

CAPTION SHEET

CASE MANAGEMENT SYSTEM

1. REPORT DATE: 00/00/00 :
 2. BUREAU: FUS :
 3. SECTION(S) :
 5. APPROVED BY: : 4. PUBLIC MEETING DATE:
 DIRECTOR: : 00/00/00
 SUPERVISOR: :
 6. PERSON IN CHARGE: : 7. DATE FILED: 12/23/03
 8. DOCKET NO: A-110500 F0338 : 9. EFFECTIVE DATE: 00/00/00

PARTY/COMPLAINANT: NEWCO NEWLY FORMED SPECIAL PURPOSE ENT

RESPONDENT/APPLICANT: PPL ELECTRIC UTILITIES CORP

COMP/APP COUNTY:

UTILITY CODE: 110500

ALLEGATION OR SUBJECT

APPLICATION OF PPL ELECTRIC UTILITIES CORPORATION, FOR APPROVAL OF: 1) THE TRANSFER BY SALE BY PPL ELECTRIC UTILITIES CORPORATION OF EXISTING AND FUTURE ACCOUNTS RECEIVABLE, DOCKETED AT A-110500F0337; 2) APPROVAL OF THE ACQUISITION OF ALL OF THE VOTING CAPITAL STOCK OF A NEWLY FORMED SPECIAL PURPOSE ENTITY, NEWCO, DOCKETED AT A-110500F0338; AND APPROVAL OF A SECURITIES CERTIFICATE OF PPL ELECTRIC UTILITIES CORPORATION, DOCKETED AT S-00030972.

DOCUMENT
FOLDER

DOCKETED

JAN 06 2004

Morgan, Lewis & Bockius LLP
One Commerce Square
417 Walnut Street
Harrisburg, PA 17101-1904
Tel: 717.237.4000
Fax: 717.237.4001
www.morganlewis.com

ORIGINAL
Morgan Lewis
C O U N S E L O R S A T L A W

John H. Isom
717.237.4022
jisom@morganlewis.com

December 23, 2003

James J. McNulty
Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor North
PO Box 3265
Harrisburg, PA 17105-3265

A-110500 F0338

DOCUMENT
FOLDER

RECEIVED
2003 DEC 23 PM 3:11
F.A.P.U.C.
SECRETARY'S BUREAU

**Re: Application of PPL Electric Utilities Corporation, Pursuant to Section 1102(a)(3),
For a Certificate of Public Convenience Evidencing Approval Of The Transfer By
Sale By PPL Electric Utilities Corporation Of Existing And Future Accounts
Receivable – Docket No. A-_____**

**Application of PPL Electric Utilities Corporation, Pursuant to Section 1102(a)(4),
For a Certificate Of Public Convenience, Evidencing Approval Of The Acquisition
Of All Of The Voting Capital Stock Of A Newly Formed, Special Purpose Entity,
Newco – Docket No. A-_____**

**In Re: Securities Certificate of PPL Electric Utilities Corporation – Securities
Certificate Certificate No. _____, 2003**

Dear Secretary McNulty:

Enclosed, for filing, are an original and three copies of the two Applications for Certificates of Public Convenience and a Securities Certificate of PPL Electric Utilities Corporation. For convenience, the three filings have been combined into a single document.

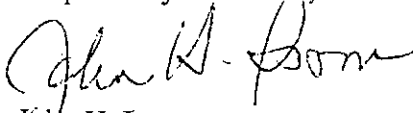
Under the Commission's regulations, the filing fee for each filing is \$350. Therefore, enclosed is a check in the amount of \$1,050 (3 x \$350) to cover the filing fees.

James J. McNulty
December 23, 2003
Page 2

Please extend the period of consideration of the Securities Certificate to January 30, 2004.

If there are any questions concerning these matters, please contact me at the telephone numbers or addresses provided above.

Respectfully submitted,



John H. Isom

JHI/jl

Enclosure

c: Douglas Beebe
Clemens Glunz
Robert Rosenthal
Rhonda Staver
Robert Wilson

BEFORE THE PENNSYLVANIA PUBLIC UTILITY COMMISSION

Application Of PPL Electric Utilities Corporation, Pursuant To Section 1102(a)(3), For A Certificate Of Public Convenience Evidencing Approval Of The Transfer By Sale By PPL Electric Utilities Corporation Of Existing And Future Accounts Receivable

Docket No. A-

RECEIVED 2003 DEC 23 PM 3:13 SECRETARY'S BUREAU PA PUC

Application Of PPL Electric Utilities Corporation, Pursuant To Section 1102(a)(4), For A Certificate Of Public Convenience Evidencing Approval Of The Acquisition Of All Of The Voting Capital Stock Of A Newly Formed, Special Purpose Entity, Newco

Docket No. A-

A-110500F0338

DOCUMENT FOLDER

In Re: Securities Certificate of PPL Electric Utilities Corporation

Securities Certificate Certificate No. _____, 2003

APPLICATIONS AND SECURITIES CERTIFICATE OF PPL ELECTRIC UTILITIES CORPORATION

TO THE PENNSYLVANIA PUBLIC UTILITY COMMISSION:

