

**PPL ELECTRIC UTILITIES CORPORATION**

**EXHIBIT JMK 2**

**SUMMARY OF COST ALLOCATION STUDIES AND  
CALCULATED CUSTOMER CLASS RATES OF RETURN  
USING DEMAND ALLOCATION FACTORS  
OTHER THAN THE CLASS MAXIMUM METHOD  
PRESENT AND PROPOSED RATES**

**FUTURE TEST YEAR ENDING DECEMBER 31, 2007**

As indicated in the preface, PPL Electric submits that, for its system, demand-related primary and secondary distribution costs should be allocated on the basis of the class maximum non-coincident peak demand method. All of the results and studies which make up this exhibit, except those presented in this section, are based upon the use of that method.

In response to Question IV-E-1 of Exhibit Regs. § 53.53, Part IV-Rate Structure and Cost Allocation, PPL Electric has prepared a cost allocation study at present and proposed rate levels, in addition to the Section III and IV studies. The results of these studies using the average and excess demand allocation method are shown in this section. The respective demand allocation factors are developed in Section B of this exhibit on page 166.

PPL ELECTRIC UTILITIES CORPORATION  
 AVERAGE AND EXCESS DEMAND COST ALLOCATION DETAILS - 12 MONTHS ENDED 12/31/2007  
 PROPOSED REVENUES AND EXPENSES, RETURN, RATE OF RETURN AND CLASS RATE % OF TOTAL  
 \$1,000

Line No.	Output	Pa Jurisdict Distribution	RS	RTS	GS-1	GS-3	LP-4	ISP	LP-5	
<b>OPERATING REVENUES AT PROPOSED RATE LEVELS</b>										
SALES OF ELECTRICITY										
1			0	0	0	0	0	0	0	
2			631,715	376,667	3,705	75,559	116,079	30,559	1,818	1,719
3	R11P		8,923	5,825	46	1,182	1,137	417	21	165
4	ANNP		1,726	2,357	(18)	(92)	386	(298)	74	(51)
5	RRTP		642,364	384,849	3,733	76,649	117,602	30,678	1,913	1,833
6			83,521	77,329	944	845	612	(391)	(107)	(135)
7			725,885	462,178	4,677	77,494	118,214	30,287	1,806	1,698
8			(1,124)	(796)	(22)	(112)	(121)	(29)	(2)	(1)
9	ARTTP		724,761	461,382	4,655	77,382	118,093	30,258	1,804	1,697
10	ROOT		32,379	20,811	585	2,880	4,909	1,218	63	46
11	ROTP		757,140	482,193	5,240	80,262	123,002	31,476	1,867	1,743
OPERATING EXPENSES										
OPERATION AND MAINTENANCE EXPENSES										
12	EE20		0	0	0	0	0	0	0	0
13	EE30		134,943	84,134	2,440	11,531	20,473	5,886	303	238
14	EEOT		205,281	157,533	2,603	17,312	17,708	4,007	201	200
15	EE00		340,224	241,667	5,043	28,843	38,181	9,893	504	438
DEPRECIATION EXPENSE										
16	ED20		0	0	0	0	0	0	0	0
17	ED30		88,481	57,183	1,637	7,923	12,929	3,069	154	300
18	EDOT		23,343	16,235	380	2,170	2,798	673	34	29
TOTAL DEPRECIATION AND AMORTIZATION EXPENSE										
19	ED00		111,824	73,418	2,017	10,093	15,727	3,742	188	329
TAXES										
20	ET1P		2,517	1,636	45	224	378	97	4	4
21	ET001		9,654	6,574	163	888	1,254	310	16	11
22	TXTA		8,378	5,554	142	710	1,194	293	16	13
23	TX93		(1,673)	(1,081)	(30)	(149)	(247)	(62)	(3)	(2)
24	TXG		42,827	27,269	276	4,572	6,975	1,787	107	100
25	TSIT1		17,362	8,142	(369)	2,893	4,930	1,286	91	69
26	TFTX		56,932	27,479	(1,085)	9,214	15,612	4,070	284	219
27	TFIT1		135,997	75,569	(858)	18,352	30,096	7,781	515	414
28	TEXP1		588,045	390,654	6,202	57,288	84,004	21,416	1,207	1,181
29	PRERTN		169,095	91,539	(962)	22,974	38,998	10,060	660	562
30	RBX		2,022,975	1,319,208	36,919	178,422	302,735	77,695	4,004	3,072
31	PRRTR		8.36%	6.94%	-2.61%	12.88%	12.88%	12.95%	16.48%	18.29%
32	PRCLRT		100.00%	83.01%	-31.22%	154.07%	154.07%	154.90%	197.13%	218.78%

PPL ELECTRIC UTILITIES CORPORATION  
AVERAGE AND EXCESS DEMAND COST ALLOCATION DETAILS - 12 MONTHS ENDED 12/31/2007  
PROPOSED REVENUES AND EXPENSES, RETURN, RATE OF RETURN AND CLASS RATE % OF TOTAL  
\$1,000

Line No.	Output	IST	LP-6	LPEP	ISA	GH	SL/AL	L5-S
<b>OPERATING REVENUES AT PROPOSED RATE LEVELS</b>								
SALES OF ELECTRICITY								
1	TRANSMISSION REVENUES	0	0	0	0	0	0	0
2	DISTRIBUTION REVENUES	739	139	332	538	7,109	16,707	45
3	LATE PAYMENT CHARGES R11P	26	0	0	0	54	49	1
4	ANNUALIZATION ADJUSTMENT ANNP	12	16	3	36	(61)	(625)	(13)
5	TOTAL SALE OF ELECTRICITY R RTP	777	155	335	574	7,102	16,131	33
6	PROPOSED REVENUE INCREASE	(127)	(5)	(1)	6	542	4,007	2
7	ANNUAL ADJ'D SALE OF ELECT	650	150	334	580	7,644	20,138	35
8	ADJUSTMENT - RATE REFUND	0	0	(1)	0	(9)	(31)	0
9	ADJUSTED ELECTRIC SALES & LATE PAYMEN' ARTTP	650	150	333	580	7,635	20,107	35
10	OTHER OPERATING REVENUES ROOT	12	4	24	3	336	1,487	1
11	TOTAL OPERATING REVENUES ROTP	662	154	357	583	7,971	21,594	36
OPERATING EXPENSES								
OPERATION AND MAINTENANCE EXPENSES								
12	TRANSMISSION EE20	0	0	0	0	0	0	0
13	DISTRIBUTION EE30	64	23	14	14	1,418	8,397	8
14	OTHER OPER & MAINT EXPENSES EEOT	34	13	74	8	1,281	4,311	4
15	TOTAL OPER & MAINT EXPENSES EE00	98	36	88	22	2,699	12,708	12
DEPRECIATION EXPENSE								
16	TRANSMISSION ED20	0	0	0	0	0	0	0
17	DISTRIBUTION ED30	80	29	46	19	983	4,120	9
18	OTHER DEPRECIATION EXPENSE EDOT	7	3	12	1	200	801	1
19	TOTAL DEPRECIATION AND AMORTIZATION EXPENSE ED00	87	32	58	20	1,183	4,921	10
TAXES								
20	CAPITAL STOCK PROP LEVEL ET1P	1	0	1	0	27	98	0
21	OTHER-W/O CAP STOCK ET001	4	2	5	0	89	341	0
22	DEFERRED INCOME TAXES TXTA	4	1	7	0	81	362	1
23	NET INVESTMENT TAX CREDIT TX93	(1)	0	(1)	0	(17)	(79)	0
24	GROSS RECEIPTS TAX TXG	38	9	20	34	451	1,188	2
25	TOTAL PA INCOME TAX TSIT1	39	6	16	50	272	(68)	1
26	TOTAL FED INC TAX TFTX	121	19	50	154	873	(80)	2
27	TOTAL TAXES TFIT1	206	37	98	238	1,776	1,762	6
28	TOTAL OPERATING EXPENSES TEXP1	391	105	244	280	5,658	19,391	28
29	RETURN (LN 11 - 28) PRERTN	271	49	113	303	2,313	2,203	8
30	TOTAL RATE BASE RBX	820	294	821	190	20,964	77,720	94
31	RATE OF RETURN (LN 29 / LN 30) PRRTR	33.05%	16.67%	13.76%	159.47%	11.03%	2.83%	8.51%
32	CLASS RATE IN % OF TOTAL PRCLRT	395.33%	199.40%	164.59%	1907.54%	131.94%	33.85%	101.79%

PPL ELECTRIC UTILITIES CORPORATION  
 AVERAGE AND EXCESS DEMAND COST ALLOCATION DETAILS - 12 MONTHS ENDED 12/31/2007  
 PRESENT OPERATING REVENUES AND EXPENSES, RETURN, RATE OF RETURN, AND CLASS RATE % OF TOTAL  
 \$1,000

Line No.	Output	Pa Jurisdict Distribution	RS	RTS	GS-1	GS-3	LP-4	ISP	LP-5	
OPERATING REVENUES AT PRESENT RATE LEVELS										
SALES OF ELECTRICITY										
1			0	0	0	0	0	0	0	
2			631,715	376,667	3,705	75,559	116,079	30,559	1,818	1,719
3	R11		8,923	5,825	46	1,182	1,137	417	21	165
4	RRT		640,638	382,492	3,751	76,741	117,216	30,976	1,839	1,884
5	ANN		1,724	2,357	(18)	(92)	386	(298)	74	(51)
6			642,362	384,849	3,733	76,649	117,602	30,678	1,913	1,833
7			(1,124)	(796)	(22)	(112)	(121)	(29)	(2)	(1)
8	0		641,238	384,053	3,711	76,537	117,481	30,649	1,911	1,832
9	ROOT		32,379	20,811	585	2,880	4,909	1,218	63	46
10	ROT		673,617	404,864	4,296	79,417	122,390	31,867	1,974	1,878
OPERATING EXPENSES										
OPERATION AND MAINTENENCE EXPENSES										
11	EE20		0	0	0	0	0	0	0	0
12	EE30		134,943	84,134	2,440	11,531	20,473	5,886	303	238
13	EE0T		204,612	156,914	2,601	17,284	17,692	4,006	201	199
14	EE00		339,555	241,048	5,041	28,815	38,165	9,892	504	437
DEPRECIATION EXPENSE										
15	ED20		0	0	0	0	0	0	0	0
16	ED30		88,481	57,183	1,637	7,923	12,929	3,069	154	300
17	ED0T		23,343	16,235	380	2,170	2,798	673	34	29
18	ED00A		111,824	73,418	2,017	10,093	15,727	3,742	188	329
TAXES										
19	ET1		2,295	1,492	41	204	345	88	4	4
20	ET001		9,654	6,577	163	888	1,254	310	16	11
21	TXTA		8,378	5,554	142	710	1,194	293	16	13
22	TX93		(1,673)	(1,081)	(30)	(149)	(247)	(62)	(3)	(2)
23	TXG		37,900	22,706	220	4,522	6,939	1,810	113	108
24	TSIT1		9,599	952	(457)	2,819	4,878	1,324	101	82
25	TFTX		32,452	4,796	(1,363)	8,979	15,446	4,189	316	260
26	TFIT1		98,605	40,996	(1,284)	17,973	29,809	7,952	563	476
27	TEXP1		549,984	355,462	5,774	56,881	83,701	21,586	1,255	1,242
28	PRERTN		123,633	49,402	(1,478)	22,536	38,689	10,281	719	636
29	RBX		2,022,975	1,319,212	36,919	178,422	302,735	77,695	4,004	3,072
30	PRRTR		6.11%	3.74%	-4.00%	12.63%	12.78%	13.23%	17.96%	20.70%
31	PRCLRT		100.00%	61.21%	-65.47%	206.71%	209.17%	216.53%	293.94%	338.79%

PPL ELECTRIC UTILITIES CORPORATION  
 AVERAGE AND EXCESS DEMAND COST ALLOCATION DETAILS - 12 MONTHS ENDED 12/31/2007  
 PRESENT OPERATING REVENUES AND EXPENSES, RETURN, RATE OF RETURN, AND CLASS RATE % OF TOTAL  
 \$1,000

Line No.	Output	IST	LP-6	LPEP	ISA	GH	SL/AL	L5-S
OPERATING REVENUES AT PRESENT RATE LEVELS								
SALES OF ELECTRICITY								
1	TRANSMISSION REVENUES	0	0	0	0	0	0	0
2	DISTRIBUTION REVENUES	739	139	332	538	7,109	16,707	45
3	LATE PAY CHARGES PRESENT RATES	R11 26	0	0	0	54	49	1
4	SALE OF ELECTRICITY	RRT 765	139	332	538	7,163	16,756	46
5	ANNUALIZATION PRESENT REVENUES	ANN 12	16	3	36	(61)	(625)	(13)
6	ANNUAL ADJ'D SALE OF ELECT	777	155	335	574	7,102	16,131	33
7	ADJUSTMENT - RATE REFUND	0	0	(1)	0	(9)	(31)	0
8	ADJUSTED ELECTRIC SALES	0 777	155	334	574	7,093	16,100	33
9	OTHER OPERATING REVENUES	ROOT 12	4	24	3	336	1,487	1
10	TOTAL OPERATING REVENUES	ROT 789	159	358	577	7,429	17,587	34
OPERATING EXPENSES								
OPERATION AND MAINTENENCE EXPENSES								
11	TRANSMISSION	EE20 0	0	0	0	0	0	0
12	DISTRIBUTION	EE30 64	23	14	14	1,418	8,397	8
13	OTHER OPER & MAINT EXPENSES	EEOT 34	13	74	8	1,280	4,311	4
14	TOTAL OPER & MAINT EXPENSES	EE00 98	36	88	22	2,698	12,708	12
DEPRECIATION EXPENSE								
15	TRANSMISSION	ED20 0	0	0	0	0	0	0
16	DISTRIBUTION	ED30 80	29	46	19	983	4,120	9
17	OTHER DEPREC EXP	EDOT 7	3	12	1	200	801	1
18	TOTAL DEPRECIATION AND AMORTIZATION EXPENSE	ED00A 87	32	58	20	1,183	4,921	10
TAXES								
19	CAPITAL STOCK PRESENT LEVEL	ET1 1	0	1	0	24	90	0
20	OTHER OTHER TAXES	ET001 4	2	5	0	89	341	0
21	DEFERRED INCOME TAXES	TXTA 4	1	7	0	81	362	1
22	NET INVESTMENT TAX CREDIT	TX93 (1)	0	(1)	0	(17)	(79)	0
23	GROSS RECEIPTS TAX	TXG 46	9	20	34	419	952	2
24	TOTAL PA INCOME TAX	TSIT1 51	6	16	49	221	(443)	1
25	TOTAL FED INC TAX	TFTX 159	21	50	152	713	(1,265)	2
26	TOTAL TAXES	TFIT1 264	39	98	235	1,530	(42)	6
27	TOTAL OPERATING EXPENSES	TEXP1 449	107	244	277	5,411	17,587	28
28	RETURN (LN 10 - 27)	PRERTN 340	52	114	300	2,018	0	6
29	TOTAL RATE BASE	RBX 820	294	821	190	20,964	77,720	94
30	RATE OF RETURN (LN 28 / LN 29)	PRRTR 41.46%	17.69%	13.89%	157.89%	9.63%	0.00%	6.38%
31	CLASS RATE IN % OF TOTAL	PRCLRT 678.56%	289.53%	227.33%	2584.12%	157.61%	0.00%	104.42%

