had been issued.

(2) In July 2011, PPL Electric redeemed the entire \$400 million aggregate principal amount of its 7.125% Senior Secured Bonds due 2013 for \$458 million, plus accrued interest. In August 2011, PPL Electric issued \$400 million of 3.00% First Mortgage Bonds due 2021 (2021 Bonds). The issuance of the 2021 Bonds was authorized by the PUC at Docket No. S-2011-2246812.

(3) In July 2011, PPL Electric issued \$250 million of 5.20% First Mortgage Bonds due 2041 (2041 Bonds). The issuance of the 2041 Bonds was authorized by the PUC at Docket No. S-2011-2219042.

**PPL ELECTRIC UTILITIES CORPORATION**  
**STATEMENT SHOWING THE STATUS OF OUTSTANDING CAPITAL STOCK**  
**AS OF DECEMBER 31, 2011**

Designation of Kind and Class (a)	Number of Shares Authorized (b)	Par Value Per Share (c)	Amount Authorized (d)	Amount Outstanding (Not Held by the Public Utility) (1) (e)	Held by the Public Utility		In Sinking or Other Funds (h)	Stated Book Value of Outstanding Stock Having No Par Value As of Date of Balance Sheet (i)
					Reacquired and Held in Treasury (f)	Pledged (g)		
<b>Preference Stock</b> 6.25% Series (3) (4)	10,000,000		10,000,000 shares	<u>2,500,000 shares</u>				
<b>Common Stock, no par</b>	170,000,000		170,000,000 shares	<u>66,368,056 shares</u>	None	None	None	\$ 1,874,070,107 (2)
<b>Treasury Stock</b>				<u>0 shares</u>	None	None	None	\$ 0.00

(1) All common shares of PPL Electric stock are owned by PPL.

(2) Book value of common stock held by PPL Corporation.

(3) Redeemable since April 6, 2011.

(4) On April 19, 2012, PPL Electric gave notice that it had elected to redeem all 2.5 million shares of its 6.25% Series Preference Stock, par value \$100 per share, on June 18, 2012. The price to be paid for the redemption is the par value, without premium (\$250 million in the aggregate).

**PPL ELECTRIC UTILITIES CORPORATION**  
**HOLDERS OF EACH CLASS OF CAPITAL STOCK AS OF DECEMBER 31, 2011**

<u>COMMON</u>		<u>6.25% SERIES PREFERRED (a) (b)</u>	
	<u>Shares</u>		<u>Shares</u>
PPL Corporation Two North Ninth Street Allentown, PA 18101	66,368,056	Wells Fargo Bank NA as Depositary ATTN: Suzy Swits 161 Concord Exchange N South St. Paul, MN 55075	2,500,000

(a) In April 2006, PPL Electric Utilities Corporation sold 10 million depositary shares, each representing a quarter interest in a share of its 6.25% Series Preference Stock (Preference Shares), totaling \$250 million. In connection with the sale of the depositary shares, PPL Electric issued 2.5 million Preference Shares to the bank which is acting as a depositary.

(b) On April 19, 2012, PPL Electric gave notice that it had elected to redeem all 2.5 million shares of its 6.25% Series Preference Stock, par value \$100 per share, on June 18, 2012. The price to be paid for the redemption is the par value, without premium (\$250 million in the aggregate).

PPL ELECTRIC UTILITIES CORPORATION

STATEMENT SHOWING, IN JOURNAL ENTRY FORM, ALL CHARGES AND CREDITS  
 TO BE MADE ON THE BOOKS OF ACCOUNT TO GIVE EFFECT TO  
 THE PROPOSED ISSUANCE FROM TIME TO TIME OF NOT IN EXCESS OF  
\$250,000,000 AGGREGATE PRINCIPAL AMOUNT OF DEBT SECURITIES AND PROPOSED USE OF PROCEEDS

Journal Entry 1

143	Other Accounts Receivable	\$	
221	Long-Term Debt - Bonds		\$

To give effect to the sale of a particular series of Debt Securities.

Journal Entry 2

131	Cash	\$	
143	Other Accounts Receivable		\$

To record receipt of proceeds from the sale of a particular series of Debt Securities.

Journal Entry 3

181	Unamortized Debt Expense	\$	
131	Cash		\$

To record the payment of expenses in connection with the issuance and sale of a particular series of Debt Securities. Expenses will be amortized over the life of the debt.

Journal Entry 4

204	Preferred Stock Issued	\$	
131	Cash		\$

To record the redemption of preferred securities.