DOCKETED

JAN 06 2004

A. INTRODUCTION.

PPL Electric Utilities Corporation ("PPL Electric") hereby applies to the Pennsylvania Public Utility Commission ("Commission") for Certificates of Public Convenience evidencing its approval of two related transactions. The first Application ("Securitization Application") is being submitted pursuant to Section 1102(a)(3) of the Public Utility Code, 66 Pa.C.S. § 1102(a)(3). In the Securitization Application, PPL Electric seeks a Certificate of Public Convenience evidencing the Commission's approval of the transfer by sale of its existing and future accounts receivable to a newly formed, special purpose, bankruptcy-remote entity. The special purpose entity will be named at a

later time. For convenience, it will be referred to herein as "Newco." As further explained below, Newco will be a wholly owned subsidiary of PPL Electric. The purpose of the transfer by sale of PPL Electric's accounts receivable is to obtain access to a reliable alternative source of short-term financing at a favorable cost. Newco will use the accounts receivable to secure commercial paper issued by an unaffiliated party. The proposed transactions are more fully explained below.

The second Application is being submitted by PPL Electric pursuant to Section 1102(a)(4) of the Public Utility Code, 66 Pa.C.S. § 1102(a)(4) ("Subsidiary Application"). In the Subsidiary Application, PPL Electric seeks a Certificate of Public Convenience evidencing the Commission's approval of the acquisition by PPL Electric of all of the voting capital stock of Newco.¹

In addition, PPL Electric requests that the Commission register the Securities Certificate which is contained herein and which is related to the same transactions. As explained more fully below under "E. The Need For a Securities Certificate," registration of a securities certificate is necessary because there is a remote possibility that a court could characterize PPL Electric's sale of its accounts receivable to Newco as a secured loan transaction under which PPL Electric's payments to Newco would constitute the repayment of principal and the payment of interest. Therefore, PPL Electric seeks to register a securities certificate pursuant to Section 1901(c) of the Public Utility Code, 66 Pa.C.S. § 1901(c).

¹ Chapter 21 of the Public Utility Code, 66 Pa.C.S. Ch. 21, governs relations between public utilities and "affiliated interests." PPL Electric notes that it is not submitting to the Commission for approval the agreements between it and Newco that they will enter into in connection with the contemplated transaction between affiliated interests because the definition of "affiliated interest" at 66 Pa.C.S. § 2101(a) does not include wholly-owned subsidiaries of public utilities.

In support of its Applications and Securities Certificate, PPL Electric states the following:

B. BACKGROUND.

1. The name and address of the Applicant are:

PPL Electric Utilities Corporation
Two North Ninth Street
Allentown, PA 18101-1179

2. The names, addresses and telephone numbers of the Applicant's attorneys are:

David B. MacGregor
Morgan, Lewis & Bockius LLP
1701 Market Street
Philadelphia, PA 19103-2921
Voice: 215.963.5448
Fax: 215.963.5001
E-mail: dmacgregor@morganlewis.com

Michael W. Gang
John H. Isom
Morgan, Lewis & Bockius LLP
One Commerce Square
417 Walnut Street
Harrisburg, PA 17101-1904
Voice: 717.237.4022
Fax: 717-237-4004
E-mail: mgang@morganlewis.com
jisom@morganlewis.com

Paul E. Russell
Associate General Counsel
PPL Services Corporation
Two North Ninth Street
Allentown, PA 18101-1179
Voice: 610.774.4254
Fax: 610.774.6726
E-mail: perussell@pplweb.com

3. PPL Electric is an electric distribution company, as that term is defined in

Section 2803 of the Pennsylvania Electricity Generation Customer Choice and

Competition Act, 66 Pa.C.S. § 2803. PPL Electric furnishes electric distribution, transmission and provider of last resort services to approximately 1.3 million customers in a certificated service territory which spans approximately 10,000 square miles covering all or portions of twenty-nine counties in eastern and central Pennsylvania.

4. PPL Electric is a direct subsidiary of PPL Corporation. PPL Corporation owns all of the Common Stock, and as a result, approximately 99 percent of the outstanding voting stock of PPL Electric. The balance of PPL Electric's voting stock, represented by its Preferred Stock, is held by the public.

C. THE PROPOSED TRANSACTIONS.

5. As indicated above, the purpose of the proposed transactions is to provide PPL Electric with a reliable alternative source of short-term debt. Under the proposed transactions, PPL Electric, through Newco, will use its accounts receivable as security for commercial paper to be issued by an unaffiliated party. The market for such asset-backed commercial paper is well-established and highly liquid, and PPL Electric expects that such asset-backed commercial paper can be issued to lower PPL Electric's short-term financing costs.

6. Under the proposed transactions, PPL Electric will form Newco as a bankruptcy-remote, special purpose, wholly owned subsidiary. PPL Electric will capitalize Newco through a contribution of a small portion of its existing accounts receivable. PPL Electric will then transfer to Newco by a "true sale" the balance of its existing and future accounts receivable with certain exceptions. PPL Electric will not sell to Newco any receivables from Intangible Transition Charges, which are dedicated to the repayment of principal and interest of previously issued transition bonds. PPL Electric

also will not sell to Newco the portion of receivables from Competitive Transition Charges that has been designated for the funding of the decommissioning of the Susquehanna nuclear power plant.