PPL ELECTIC UTILITIES CORPORATION  
AVERAGE AND EXCESS DEMAND COST ALLOCATION DETAILS - 12 MONTHS ENDED 12/31/2007  
RATE BASE SUMMARY  
\$1,000

Line No.	Output	Pa Jurisdict Distribution	RS	RTS	GS-1	GS-3	LP-4	ISP	LP-5	
<b>RATE BASE</b>										
<b>PLANT IN SERVICE</b>										
1	TRANSMISSION	P20	0	0	0	0	0	0	0	
2	DISTRIBUTION	P30	3,442,982	2,212,850	62,137	306,180	522,033	129,560	6,696	4,894
3	GENERAL & INTANGIBLE	P0T1	405,959	284,415	6,524	37,874	47,518	11,466	591	415
4	<b>TOTAL-PLANT IN SERVICE</b>	P00	<b>3,848,941</b>	<b>2,497,265</b>	<b>68,661</b>	<b>344,054</b>	<b>569,551</b>	<b>141,026</b>	<b>7,287</b>	<b>5,309</b>
<b>DEPRECIATION RESERVE</b>										
5	TRANSMISSION	A20	0	0	0	0	0	0	0	
6	DISTRIBUTION	A30	1,315,236	842,742	23,128	117,094	193,637	45,740	2,368	1,609
7	GENERAL PLANT	A88	129,818	90,952	2,087	12,112	15,196	3,666	189	133
8	INTANGIBLE PLANT	A95	19,190	13,444	308	1,790	2,247	542	28	20
9	<b>TOTAL DEPRECIATION AND AMORTIZATION RESERVE</b>	A00	<b>1,464,244</b>	<b>947,141</b>	<b>25,523</b>	<b>130,996</b>	<b>211,080</b>	<b>49,948</b>	<b>2,585</b>	<b>1,762</b>
10	<b>TOTAL NET PLANT IN SERVICE</b>	P01	<b>2,384,697</b>	<b>1,550,124</b>	<b>43,138</b>	<b>213,058</b>	<b>358,471</b>	<b>91,078</b>	<b>4,702</b>	<b>3,547</b>
11	SUBTRACTIVE ADJUSTMENTS	PLDED	406,676	260,405	7,008	38,643	62,168	15,005	781	539
12	ADDITIVE ADJUSTMENTS	PLADD	2,001	1,287	36	178	303	75	4	3
13	<b>TOTAL NET ORIG COST RATE BASE</b>	NOP	<b>1,980,022</b>	<b>1,291,006</b>	<b>36,166</b>	<b>174,593</b>	<b>296,606</b>	<b>76,148</b>	<b>3,925</b>	<b>3,011</b>
14	WORKING CAPITAL	W00	42,953	28,206	753	3,829	6,129	1,547	79	61
15	<b>TOTAL RATE BASE</b>	RBX	<b>2,022,975</b>	<b>1,319,212</b>	<b>36,919</b>	<b>178,422</b>	<b>302,735</b>	<b>77,695</b>	<b>4,004</b>	<b>3,072</b>

PPL ELECTIC UTILITIES CORPORATION  
AVERAGE AND EXCESS DEMAND COST ALLOCATION DETAILS - 12 MONTHS ENDED 12/31/2007  
RATE BASE SUMMARY  
\$1,000

Line No.		Output	IST	LP-6	LPEP	ISA	GH	SL/AL	L5-S
	<b>RATE BASE</b>								
	<b>PLANT IN SERVICE</b>								
1	TRANSMISSION	P20	0	0	0	0	0	0	0
2	DISTRIBUTION	P30	1,308	474	2,547	304	35,698	158,152	149
3	GENERAL & INTANGIBLE	P0T1	110	38	221	27	3,379	13,374	13
4	<b>TOTAL-PLANT IN SERVICE</b>	<b>P00</b>	<b>1,418</b>	<b>512</b>	<b>2,768</b>	<b>331</b>	<b>39,077</b>	<b>171,526</b>	<b>162</b>
	<b>DEPRECIATION RESERVE</b>								
5	TRANSMISSION	A20	0	0	0	0	0	0	0
6	DISTRIBUTION	A30	430	156	1,611	100	13,179	73,404	49
7	GENERAL PLANT	A88	35	12	70	9	1,080	4,277	4
8	INTANGIBLE PLANT	A95	5	2	11	1	160	632	1
9	<b>TOTAL DEPRECIATION AND AMORTIZATION RESERVE</b>	<b>A00</b>	<b>470</b>	<b>170</b>	<b>1,692</b>	<b>110</b>	<b>14,419</b>	<b>78,313</b>	<b>54</b>
10	<b>TOTAL NET PLANT IN SERVICE</b>	<b>P01</b>	<b>948</b>	<b>342</b>	<b>1,076</b>	<b>221</b>	<b>24,658</b>	<b>93,213</b>	<b>108</b>
11	SUBTRACTIVE ADJUSTMENTS	PLDED	144	53	280	34	4,139	17,463	16
12	ADDITIVE ADJUSTMENTS	PLADD	1	0	1	0	21	92	0
13	<b>TOTAL NET ORIG COST RATE BASE</b>	<b>NOP</b>	<b>805</b>	<b>289</b>	<b>797</b>	<b>187</b>	<b>20,540</b>	<b>75,842</b>	<b>92</b>
14	WORKING CAPITAL	W00	15	5	24	3	424	1,878	2
15	<b>TOTAL RATE BASE</b>	<b>RBX</b>	<b>820</b>	<b>294</b>	<b>821</b>	<b>190</b>	<b>20,964</b>	<b>77,720</b>	<b>94</b>

PPL ELECTRIC UTILITIES CORPORATION  
AVERAGE AND EXCESS DEMAND COST ALLOCATION DETAILS - 12 MONTHS ENDED 12/31/2007  
SUMMARY OF ALLOCATORS

Line No.	Input	Output	Pa Jurisdict Distribution	RS	RTS	GS-1	GS-3	LP-4	ISP	LP-5
<b>I CUSTOMERS, WEIGHTED</b>										
<b>A-EXPRESSED IN \$1,000</b>										
1	METER INVESTMENT	CW1	257,568	176,387	6,115	24,494	31,241	7,231	254	4,894
2	ALLOCATOR	RCW1	100.00%	68.481%	2.374%	9.510%	12.130%	2.807%	0.099%	1.900%
3	METER READING EXPENSE	CW2	3,155,990	2,727,619	32,340	334,021	51,460	2,310	60	240
4	ALLOCATOR	RCW2	100.00%	86.424%	1.027%	10.584%	1.631%	0.073%	0.002%	0.008%
5	LATE PAYMENTS	CW4	8,922	5,824	46	1,182	1,137	417	21	165
6	ALLOCATOR	RCW4	100.00%	65.278%	0.516%	13.248%	12.744%	4.674%	0.235%	1.849%
7	UNCOLLECTIBLE ACCOUNTS	CW5	19,000	17,582	49	798	459	40	0	42
8	ALLOCATOR	RCW5	100.00%	92.536%	0.258%	4.200%	2.416%	0.211%	0.000%	0.221%
9	CUSTOMER DEPOSITS	CW6	15,950	7,253	39	3,524	4,240	667	40	0
10	ALLOCATOR	RCW6	100.00%	45.473%	0.245%	22.094%	26.583%	4.182%	0.251%	0.000%
11	CUSTOMER ADVANCES	CW7	168,731	0	0	146,207	22,524	0	0	0
12	ALLOCATOR	RCW7	100.00%	0.000%	0.000%	86.651%	13.349%	0.000%	0.000%	0.000%
<b>B-EXPRESSED IN UNITS</b>										
13	LINE TRANSFORMERS, CUST COMP	CW8	1,457,310	1,210,440	13,955	180,268	46,267	0	0	0
14	ALLOCATOR	RCW8	100.00%	83.059%	0.958%	12.370%	3.175%	0.000%	0.000%	0.000%
15	SERVICES CUSTOMER COMPONENT	CW9	1,436,734	1,213,575	13,978	168,360	36,449	0	0	0
16	ALLOCATOR	RCW9	100.00%	84.468%	0.973%	11.718%	2.537%	0.000%	0.000%	0.000%
<b>II CUSTOMERS, UNITS</b>										
17	END OF YEAR CUSTOMERS	C10	1,382,794	1,193,921	14,157	146,207	22,524	1,011	28	104
18	ALLOCATOR	RC10	100.00%	86.340%	1.024%	10.573%	1.630%	0.073%	0.002%	0.008%
19	SECONDARY CUSTOMERS	C30	1,381,615	1,193,921	14,157	146,207	22,524	0	0	0
20	ALLOCATOR	RC30	100.00%	86.415%	1.025%	10.582%	1.630%	0.000%	0.000%	0.000%
<b>III DEMANDS (KW)</b>										
21	TRANSMISSION LEVEL DEMANDS	D10	7,463,432	3,067,183	153,623	458,166	1,688,328	1,011,826	53,282	452,984
22	ALLOCATOR	RD10	100.00%	41.095%	2.058%	6.139%	22.621%	13.557%	0.714%	6.069%
23	PRIMARY LEVEL DEMANDS	D20	6,554,304	3,067,183	153,623	458,166	1,688,328	1,011,826	53,282	0
24	ALLOCATOR	RD20	100.00%	46.797%	2.344%	6.990%	25.759%	16.438%	0.813%	0.000%
25	SECONDARY LEVEL DEMANDS	D30	5,489,196	3,067,183	153,623	458,166	1,688,328	0	0	0
26	ALLOCATOR	RD30	100.00%	55.878%	2.799%	8.347%	30.757%	0.000%	0.000%	0.000%
27	SERVICES DEMAND ALLOCATOR	D30K	5,466,723	3,067,183	153,623	458,166	1,688,328	0	0	0
28	ALLOCATOR	RD30K	100.00%	56.106%	2.810%	8.381%	30.884%	0.000%	0.000%	0.000%
<b>IV DIRECT ASSIGNMENT</b>										
29	AREA LIGHTING ONLY	K403	1	0	0	0	0	0	0	0
30	ALLOCATOR	RK403	100.00%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
31	STREET LIGHTING ONLY	K405	1	0	0	0	0	0	0	0
32	ALLOCATOR	RK405	100.00%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
33	LPEP ONLY	K407	1	0	0	0	0	0	0	0
34	ALLOCATOR	RK407	100.00%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
35	TO RS ONLY	K409	1	1	0	0	0	0	0	0
36	ALLOCATOR	RK409	100.00%	100.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
<b>V ENERGY</b>										
37	MWH SALES UNANNUALIZED	ES15	36,688,327	13,344,145	363,492	1,924,499	8,566,841	5,849,945	320,341	3,053,220
38	ALLOCATOR	RES15	100.00%	36.371%	0.991%	5.246%	23.351%	15.945%	0.873%	8.322%
<b>VI OTHER</b>										
39	TAXABLE INCOME - FEDERAL		94,669	6,772	(3,791)	25,198	52,176	12,440	938	753
40	ALLOCATOR	FTX	100.00%	7.15%	-4.00%	26.62%	55.11%	13.14%	0.99%	0.80%

PPL ELECTRIC UTILITIES CORPORATION  
AVERAGE AND EXCESS DEMAND COST ALLOCATION DETAILS - 12 MONTHS ENDED 12/31/2007  
SUMMARY OF ALLOCATORS

Line No.	Input	Output	IST	LP-6	LPEP	ISA	GH	SL/AL	L5-S
<b>I CUSTOMERS, WEIGHTED</b>									
<b>A-EXPRESSED IN \$1,000</b>									
1	METER INVESTMENT	CW1	1,309	475	80	304	4,635	0	149
2	ALLOCATOR	RCW1	0.508%	0.184%	0.031%	0.118%	1.800%	0.000%	0.058%
3	METER READING EXPENSE	CW2	60	10	0	0	7,860	0	10
4	ALLOCATOR	RCW2	0.002%	0.000%	0.000%	0.000%	0.249%	0.000%	0.000%
5	LATE PAYMENTS	CW4	26	0	0	0	54	49	1
6	ALLOCATOR	RCW4	0.291%	0.000%	0.000%	0.000%	0.605%	0.549%	0.011%
7	UNCOLLECTIBLE ACCOUNTS	CW5	0	0	0	0	30	0	0
8	ALLOCATOR	RCW5	0.000%	0.000%	0.000%	0.000%	0.158%	0.000%	0.000%
9	CUSTOMER DEPOSITS	CW6	0	0	0	0	168	19	0
10	ALLOCATOR	RCW6	0.000%	0.000%	0.000%	0.000%	1.053%	0.119%	0.000%
11	CUSTOMER ADVANCES	CW7	0	0	0	0	0	0	0
12	ALLOCATOR	RCW7	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
<b>B-EXPRESSED IN UNITS</b>									
13	LINE TRANSFORMERS, CUST COMP	CW8	0	0	0	0	5,016	1,364	0
14	ALLOCATOR	RCW8	0.000%	0.000%	0.000%	0.000%	0.344%	0.094%	0.000%
15	SERVICES CUSTOMER COMPONENT	CW9	0	0	0	0	4,372	0	0
16	ALLOCATOR	RCW9	0.000%	0.000%	0.000%	0.000%	0.304%	0.000%	0.000%
<b>II CUSTOMERS, UNITS</b>									
17	END OF YEAR CUSTOMERS	C10	25	3	1	1	3,439	1,367	6
18	ALLOCATOR	RC10	0.002%	0.000%	0.000%	0.000%	0.249%	0.099%	0.000%
19	SECONDARY CUSTOMERS	C30	0	0	0	0	3,439	1,367	0
20	ALLOCATOR	RC30	0.000%	0.000%	0.000%	0.000%	0.249%	0.099%	0.000%
<b>III DEMANDS (KW)</b>									
21	TRANSMISSION LEVEL DEMANDS	D10	248,859	67,587	34,429	90,466	99,423	22,473	14,803
22	ALLOCATOR	RD10	3.334%	0.906%	0.461%	1.212%	1.332%	0.301%	0.198%
23	PRIMARY LEVEL DEMANDS	D20	0	0	0	0	99,423	22,473	0
24	ALLOCATOR	RD20	0.000%	0.000%	0.000%	0.000%	1.517%	0.343%	0.000%
25	SECONDARY LEVEL DEMANDS	D30	0	0	0	0	99,423	22,473	0
26	ALLOCATOR	RD30	0.000%	0.000%	0.000%	0.000%	1.811%	0.409%	0.000%
27	SERVICES DEMAND ALLOCATOR	D30K	0	0	0	0	99,423	0	0
28	ALLOCATOR	RD30K	0.000%	0.000%	0.000%	0.000%	1.819%	0.000%	0.000%
<b>IV DIRECT ASSIGNMENT</b>									
29	AREA LIGHTING ONLY	K403	0	0	0	0	0	1	0
30	ALLOCATOR	RK403	0.000%	0.000%	0.000%	0.000%	0.000%	100.000%	0.000%
31	STREET LIGHTING ONLY	K405	0	0	0	0	0	1	0
32	ALLOCATOR	RK405	0.000%	0.000%	0.000%	0.000%	0.000%	100.000%	0.000%
33	LPEP ONLY	K407	0	0	1	0	0	0	0
34	ALLOCATOR	RK407	0.000%	0.000%	100.000%	0.000%	0.000%	0.000%	0.000%
35	TO RS ONLY	K409	0	0	0	0	0	0	0
36	ALLOCATOR	RK409	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
<b>V ENERGY</b>									
37	MWH SALES UNANNUALIZED	ES15	1,885,144	427,174	62,010	438,228	336,399	112,250	4,639
38	ALLOCATOR	RES15	5.138%	1.164%	0.169%	1.194%	0.917%	0.306%	0.013%
<b>VI OTHER</b>									
39	TAXABLE INCOME - FEDERAL		459	60	145	442	2,321	(3,249)	5
40	ALLOCATOR	FTX	0.48%	0.06%	0.15%	0.47%	2.45%	-3.43%	0.01%

**PPL ELECTRIC UTILITIES CORPORATION**

**EXHIBIT JMK 2**

**FUNCTIONALIZATION & ASSIGNMENT OF CERTAIN RATE BASE,  
OPERATING REVENUE AND OPERATING EXPENSE ITEMS**

**FUTURE TEST YEAR ENDING DECEMBER 31, 2007**

This section groups and assigns to functional categories those items of rate base, operating revenue and operating expense which cannot be entered directly into the cost allocation studies from Exhibit Future 1. Wherever appropriate, the classification of accounts is shown.