**PPL ELECTRIC UTILITIES CORPORATION**  
**CAPITAL STRUCTURE**

The capital structure of the Company at December 31, 2011, and on a pro forma basis to give effect to the transactions footnoted below, is as follows:

	Actual Amount	Adjustments (a)	Pro Forma Amount	% of Capitalization
<b>Common Equity</b>				
Common Stock Issued.....	\$ 363,833,249		\$ 363,833,249	
Miscellaneous Paid-In Capital.....	991,262,745		991,262,745	
Capital Stock Expense.....	(11,735,245)		(11,735,245)	
Treasury Stock.....	-		-	
Other Comprehensive Income.....	67,594		67,594	
Earnings Reinvested.....	530,641,764		530,641,764	
Total Common Equity.....	<u>1,874,070,107</u>	<u>-</u>	<u>1,874,070,107</u>	49%
<b>Preferred Securities</b>				
Preferred Stock without Mandatory Redemption.....	250,000,000	(250,000,000) (a)	0	0%
<b>Long-Term Debt (b)</b>				
First Mortgage Bonds.....	10,290,000		10,290,000	
Senior Secured Bonds (Pollution Control Series).....	313,750,000		313,750,000	
Senior Secured Bonds.....	1,400,000,000	\$ 250,000,000 (a)	1,650,000,000	
Unamortized Premium/Discount- Net.....	(6,253,320)		(6,253,320)	
Total Long-Term Debt.....	<u>1,717,786,680</u>	<u>250,000,000</u>	<u>1,967,786,680</u>	51%
Total Capitalization.....	<u>\$ 3,841,856,787</u>	<u>\$ -</u>	<u>\$ 3,841,856,787</u>	100%

(a) The planned issuance of \$250 million of Senior Secured Bonds. The net proceeds from the issuance will be used primarily to fund the redemption of its \$250 million aggregate principal amount of 6.25% Preference Stock.

(b) Long-term debt includes amounts due within one year.

**PPL ELECTRIC UTILITIES CORPORATION**  
**BOOK VALUE OF COMMON STOCK**  
**DECEMBER 31, 2011**

<u>Acct. No.</u>			
	Common Equity		
201	Common stock issued	\$	363,833,249
207	Premium on capital stock		-
211	Additional paid in capital		991,262,745
214	Capital stock expense		(11,735,245)
216	Unappropriated retained earnings		526,594,518
216.1	Unappropriated undistributed subsidiary earnings		4,047,246
217	Reacquired capital stock		-
219	Other comprehensive income		<u>67,594</u>
	Total Common Equity	\$	<u><u>1,874,070,107</u></u>
	Shares of common stock issued at December 31, 2011		66,368,056
	Shares repurchased and held in treasury		<u>0</u>
	Shares of common stock outstanding at December 31, 2011		<u><u>66,368,056</u></u>
	Book Value of Common Stock		
	Total common equity ÷ shares of common stock outstanding at December 31, 2011	\$	<u><u>28.24</u></u>

PPL Electric Utilities Corporation  
April 2012 Securities Certificate

**Chapter 19 Securities Certificate registrations-Data Request**

To the extent the following information has not been filed with Applicant's registration:

1.) Previous registration balances. Provide docket numbers, initial registration amount, issuances by type, amount and date and current remaining balance. Plans for these balances vis-à-vis the current registration.

\$100 million authorization remains for First Mortgage Bonds, Securities Certificate S-2011-2246812 (authorized \$500 million FMB's, but sold only \$400 million in August 2011). At this time we do not have any plans to issue the remaining \$100 million.

2.) What effect will this issuance have upon the capital structure of the utility. Show calculations.

\$ (000's)	<u>31-Dec-11</u>
Total LT Debt as of December 31, 2011	\$ 1,717,787
Forecasted Redemption	\$ -
Requested Issuance	<u>\$ 250,000</u>
Total Debt	\$ 1,967,787
Preferred Securities as of December 31, 2011	\$ 250,000
Forecasted Redemption	<u>\$ (250,000)</u>
Total Preferred Securities	\$ -
Common Equity	\$ 1,875,470
Total Capitalization	\$ 3,843,257
Debt / Total Capitalization %	51.2%

PPL Electric Utilities Corporation  
April 2012 Securities Certificate

3.) Current and three year projections for; (Provide details of calculation)