7. PPL Electric will sell its accounts receivable to Newco at the then current market price for these receivables. Newco will finance the purchase price of the accounts receivable from PPL Electric primarily with the proceeds of loans to be made to it by an unaffiliated party pursuant to Newco's pledge to such party of an undivided ownership interest in the receivables. As described in Paragraph No. 10 below, there will be a borrowing limit on the amount of such loans that will be less than the purchase price for the receivables. Newco will finance the balance of the purchase price with a promissory note to PPL Electric that will bear a market rate of interest (the "Newco Promissory Note").

8. The unaffiliated party will be a commercial paper conduit (the "CP Conduit") that is a subsidiary or an affiliate of an investment or commercial bank or other financial institution (the "Parent Bank"). The CP Conduit will raise the proceeds for the loans to Newco through the issuance in its own name of commercial paper. This commercial paper will be backed by a multi-billion dollar portfolio of accounts and trade receivables from multiple companies, including PPL Electric, in various industries. The CP Conduit will repay its obligations to investors in the asset-backed commercial paper primarily with collections of the receivables, as described in Paragraph No. 12 below. In addition, the Parent Bank will establish a backup liquidity facility as additional support for the CP Conduit's obligations to the investors in the asset-backed commercial paper. Specifically, the liquidity facility will be available to the extent that collections on the

receivables are insufficient to fund maturing commercial paper due to timing mismatches. The liquidity facility also will be available, at the CP Conduit's discretion, to fund its loans to Newco.

9. As a result of the diversification of the assets backing the CP Conduit's asset-backed commercial paper and the availability of the backup liquidity facility, PPL Electric expects the CP Conduit's asset-backed commercial paper to be rated A-1 by Standard & Poor's Corporation ("S&P") and P-1 by Moody's Investors Service, Inc. ("Moody's"). Although PPL Electric does not currently have any of its own unsecured commercial paper outstanding, it expects that S&P's and Moody's ratings on PPL Electric's unsecured commercial paper would be lower than their ratings on the CP Conduit's asset-backed commercial paper. PPL Electric expects that its commercial paper, if issued, would be rated A-2 by S&P and P-2 by Moody's.

10. Newco will be limited in the amount that it may borrow from the CP Conduit to an amount less than the purchase price of the receivables being pledged (due to reserve requirements to protect the CP Conduit from losses arising from defaulted receivables, credits against the receivables and carrying costs incurred in the transactions). The borrowing limit is expected to be approximately \$150 million. Newco may draw down up to the amount of the borrowing limit based upon PPL Electric's requirements from time to time for such funds.

11. Except under extraordinary circumstances, PPL Electric will act as *servicer of the receivables and will continue to collect receivables from its customers*. Newco will pay a fee to PPL Electric for acting as servicer.

12. In its capacity as servicer and on behalf of Newco, PPL Electric will

forward to the CP Conduit the portion of its collections of the receivables that are necessary to pay the CP Conduit's obligations to investors in its asset-backed commercial paper. As such amounts are forwarded to the CP Conduit, the loan balance between Newco and the CP Conduit will be reduced by a corresponding amount. To the extent that the collections on the receivables exceed the amounts required to be paid to investors in the CP Conduit's asset-backed commercial paper, PPL Electric will apply that portion of the collections toward the reduction of the balance of the Newco Promissory Note.

**D. PRIOR APPROVALS BY THE COMMISSION
OF SIMILAR TRANSACTIONS.**

13. PPL Electric is aware of at least two instances in which the Commission has issued certificates of public convenience evidencing its approval of similar transactions by other Pennsylvania utilities:

- a. In an Order entered on January 8, 1991, at Docket No. A-110550 F64, the Commission approved an increase in the amount of accounts receivable to be transferred by Philadelphia Electric Co. to a third party to secure commercial paper to be issued by the third party.²
- b. In an Order entered on May 31, 1991, at Docket No. A-122150 F003, the Commission issued a certificate of public convenience approving the transfer by Pennsylvania Gas and Water Company of its accounts receivable to a third party to secure commercial paper to be issued by the third party.

E. THE NEED FOR A SECURITIES CERTIFICATE.

14. As indicated above, the parties intend for the proposed transfer of PPL Electric's accounts receivable to Newco to constitute a "true sale" of the receivables. The Receivables Sales Agreement ("RS Agreement") between PPL Electric and Newco will reflect this intention. Nonetheless, despite the intentions of the parties, there is a remote possibility that a court some time in the future could instead determine that the transfer is a loan transaction (i.e., that the purchase price paid by Newco is actually a loan to PPL Electric secured by PPL Electric's pledge of the receivables). To protect Newco against this contingency and as is customary for these types of transactions, the RS Agreement also will provide that, in the event that the sale of the accounts receivable were to be characterized as a loan, or if the sale were for any reason determined to be ineffective or unenforceable, the RS Agreement would be deemed to constitute a security agreement under the Uniform Commercial Code. In that regard, the RS Agreement will provide that PPL Electric has granted to Newco a duly perfected security interest in the accounts receivable to secure the prompt, complete payment of the secured loan. Accordingly, PPL Electric is submitting this request for the registration of a securities certificate with respect to such a loan or loans.

15. A copy of a form of RS Agreement will be provided as soon as it becomes available.

² The original transfer of accounts receivable had been approved by the Commission in an Order entered December 9, 1988, at Docket No. A-110550 F42.

F. BENEFITS OF THE TRANSACTIONS.

16. PPL Electric will use the proceeds from the issuance of asset-backed commercial paper for general corporate purposes.