Because it is not feasible to analyze directly all distribution plant accounts as of December 31, 2007, the results of an analysis of the accounts as of December 31, 2006 were applied to the December 31, 2007 account balances. Distribution expense assignments were developed in a similar manner.

The tables in this section are organized and referenced, wherever possible, to show the development of computer program inputs from Exhibit Future 1.

PPL ELECTRIC UTILITIES CORPORATION

SUMMARY  
FUNCTIONALIZATION OF PLANT IN SERVICE

FOR COST ALLOCATION PURPOSES

12 MONTHS ENDED 12/31/2007  
(\$000)

	<u>FUNCTION/ACCOUNT</u>	<u>INPUT</u>	<u>PLANT ACCOUNTS</u>	<u>PLANT IN SERVICE</u>
1	INTANGIBLE PLANT	Q95	301-303	33,580
	TRANSMISSION PLANT			
2	TRANSMISSION FUNCTION	Q20	350-359	1,078,578
	DISTRIBUTION PLANT			
3	LAND		360.2	11,140
4	LAND RIGHTS		360.4	61,386
5	STRUCTURES & IMPROVEMENTS		361	26,017
6	STATION EQUIPMENT		362	248,495
7	POLES, TOWERS AND FIXTURES		364.0	765,429
8	OVERHEAD CONDUCTORS & DEVICES		365	588,284
9	UNDERGROUND CONDUIT		366	141,047
10	UNDERGROUND CONDUCTORS & DEVICES		367	364,307
11	LINE TRANSFORMERS		368	361,554
12	SERVICES		369	525,828
13	METERS		370	257,749
14	AREA LIGHTING FIXTURES		371	6,292
15	STREET LIGHTING		373	87,979
16	TOTAL DISTRIBUTION PLANT			3,445,507
17	GENERAL PLANT	Q88	389-399	419,820
18	TOTAL ELECTRIC PLANT IN SERVICE			<u>4,977,485</u>

PPL ELECTRIC UTILITIES CORPORATION

% OF ACCOUNT TOTAL

FOR COST ALLOCATION PURPOSES

12 MONTHS ENDED 12/31/2006

Line No.	SUBFUNCTION	LAND Acct 360.2	LAND RIGHTS Acct 360.4	STRUCTURES AND IMPROVEMENTS Acct 361	STATION EQUIPMENT Acct 362
	DISTRIBUTION PLANT				
	SUBSTATIONS				
1	PRIMARY	77.35	0.28	98.62	98.52
2	SECONDARY	0.46	0.00	1.38	1.48
3	TOTAL SUBSTATIONS	77.81	0.28	100.00	100.00
	OVERHEAD LINES				
4	PRIMARY	6.76	30.38		
5	SECONDARY DEMAND COMPONENT	6.31	28.35		
6	SECONDARY CUSTOMER COMPONENT	8.22	38.94		
7	STREET & AREA LIGHTING	0.90	4.06		
8	TOTAL OVERHEAD LINES	22.19	99.72		
	UNDERGROUND LINES				
9	PRIMARY				
10	SECONDARY DEMAND COMPONENT				
11	SECONDARY CUSTOMER COMPONENT				
12	TOTAL UNDERGROUND LINES				
	LINE TRANSFORMERS				
13	DEMAND COMPONENT				
14	CUSTOMER COMPONENT				
15	TOTAL LINE TRANSFORMERS				
	SERVICES				
16	DEMAND COMPONENT				
17	CUSTOMER COMPONENT				
18	TOTAL SERVICES				
19	METERS				
20	AREA LIGHTING FIXTURES				
21	STREET LIGHTING				
22	TOTAL	100.00	100.00	100.00	100.00

PPL ELECTRIC UTILITIES CORPORATION

% OF ACCOUNT TOTAL  
 FOR COST ALLOCATION PURPOSES  
 12 MONTHS ENDED 12/31/2006

<u>SUBFUNCTION</u>	<u>POLES,TOWERS &amp; FIXTURES Acct 364</u>	<u>OVERHEAD CONDUCTORS &amp; DEVICES Acct 365</u>	<u>UNDERGROUND CONDUIT Acct 366</u>	<u>UNDERGROUND CONDUCTORS &amp; DEVICES Acct 367</u>
DISTRIBUTION PLANT				
SUBSTATIONS				
23	PRIMARY			
24	SECONDARY			
25	TOTAL SUBSTATIONS			
OVERHEAD LINES				
26	PRIMARY	31.29	29.36	
27	SECONDARY DEMAND COMPONENT	23.82	34.53	
28	SECONDARY CUSTOMER COMPONENT	37.74	36.11	
29	STREET & AREA LIGHTING	7.14	0.00	
30	TOTAL OVERHEAD LINES	100.00	100.00	
UNDERGROUND LINES				
31	PRIMARY		17.08	17.08
32	SECONDARY DEMAND COMPONENT		26.78	26.78
33	SECONDARY CUSTOMER COMPONENT		56.14	56.14
34	TOTAL UNDERGROUND LINES		100.00	100.00
LINE TRANSFORMERS				
35	DEMAND COMPONENT			
36	CUSTOMER COMPONENT			
37	TOTAL LINE TRANSFORMERS			
SERVICES				
38	DEMAND COMPONENT			
39	CUSTOMER COMPONENT			
40	TOTAL SERVICES			
41	METERS			
42	AREA LIGHTING FIXTURES			
43	STREET LIGHTING			
44	TOTAL	100.00	100.00	100.00

PPL ELECTRIC UTILITIES CORPORATION

% OF ACCOUNT TOTAL

FOR COST ALLOCATION PURPOSES

12 MONTHS ENDED 12/31/2006

<u>SUBFUNCTION</u>	<u>LINE TRANSFORMER</u> <u>Acct 368</u>	<u>SERVICES</u> <u>Acct 369</u>	<u>METERS</u> <u>Acct 370</u>	<u>AREA LIGHTING FIXTURES</u> <u>Acct 371</u>	<u>STREET LIGHTING</u> <u>Acct 373</u>
DISTRIBUTION PLANT					
SUBSTATIONS					
46	PRIMARY				
47	SECONDARY				
48	TOTAL SUBSTATIONS				
OVERHEAD LINES					
49	PRIMARY				
50	SECONDARY DEMAND COMPONENT				
51	SECONDARY CUSTOMER COMPONENT				
52	STREET & AREA LIGHTING				
53	TOTAL OVERHEAD LINES				
UNDERGROUND LINES					
54	PRIMARY				
55	SECONDARY DEMAND COMPONENT				
56	SECONDARY CUSTOMER COMPONENT				
57	TOTAL UNDERGROUND LINES				
LINE TRANSFORMERS					
58	DEMAND COMPONENT	47.18			
59	CUSTOMER COMPONENT	52.82			
60	TOTAL LINE TRANSFORMERS	100.00			
SERVICES					
61	DEMAND COMPONENT		23.22		
62	CUSTOMER COMPONENT		76.78		
63	TOTAL SERVICES		100.00		
64	METERS		100.00		
65	AREA LIGHTING FIXTURES			100.00	
66	STREET LIGHTING				100.00
67	TOTAL	100.00	100.00	100.00	100.00

Line No.

PPL ELECTRIC UTILITIES CORPORATION  
 SUBFUNCTIONALIZATION & CLASSIFICATION OF DISTRIBUTION PLANT  
 FOR COST ALLOCATION PURPOSES

FTY 2007 December 31, 2007  
 (\$000)

<u>SUBFUNCTION</u>	<u>TOTAL</u>	<u>LAND</u> <u>Acct 369.2</u>	<u>LAND RIGHTS</u> <u>Acct 369.4</u>	<u>STRUCTURES AND</u> <u>IMPROVEMENTS</u> <u>Acct 361</u>	<u>STATION</u> <u>EQUIPMENT</u> <u>Acct 362</u>
DISTRIBUTION PLANT					
SUBSTATIONS					
1 PRIMARY	264,335	8,731	158	24,919	230,528
2 SECONDARY	3,874	52	-	349	3,473
3 TOTAL SUBSTATIONS	268,209	8,783	158	25,268	234,001
OVERHEAD LINES					
4 PRIMARY	427,529	758	17,315		
5 SECONDARY DEMAND COMPONENT	405,056	718	16,405		
6 SECONDARY CUSTOMER COMPONENT	527,522	935	21,365		
7 STREET & AREA LIGHTING	53,358	95	2,161		
8 TOTAL OVERHEAD LINES	1,413,464	2,505	57,247		
UNDERGROUND LINES					
9 PRIMARY	86,314				
10 SECONDARY DEMAND COMPONENT	135,350				
11 SECONDARY CUSTOMER COMPONENT	283,690				
12 TOTAL UNDERGROUND LINES	505,354				
LINE TRANSFORMERS					
13 DEMAND COMPONENT	170,586				
14 CUSTOMER COMPONENT	190,968				
15 TOTAL LINE TRANSFORMERS	361,554				
SERVICES					
16 DEMAND COMPONENT	122,079				
17 CUSTOMER COMPONENT	403,749				
18 TOTAL SERVICES	525,828				
19 METERS	257,749				
20 AREA LIGHTING FIXTURES	6,292				
21 STREET LIGHTING	87,979				
22 TOTAL	3,426,430	11,287	57,405	25,268	234,001

PPL ELECTRIC UTILITIES CORPORATION  
 SUBFUNCTIONALIZATION & CLASSIFICATION OF DISTRIBUTION PLANT  
 FOR COST ALLOCATION PURPOSES

FTY 2007 December 31, 2007  
 (\$000)

<u>SUBFUNCTION</u>	POLES, TOWERS & FIXTURES <u>Acct 364</u>	OVERHEAD CONDUCTORS & DEVICES <u>Acct 365</u>	UNDERGROUND CONDUIT <u>Acct 366</u>	UNDERGROUND CONDUCTORS & DEVICES <u>Acct 367</u>
DISTRIBUTION PLANT				
SUBSTATIONS				
23	PRIMARY			
24	SECONDARY			
25	TOTAL SUBSTATIONS			
OVERHEAD LINES				
26	PRIMARY	236,736	172,720	
27	SECONDARY DEMAND COMPONENT	184,807	203,127	
28	SECONDARY CUSTOMER COMPONENT	292,785	212,437	
29	STREET & AREA LIGHTING	51,102	-	
30	TOTAL OVERHEAD LINES	765,429	588,284	
UNDERGROUND LINES				
31	PRIMARY		24,091	62,224
32	SECONDARY DEMAND COMPONENT		37,777	97,573
33	SECONDARY CUSTOMER COMPONENT		79,179	204,510
34	TOTAL UNDERGROUND LINES		141,047	364,307
LINE TRANSFORMERS				
35	DEMAND COMPONENT			
35	CUSTOMER COMPONENT			
37	TOTAL LINE TRANSFORMERS			
SERVICES				
38	DEMAND COMPONENT			
39	CUSTOMER COMPONENT			
40	TOTAL SERVICES			
41	METERS			
42	AREA LIGHTING FIXTURES			
43	STREET LIGHTING			
44	TOTAL	765,429	588,284	141,047
		364,307		

PPL ELECTRIC UTILITIES CORPORATION  
 SUBFUNCTIONALIZATION & CLASSIFICATION OF DISTRIBUTION PLANT  
 FOR COST ALLOCATION PURPOSES

FTY 2007 December 31, 2007  
 (\$000)

<u>SUBFUNCTION</u>	<u>LINE TRANSFORMERS</u> <u>Acct 368</u>	<u>SERVICES</u> <u>Acct 369</u>	<u>METERS</u> <u>Acct 370</u>	<u>AREA LIGHTING FIXTURES</u> <u>Acct 371</u>	<u>STREET LIGHTING</u> <u>Acct 373</u>
DISTRIBUTION PLANT					
SUBSTATIONS					
45					
46					
47					
OVERHEAD LINES					
48					
49					
50					
51					
52					
UNDERGROUND LINES					
53					
54					
55					
56					
LINE TRANSFORMERS					
57					
	170,586				
58					
	<u>190,968</u>				
59					
	361,554				
SERVICES					
60					
		122,079			
61					
		<u>403,749</u>			
62					
		525,828			
63					
			257,749		
64					
				6,292	
65					
					87,979
66					
	<u>361,554</u>	<u>525,828</u>	<u>257,749</u>	<u>6,292</u>	<u>87,979</u>

Line No.