Sources and Uses of Funds (000's)	2012	2013	2014
Construction	\$ 670,600	\$ 870,048	\$ 820,628
Pension Funding	\$ 65,800	\$ 66,850	\$ 64,050
Security Maturities, Redemptions and Sinking Funds	\$ 250,000		\$ 10,290
<b>Total Requirements</b>	<b>\$ 986,400</b>	<b>\$ 936,898</b>	<b>\$ 894,968</b>
<b>Sources</b>			
Total Internal (Net)	\$ 736,400	\$ 526,898	\$ 549,968
Sale of Investments	\$ -	\$ -	\$ -
<b>Outside Financing</b>			
Long-term debt	\$ 250,000	\$ 410,000	\$ 345,000
Short-term debt change	\$ -	\$ -	\$ -
Other	\$ -	\$ -	\$ -
<b>Total Outside</b>	<b>\$ 250,000</b>	<b>\$ 410,000</b>	<b>\$ 345,000</b>
<b>Total Fund Sources</b>	<b>\$ 986,400</b>	<b>\$ 936,898</b>	<b>\$ 894,968</b>

Capital Expenditures

\$ (000's)	2012	2013	2014
Capital Expenditure	\$ 670,600	\$ 870,048	\$ 820,628

Ratio of Capital Expenditures to Depreciation and Amortization

\$ (000's)	2012	2013	2014
Capital Expenditure	\$ 670,600	\$ 870,048	\$ 820,628
Depreciation	\$ 156,070	\$ 171,776	\$ 185,261
Amortization	\$ 12,569	\$ 10,648	\$ 9,114
<b>Total Depreciation &amp; Amortization</b>	<b>\$ 168,639</b>	<b>\$ 182,424</b>	<b>\$ 194,375</b>
Capital / Depreciation & Amortization	398%	477%	422%

PPL Electric Utilities Corporation  
April 2012 Securities Certificate

Capitalization Ratios

\$ (000's)	2012	2013	2014
Total LT Debt	\$ 1,967,958	\$ 2,378,129	\$ 2,713,009
Total ST Debt	\$ -	\$ -	\$ -
<b>Total Debt</b>	<b>\$ 1,967,958</b>	<b>\$ 2,378,129</b>	<b>\$ 2,713,009</b>
Total Preferred	\$ -	\$ -	\$ -
Total Common Equity	\$ 2,061,398	\$ 2,434,247	\$ 2,769,302
Total Capitalization	\$ 4,029,356	\$ 4,812,376	\$ 5,482,312
Debt / Total Capitalization %	48.8%	49.4%	49.5%

Dividend payout ratio

\$ (000's)	2012	2013	2014
Earnings Available for Common	\$ 131,128	\$ 208,249	\$ 228,855
Total Dividend Paid to Parent	\$ 85,200	\$ 135,400	\$ 148,800
<i>% of Earnings Available for Common</i>	65.0%	65.0%	65.0%

Interest coverage ratios – both SEC and Indenture basis

**Computation of Ratio of Earnings to Combined Fixed Charges**  
as required under Item 503 (d) of Regulation S-K of the Securities Act of 1933

\$ (000's)	2012	2013	2014
Income Before Income Taxes	\$ 208,131	\$ 334,083	\$ 380,288
Total Interest (as shown below)	\$ 104,426	\$ 122,534	\$ 146,915
Less Interest component of AFUDC (est)	\$ (4,300)	\$ (4,400)	\$ (3,800)
<b>Total Earnings</b>	<b>\$ 308,258</b>	<b>\$ 452,218</b>	<b>\$ 523,403</b>
Fixed charges, as defined:			
Interest on long term debt	\$ 87,857	\$ 106,173	\$ 133,194
Interest on short term debt	\$ -	\$ 1,714	\$ 607
Other Interest	\$ 4,000	\$ 4,000	\$ 4,000
Amortization of debt discount, expense and premium - net	\$ 12,569	\$ 10,648	\$ 9,114
<b>Total Interest</b>	<b>\$ 104,426</b>	<b>\$ 122,534</b>	<b>\$ 146,915</b>
<b>Earnings / Interest</b>	<b>2.95</b>	<b>3.69</b>	<b>3.56</b>

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4.) Three year history of credit ratings – By credit rating agency and class