17. The most important benefit to PPL Electric of the proposed transactions is that it will provide PPL Electric with additional flexibility in financing its operations by giving it access to the asset-backed commercial paper market. Asset-backed commercial paper programs are well-established liquidity sources and currently represent over 55 percent of the total commercial paper issued in the United States commercial paper markets. Because the asset-backed commercial paper is backed by a diverse portfolio of receivables and the liquidity facility provided by the Parent Bank (and therefore is expected to have a higher credit rating than most unsecured commercial paper), such a program would provide PPL Electric with a more reliable source of liquidity than its own unsecured commercial paper program, which would be subject to electric utility industry event risks, as well as event risks specific to PPL Electric. In fact, over the last three years, the asset-backed commercial paper market has been significantly less volatile than the unsecured commercial paper market.

18. Moreover, as a result of the high credit ratings assigned to asset-backed commercial paper, PPL Electric expects that its participation in an asset-backed commercial paper program will lower its financing costs. For example, PPL Electric expects that asset-backed commercial paper would provide interest savings as compared to PPL Electric's unsecured commercial paper. In addition, under an asset-backed commercial paper program, PPL Electric currently would incur short-term debt rates that are lower than if it borrowed under its credit facilities.

19. The proposed transfer will have no effect upon service to PPL Electric's customers.

G. SUPPORTING DATA.

20. No registration statement, application or declaration is required to be filed with the Securities and Exchange Commission in connection with the proposed transactions.

21. Provided as Appendix "A" hereto is a balance sheet of PPL Electric as of September 30, 2003. There will be no pro forma change to PPL Electric's consolidated balance sheet as a result of this transactions.

22. Provided as Appendix "B" hereto is an income statement for PPL Electric for the twelve months ended September 30, 2003.

23. Provided as Appendix "C" hereto is a statement with respect to the plant accounts of PPL Electric as of September 30, 2003.

24. Provided as Appendix "D" hereto is a statement showing the status of the funded debt of PPL Electric outstanding as of September 30, 2003.

25. Provided as Appendix "E" hereto is a statement showing the status of outstanding capital stock of PPL Electric as of September 30, 2003.

26. As of September 30, 2003, PPL Electric furnished service to the following number of customers:

Residential	1,160,271
Commercial	157,414
Industrial	5,097
Public Street & Highway Lighting	64
Sales to Railroads & Railways	<u>1</u>
TOTAL	1,322,847

H. MISCELLANEOUS.

27. Copies of the journal entries that PPL Electric and Newco expect to make to record the proposed transactions will be provided as a supplement hereto.

28. Certified copies of the resolutions of the Board of Directors of PPL Electric authorizing the transactions proposed herein will be provided as a supplement hereto when they become available.

29. All of the annual reports, certificates and applications filed with the Commission by PPL Electric are made a part hereof by reference.

30. PPL Electric has paid all special and general assessments made against it by the Commission pursuant to Section 510 of the Public Utility Code, 66 Pa.C.S. § 510.

31. Provided as Appendix "F" hereto is a diagram of the structure of the proposed transactions.

I. CONCLUSION.

WHEREFORE, PPL Electric Utilities Corporation respectfully requests that the Pennsylvania Public Utility Commission: (1) issue a Certificate of Public Convenience under Section 1102(a)(3) of the Public Utility Code, 66 Pa.C.S. § 1102(a)(3), approving the sale by PPL Electric Utilities Corporation of its accounts receivable to a special purpose entity, Newco, (2) issue a Certificate of Public Convenience under Section 1102(a)(4) of the Public Utility Code, 66 Pa.C.S. § 1102(a)(4), approving the acquisition of all of the voting capital stock of Newco and (3) register the securities certificate contained herein.

Respectfully submitted,



David B. MacGregor
Morgan, Lewis & Bockius LLP
1701 Market Street
Philadelphia, PA 19103-2921
Voice: 215.963.5448
Fax: 215.963.5001
E-mail: dmacgregor@morganlewis.com

Michael W. Gang
John H. Isom
Morgan, Lewis & Bockius LLP
One Commerce Square
417 Walnut Street
Harrisburg, PA 17101-1904
Voice: 717.237.4022
Fax: 717-237-4004
E-mail: mgang@morganlewis.com
jisom@morganlewis.com

Paul E. Russell
Associate General Counsel
PPL Services Corporation
Two North Ninth Street
Allentown, PA 18101-1179
Voice: 610.774.4254
Fax: 610.774.6726
E-mail: perussell@pplweb.com

Of Counsel:

Morgan, Lewis & Bockius, LLP

December 23, 2003

Attorneys for PPL Electric Utilities
Corporation

PPL ELECTRIC UTILITIES CORPORATION
BALANCE SHEET ACCOUNTS

ACCT. NO.	TITLE OF ACCOUNT	SEPTEMBER 30, 2003
ASSETS AND OTHER DEBITS		
UTILITY PLANT		
101	UTILITY PLANT IN SERVICE	\$3,924,279,623.33
105	UTILITY PLANT HELD FOR FUTURE USE	21,670,962.46
106	CC NOT CLASSIFIED	325,595,991.26
107	CONSTRUCTION WORK IN PROGRESS	29,869,248.25
	GROSS UTILITY PLANT	4,301,415,825.30
108/111	ACCUMULATED PROVISION FOR DEPRECIATION AND AMORTIZATION OF UTILITY PLANT IN SERVICE	(1,635,320,234.65)
	NET UTILITY PLANT	2,666,095,590.65
OTHER PROPERTY AND INVESTMENTS		
121	NONUTILITY PROPERTY	4,596,895.42
122	ACCUMULATED PROVISION FOR DEPRECIATION OF NONUTILITY PROPERTY	(427,980.39)
	NET NONUTILITY PROPERTY	4,168,915.03
123	INVESTMENT IN SUBSIDIARY COMPANIES	18,080.36
124	OTHER INVESTMENTS	3,988,521.93
128	OTHER SPECIAL FUNDS	21,076,211.80
	TOTAL OTHER PROPERTY AND INVESTMENTS	29,251,729.12
CURRENT AND ACCRUED ASSETS		
131	CASH	34,554,624.69
132	INTEREST SPECIAL DEPOSITS	0.00
134	OTHER SPECIAL DEPOSITS	99,581.96
135	WORKING FUNDS	0.00
136	TEMPORARY CASH INVESTMENTS	173,272,370.96
NOTES AND ACCOUNTS RECEIVABLE		
141	NOTES RECEIVABLE	0.00
142	CUSTOMER ACCOUNTS RECEIVABLE	198,299,047.80
143	OTHER ACCOUNTS RECEIVABLE	47,456,442.27
144	ACCUMULATED PROVISION FOR UNCOLLECTIBLE ACCOUNTS-CREDIT	(24,313,753.45)
	TOTAL NOTES AND ACCOUNTS RECEIVABLE	221,441,736.62
RECEIVABLES FROM ASSOCIATED COMPANIES		
145	NOTES RECEIVABLE FROM ASSOCIATED COMPANIES	0.00
146	ACCOUNTS RECEIVABLE FROM ASSOCIATED COMPANIES	36,289,308.71
	TOTAL RECEIVABLES FROM ASSOCIATED COMPANIES	36,289,308.71
MATERIALS AND SUPPLIES		
154	PLANT MATERIALS AND OPERATING SUPPLIES	25,123,766.72
163	STORES EXPENSE UNDISTRIBUTED	4,210,912.80
	TOTAL MATERIALS AND SUPPLIES	29,334,679.52
165	PREPAYMENTS	94,119,485.05
OTHER CURRENT AND ACCRUED ASSETS		
171	INTEREST AND DIVIDENDS RECEIVABLE	73,923.74
172	RENTS RECEIVABLE	4,031,442.39
173	ACCRUED UTILITY REVENUES	98,101,990.00
174	MISCELLANEOUS CURRENT AND ACCRUED ASSETS	65,230,689.73
190	ACCUMULATED DEFERRED INCOME TAXES (CURRENT)	49,468,848.92
	TOTAL OTHER CURRENT AND ACCRUED ASSETS	216,906,894.78
	TOTAL CURRENT AND ACCRUED ASSETS	806,018,682.29
DEFERRED DEBITS		
181	UNAMORTIZED DEBT EXPENSE	20,115,907.39
182.3	OTHER REGULATORY ASSETS	2,014,182,638.96
183	PRELIMINARY SURVEY AND INVESTIGATION CHARGES	0.00
184	CLEARING ACCOUNTS	(1,604,800.25)
185	TEMPORARY FACILITIES	233,463.73
186	MISCELLANEOUS DEFERRED DEBITS	70,324,650.41
189	UNAMORTIZED LOSS ON REACQUIRED DEBT	27,349,527.35
190	ACCUMULATED DEFERRED INCOME TAXES	185,149,266.92
	LESS CURRENT ACCUMULATED DEFERRED INCOME TAXES	49,468,848.92
	TOTAL ACCUMULATED DEFERRED INCOME TAXES (NONCURRENT)	135,680,418.00
	TOTAL DEFERRED DEBITS	2,266,281,805.59
TOTAL ASSETS AND OTHER DEBITS		\$5,767,647,807.65