## PPL ELECTRIC UTILITIES CORPORATION

SUMMARY  
 FUNCTIONALIZATION OF RESERVE FOR DEPRECIATION  
 FOR COST ALLOCATION PURPOSES  
 12 MONTHS ENDED 12/31/2007  
 (\$000)

	<u>FUNCTION/ACCOUNT</u>	<u>INPUT</u>	<u>PLANT ACCOUNTS</u>	<u>TOTAL</u>	<u>PLANT</u>	
1	INTANGIBLE PLANT	H95	301-303	21,433	21,433	
2	TRANSMISSION PLANT TRANSMISSION FUNCTION	H20	350-359	469,510	469,510	
3	DISTRIBUTION PLANT LAND		360.2	-	-	
4	LAND RIGHTS		360.4	25,659	25,659	
5	STRUCTURES & IMPROVEMENTS		361	12,152	12,152	
6	STATION EQUIPMENT		362	95,100	95,100	
7	POLES, TOWERS & FIXTURES		364	239,292	239,292	
8	OVERHEAD CONDUCTORS & DEVICES		365	233,655	233,655	
9	UNDERGROUND CONDUIT		366	33,990	33,990	
10	UNDERGROUND CONDUCTORS & DEVICES		367	121,094	121,094	
11	LINE TRANSFORMERS		368	150,673	150,673	
12	SERVICES		369	267,091	267,091	
13	METERS		370	84,716	84,716	
14	AREA LIGHTING FIXTURES		371	3,571	3,571	
15	STREET LIGHTING		373	49,334	49,334	
16	TOTAL DISTRIBUTION PLANT			1,316,327	1,316,327	0
17	GENERAL PLANT	H88	389-399	144,989	144,989	
18	TOTAL DEPRECIATION & AMORTIZATION RESERVE			1,952,259	1,952,259	

PPL ELECTRIC UTILITIES CORPORATION  
 SUBFUNCTIONALIZATION & CLASSIFICATION OF DISTRIBUTION RESERVE FOR DEPRECIATION

BY ACCOUNT BASED ON PLANT % BREAKDOWN TO SUBFUNCTION

FOR COST ALLOCATION PURPOSES

12 MONTHS ENDED 12/31/2007

(\$000)

Line No	SUBFUNCTION	INPUT	TOTAL	LAND <u>360.2</u>	LAND RIGHTS <u>360.4</u>	STRUCTURES & IMPROVEMENTS <u>361</u>	STATION EQUIPMENT <u>382</u>
	DISTRIBUTION PLANT						
	SUBSTATIONS						
1	PRIMARY	H28	105,743	0	71	11,984	93,689
2	SECONDARY	H29	1,579	0	0	168	1,411
3	TOTAL SUBSTATIONS		107,322	0	71	12,152	95,100
	OVERHEAD						
4	PRIMARY	H32	151,281	0	7,795		
5	SECONDARY DEMAND COMPONENT	H33D	144,956	0	7,275		
6	SECONDARY CUSTOMER COMPONENT	H33C	184,164	0	9,478		
7	STREET LIGHTING	H34	18,132	0	1,041		
8	TOTAL OVERHEAD LINES		498,533	0	25,589		
	UNDERGROUND LINES						
9	PRIMARY	H36	26,488				
10	SECONDARY DEMAND COMPONENT	H37D	41,537				
11	SECONDARY COMPANY COMPONENT	H37C	87,059				
12	TOTAL UNDERGROUND LINES		155,084				
	LINE TRANSFORMERS						
13	DEMAND COMPONENT	H38D	71,089				
14	CUSTOMER COMPONENT	H38C	79,584				
15	TOTAL LINE TRANSFORMERS		150,673				
	SERVICES						
16	DEMAND COMPONENT	H39D	62,009				
17	CUSTOMER COMPONENT	H39C	205,082				
18	TOTAL SERVICES		267,091				
19	METERS	H43	84,716				
20	AREA LIGHTING FIXTURES	H46	3,571				
21	STREET LIGHTING	H47	49,334				
22	TOTAL		1,316,324	0	25,659	12,152	95,100

PPL ELECTRIC UTILITIES CORPORATION  
 SUBFUNCTIONALIZATION & CLASSIFICATION OF DISTRIBUTION RESERVE FOR DEPRECIATION

BY ACCOUNT BASED ON PLANT % BREAKDOWN TO SUBFUNCTION

FOR COST ALLOCATION PURPOSES  
 12 MONTHS ENDED 12/31/2007  
 (\$000)

SUBFUNCTION	POLES, TOWERS & FIXTURES <u>364</u>	OVERHEAD CONDUCTORS & DEVICES <u>395</u>	UNDERGROUND CONDUIT <u>366</u>	U. G. CONDUCTORS & DEVICES <u>367</u>
DISTRIBUTION PLANT				
SUBSTATIONS				
23	PRIMARY			
24	SECONDARY			
25	TOTAL SUBSTATIONS			
OVERHEAD				
26	PRIMARY	74,886	68,601	
27	SECONDARY DEMAND COMPONENT	57,004	80,678	
28	SECONDARY CUSTOMER COMPONENT	90,311	84,376	
29	STREET LIGHTING	17,091	0	
30	TOTAL OVERHEAD LINES	239,292	233,655	
UNDERGROUND LINES				
31	PRIMARY		5,805	20,683
32	SECONDARY DEMAND COMPONENT		9,104	32,433
33	SECONDARY COMPANY COMPONENT		19,081	67,978
34	TOTAL UNDERGROUND LINES		33,990	121,094
LINE TRANSFORMERS				
35	DEMAND COMPONENT			
36	CUSTOMER COMPONENT			
37	TOTAL LINE TRANSFORMERS			
SERVICES				
38	DEMAND COMPONENT			
39	CUSTOMER COMPONENT			
40	TOTAL SERVICES			
41	METERS			
42	AREA LIGHTING FIXTURES			
43	STREET LIGHTING			
44	TOTAL DISTRIBUTION	<u>239,292</u>	<u>233,655</u>	<u>33,990</u> <u>121,094</u>

PPL ELECTRIC UTILITIES CORPORATION  
 SUBFUNCTIONALIZATION & CLASSIFICATION OF DISTRIBUTION RESERVE FOR DEPRECIATION  
 BY ACCOUNT BASED ON PLANT % BREAKDOWN TO SUBFUNCTION  
 FOR COST ALLOCATION PURPOSES

12 MONTHS ENDED 12/31/2007  
 (\$000)

SUBFUNCTION	LINE TRANSFORMERS	SERVICES	METERS	AREA LIGHTING FIXTURES	STREET LIGHTING
	<u>368</u>	<u>369</u>	<u>370</u>	<u>371</u>	<u>373</u>
DISTRIBUTION PLANT					
SUBSTATIONS					
45					
46					
47					
OVERHEAD					
48					
49					
50					
51					
52					
UNDERGROUND LINES					
53					
54					
55					
56					
LINE TRANSFORMERS					
57	71,089				
58	<u>79,584</u>				
59	150,673				
SERVICES					
60		62,009			
61		<u>205,082</u>			
62		267,091			
63			84,716		
64				3,571	
65					49,334
66	<u>150,673</u>	<u>267,091</u>	<u>84,716</u>	<u>3,571</u>	<u>49,334</u>

PPL ELECTRIC UTILITIES CORPORATION

SUMMARY

OPERATION AND MAINTENANCE EXPENSES

FOR COST ALLOCATION PURPOSES

12 MONTHS ENDED 12/31/2007  
(\$000)

Line No.

	<u>EXPENSES</u>	<u>INPUT</u>	<u>ACCOUNTS</u>	<u>EXPENSE</u>
1	TRANSMISSION		560-573	172,855
2	ANCILLARIES			52,452
3	TOTAL	G20		225,307
	DISTRIBUTION			
4	SUPERVISION & ENGINEERING		580,590	16,942
5	LOAD DISPATCHING		581	4,927
6	SUBSTATIONS		582,591,592	8,804
7	OVERHEAD LINES		583,593	58,116
8	UNDERGROUND LINES		584,594	9,994
9	SERVICES		593,594	4,498
10	LINE TRANSFORMERS		595	2,119
11	MISCELLANEOUS & RENTS		588,589	12,322
12	METERS		586,597	7,734
13	STREET LIGHTING		585,596,598	4,650
14	CUSTOMER INSTALLATIONS		587	4,946
15	TOTAL DISTRIBUTION			135,053
16	CUSTOMER ACCOUNTS		901-905	50,625
17	CUSTOMER SERVICE AND INFORMATIONAL	G64	908-910	17,247
18	SALES	G65	911-916	2,843
19	ADMINISTRATIVE AND GENERAL		920-935	143,895
20	TOTAL OPERATION AND MAINTENANCE EXPENSES			<u>574,971</u>

Line No.

PPL ELECTRIC UTILITIES CORPORATION  
ASSIGNMENT OF WAGES AND SALARIES  
FOR COST ALLOCATION PURPOSES  
12 MONTHS ENDED 12/31/2007  
(\$000)

<u>Account</u>	<u>DESCRIPTION</u>	<u>TOTAL AMOUNT</u>	<u>INPUT</u>
1	560-567		
	TRANSMISSION EXPENSE		
	TRANSMISSION OPERATION	4,263	
2	568-573		
	TRANSMISSION MAINTENANCE	4,237	
3		<u>8,501</u>	K904
	TOTAL TRANSMISSION EXPENSE		
	DISTRIBUTION EXPENSE		
4	580-589		
	DISTRIBUTION OPERATION	34,053	
5	590-598		
	DISTRIBUTION MAINTENANCE	17,874	
6		<u>51,928</u>	K906
	TOTAL DISTRIBUTION EXPENSE		
7	901-905		
	CUSTOMER ACCOUNTS EXPENSE	18,576	K920
8	907-910		
	CUSTOMER SERVICE & INFORMATIONAL EXP	1,327	K922
9	911-916		
	SALES EXPENSE	1,275	K924
10		<u>81,606</u>	K929
	TOTAL EXCLUDING A & G		
	ADMINISTRATIVE AND GENERAL EXPENSE		
11	920-930		
	ADMIN AND GENERAL - OPERATION	4,466	
12	935		
	ADMIN AND GENERAL - MAINTENANCE	46	
13		<u>4,512</u>	K930
	TOTAL ADMIN AND GENERAL EXPENSE		
14		<u><u>86,118</u></u>	K939,K433
	TOTAL WAGES AND SALARIES		

PPL ELECTRIC UTILITIES CORPORATION  
 DISTRIBUTION EXPENSE ACCOUNTS AMOUNTS  
 FOR COST ALLOCATION PURPOSES  
 12 MONTHS ENDED 12/31/2007  
 (\$000)

<u>ACCOUNT</u>	<u>DESCRIPTION OF ACCOUNT</u>	<u>AMOUNT</u>
	DISTRIBUTION OPERATON	
1	580 SUPERVISION & ENGINEERING	15,601
2	581 LOAD DISPATCHING	4,927
3	582 STATION EXPENSE	614
4	583 OVERHEAD LINES EXPENSE	14,590
5	584 UNDERGROUND LINES EXPENSE	5,356
6	585 STREET LIGHTING & SIGNAL SYSTEMS	533
7	586 METER EXPENSE	7,667
8	587 CUSTOMER INSTALLATION EXPENSE	4,946
9	588 MISCELLANEOUS DISTRIBUTION EXPENSE	4,728
10	589 RENTS	7,594
11	TOTAL OPERATION	<u>66,557</u>
	DISTRIBUTION MAINTENANCE	
12	590 SUPERVISION & ENGINEERING	1,341
13	591 MAINTENANCE OF STRUCTURES	85
14	592 MAINTENANCE OF STATION EQUIPMENT	8,104
15	593 MAINTENANCE OF SERVICES	43,518
16	593.5 MAINTENANCE OF OVERHEAD SERVICES	1,609
17	594 MAINTENANCE OF UNDERGROUND LINES	4,651
18	594.3 MAINTENANCE OF UNDERGROUND SERVICES	39
19	594.6 MAINTENANCE OF UNDERGROUND OTHER SERVICES	2,845
20	595 MAINTENANCE OF LINE TRANSFORMERS	2,119
21	596 MAINTENANCE OF STREET LIGHTING	2,513
22	597 MAINTENANCE OF METERS	67
23	598 MAINTENANCE OF MISCELLANEOUS DISTRIBUTION PLANT	1,604
24	TOTAL MAINTENANCE	<u>68,495</u>
25	TOTAL DISTRIBUTION EXPENSE	<u>135,052</u>

PPL ELECTRIC UTILITIES CORPORATION  
 SUBFUNCTIONALIZATION OF DISTRIBUTION EXPENSES ACCOUNTS  
 PRORATION OF SUPERVISION AND ENGINEERING ACCOUNTS  
 FOR COST ALLOCATION PURPOSES

12 MONTHS ENDED 12/31/2007  
 (\$000)

		<u>DISTRIBUTION OPERATION</u>			<u>ACCOUNT 580 PRORATION</u>	
<u>ACCOUNT</u>	<u>ACCOUNT</u>	<u>TOTAL</u>	<u>LABOR</u>	<u>MATERIAL</u>	<u>TOTAL</u>	<u>FUNCTIONAL</u> <u>ASSIGNMENT</u>
	580	15,601				
1	582	614	391	223	287	SUBSTATIONS
2	583	14,590	6,635	7,955	4,870	OVERHEAD LINES
3	584	5,356	3,644	1,712	2,675	UNDERGROUND LINES
4	585	533	25	508	18	STREET LIGHTING
5	586	7,667	5,006	2,661	3,675	METERS
6	587	4,946	2,463	2,484	1,807	CUST INSTALLATIONS
7	588,589	12,322	3,092	9,230	2,269	MISCELLANEOUS
8	TOTAL(EXCL. 580,581)	46,028	21,256	24,772	15,601	

		<u>DISTRIBUTION MAINTENANCE</u>			<u>ACCOUNT 590 PRORATION</u>	
<u>ACCOUNT</u>	<u>ACCOUNT</u>	<u>TOTAL</u>	<u>LABOR</u>	<u>MATERIAL</u>	<u>TOTAL</u>	<u>FUNCTIONAL</u> <u>ASSIGNMENT</u>
	590	1,341				
9	591	85	46	39	4	SUBSTATIONS
10	592	8,104	3,577	4,528	282	SUBSTATIONS
11	593	43,518	7,942	35,576	626	OVERHEAD LINES
12	593.5	1,609	540	1,068	43	OVERHEAD SERVICES
13	594	4,651	1,931	2,720	152	UNDERGROUND LINES
14	594.3	39	3	35	-	UNDERGROUND SERVICES
15	594.6	2,845	524	2,321	41	UG. OTHER SERVICES
16	595	2,119	1,215	904	96	LINE TRANSFORMERS
17	596	2,513	771	1,742	61	STREET LIGHTING
18	597	67	26	41	2	METERS
19	598	1,604	450	1,154	35	STREET LIGHTING
20	TOTAL(EXCL. 590)	67,154	17,025	50,129	1,341	

DISTRIBUTION MAINTENANCE						
SUBSTATION TOTAL	---	---	---	---	286	SUBSTATIONS
STREET LIGHTING TOTAL	---	---	---	---	96	STREET LIGHTING
SERVICES TOTAL	---	---	---	---	84	SERVICES

ACCOUNT 580 PRORATED OVER LABOR COMPONENT OF ACCOUNTS 582-588.  
 ACCOUNT 590 PRORATED OVER LABOR COMPONENT OF ACCOUNTS 591-598.