	Ratings (as of Dec. 31, 2009)			Ratings (as of Dec. 31, 2010)		
	Moody's	S&P	Fitch	Moody's	S&P	Fitch
Issuer Rating	Baa1	A-	BBB/F-2	Baa2	A-	BBB/F2
First Mortgage Bonds	A3	A-	A-	A3	A-	A-
Tax Exempt Bonds	A3/Baa1	A/A-		A3/Baa2	A/A-	
Senior Secured Bonds	A3	A-	A-	A3	A-	A-
Commercial Paper	P-2	A-2	F-2	P-2	A-2	F-2
Preferred Stock	Baa3	BBB	BBB			
Preference Stock	Baa3	BBB	BBB	Ba1	BBB	BBB-
Outlook	Negative	Negative	STABLE	Stable	Stable	Stable

  

	Ratings (as of Dec. 31, 2011)		
	Moody's	S&P	Fitch
Issuer Rating	Baa2	BBB	BBB/F-2
First Mortgage Bonds	A3	A-	A-
Tax Exempt Bonds	A3/Baa2	A-	
Senior Secured Bonds	A3	A-	A-
Commercial Paper	P-2	A-2	F-2
Preferred Stock	Ba1	BB+	BBB-
Preference Stock			
Outlook	Stable	Stable	Stable

5.) Projected refinancing savings or costs, if applicable

The projected net savings is \$7.6 million per year before-tax, and \$10.9 million after-tax.

6.) Affiliated interest agreement applicable to instant registration, if financing involves an affiliate

Answer:  
Not Applicable

7.) List all unregulated affiliates of the applicant

Airborne Pollution Control, Inc.	CEP Reserves, Inc.
Aztec Insurance Limited	Colstrip Comm Serv, LLC
B-G Mechanical Contractors, Inc.	Conemaugh Fuels, LLC
B-G Mechanical Service, Inc.	DHA, LLC
BDW Corp.	DCUSA Limited
Brunner Island Services, LLC	EA Technology Limited
Burns Mechanical, Inc.	Ebusiness South West Limited
Cell Site Connection Services Limited	Electralink Limited
Central Networks Trustees Limited	Electric Energy, Inc.
CEP Commerce, LLC	Electricity Pensions Limited
CEP Lending, Inc.	Electricity Pensions Trustee Limited

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Elmsford Sheet Metal Works, Inc.  
Energy Networks Association Limited  
FCD LLC  
Fred Williams, Inc.  
Gemserv Limited  
General Control Systems, Inc.  
General Mechanical Systems, Inc.  
H. T. Lyons Co.  
H. T. Lyons, Inc.  
Hyder Limited  
Hyder Profit Sharing Trustee Limited  
Hyder Share Scheme Trustee (2) Limited  
Hyder Share Scheme Trustee Limited  
Indiana-Kentucky Electric Corporation  
Infralec 1992 Pension Trustee Limited  
Joppa & Eastern Railroad Company  
Kelston Properties Limited  
Kelston Properties 2 Limited  
Kentucky Utilities Company  
Keystone Fuels, LLC  
Lady Jane Collieries, Inc.  
Lexington Utilities Company  
LG&E and KU Capital LLC  
LG&E and KU Energy LLC  
LG&E and KU Foundation Inc.  
LG&E and KU Hydro I LLC  
LG&E and KU Services Company  
LG&E Energy Inc.  
LG&E Energy Marketing Inc.  
LG&E Home Services Inc.  
LG&E International Inc.  
LG&E Power Argentina III LLC  
Louisville Gas and Electric Company  
Lower Mount Bethel Energy, LLC  
Keystone Fuels, LLC  
Massac Enterprise, LC  
McCarl's Inc.  
McClure Company  
Met-South, Inc.  
Meter Operator Services Limited  
Meter Reading Services Limited  
Midwest Electric Power, Inc.  
Millennium Builders, Inc.  
Montour Services, LLC  
MRA Service Company Limited  
Ninth Street & Hamilton Corporation  
Northmere Limited  
Ohio Valley Electric Corporation  
Pennsylvania Mines, LLC  
PMDC Chile II, LLC  
PMDC Chile, LLC  
PMDC Europe B.V.  
PMDC International Holdings, Inc.  
PMDC International N.V.  
PPL Bell Bend Holdings, LLC  
PPL Bell Bend, LLC  
PPL Broadband  
PPL Brunner Island