**PPL ELECTRIC UTILITIES CORPORATION
BALANCE SHEET ACCOUNTS**

<u>ACCT. NO.</u>	<u>TITLE OF ACCOUNT</u>	<u>SEPTEMBER 30, 2003</u>
LIABILITIES AND OTHER CREDITS		
PROPRIETARY CAPITAL		
201	COMMON STOCK ISSUED	\$1,476,048,306.77
204	PREFERRED STOCK ISSUED	67,268,900.00 (a)
207	PREMIUM ON CAPITAL STOCK	40,638.83
211	ADDITIONAL PAID IN CAPITAL	357,269,698.97
214	CAPITAL STOCK EXPENSE	(6,935,646.93)
216	EARNINGS REINVESTED	301,538,402.87
216.1	UNAPPROPRIATED UNDISTRIBUTED SUBSIDIARY EARNINGS	(36,519.37)
217	REACQUIRED CAPITAL STOCK	(912,215,057.83)
219	OTHER COMPREHENSIVE INCOME	515,298.93
	TOTAL PROPRIETARY CAPITAL	1,283,494,022.24
LONG-TERM DEBT		
221	BONDS	3,012,378,118.00
222	REACQUIRED BONDS	0.00
224	OTHER LONG-TERM DEBT	9,475,000.00
226	UNAMORTIZED DISCOUNT ON LONG-TERM DEBT-DEBIT	(6,378,412.32)
		3,015,474,705.68
LESS AMOUNTS DUE WITHIN ONE YEAR		
221	BONDS	286,476,619.00
	TOTAL LONG-TERM DEBT	2,728,998,086.68
OTHER NONCURRENT LIABILITIES		
227	OBLIGATIONS UNDER CAPITAL LEASES-NONCURRENT	0.00
	TOTAL OTHER NONCURRENT LIABILITIES	0.00
CURRENT AND ACCRUED LIABILITIES		
LONG-TERM DEBT DUE WITHIN ONE YEAR		
221	BONDS	286,476,619.00
231	NOTES PAYABLE	0.00
232	ACCOUNTS PAYABLE	35,113,346.82
233	NOTES PAYABLE - AFFILIATED COMPANIES	0.00
234	ACCOUNTS PAYABLE TO ASSOCIATED COMPANIES	170,196,182.00
235	CUSTOMER DEPOSITS	14,654,809.37
236	TAXES ACCRUED	77,078,250.89
237	INTEREST ACCRUED	18,046,869.10
238	DIVIDENDS DECLARED	611,245.27
240	MATURED INTEREST	0.00
241	TAX COLLECTIONS PAYABLE	3,714,052.19
242	MISCELLANEOUS CURRENT AND ACCRUED LIABILITIES	67,106,839.46
243	OBLIGATIONS UNDER CAPITAL LEASES-CURRENT	0.00
283	ACCUMULATED DEFERRED INCOME TAXES-OTHER (CURRENT)	4,877,062.00
	TOTAL CURRENT AND ACCRUED LIABILITIES	677,875,276.10
DEFERRED CREDITS		
228.3	ACCUMULATED PROVISION FOR PENSIONS AND BENEFITS	2,185,760.98
252	CUSTOMER ADVANCES FOR CONSTRUCTION	176,277.57
253	OTHER DEFERRED CREDITS	132,370,471.25
254	OTHER REGULATORY LIABILITIES	16,273,970.00
255	ACCUMULATED DEFERRED INVESTMENT TAX CREDITS	22,946,571.30
257	UNAMORTIZED GAIN ON REAQUIRED DEBT	0.00
281	ACCUMULATED DEFERRED INCOME TAXES - ACCELERATED AMORTIZATION PROPERTY	0.00
282	ACCUMULATED DEFERRED INCOME TAXES-OTHER PROPERTY	557,283,559.00
283	ACCUMULATED DEFERRED INCOME TAXES-OTHER	350,920,874.53
	LESS ACCUMULATED DEFERRED INCOME TAXES-OTHER (CURRENT)	4,877,062.00
	TOTAL ACCUMULATED DEFERRED INCOME TAXES-OTHER (NONCURRENT)	346,043,812.53
	TOTAL DEFERRED CREDITS	1,077,280,422.63
TOTAL LIABILITIES AND OTHER CREDITS		\$5,767,647,807.65

(a) \$16.75 million of preferred stock was redeemed on October 1, 2003.

Note: This schedule includes the consolidated accounts of PPL Transition Bond Company, LLC. PPL Transition Bond Company, LLC, a subsidiary of PPL Electric Utilities Corporation, was formed to issue bonds to securitize PPL Electric's stranded costs under the Customer Choice Act.

PPL ELECTRIC UTILITIES CORPORATION
STATEMENT OF INCOME
TWELVE MONTHS ENDED SEPTEMBER 30, 2003

ACCT. NO.		
	UTILITY OPERATING INCOME	
400	OPERATING REVENUES	<u>\$2,774,033,319.29</u>
	OPERATING EXPENSES	
401	OPERATION EXPENSES	1,918,541,976.91
402	MAINTENANCE EXPENSES	78,416,254.48
403/406	DEPRECIATION EXPENSES AND AMORTIZATION OF ELECTRIC PLANT ACQUISITION ADJUSTMENTS	100,505,780.30
407.3	REGULATORY DEBITS	254,363,307.53
407.4	REGULATORY CREDITS	
408.1	TAXES OTHER THAN INCOME TAXES	
	STATE GROSS RECEIPTS	151,273,173.46
	STATE CAPITAL STOCK	8,644,855.00
	STATE UTILITY REAL ESTATE	4,000,000.00
	OTHER	6,422,441.05
409.1	INCOME TAXES	
	FEDERAL	(28,479,646.00)
	STATE	1,274,914.00
410.1	PROVISION FOR DEFERRED INCOME TAXES	
	FEDERAL	53,070,728.00
	STATE	1,711,824.00
411.1	PROVISION FOR DEFERRED INCOME TAXES-CREDIT	
	FEDERAL	(11,432,770.00)
	STATE	(3,426,901.00)
411.4	INVESTMENT TAX CREDIT ADJUSTMENT	(2,768,184.00)
411.6	GAINS FROM DISPOSITION OF UTILITY PLANT	(1,674.55)
411.7	LOSSES FROM DISPOSITION OF UTILITY PLANT	
411.8	GAINS FROM DISPOSITION OF EMISSION ALLOWANCES	
	TOTAL UTILITY OPERATING EXPENSES	<u>2,532,116,079.18</u>
	NET UTILITY OPERATING INCOME	<u>241,917,240.11</u>
	OTHER INCOME AND DEDUCTIONS	
	OTHER INCOME	
415/416	MERCHANDISING, JOBBING AND CONTRACT WORK	565,767.49
417.1	EXPENSES OF NONUTILITY OPERATIONS	
418	NONOPERATING RENTAL INCOME	(42,937.49)
418.1	EQUITY IN EARNINGS OF SUBSIDIARY COMPANIES	675.38
419	INTEREST AND DIVIDEND INCOME	8,910,096.92
419.1	ALLOWANCE FOR EQUITY FUNDS USED DURING CONSTRUCTION	252,514.21
421	MISCELLANEOUS NONOPERATING INCOME	422,107.63
421.1	GAIN ON DISPOSITION OF PROPERTY	3,893.51
434	EXTRAORDINARY INCOME	
	TOTAL OTHER INCOME	<u>\$10,112,117.65</u>