PPL ELECTRIC UTILITIES CORPORATION  
 SUBFUNCTIONALIZATION OF DISTRIBUTION OPERATION EXPENSE  
 BY ACCOUNT BASED ON TOTAL PLANT \$ BREAKDOWN TO SUBFUNCTION  
 FOR COST ALLOCATION PURPOSES  
 12 MONTHS ENDED 12/31/2007  
 (\$000)

SUBFUNCTION	TOTAL	ACCOUNT				
		580	581	582	583	
<b>SUBSTATIONS</b>						
1 PRIMARY	9,837	283	596	605		
2 SECONDARY	144	4	9	9		
3 TOTAL SUBSTATIONS	9,981	287	604	614		
<b>OVERHEAD LINES</b>						
4 PRIMARY	20,202	1,473	983		4,413	
5 SECONDARY-DEMAND COMP.	19,140	1,396	913		4,181	
6 SECONDARY-CUSTOMER COMP.	24,926	1,818	1,189		5,445	
7 STREET LIGHTING	2,521	184	120		551	
8 TOTAL OVERHEAD LINES	66,789	4,870	3,185		14,590	
<b>UNDERGROUND LINES</b>						
9 PRIMARY	2,387	457	194			915
10 SECONDARY-DEMAND COMP.	3,742	716	305			1,435
11 SECONDARY-CUSTOMER COMP.	7,844	1,502	639			3,007
12 TOTAL UNDERGROUND LINES	13,973	2,675	1,139			5,356
<b>SERVICES</b>						
13 DEMAND COMPONENT	1,063					
14 CUSTOMER COMPONENT	3,514					
15 TOTAL SERVICES	4,577					
16 TOTAL			4,927	614	14,590	5,356
<b>SUBFUNCTION</b>						
			585	586	587	588,589
<b>LINE TRANSFORMERS</b>						
17 DEMAND COMPONENT	1,045					
18 CUSTOMER COMPONENT	1,170					
19 TOTAL LINE TRANSFORMERS	2,215					
20 MISC. DIST. EXPENSE & RENTS	14,591	2,269				12,322
21 METERS	11,411	3,675		7,667		
22 STREET LIGHTING	4,763	18	533			
23 CUSTOMER INSTALLATIONS	6,753	1,807			4,946	
24 TOTAL	135,052	15,601	533	7,667	4,946	12,322

PPL ELECTRIC UTILITIES CORPORATION  
 SUBFUNCTIONALIZATION OF DISTRIBUTION MAINTENANCE EXPENSE  
 BY ACCOUNT BASED ON TOTAL PLANT \$ BREAKDOWN TO SUBFUNCTION  
 FOR COST ALLOCATION PURPOSES  
 12 MONTHS ENDED 12/31/2007  
 (\$000)

SUBFUNCTION	ACCOUNT				
	590	591	592	593	594
<b>SUBSTATIONS</b>					
25 PRIMARY	282	84	7,987		
26 SECONDARY	4	1	117		
27 TOTAL SUBSTATIONS	286	85	8,104		
<b>OVERHEAD LINES</b>					
28 PRIMARY	189			13,163	
29 SECONDARY-DEMAND COMP.	179			12,471	
30 SECONDARY-CUSTOMER COMP	234			16,241	
31 STREET LIGHTING	24			1,643	
32 TOTAL OVERHEAD LINES	626			43,518	
<b>UNDERGROUND LINES</b>					
33 PRIMARY	26				794
34 SECONDARY-DEMAND COMP.	41				1,246
35 SECONDARY-CUSTOMER COMP	85				2,611
36 TOTAL UNDERGROUND LINES	152				4,651
<b>SERVICES</b>					
37 DEMAND COMPONENT	20			374	669
38 CUSTOMER COMPONENT	64			1,235	2,214
39 TOTAL SERVICES	84			1,609	2,884
40 TOTAL		85	8,104	45,127	7,534

SUBFUNCTION	ACCOUNT				
	595	596	597	598	
<b>LINE TRANSFORMERS</b>					
41 DEMAND COMPONENT	45	1,000			
42 CUSTOMER COMPONENT	51	1,119			
43 TOTAL LINE TRANSFORMERS	96	2,119			
<b>MISC. DIST. EXPENSE &amp; RENTS</b>					
44 METERS	2			67	
46 STREET LIGHTING	95		2,513		1,604
47 CUSTOMER INSTALLATIONS					
48 TOTAL	1,341	2,119	2,513	67	1,604

49 SUM DIST PLANT SUBS, OVERHEAD 2,187,028  
 50 AND UNDERGROUND LINES (auto) 23C22+23C30+23C37

PPL ELECTRIC UTILITIES CORPORATION  
 SUBFUNCTIONALIZATION OF DISTRIBUTION OPERATION EXPENSE  
 % OF ACCOUNT TOTAL  
 FOR COST ALLOCATION PURPOSES  
 12 MONTHS ENDED 12/31/2006

SUBFUNCTION	ACCOUNT				
	580	581	582	583	584
<b>SUBSTATIONS</b>					
1 PRIMARY	1.81	12.66	98.56		
2 SECONDARY	0.03	0.19	1.44		
3 TOTAL SUBSTATIONS	1.84	12.85	100.00		
<b>OVERHEAD LINES</b>					
4 PRIMARY	9.51	19.78		30.46	
5 SECONDARY-DEMAND COMP.	8.87	18.46		28.43	
6 SECONDARY-CUSTOMER COMP	11.56	24.05		37.04	
7 STREET LIGHTING	1.27	2.64		4.07	
8 TOTAL OVERHEAD LINES	31.21	64.93		100.00	
<b>UNDERGROUND LINES</b>					
9 PRIMARY	2.93	3.80			17.08
10 SECONDARY-DEMAND COMP.	4.59	5.95			26.78
11 SECONDARY-CUSTOMER COMP	9.62	12.47			56.14
12 TOTAL UNDERGROUND LINES	17.14	22.22			100.00
<b>SERVICES</b>					
13 DEMAND COMPONENT					
14 CUSTOMER COMPONENT					
15 TOTAL SERVICES					
16 TOTAL	100.00	100.00	100.00	100.00	100.00

SUBFUNCTION	ACCOUNT				
	585	586	587	588	589
<b>LINE TRANSFORMERS</b>					
17 DEMAND COMPONENT					
18 CUSTOMER COMPONENT					
19 TOTAL LINE TRANSFORMERS					
20 MISC. DIST. EXPENSE & RENTS	14.54				100.00
21 METERS	23.55		100.00		
22 STREET LIGHTING	0.13	100.00			
23 CUSTOMER INSTALLATIONS	11.58			100.00	
24 TOTAL	100.00	100.00	100.00	100.00	100.00

PPL ELECTRIC UTILITIES CORPORATION  
 SUBFUNCTIONALIZATION OF DISTRIBUTION MAINTENANCE EXPENSE  
 % OF ACCOUNT TOTAL  
 FOR COST ALLOCATION PURPOSES  
 12 MONTHS ENDED 12/31/2006

SUBFUNCTION	ACCOUNT			
	590	591	592	593
<b>SUBSTATIONS</b>				
25 PRIMARY	20.99	98.56	98.56	
26 SECONDARY	0.31	1.44	1.44	
27 TOTAL SUBSTATIONS	21.30	100.00	100.00	
<b>OVERHEAD LINES</b>				
28 PRIMARY	14.22			29.38
29 SECONDARY-DEMAND COMP.	13.27			27.42
30 SECONDARY-CUSTOMER COMP.	17.29			35.72
31 STREET LIGHTING	1.90			3.92
32 TOTAL OVERHEAD LINES	46.68			96.45
<b>UNDERGROUND LINES</b>				
33 PRIMARY	1.94			10.51
34 SECONDARY-DEMAND COMP.	3.04			16.49
35 SECONDARY-CUSTOMER COMP.	6.38			34.56
36 TOTAL UNDERGROUND LINES	11.37			61.56
<b>SERVICES</b>				
37 DEMAND COMPONENT	1.44		0.82	8.92
38 CUSTOMER COMPONENT	4.78		2.73	29.51
39 TOTAL SERVICES	6.22		3.55	38.44
40 TOTAL	100.00	100.00	100.00	100.00

SUBFUNCTION	ACCOUNT			
	595	596	597	598
<b>LINE TRANSFORMERS</b>				
41 DEMAND COMPONENT	3.37	47.18		
42 CUSTOMER COMPONENT	3.78	52.82		
43 TOTAL LINE TRANSFORMERS	7.15	100.00		
<b>MISC. DIST. EXPENSE &amp; RENTS</b>				
44 MISC. DIST. EXPENSE & RENTS				
45 METERS	0.14		100.00	
46 STREET LIGHTING	7.15	100.00		100.00
47 CUSTOMER INSTALLATIONS				
48 TOTAL	100.00	100.00	100.00	100.00

Line No

PPL ELECTRIC UTILITIES CORPORATION  
 SUBFUNCTIONALIZATION OF DISTRIBUTION OPERATION EXPENSE  
 BASED ON O & M % BREAKDOWN TO SUBFUNCTION  
 FOR COST ALLOCATION PURPOSES  
 12 MONTHS ENDED 12/31/2007  
 (\$000)

SUBFUNCTION	INPUT	TOTAL	ACCOUNT					
			580	581	582	583	584	
<b>SUBSTATIONS</b>								
1	PRIMARY	G28	9,863	282	624	605		
2	SECONDARY	G29	144	4	9	9		
3	TOTAL SUBSTATIONS		10,007	286	633	614		
<b>OVERHEAD LINES</b>								
4	PRIMARY	G32	20,351	1,483	975	4,444		
5	SECONDARY-DEMAND COMP.	G33D	18,995	1,385	910	4,148		
6	SECONDARY-CUSTOMER COMP	G33C	24,745	1,804	1,185	5,404		
7	STREET LIGHTING	G34	2,718	198	130	594		
8	TOTAL OVERHEAD LINES		66,809	4,870	3,200	14,590		
<b>UNDERGROUND LINES</b>								
9	PRIMARY	G36	2,377	457	187		915	
10	SECONDARY-DEMAND COMP.	G37D	3,727	716	293		1,435	
11	SECONDARY-CUSTOMER COMP	G37C	7,813	1,501	615		3,007	
12	TOTAL UNDERGROUND LINES		13,917	2,674	1,095		5,357	
<b>SERVICES</b>								
13	DEMAND COMPONENT	G39D	1,063					
14	CUSTOMER COMPONENT	G39C	3,518					
15	TOTAL SERVICES		4,581					
16	TOTAL			4,927	614	14,590	5,356	
			585                      586                      587                      588 589					
SUBFUNCTION	INPUT							
<b>LINE TRANSFORMERS</b>								
17	DEMAND COMPONENT	G38D	1,045					
18	CUSTOMER COMPONENT	G38C	1,170					
19	TOTAL LINE TRANSFORMERS		2,215					
20	MISC. DIST. EXPENSE & RENTS	G42	14,591	2,269			12,322	
21	METERS	G43	11,410	3,674	7,667			
22	STREET LIGHTING	G46	4,766	20	533			
23	CUSTOMER INSTALLATIONS	G47	6,753	1,807		4,946		
24	TOTAL		135,049	15,601	533	7,667	4,946	12,322

PPL ELECTRIC UTILITIES CORPORATION  
SUBFUNCTIONALIZATION OF DISTRIBUTION MAINTENANCE EXPENSE  
BASED ON O & M % BREAKDOWN TO SUBFUNCTION  
FOR COST ALLOCATION PURPOSES  
12 MONTHS ENDED 12/31/2007  
(\$000)

SUBFUNCTION	ACCOUNT				
	590	591	592	593	594
<b>SUBSTATIONS</b>					
25 PRIMARY	282	84	7,987		
26 SECONDARY	4	1	117		
27 TOTAL SUBSTATIONS	286	85	8,104		
<b>OVERHEAD LINES</b>					
28 PRIMARY				13,259	
29 SECONDARY-DEMAND COMP.	191			12,375	
30 SECONDARY-CUSTOMER COMP	178			18,121	
31 STREET LIGHTING	232			1,771	
32 TOTAL OVERHEAD LINES	626			43,526	
<b>UNDERGROUND LINES</b>					
33 PRIMARY	26				792
34 SECONDARY-DEMAND COMP.	41				1,242
35 SECONDARY-CUSTOMER COMP	86				2,604
36 TOTAL UNDERGROUND LINES	153				4,638
<b>SERVICES</b>					
37 DEMAND COMPONENT	19			372	672
38 CUSTOMER COMPONENT	64			1,230	2,224
39 TOTAL SERVICES	83			1,602	2,896
40 TOTAL		85	8,104	45,127	7,534

SUBFUNCTION	ACCOUNT				
	595	596	597	598	
<b>LINE TRANSFORMERS</b>					
41 DEMAND COMPONENT	45	1,000			
42 CUSTOMER COMPONENT	51	1,119			
43 TOTAL LINE TRANSFORMERS	96	2,119			
<b>MISC. DIST. EXPENSE &amp; RENTS</b>					
44 MISC. DIST. EXPENSE & RENTS					
45 METERS	2			67	
46 STREET LIGHTING	96		2,513		1,604
47 CUSTOMER INSTALLATIONS					
48 TOTAL	1,341	2,119	2,513	67	1,604

Line No.

PPL ELECTRIC UTILITIES CORPORATION  
 ASSIGNMENT OF ADMINISTRATIVE AND GENERAL EXPENSES  
 FOR COST ALLOCATION PURPOSES  
 12 MONTHS ENDED 12/31/2007  
 (\$000)

<u>ACCOUNT</u>	<u>DESCRIPTION</u>	<u>TOTAL</u>	<u>METER READING</u>	<u>COLLECTION</u>	<u>UNCOLLECTIBLE ACCTS - TRANS</u>	<u>PROPERTY DAMAGE DISTRIBUTION</u>	<u>UNCOLLECTIBLE ACCTS - OTHER</u>	<u>BALANCE</u>
1	901 SUPERVISION	486	-	-	-	-	-	486
2	902.4 METER READING EXPENSES - LARGE POWER	108	108	-	-	-	-	-
3	902.5 METER READING EXPENSES - OTHER	3,048	3,048	-	-	-	-	-
4	903CR CUSTOMER RECORDS	17,094	-	-	-	-	-	17,094
5	903CE COLLECTION EXPENSES	8,915	-	8,915	-	-	-	-
6	904T UNCOLLECTIBLE ACCOUNTS TRANSMISSION	0	-	-	-	-	-	-
7	904D PROPERTY DAMAGE DISTRIBUTION	1,155	-	-	-	1,155	-	-
8	904 by RATE UNCOLLECTIBLE ACCOUNTS	19,000	-	-	-	-	19,000	-
9	905 MISC. CUSTOMER ACCOUNTS EXPENSES	819	-	-	-	-	-	819
10	901-905 TOTAL	<u>50,625</u>	<u>3,156</u>	<u>8,915</u>	<u>-</u>	<u>1,155</u>	<u>19,000</u>	<u>18,399</u>
	INPUT LABELS		G50	G51	G52	G53	G54	G55

Line No.