PPL Capital Funding  
PPL Capital Trust (Business Trust)  
PPL Capital Trust II (Business Trust)  
PPL Cayman, LLC  
PPL Chile Energia Ltda.  
PPL Chile Inversiones Energeticas S.A.  
PPL Colstrip I, LLC  
PPL Colstrip II, LLC  
PPL Corporation  
PPL Electric Utilities Corporation  
PPL Energy Funding Corporation  
PPL Energy Services Group, LLC  
PPL Energy Services Holdings, LLC  
PPL Energy Services Mid-Atlantic, LLC  
PPL Energy Services Northeast, Inc.  
PPL Energy Supply  
PPL EnergyPlus, LLC  
PPL EnergyPlus Retail, LLC  
PPL Generation Services, LLC  
PPL Generation, LLC  
PPL Global, LLC  
PPL Great Works, LLC  
PPL Holtwood, LLC  
PPL Infrastructure Services, LLC  
PPL Interstate Energy Company  
PPL Investment Corporation  
PPL Ironwood, LLC  
PPL Ironwood Holdings, LLC  
PPL Island Financing LLP  
PPL Land Holdings, LLC  
PPL Maine  
PPL Martins Creek, LLC  
PPL Montana Holdings, LLC  
PPL Montana, LLC  
PPL Montour, LLC  
PPL New Jersey Biogas, LLC  
PPL New Jersey Solar, LLC  
PPL Nuclear Development, LLC  
PPL Power Insurance Ltd.  
PPL Prescott, LLC  
PPL Receivables Corporation  
PPL Renewable Energy, LLC  
PPL SavageALERT, Inc.  
PPL Services Corporation  
PPL Spectrum, Inc.  
PPL Strategic Development, LLC  
PPL Susquehanna, LLC  
PPL Treasure State, LLC  
PPL UK Holdings, LLC  
PPL UK Investments Limited  
PPL UK Resources Limited  
PPL WEM Holdings plc  
PPL WW Holdings Limited  
PPLG El Salvador Holdings, S.A. de C.V.  
PPLSolutions, LLC  
Realty Company of Pennsylvania  
REC Collect Limited  
SIUK Finance

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SIUK Investments	Western Power Generation Limited
SIUK Limited	Western Power Pension Trustee Limited
South Wales Electricity Share Scheme Trustees Limited	WPD 1975 Limited
South Western Helicopters Limited	WPD Finance Limited
Surf Telecoms Limited	WPD Guernsey Limited
The Ombudsman Service Limited	WPD Investments Limited
Titan Mechanical Contractors, Inc.	WPD Limited
Trystate Mechanical, Inc.	WPD Limited (Guernsey)
Westech International, Inc.	WPD Midlands Holdings Limited
Western Kentucky Energy Corp.	WPD Midlands Networks Contracting Limited
Western Power Distribution (East Midlands) plc	WPD Midlands Networks Services Limited
Western Power Distribution (West Midlands) plc	WPD Property Developments Limited
Western Power Distribution (South Wales) plc	WPD Property Investments Limited
Western Power Distribution (South West) plc	WPD Property Limited
Western Power Distribution Holdings Limited	WPD Share Scheme Trustees Limited
Western Power Distribution Investments Limited	WW Share Scheme Trustees Limited
Western Power Distribution LLP	

8.) List all debt for which the applicant is a guarantor of affiliated company debt instruments

Answer:  
None

9.) For any corporate money pool from which applicant may potentially borrow, lend or deposit excess cash to, provide;

Commission ordered reporting requirements  
Current balances of borrowed and lent funds  
Eligible borrowing and lending entities  
Accounting for money pool transactions  
3 year history of borrowing and lending to the pool

Answer:  
Not Applicable

10.) Describe historical reliance by type of both corporate internal and external sources of financing

Answer:  
PPL Electric historically has used a combination of equity and debt to fund its ongoing operations and expand/maintain its capital infrastructure in a manner that supports its investment-grade credit ratings. PPL Electric typically relies on issuing either external first mortgage bonds or, temporarily, incurring bank debt as a bridge to the external debt capital markets. Equity sources have been preferred/preference stock, retained earnings or capital contributions from its parent, PPL Corporation.

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11.) Where current dividend payout ratio exceeds 75 %, provide three year history and plan for future dividend payouts.