PPL ELECTRIC UTILITIES CORPORATION
STATEMENT OF INCOME
TWELVE MONTHS ENDED SEPTEMBER 30, 2003

ACCT. NO.		
	OTHER INCOME AND DEDUCTIONS (CONTINUED)	
	OTHER INCOME DEDUCTIONS	
421.2	LOSS ON DISPOSITION OF PROPERTY	\$1,227.94
426.1-426.5	MISCELLANEOUS INCOME DEDUCTIONS	1,462,229.23
435	EXTRAORDINARY DEDUCTIONS	
	TOTAL OTHER INCOME DEDUCTIONS	<u>1,463,457.17</u>
	TAXES APPLICABLE TO OTHER INCOME AND DEDUCTIONS	
408.2	TAXES OTHER THAN INCOME TAXES	94,313.82
409.2	INCOME TAXES	
	FEDERAL	2,238,911.00
	STATE AND D.C.	1,307,395.00
409.3	EXTRAORDINARY ITEMS	
410.2/411.2	PROVISION FOR DEFERRED INCOME TAXES-NET	
	FEDERAL	(505,283.00)
	STATE	(160,229.00)
411.5	INVESTMENT TAX CREDIT	
	TOTAL TAXES APPLICABLE TO OTHER INCOME AND DEDUCTIONS	<u>2,975,107.82</u>
	NET OTHER INCOME AND DEDUCTIONS	<u>5,673,552.66</u>
	INCOME BEFORE INTEREST CHARGES	<u>247,590,792.77</u>
	INTEREST CHARGES	
427	INTEREST ON LONG-TERM DEBT	207,556,881.11
428	AMORTIZATION OF DEBT DISCOUNT AND EXPENSE	8,003,237.40
428.1	AMORTIZATION OF LOSS ON REACQUIRED DEBT	2,312,561.28
429	AMORTIZATION OF PREMIUM ON DEBT-CREDIT	
429.1	AMORTIZATION OF GAIN ON REACQUIRED DEBT-CREDIT	
430	INTEREST ON DEBT TO ASSOCIATED COMPANIES	706.13
431	OTHER INTEREST CHARGES	672,376.18
432	ALLOW. FOR BORROWED FUNDS USED DURING CONSTRUCTION-CREDIT	(873,078.55)
	NET INTEREST CHARGES	<u>217,672,683.55</u>
	NET INCOME	<u>\$29,918,109.22</u>

Note: This schedule includes the consolidated accounts of PPL Transition Bond Company, LLC. PPL Transition Bond Company, LLC, a subsidiary of PPL Electric Utilities Corporation, was formed to issue bonds to securitize PPL Electric's stranded costs under the Customer Choice Act.

PPL ELECTRIC UTILITIES CORPORATION
UTILITY PLANT ACCOUNTS

Acct. <u>No.</u>		<u>SEPTEMBER 30, 2003</u>
	<i>Utility plant in service</i>	
101	Electric plant in service	
	Intangible plant	\$ 14,354,940.91
	Transmission plant	941,876,213.64
	Distribution plant	2,678,366,819.72
	General plant	289,681,649.06
	<i>Electric plant in service</i>	3,924,279,623.33
101.1	Property under capital leases	0.00
	Total utility plant in service	3,924,279,623.33
105	Electric plant held for future use	21,670,962.46
106	CC not classified	325,595,991.26
107	Construction work in progress	29,869,248.25
	Total utility plant	4,301,415,825.30
108	Accumulated provision for depreciation of utility plant	(1,618,729,666.77)
111	Accumulated provision for amortization of utility plant	(16,590,567.88)
	Net utility plant	\$ 2,666,095,590.65