PPL ELECTRIC UTILITIES CORPORATION  
ASSIGNMENT OF ADMINISTRATIVE AND GENERAL EXPENSES  
FOR COST ALLOCATION PURPOSES  
12 MONTHS ENDED 12/31/2007  
(\$000)

	<u>ACCOUNT</u>	<u>DESCRIPTION</u>	<u>AMOUNT</u>	<u>INPUT</u>
1	928	REGULATORY COMMISSION EXPENSE - PPUC	4,494	G70
2		REGULATORY COMMISSION EXPENSE - FERC	61	G71
3		TOTAL REGULATORY COMMISSION EXPENSE	4,555	
4	926	EMPLOYEE BENEFITS	30,687	G73
5	920-935	OTHER ADMINISTRATIVE AND GENERAL	108,654	G75
6		SUBTOTAL	139,341	
7		TOTAL ADMINISTRATIVE AND GENERAL	143,895	

Line No.

PPL ELECTRIC UTILITIES CORPORATION

SUMMARY

FUNCTIONALIZATION OF DEPRECIATION EXPENSE

FOR COST ALLOCATION PURPOSES

12 MONTHS ENDED 12/31/2007

(\$000)

	<u>FUNCTION/ACCOUNT</u>	<u>INPUT</u>	<u>PLANT ACCOUNTS</u>	<u>TOTAL</u>	<u>PER BOOKS</u>	<u>MISC ADJ.</u>
1	<u>INTANGIBLE PLANT</u>	<u>GD95</u>		4,871	4,871	-
2	TRANSMISSION PLANT	GD20	350-359	20,529	20,529	-
	DISTRIBUTION PLANT					
3	LAND		360.2	0	0	-
4	LAND RIGHTS		360.4	766	766	-
5	STRUCTURES & IMPROVEMENTS		361	394	394	-
6	STATION EQUIPMENT		362	5,037	5,037	-
7	POLES, TOWERS & FIXTURES		364	19,965	19,965	-
8	OVERHEAD CONDUCTORS & DEVICES		365	11,670	11,670	-
9	UNDERGROUND CONDUIT		366	2,485	2,485	-
10	UNDERGROUND CONDUCTORS & DEVICES		367	8,197	8,197	-
11	LINE TRANSFORMERS		368	9,736	9,736	-
12	SERVICES		369	11,963	11,963	-
13	METERS		370	15,813	15,813	-
14	AREA LIGHTING FIXTURES		371	238	238	-
15	STREET LIGHTING		373	2,276	2,276	-
16	TOTAL DISTRIBUTION PLANT			88,540	88,540	-
17	GENERAL PLANT	GD88	389-399	18,120	18,120	-
18	TOTAL DEPRECIATION EXPENSE			132,060	132,060	-

PPL ELECTRIC UTILITIES CORPORATION  
SUBFUNCTIONALIZATION OF DISTRIBUTION DEPRECIATION EXPENSE  
BY ACCOUNT BASED ON PLANT % BREAKDOWN TO SUBFUNCTION  
FOR COST ALLOCATION PURPOSES  
12 MONTHS ENDED 12/31/2007  
(\$000)

Line No.

	<u>SUBFUNCTION</u>	<u>INPUT</u>	<u>TOTAL</u>	<u>LAND</u> <u>360.2</u>	<u>LAND RIGHTS</u> <u>360.4</u>	<u>STRUCTURES AND</u> <u>IMPROVEMENTS</u> <u>361</u>	<u>STATION EQUIPMENT</u> <u>362</u>
	SUBSTATIONS						
1	PRIMARY	GD28	5,358	-	2	389	4,967
2	SECONDARY	GD29	75	-	-	5	70
3	TOTAL SUBSTATIONS		5,433	-	2	394	5,037
	OVERHEAD LINES						
4	PRIMARY	GD32	9,907	-	233		
5	SECONDARY DEMAND COMPONENT	GD33D	9,002	-	217		
6	SECONDARY CUSTOMER COMPONENT	GD33C	12,032	-	283		
7	STREET LIGHTING	GD34	1,457	-	31		
8	TOTAL OVERHEAD LINES		32,398	-	764		
	UNDERGROUND LINES						
9	PRIMARY	GD36	1,824		-		
10	SECONDARY DEMAND COMPONENT	GD37D	2,861		-		
11	SECONDARY CUSTOMER COMPONENT	GD37C	5,997		-		
12	TOTAL UNDERGROUND LINES		10,682		-		
	LINE TRANSFORMERS						
13	DEMAND COMPONENT	GD38D	4,594				
14	CUSTOMER COMPONENT	GD38C	5,142				
15	TOTAL LINE TRANSFORMERS		9,736				
	SERVICES						
16	DEMAND COMPONENT	GD39D	2,777				
17	CUSTOMER COMPONENT	GD39C	9,186				
18	TOTAL SERVICES		11,963				
19	METERS	GD43	15,813				
20	AREA LIGHTING FIXTURES	GD46	238				
21	STREET LIGHTING	GD47	2,276				
22	TOTAL		88,539	-	766	394	5,037

PPL ELECTRIC UTILITIES CORPORATION  
SUBFUNCTIONALIZATION OF DISTRIBUTION DEPRECIATION EXPENSE  
BY ACCOUNT BASED ON PLANT % BREAKDOWN TO SUBFUNCTION  
FOR COST ALLOCATION PURPOSES

12 MONTHS ENDED 12/31/2007  
(\$000)

<u>SUBFUNCTION</u>	<u>POLES, TOWERS &amp; FIXTURES</u> <u>364</u>	<u>OVERHEAD CONDUCTORS AND DEVICES</u> <u>365</u>	<u>UNDERGROUND CONDUIT</u> <u>366</u>	<u>UNDERGROUND CONDUCTORS &amp; DEVICES</u> <u>367</u>
SUBSTATIONS				
23	PRIMARY			
24	SECONDARY			
25	TOTAL SUBSTATIONS			
OVERHEAD LINES				
26	PRIMARY	6,248	3,426	
27	SECONDARY DEMAND COMPONENT	4,756	4,029	
28	SECONDARY CUSTOMER COMPONENT	7,535	4,214	
29	STREET LIGHTING	1,426	-	
30	TOTAL OVERHEAD LINES	19,965	11,669	
UNDERGROUND LINES				
31	PRIMARY		424	1,400
32	SECONDARY DEMAND COMPONENT		666	2,195
33	SECONDARY CUSTOMER COMPONENT		1,395	4,602
34	TOTAL UNDERGROUND LINES		2,485	8,197
LINE TRANSFORMERS				
35	DEMAND COMPONENT			
36	CUSTOMER COMPONENT			
37	TOTAL LINE TRANSFORMERS			
SERVICES				
38	DEMAND COMPONENT			
39	CUSTOMER COMPONENT			
40	TOTAL SERVICES			
41	METERS			
42	AREA LIGHTING FIXTURES			
43	STREET LIGHTING			
44	TOTAL	19,965	11,670	2,485
				8,197

PPL ELECTRIC UTILITIES CORPORATION  
 SUBFUNCTIONALIZATION OF DISTRIBUTION DEPRECIATION EXPENSE  
 BY ACCOUNT BASED ON PLANT % BREAKDOWN TO SUBFUNCTION  
 FOR COST ALLOCATION PURPOSES

12 MONTHS ENDED 12/31/2007  
 (\$000)

<u>SUBFUNCTION</u>	<u>LINE TRANSFORMERS</u> <u>368</u>	<u>SERVICES</u> <u>369</u>	<u>METERS</u> <u>370</u>	<u>AREA LIGHTING</u> <u>FIXTURES</u> <u>371</u>	<u>STREET LIGHTING</u> <u>373</u>
45					
46					
47					
48					
49					
50					
51					
52					
53					
54					
55					
56					
57	4,594				
58	<u>5,142</u>				
59	9,736				
60		2,777			
61		<u>9,186</u>			
62		11,963			
63			15,813		
64				238	
65					2,276
66	<u>9,736</u>	<u>11,963</u>	<u>15,813</u>	<u>238</u>	<u>2,276</u>

**PPL ELECTRIC UTILITIES CORPORATION**

**EXHIBIT JMK 2**

**ALLOCATION FACTORS**

**FUTURE TEST YEAR ENDING DECEMBER 31, 2007**

This section identifies the rate schedules that make up the rate classes used in the jurisdictional allocation studies and all the allocation factors used in those studies. Generally, allocators are derived from three classes – direct assignments, program generated, and calculated (demand, and customer-related). The development of specific calculated allocators is shown in this section.

## PPL ELECTRIC UTILITIES CORPORATION

## EXHIBIT JMK 2

## CUSTOMER CLASS DESIGNATIONS &amp; ABBREVIATIONS

FUTURE PERIOD – YEAR ENDING DECEMBER 31, 2007

Rate Classes	Abbreviations	PUC Jurisdictional Rate Schedules
Residential Service	RS	RS, RTD
Residential Service - Thermal Storage	RTS	RTS
Small General Service	GS-1	GS-1, BL
Large General Service - Secondary	GS-3	GS-3, IS-1
Large General Service - 12 kV	LP-4	LP-4
Large General Service - 66 kV	LP-5	LP-5
Large General Service - 66 kV Standby	Standby	Standby
Large General Service – Electric Propulsion	LPEP	LPEP
Interruptible Service by Agreement	ISA	ISA
Commercial and Industrial Heating	GH	GH-1, GH-2
Street and Area Lighting	SL/AL	SA, SM, SHS, SE TS, S11

PPL ELECTRIC UTILITIES CORPORATION  
 DETERMINATION OF CUSTOMER ALLOCATORS  
 FOR COST ALLOCATION PURPOSES  
 12 MONTHS ENDED 12/31/2007

Line No.	RATE CLASS	ALLOCATOR LABEL	END OF YEAR	SECONDARY
			CUSTOMERS	CUSTOMERS
			C10	C30
1	RS		1,193,921	1,193,921
2	RTS		14,157	14,157
3	GS-1,BL		146,207	146,207
4	GS-3,IS-1		22,524	22,524
5	LP-4		1,011	0
6	IS-P		28	0
7	LP-5		104	0
8	IS-T		25	0
9	LP-6		3	0
10	LPEP		1	0
11	ISA		1	0
12	GH		3,439	3,439
13	SL/AL		1,367	1,367
14	L5-S		<u>6</u>	<u>0</u>
15	TOTAL PPUC		1,382,796	1,381,615
16	66 KV RESALE		10	0
17	12 KV RESALE		<u>8</u>	<u>0</u>
18	TOTAL SYSTEM		<u><u>1,382,814</u></u>	<u><u>1,381,615</u></u>

PPL ELECTRIC UTILITIES CORPORATION  
 DETERMINATION OF METER ALLOCATION FACTOR CW1  
 FOR COST ALLOCATION PURPOSES

12 MONTHS ENDED 12/31/2007  
 (\$000)

	<u>RATE CLASS</u>	<u>RATE DESIGNATION</u>	<u>METERING TYPE</u>	<u>ESTIMATED METER COST</u>	<u>CUSTOMERS</u>	<u>ESTIMATED METER INVESTMENT</u>	<u>SUMMARY (\$000)</u>
1	RS,RTD	RSO	A	113	1,201,190	135,630,806	
2		RWO(R)	B	452	472	213,428	
3		RW1	C	339	101	34,266	
4		RTD	C	339	264	89,566	
5		RTS	C	339	13,895	4,714,075	
6	TOTAL				1,215,922	140,682,140	140,682
7	GS-1,BL	GS-1	A	113	2,710	305,996	
8		G1-D	D	126	143,527	18,036,190	
9		G1-T	C	339	898	304,659	
10		G1-F	E	4,933	22	108,531	
11		G1-V	A	113	780	88,073	
12		G1-C	B	452	83	37,531	
13		BL	-	-	12	-	
14	TOTAL				148,032	18,880,980	18,881
15	GS-3,IS-1	GS-3	F	1,031	19,997	20,626,865	
16		G3-T	G	1,349	2,403	3,241,126	
17		G3-V	A	113	65	7,339	
18		G3-C	H	2,348	87	204,242	
19		IS-1	F	1,031	3	3,094	
20	TOTAL				22,555	24,082,667	24,083
21	LP-4	LP-4	I	4,933	633	3,122,737	
22		L4-T	I	4,933	490	2,417,285	
23		IS-P	J	6,749	29	195,709	
24		L4-C	K	3,770	9	33,931	
25	TOTAL				1,161	5,769,661	5,770
26	LP-5,6	LP-5	J	19,152	72	1,378,944	
27		L5-T	J	19,152	125	2,393,999	
28		L5-S	J	19,152	6	114,912	
29		LP-6	J	36,636	2	73,271	
30		L6-T	J	36,636	8	293,085	
31		IS-T	J	21,466	47	1,008,887	
32		LPEP	J	61,321	1	61,321	
33		ISA	J	234,485	1	234,485	
34	TOTAL				262	5,558,904	5,559
35	GH	GH-1	F	1,031	889	917,002	
36		H1-T	G	1,349	78	105,205	
37		H1-P	E	4,933	-	-	
38		H1-Q	I	4,933	-	-	
39		GH-2	F	1,031	1,610	1,660,712	
40		H2-R	F	1,031	863	890,183	
41	TOTAL				3,440	3,573,101	3,573
42	SL/AL	SL/AL	NONE	-	1,367	-	-
43	TOTAL				1,392,739	198,547,453	198,548

PPL ELECTRIC UTILITIES CORPORATION  
 DETERMINATION OF METER ALLOCATION FACTOR CW1  
 FOR COST ALLOCATION PURPOSES  
 12 MONTHS ENDED 12/31/2007  
 (\$000)

Line No.	RATE CLASS	INVESTMENT		INDICATED METER COST	CUSTOMERS	AVERAGE METER COST \$/CUSTOMER
		PP&L STUDY	PRORATED			
1	RS	135,968	176,385	176,385	1,193,921	147.74
2	RTS	4,714	6,115	6,115	14,157	431.93
3	GS-1	18,881	24,494	24,494	146,207	167.53
4	GS-3	24,083	31,242	31,242	22,524	1,387.07
5	LP-4	5,574	7,231	7,231	1,011	7,149.28
6	IS-P	196	254	254	28	8,950.35
7	LP-5	3,773	4,894	4,894	104	46,898.29
8	IS-T	1,009	1,309	1,309	25	53,064.26
9	LP-6	366	475	475	3	140,764.34
10	LPEP	61	80	80	1	78,950.49
11	ISA	234	304	304	1	224,448.86
12	GH	3,573	4,635	4,635	3,439	1,347.87
13	SL/AL	0	0	0	1,367	0
14	L5-S	115	149	149	6	23,205.49
15	TOTAL PPUC	198,548	257,568	257,568	1,382,796	
16	RES 69	114		114	10	
17	RES 12	67		67	9	
18	TOTAL RESALE	181		181	19	
19	TOTAL INCLUDING RESALE	198,729		257,749	1,382,815	