\$ (000's)	2009 *	2010	2011	2012	2013	2014
Earnings Available for Common	\$ 123,586	\$ 115,352	\$ 173,385	\$ 131,128	\$ 208,249	\$ 228,855
Ordinary Dividends Paid to Parent <i>% of Earnings Available for Common</i>	\$ 74,000 59.9%	\$ 71,000 61.6%	\$ 92,000 53.1%	\$ 85,200 65.0%	\$ 135,400 65.0%	\$ 148,800 65.0%
Special Dividend Paid to Parent <i>% of Earnings Available for Common</i>	\$ 200,000 161.8%	\$ - 0.0%	\$ - 0.0%	\$ - 0.0%	\$ - 0.0%	\$ - 0.0%
Total Dividend Paid to Parent <i>% of Earnings Available for Common</i>	\$ 274,000 221.7%	\$ 71,000 61.6%	\$ 92,000 53.1%	\$ 85,200 65.0%	\$ 135,400 65.0%	\$ 148,800 65.0%

\* High dividend distribution reflects the cash proceeds associated with the final year receipt of stranded costs collected through the Competitive Transition Clause ("CTC") at PPL Electric Utilities.

12.) Where the debt to total capital ratio exceeds 55%, provide plan for managing future debt to total capital levels.

Answer:

Debt to total capital ratio does not exceed 55%.

13.) With respect to the purpose for which you propose to issue or assume securities;

A. If the purpose is the purchase or construction of new facilities, or the betterment of existing facilities, provide;

1. Estimated final cost
2. A brief description of the new facilities or betterments
3. The date when it is expected that the purchase or construction or betterment will be completed.
4. Estimated amount of AFUDC included in the project costs

Answers:

Not Applicable

B. If the purpose is to obtain working capital, explain any unusual condition which exists, or will exist, in the public utility's current assets or current liabilities, stating;

1. The approximate cost of average materials and supplies inventory which the public utility expects to carry

Not Applicable

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2. The average time elapsing between the date when the public utility furnishes or begins a period of furnishing services to customers and the date when collection is made from customers for the service.

Not Applicable

3. The minimum bank balance requirements.

Not Applicable

C. If the purpose is to refund obligations, describe obligations in detail.

1. Explain the purpose for which obligations were issued, or refer to the number of securities certificate in which the purpose appears.

Answer:

\$250 million, 6.25% Preference Stock to be redeemed June 2012, Docket # S-00061092

2. State whether refunding is to meet maturity, or to effect saving in interest or other annual charges; if to effect savings, state date when, and at price which obligations are to be called, and submit statement showing savings to be effected as a result of refunding.

Answer:

Effect Finance savings, beginning no later than July 1, 2012. There is no call premium; therefore PPL will refund this security at par equal to \$250 million.

	<u>Annual Savings</u> <u>(millions of \$'s)</u>	
Preference Dividend	\$	15.6
New Interest Expense	\$	(7.9)
Amortization on New Issuance	\$	<u>(0.2)</u>
Pre-tax earnings benefits / (charges)	\$	7.6
Net Income Impact (post tax)	\$	10.9

D. If the purpose is for the payment of dividends, please justify the use of funds from the registration to pay dividends.

E. If the purpose is to fund pension obligations;

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1. Provide the current Accumulated Benefit Obligation (except where no longer used consistent with FASB Statement No. 158), the projected benefit obligation, the current fair value of plan assets, and the percent that the current benefit obligation is funded.

2. Provide the annual contributions to the plan from 2006 to the present, and the projected contributions for the next five years.

3. Provide an explanation as to how compliance with the Pension Protection Act of 2006 will be accomplished.

14.) Reconcile total capitalization with total rate base for ratemaking purposes. Are any of the funds to be issued for a non-utility purpose? If so, please describe that purpose.

	Utility Plant	Working Capital & Other Additions	Other Long Term	Total
Distribution Rate Base	2,904	65	(711)	2,258
Transmission Rate Base	948	15	(100)	863
Rate Base	<u>3,852</u>	<u>80</u>	<u>(811)</u>	<u>3,121</u>
CWIP 107 (net of Susquehanna-Roseland in Rate Base)	220			220
Other	(10)			(10)
Working Capital Other		129		129
Regulatory Assets			603	603
Other Long Term			(221)	(221)
Subtotal	<u>4,062</u>	<u>209</u>	<u>(429)</u>	<u>3,842</u>
Total Capitalization as of Dec. 31, 2011				3,842

15.) Three year history and three year projections for ratio of capital expenditures to depreciation expense. Show calculations.

\$ (000's)	2009	2010	2011	2012	2013	2014
Capital Expenditure	\$ 288,000	\$ 401,000	\$ 481,000	\$ 670,600	\$ 870,048	\$ 820,628
Depreciation	\$ 128,000	\$ 136,000	\$ 146,000	\$ 156,070	\$ 171,776	\$ 185,261
Capital / Depreciation	225%	295%	329%	430%	507%	443%