PPL ELECTRIC UTILITIES CORPORATION
STATEMENT SHOWING THE STATUS OF THE FUNDED DEBT
AS OF SEPTEMBER 30, 2003

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)	Pledged (i)	In Sinking or Other Funds (j)
First Mortgage Bonds (1):									
6-7/8% Series due 2004	6-7/8%	Mar. 1 & Sep. 1	10	Mar. 1, 2004	150,000,000	24,767,000.00	None	None	None
6-1/2% Series due 2005	6-1/2%	April 1 & Oct. 1	12	Apr. 1, 2005	125,000,000	110,000,000.00	None	None	None
6.55% Series due 2006	6.55%	Mar. 1 & Sep. 1	12	Mar. 1, 2006	150,000,000	146,000,000.00	None	None	None
7.70% Series due 2009	7.70%	April 1 & Oct. 1	15	Oct. 1, 2009	200,000,000	325,000.00	None	None	None
7-3/8% Series due 2014	7-3/8%	Mar. 1 & Sep. 1	20	Mar. 1, 2014	100,000,000	10,290,000.00	None	None	None
6-3/4% Series due 2023	6-3/4%	April 1 & Oct. 1	30	Oct. 1, 2023	150,000,000	19,497,000.00	None	None	None
7.30% Series due 2024	7.30%	Mar. 1 & Sep. 1	30	Mar. 1, 2024	150,000,000	5,805,000.00	None	None	None
Pollution Control Bonds									
3.125% Bonds due 2008	3.125%	May 1 & Nov. 1	5	Nov. 1, 2008	90,000,000	90,000,000.00	None	None	None
5.50% Series I due 2027	5.50%	Feb. 15 & Aug. 15	33	Feb. 15, 2027	53,250,000	53,250,000.00	None	None	None
6.40% Series J due 2029	6.40%	Mar. 1 & Sept. 1	35	Sept. 1, 2029	115,500,000	115,500,000.00	None	None	None
6.15% Series K due 2029	6.15%	Feb. 1 & Aug. 1	35	Aug. 1, 2029	55,000,000	55,000,000.00	None	None	None
						<u>630,434,000.00</u>			
Senior Secured Bonds									
5-7/8% Series due 2007	5-7/8%	Feb. 15 & Aug. 15	6	Aug. 15, 2007	300,000,000	300,000,000.00	None	None	None
6-1/4% Series due 2009	6-1/4%	Feb. 15 & Aug. 15	8	Aug. 15, 2009	500,000,000	500,000,000.00	None	None	None
4.30 Series due 2013	4.30%	June 1 & Dec. 1	10	June 1, 2013	100,000,000	100,000,000.00	None	None	None
						<u>900,000,000.00</u>			
Transition Bonds									
Class A-4 6.72% Series due 2003	6.72%	Sept. 25 & Dec. 26	5	Dec. 26, 2003 (2)	201,000,000	36,944,118.00	None	None	None
Class A-5 6.83% Series due 2005	6.83%		6	March 25, 2005 (2)	313,000,000	313,000,000.00	None	None	None
Class A-6 6.96% Series due 2005	6.96%		7	Dec. 26, 2005 (2)	223,000,000	223,000,000.00	None	None	None
Class A-7 7.05% Series due 2007	7.05%		8	June 25, 2007 (2)	455,000,000	455,000,000.00	None	None	None
Class A-8 7.15% Series due 2008	7.15%		10	Dec. 26, 2008 (2)	454,000,000	454,000,000.00	None	None	None
						<u>1,481,944,118.00</u>			
Other Long-Term Debt									
Pollution Control Note	Varying	3rd business day of the month	30	June 1, 2027	9,475,000	9,475,000.00	None	None	None
						<u>9,475,000.00</u>			
Unamortized Discount on Long-Term Debt						<u>(6,378,412.32)</u>			
Total Funded Debt						<u><u>\$3,015,474,705.68</u></u>			

(1) The amount of additional mortgage bonds that may be issued is limited by property, earnings and other provisions of the mortgage.
(2) Maturities stated are based on expected final payment dates rather than the final maturity dates.

PPL ELECTRIC UTILITIES CORPORATION
STATEMENT SHOWING THE STATUS OF OUTSTANDING CAPITAL STOCK
AS OF SEPTEMBER 30, 2003

Total Par Value or Number of Shares if Without Par Value				Amount			Held by the Public Utility			Stated Book Value of Outstanding Stock Having No Par Value As of Date of Balance Sheet (i)
Designation of Kind and Class (a)	Number of Shares Authorized (b)	Par Value Per Share (c)	Amount Authorized (d)	Outstanding (Not Held by the Public Utility) (1) (e)	Reacquired and Held in Treasury (f)	Pledged (g)	In Sinking or Other Funds (h)			
Preferred Stock										
\$100 par, cumulative										
4-1/2%	629,936	\$100	\$ 62,993,600.00	\$ 24,752,400.00	None	None	None	None		None
Series	10,000,000	\$100	\$ 1,000,000,000.00							
3.35%				2,060,500.00	None	None	None	None		None
4.40%				11,767,600.00	None	None	None	None		None
4.60%				2,861,400.00	None	None	None	None		None
6.125%				18,750,000.00 (3)	None	None	None	None		None
6.75%				9,077,000.00	None	None	None	None		None
				<u>\$ 67,268,900.00</u>						
Preferred Stock, no par, cumulative	5,000,000		5,000,000 shares	0 shares	None	None	None	None	\$	0.00
Common Stock, no par	170,000,000		170,000,000 shares	78,029,863 shares	None	None	None	None	\$	2,127,924,861.14 (2)
Treasury Stock, no par				0 shares	79,270,519 shares	None	None	None	\$	0.00

- (1) PPL Corporation holds all of PPL Electric Utilities' common stock not held in treasury.
(2) Book value of common stock both held by PPL Corporation and held as treasury stock.
(3) The 6.125% Series preferred stock was redeemed on October 1, 2003.

Securitization Structure