PPL ELECTRIC UTILITIES CORPORATION  
 DETERMINATION OF METER ALLOCATION FACTOR CW1  
 FOR COST ALLOCATION PURPOSES  
 12 MONTHS ENDED 12/31/2007  
 (\$000)

Line No.	<u>RATE CLASS</u>	<u>AVERAGE METER COST \$/CUSTOMER</u>	<u>CUSTOMERS</u>	<u>INDICATED METER INVESTMENT</u>	<u>ALLOCATOR CW1</u>
1	RS	147.74	1,193,921	176,390	176,387
2	RTS	431.93	14,157	6,115	6,115
3	GS-1,BL	167.53	146,207	24,494	24,494
4	GS-3,IS-1	1,387.07	22,524	31,242	31,241
5	LP-4	7,149.28	1,011	7,231	7,231
6	IS-P	8,950.35	28	254	254
7	LP-5	46,898.29	104	4,894	4,894
8	IS-T	53,064.26	25	1,309	1,309
9	LP-6	140,764.34	3	475	475
10	LPEP	78,950.49	1	80	80
11	ISA	224,448.86	1	304	304
12	GH	1,347.87	3,439	4,635	4,635
13	SL/AL	0	1,367	0	0
14	L5-S	23,205.49	6	149	149
15	TOTAL PPUC		1,382,796	257,572	257,568
16	RES 69		10	114	114
17	RES 12		8	67	67
18	TOTAL RESALE		18	181	181
19	TOTAL SYSTEM		1,382,814	257,753	257,749

PPL ELECTRIC UTILITIES CORPORATION  
 ALLOCATION OF METERING COSTS  
 METER READING EXPENSE (CW2)  
 FOR COST ALLOCATION PURPOSES  
 12 MONTHS ENDED 12/31/2007

METER READING EXPENSE 3,156,030

Line No.	RATE CLASS	PRORATION OF EXPENSE				AVERAGE METER READING EXPENSE \$/CUSTOMER/YEAR
		CUSTOMERS	PRORATED EXPENSE	INDICATED COSTS	CUSTOMERS	
1	RS	1,193,921	2,727,612	2,727,612	1,193,921	2.28
2	RTS	14,157	32,343	32,343	14,157	2.28
3	GS-1,BL	146,207	334,022	334,022	146,207	2.28
4	GS-3,IS-1	22,524	51,457	51,457	22,524	2.28
5	LP-4	1,011	2,311	2,311	1,011	2.28
6	ISP	28	65	65	28	2.28
7	LP-5	104	238	238	104	2.28
8	IST	25	56	56	25	2.28
9	LP-6	3	8	8	3	2.28
10	LPEP	1	2	2	1	2.28
11	ISA	1	3	3	1	2.28
12	GH	3,439	7,856	7,856	3,439	2.28
13	SL/AL	0	0	0	0	0.00
14	L5-S	6	15	15	6	2.28
15	TOTAL PPUC	1,381,429	3,155,989	3,155,989	1,381,429	
16	RES 69	10	23	23	10	2.28
17	RES 12	8	18	18	8	2.28
18	TOTAL RESALE	18	41	41	18	
19	TOTAL SYSTEM	1,381,447	3,156,030	3,156,030	1,381,447	

PPL ELECTRIC UTILITIES CORPORATION  
 DETERMINATION OF METER READING ALLOCATOR (CW2)  
 FOR COST ALLOCATION PURPOSES  
 12 MONTHS ENDED 12/31/2007

Line No.	<u>RATE CLASS</u>	<u>AVERAGE METER READING EXPENSE \$/CUST/YEAR</u>	<u>CUSTOMERS</u>	<u>INDICATED METER READING EXPENSE</u>	<u>ALLOCATOR CW2</u>
1	RS	2.28	1,193,921	2,727.61	2,727,619
2	RTS	2.28	14,157	32.34	32,340
3	GS-1,BL	2.28	146,207	334.02	334,021
4	GS-3,IS-1	2.28	22,524	51.46	51,460
5	LP-4	2.28	1,011	2.31	2,310
6	IS-P	2.28	28	0.06	60
7	LP-5	2.28	104	0.24	240
8	IS-T	2.28	25	0.06	60
9	LP-6	2.28	3	0.01	10
10	LPEP	2.28	1	-	0
11	ISA	2.28	1	-	0
12	GH	2.28	3,439	7.86	7,860
13	SLJAL	0.00	0	0	0
14	L5-S	2.28	<u>6</u>	<u>0.01</u>	<u>10</u>
15	TOTAL PPUC		<u>1,381,429</u>	<u>3,156</u>	<u>3,155,990</u>
16	RES 66	2.28	10	0.02	20
17	RES 12	2.28	<u>8</u>	<u>0.02</u>	<u>20</u>
18	TOTAL RESALE		<u>18</u>	<u>0.04</u>	<u>40</u>
19	TOTAL SYSTEM		<u>1,381,447</u>	<u>3,156</u>	<u>3,156,030</u>

PPL ELECTRIC UTILITIES CORPORATION  
 ALLOCATOR CW4 FOR USE WITH LATE PAYMENTS (ACCOUNT 450)  
 ALLOCATOR CW5 FOR USE WITH UNCOLLECTIBLE ACCOUNTS (ACCOUNT 904)  
 FOR COST ALLOCATION PURPOSES

12 MONTHS ENDED 12/31/2007  
 (\$000)

Line No.	<u>RATE CLASS</u>	LATE PAYMENTS <u>CW4</u>	LATE PAYMENTS <u>PROPOSED LEVEL</u>	ALLOCATOR <u>CW5</u>
1	RS/RTD	5,824	5,979	17,582
2	RTS	46	47	49
3	GS-1,BL	1,182	1,213	798
4	GS-3,IS-1	1,137	1,167	459
5	LP-4	417	428	40
6	ISP	21	22	-
7	LP-5	165	169	42
8	IST	26	27	0
9	LP-6	0	-	0
10	LPEP	0	-	0
11	ISA	0	-	0
12	GH	54	55	30
13	SL/AL	49	50	0
14	L5-S	<u>1</u>	<u>1</u>	<u>0</u>
15	TOTAL PPUC	<u>8,923</u>	<u>9,159</u>	<u>19,000</u>
16	RES66	0	0	
17	RES12	<u>0</u>	<u>0</u>	
18	TOTAL RESALE	<u>0</u>	<u>0</u>	
19	TOTAL	<u>8,923</u>	<u>9,159</u>	

PPL ELECTRIC UTILITIES CORPORATION  
 CUSTOMER DEPOSITS ALLOCATORS CW6 AND CW6A  
 CUSTOMER ADVANCES FOR CONSTRUCTION ALLOCATOR CW7  
 FOR COST ALLOCATION PURPOSES

12 MONTHS ENDED 12/31/2007  
 (\$000)

Line No.	<u>RATE CLASS</u>	TRANSMISSION RELATED CUSTOMER DEPOSITS <u>CW6A (1)</u>	DISTRIBUTION RELATED CUSTOMER DEPOSITS <u>CW6 (1)</u>	CUSTOMER ADVANCES <u>CW7 (2)</u>
1	RS,RTD	0	7,253	0
2	RTS	0	39	0
3	GS-1,BL	0	3,524	146,207
4	GS-3,IS-1	0	4,240	22,524
5	LP-4	0	667	0
6	IS-P	0	40	0
7	LP-5	0	0	0
8	IS-T	0	0	0
9	LP-6	0	0	0
10	LPEP	0	0	0
11	ISA	317	0	0
12	GH	0	168	0
13	SL/AL	0	19	0
14	L5-S	0	0	0
15	TOTAL PPUC	317	15,950	168,731
16	RES 66	0	0	0
17	RES 12	0	0	0
18	TOTAL RESALE	0	0	0
19	TOTAL SYSTEM	317	15,950	16,267
		16,267	168,731	

SOURCE: (1) PER STUDY OF ACCOUNT 235 (CUSTOMER DEPOSITS)  
 (2) BASED ON NUMBER OF CUSTOMERS ON GS-1 AND GS-3

PPL ELECTRIC UTILITIES CORPORATION  
 SECONDARY CUSTOMER COMPONENT STUDY  
 FOR COST ALLOCATION PURPOSES  
 12 MONTHS ENDED 12/31/2007

Line No.	BASIC DATA	TOTAL SYSTEM	RS	RTS	GS-1,BL	GS-3,IS-1	GH	SL/AL
1	SINGLE PHASE EQUIVALENT CUSTOMERS	1,326,782	1,186,099	13,780	119,994	3,391	2,154	1,364
2	NETWORK EQUIVALENT CUSTOMERS	19,475	15,747	115	3,516	71	26	-
3	THREE PHASE EQUIVALENT CUSTOMERS	45,056	181	-	24,522	19,093	1,260	-
4	TOTAL EQUIVALENT CUSTOMERS	<u>1,391,313</u>	<u>1,202,027</u>	<u>13,895</u>	<u>148,032</u>	<u>22,555</u>	<u>3,440</u>	<u>1,364</u>

CW8 - CUSTOMER COMPONENT ALLOCATOR FOR ACCOUNT 368 (LINE TRANSFORMERS CUSTOMER COMPONENT)

	WEIGHTING FACTOR								
5	SINGLE PHASE CUSTOMERS	1.00	1,326,782	1,186,099	13,780	119,994	3,391	2,154	1,364
6	NETWORK EQUIVALENT CUSTOMERS	1.52	29,602	23,935	175	5,344	108	40	---
7	THREE PHASE CUSTOMERS	2.24	100,925	405	-	54,929	42,768	2,822	---
8	WEIGHTED ALLOCATOR		<u>1,457,309</u>	<u>1,210,440</u>	<u>13,955</u>	<u>180,268</u>	<u>46,267</u>	<u>5,016</u>	<u>1,364</u>

CW9 - CUSTOMER COMPONENT ALLOCATOR FOR ACCOUNT 369 (SERVICES CUSTOMER COMPONENT)

	WEIGHTING FACTOR								
9	SINGLE PHASE (3 WIRES)	1.000	1,325,418	1,186,099	13,780	119,994	3,391	2,154	---
10	NETWORK EQUIVALENT CUSTOMERS	1.725	33,594	27,164	198	6,065	122	45	---
11	THREE PHASE (4 WIRES)	1.725	77,722	312	-	42,300	32,935	2,174	---
12	WEIGHTED ALLOCATOR		<u>1,436,734</u>	<u>1,213,575</u>	<u>13,978</u>	<u>168,360</u>	<u>36,449</u>	<u>4,372</u>	-

PPL ELECTRIC UTILITIES CORPORATION

DETERMINATION OF ENERGY ALLOCATORS

FOR COST ALLOCATION PURPOSES

12 MONTHS ENDED 12/31/2007

Line No.	RATE CLASS	ANNUAL SALES	ANNUALIZATION	ANNUALIZED SALES	GENERATION LEVEL
		MWH ES15	ADJUSTMENT MWH	CUSTOMER LEVEL MWH ES15A	MWH EG10
1	RS	13,344,145	383,432	13,727,577	15,020,018
2	RTS	363,492	(2,928)	360,563	394,510
3	GS-1,BL	1,924,499	(14,966)	1,909,533	2,089,314
4	GS-3,IS-1	8,566,841	62,794	8,629,635	9,442,108
5	LP-4	5,849,945	(48,478)	5,801,467	6,165,602
6	ISP	320,341	12,038	332,380	353,242
7	LP-5	3,053,220	(8,297)	3,044,923	3,140,483
8	IST	1,885,144	1,952	1,887,096	1,946,319
9	LP-6	427,174	2,603	429,777	443,265
10	LPEP	62,010	488	62,498	64,459
11	ISA	438,228	5,856	444,084	458,021
12	GH	336,399	(9,923)	326,476	357,213
13	SL/AL	112,250	(101,674)	10,576	11,572
14	L5-S	4,639	(2,115)	2,524	2,603
15	TOTAL PPUC	36,688,327	280,782	36,969,109	39,888,730

PPL ELECTRIC UTILITIES CORPORATION

DEMAND ALLOCATORS - MW  
GENERATION LEVEL

FOR COST ALLOCATION PURPOSES

12 MONTHS ENDED 12/31/2007

Line No.	RATE CLASS	12-CP DEMANDS	DEMAND ALLOCATOR AT	RATE CLASS MAXIMUM	DEMAND ALLOCATOR AT
		TRANSMISSION LEVEL	THE PRIMARY LEVEL	DEMANDS	THE SECONDARY LEVEL
		D10	D20		D30
1	RS	2,594,685	3,461,534	3,461,534	3,461,534
2	RTS	93,404	185,282	185,282	185,282
3	GS-1,BL	324,310	522,209	522,209	522,209
4	GS-3,IS-1	1,349,996	1,866,312	1,866,312	1,866,312
5	LP-4	871,408	1,101,623	1,101,623	0
6	ISP	46,716	57,060	57,060	0
7	LP-5	418,988	0	480,531	0
8	IST	232,544	0	256,637	0
9	LP-6	55,946	0	72,539	0
10	LPEP	23,338	0	42,322	0
11	ISA	59,884	0	101,598	0
12	GH	59,278	116,522	116,522	116,522
13	SL/AL	13,254	28,640	28,640	28,640
14	L5-S	823	0	19,032	0
15	TOTAL PPUC	6,144,573	7,339,182	8,311,841	6,180,499
16	RES 66	138,618	0	176,722	
17	RES 12	26,363	36,358	36,358	
18	TOTAL RESALE	164,981	36,358	213,080	
19	TOTAL SYSTEM	6,309,554	7,375,540	8,524,921	

PPL ELECTRIC UTILITIES CORPORATION  
 DEMAND ALLOCATORS - MW  
 AVERAGE & EXCESS RESPONSIBILITY METHOD  
 FOR COST ALLOCATION PURPOSES  
 12 MONTHS ENDED 12/31/2007

Line No.	RATE CLASS	ALLOCATOR	(1)	(2)	(3)	(4)	(5)	(6)	(7)
			GENERATION LEVEL ANNUAL ENERGY MWH	AVERAGE ANNUAL DEMAND	CLASS MAXIMUM DEMANDS(NCD)	CLASS EXCESS (3) - (2)	ADJUSTED CLASS EXCESS 1/	AVERAGE & EXCESS (2) + (5)	PRIMARY LEVEL
								D10	D20
1	RS,RTD		15,020,018	1,714,614	3,461,534	1,746,920	1,352,569	3,067,183	3,067,183
2	RTS		394,510	45,035	185,282	140,247	108,588	153,623	153,623
3	GS-1,BL		2,089,314	238,506	522,209	283,703	219,660	458,166	458,166
4	GS-3,IS-1		9,442,108	1,077,866	1,866,312	788,446	610,462	1,688,328	1,688,328
5	LP-4		6,165,602	703,836	1,101,623	397,787	307,990	1,011,826	1,011,826
6	IS-P		353,242	40,324	57,060	16,736	12,958	53,282	53,282
7	LP-5		3,140,483	358,503	480,531	122,028	94,481	452,984	0
8	IS-T		1,946,319	222,183	256,637	34,454	26,676	248,859	0
9	LP-6		443,265	50,601	72,539	21,938	16,986	67,587	0
10	LPEP		64,459	7,358	42,322	34,964	27,071	34,429	0
11	ISA		458,021	52,285	101,598	49,313	38,181	90,466	0
12	GH		357,213	40,778	116,522	75,744	58,645	99,423	99,423
13	SL/AL		11,572	1,321	28,640	27,319	21,152	22,473	22,473
14	L5-S		2,603	297	19,032	18,735	14,506	14,803	0
15	TOTAL PPUC		39,888,730	4,553,507	8,311,841	3,758,334	2,909,925	7,463,432	6,554,304

1/ COLUMN 5 = COLUMN 4 RATIOED TO TOTAL THE DIFFERENCE  
 OF THE ANNUAL PEAK LESS TOTAL AVERAGE ANNUAL DEMAND

2007 VALUES

7,463,432	PEAK MONTH
4,553,507	AVERAGE DEMAND
2,909,925	EXCESS

16  
17  
18

**ORIGINAL**

**PPL ELECTRIC UTILITIES CORPORATION**

**Exhibit JMK 3  
Distribution Subfunctionalization/  
Classification Studies  
Allocation of Meter Costs  
Metering and Billing Credits**

**Witness: Joseph M. Kleha  
Docket No. R-00072155**

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**PPL ELECTRIC UTILITIES CORPORATION**

**Distribution Subfunctionalization / Classification Studies**

**Allocation of Meter Costs**

**Metering and Billing Credits**

# PPL ELECTRIC UTILITIES CORPORATION

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**SECTION I**

## Distribution Plant – Subfunctionalization/Classification Studies

### Summary

This exhibit provides the results of studies used in the functionalization, subfunctionalization, and classification of PPL Electric Utilities Corporation's ("PPL Electric") distribution plant. The studies are based on distribution plant data as of December 31, 2006. The results of these studies were applied to distribution plant data for both the historic and future test years.

Distribution plant is functionalized into the following categories:

- Substations
- Overhead Lines
- Underground Lines
- Line transformers
- Services
- Meters
- Area Lighting
- Street Lighting

Distribution plant is subfunctionalized by the following voltage levels for cost allocation purposes:

- Primary voltage – 3 phase 12 KV or 3 phase 23 KV
- Secondary voltage – everything below 3 phase 12 KV

Distribution plant is subfunctionalized into primary and secondary components based on the functions of specifically identified units of property within the distribution plant accounts.

The subfunctionalization of secondary distribution plant then is classified into the demand and customer components based on a "minimum size system" study.

The following tables provide summaries of:

- Distribution Plant Account Balances as of December 31, 2006
- Distribution Plant-Subfunctionalization/Classification Percentages by Plant Account
- Distribution Plant-Subfunctionalization on a % of Account Total Basis

# PPL ELECTRIC UTILITIES CORPORATION

## Distribution Plant Account Balances as of December 31, 2006

Account	Description	Account Balance	
360.2	Land	\$11,373,908	
360.4	Land Rights	58,313,499	
360 Total	Land & Land Rights		\$69,687,407
361	Structures & Improvements		25,487,553
362	Station Equipment		239,757,770
364.2	Tower & Fixtures	18,775,963	
364.4	Poles & Fixtures	684,556,205	
364.6	Clearing Land & R/W - Towers	210,421	
364.8	Clearing Land & R/W - Poles	34,509,873	
364 Total	Poles & Towers		738,052,462
365	Overhead Conductors		557,701,915
366	Underground Conduit		126,857,924
367	Underground Conductors		336,971,948
368	Line Transformers		352,165,555
369	Services		515,302,771
370	Meters		253,427,748
371	Area Lighting		5,992,615
373	Street Lighting		84,103,830
<b>TOTAL DISTRIBUTION PLANT</b>			<b>\$3,305,509,498</b>

# PPL ELECTRIC UTILITIES CORPORATION

## Distribution Plant - Subfunctionalization Classification

Percentages by Plant Account as of December 31, 2006

<u>Account</u>	<u>Description</u>	<u>Primary % of Account Total</u>	<u>Secondary % of Account Total</u>	<u>Customer Component % of Secondary</u>	<u>Demand Component % of Secondary</u>
360	Land & Land Rights	See Note	See Note	See Note	See Note
361	Structures & Improvements	98.62	1.38	0.00	100.00
362	Station Equipment	98.52	1.48	0.00	100.00
364	Poles, Towers & Fixtures	29.48	70.52	61.30	38.70
365	Overhead Conductors & Devices	29.36	70.64	51.12	48.88
366	Underground Conduit	17.08	82.92	67.73	32.27
367	Underground Conductors	17.08	82.92	67.73	32.27
368	Line Transformers	0.00	100.00	52.82	47.18
369	Services	0.00	100.00	76.78	23.22
370	Meters	0.00	100.00	100.00	0.00
371	Area Lighting Fixtures	0.00	100.00	100.00	0.00
373	Street Lighting	0.00	100.00	100.00	0.00

**Note:** Account 360 (Land and Land Rights) is functionalized and classified by direct assignment based on an analysis of plant records.

**PPL ELECTRIC UTILITIES CORPORATION  
SUBFUNCTIONALIZATION OF DISTRIBUTION PLANT  
BASED ON % OF ACCOUNT TOTAL  
FOR COST ALLOCATION PURPOSES  
FOR THE 12 MONTHS ENDED DECEMBER 31, 2006**

		3602	3604	3610	3620	3640
		LAND	LAND RIGHTS	STRUC. & IMP.	STATION EQUIP.	POLES & TOWERS
Substation	Primary	77.35	0.28	98.62	98.52	
	Secondary	0.46	0.00	1.38	1.48	
	Subtotal	77.81	0.28	100.00	100.00	
Overhead Lines	Primary	6.76	30.38			31.29
	Sec. DMD	6.31	28.35			23.82
	Sec. CUST	8.22	36.94			37.74
	Street LT	0.90	4.06			7.14
	Subtotal	22.19	99.72			100.00
Underground Lines	Primary					
	Sec. DMD					
	Sec. CUST					
	Subtotal					
Line Transformers	Sec. DMD					
	Sec. CUST					
	Subtotal					
Services	Sec. DMD					
	Sec. CUST					
	Subtotal					
Meters	Meters					
	Subtotal					
Area Light	Area LT					
	Subtotal					
Street Lighting	Street LT					
	Subtotal					
Account Total		100.00	100.00	100.00	100.00	100.00

**PPL ELECTRIC UTILITIES CORPORATION**  
**SUBFUNCTIONALIZATION OF DISTRIBUTION PLANT**  
**BASED ON % OF ACCOUNT TOTAL**  
**FOR COST ALLOCATION PURPOSES**  
**FOR THE 12 MONTHS ENDED DECEMBER 31, 2006**

		3650	3660	3670	3680	3690
		O.H. Conductors	U.G. Conduit	U.G. Conductors	LINE TRANSFORMER	SERVICES
Substation	Primary					
	Secondary					
	Subtotal					
Overhead Lines	Primary	29.36				
	Sec. DMD	34.53				
	Sec. CUST	36.11				
	Street LT	0.00				
	Subtotal	100.00				
Underground Lines	Primary		17.08	17.08		
	Sec. DMD		26.78	26.78		
	Sec. CUST		56.14	56.14		
	Subtotal		100.00	100.00		
Line Transformers	Sec. DMD				47.18	
	Sec. CUST				52.82	
	Subtotal				100.00	
Services	Sec. DMD					23.22
	Sec. CUST					76.78
	Subtotal					100.00
Meters	Meters					
	Subtotal					
Area Light	Area LT					
	Subtotal					
Street Lighting	Street LT					
	Subtotal					
Account Total		100.00	100.00	100.00	100.00	100.00

**PPL ELECTRIC UTILITIES CORPORATION  
SUBFUNCTIONALIZATION OF DISTRIBUTION PLANT  
BASED ON % OF ACCOUNT TOTAL  
FOR COST ALLOCATION PURPOSES  
FOR THE 12 MONTHS ENDED DECEMBER 31, 2006**

		3700	3710	3730
		METERS	AREA LIGHTS	STREET LIGHTING
<b>Substation</b>	Primary Secondary Subtotal			
<b>Overhead Lines</b>	Primary Sec. DMD Sec. CUST Street LT Subtotal			
<b>Underground Lines</b>	Primary Sec. DMD Sec. CUST Subtotal			
<b>Line Transformers</b>	Sec. DMD Sec. CUST Subtotal			
<b>Services</b>	Sec. DMD Sec. CUST Subtotal			
<b>Meters</b>	Meters Subtotal	100.00 100.00		
<b>Area Light</b>	Area LT Subtotal		100.00 100.00	
<b>Street Lighting</b>	Street LT Subtotal			100.00 100.00
<b>Account Total</b>		100.00	100.00	100.00

## **Distribution Plant – Subfunctionalization**

### **Substations**

Distribution substations are subfunctionalized by analyzing engineering “one line” diagrams to identify the voltage levels of each substation. The associated plant account retirement units for the substations are used to determine the investment at each voltage level.

The associated distribution plant in Land (Account 360.2), Land Rights (Account 360.4), and Structures & Improvements (Account 361) are subfunctionalized based on an analysis of Station Equipment (Account 362).

### **Overhead Conductors and Devices (Account 365)**

The subfunctionalization of Overhead Conductors and Devices (Account 365) is based on plant account retirement units that are used to determine the investment at primary and secondary voltages. Because this account contains retirement units for property other than conductors (e.g., circuit breakers), the total investment in the account is subfunctionalized based on the analysis of overhead conductors.

Land (Account 360.2) and Land Rights (Account 360.4) associated with overhead conductors are subfunctionalized based on the total subfunctionalized investment of Overhead Conductors and Devices (Account 365) and Poles, Towers, and Fixtures (Account 364).

### **Poles, Towers and Fixtures (Account 364)**

Account 364 is composed of the following subaccounts:

- 364.2 – Towers and Fixtures
- 364.4 – Poles and Fixtures
- 364.6 – Clearing, Land and Right-of-Way – Towers
- 364.8 – Clearing, Land and Right-of-Way - Poles

Investment in Subaccounts 364.2 and 364.6 is segmented to the primary subfunctions only.

Subaccount 364.4, Poles and Fixtures, is segmented to primary and secondary subfunctions based on plant account retirement units. Investment in 40-foot and 45-foot poles can be assigned to either the primary or secondary subfunction. Accordingly, segmentation is based on the ratio of investment in overhead conductors assigned to the subtransmission/primary and secondary subfunctions.

The remaining investment in Account 364 (hardware and devices, guys, anchors, etc.) is assigned to the primary and secondary subfunctions based on the number of poles assigned to each subfunction. The number of poles used to segment the primary subfunction is doubled to reflect the fact that primary poles require twice the investment in attachments.

Investment in Subaccount 364.8, Clearing, Land and Right-of-Way-Poles, is split into subfunctions based on the segmentation of Subaccount 364.4, Poles and Fixtures.

The investment for street lighting/area lighting is based on the number of wood poles used for street/area lighting and the determination as to whether those poles are used for sole-use or joint-use purposes.

### **Underground Conductors and Devices (Account 367)**

The subfunctionalization of Underground Conductors and Devices (Account 367) is based on plant account retirement units which are used to determine the investment in the primary and secondary voltages. The segmented investment is used to determine the segmentation between the primary and secondary voltages.

Land (Account 360.2) and Land Rights (Account 360.4) associated with underground conductors are subfunctionalized based on the total subfunctionalized investment in Underground Conductors (Account 367) and Underground Conduit (Account 366).

### **Underground Conduit (Account 366)**

The subfunctionalization of Underground Conduit (Account 366) is based on the subfunctionalization of underground conductor. Consequently, the same percentages of subtransmission, primary, and secondary apply.

### **Line Transformers (Account 368)**

The investment in Line Transformers (Account 368) is considered to be a 100% secondary subfunction.

### **Services (Account 369)**

The investment in Services (Account 369) is considered to be a 100% secondary subfunction.

### **Area Lighting (Account 371)**

The investment in area lighting is considered to be a 100% secondary subfunction.

**Street Lighting (Account 373)**

The investment in street lighting is considered to be a 100% secondary subfunction.

## Distribution Plant – Classification

### Minimum Size System Study

A "minimum size system" study, using plant balances as of December 31, 2006, was conducted to determine the demand and customer components of the distribution plant accounts. The "minimum size" method, which is described in the NARUC Cost Allocation Manual, was used as a guide in the preparation of this study.

The study involved the determination of the current cost of the "minimum size" plant investment (poles, conductors, cables, transformers, and services) that is necessary to provide reliable electric service to customers.

To address the issue of the minimum size unit potentially having load-carrying capability that was raised in the Company's 2004 rate case proceeding, and referred to in the NARUC Manual, a "no-load adjustment factor" was developed. This adjustment factor was derived from the Capitalized Cost Method for determining the total "owning cost" for transformers. The owning costs consist of the cost of the transformer plus the cost of core (no load) losses and the cost of load losses. The no-load adjustment factor reflects the cost of the transformer plus the cost of core losses as a percent of total owning costs.

The no-load adjustment factor reduces the current average book costs of the appropriate minimum size units to exclude the estimated level of load-carrying capability. The adjusted current average book costs of the minimum size units are used to determine the customer component of the account; the remaining balance represents the demand component.

### Summary Results

ACCOUNT	DESCRIPTION	% CUSTOMER	% DEMAND
364	Poles, Towers & Fixtures	61.30	38.70
365	Overhead Conductors & Devices	51.12	48.88
366	Underground Conduit	67.73	32.27
367	Underground Conductors & Devices	67.73	32.27
368	Line Transformers	52.82	47.18
369	Services	76.78	23.22

## **Account Details**

### **Poles, Towers & Fixtures (Account 364)**

PPL Electric's Plant Account Records were analyzed to determine the average installed book cost per pole. A 40-foot wood pole is the "minimum size" pole currently being installed on PPL Electric's system. The current average book cost of the 40-foot pole is multiplied by the total number of poles in the distribution system to determine the customer component. The balance of the plant account represents the demand component.

### **Overhead Conductors and Devices (Account 365)**

The Company's Plant Account Records were analyzed to determine the average installed book cost per foot of overhead conductor. The "minimum size" overhead conductor currently being installed on PPL Electric's system is 1/0 aluminum conductor-steel reinforced ("ACSR"). The current average book cost for 1/0 ACSR is multiplied by the no-load adjustment factor, and the result is multiplied by the total number of feet of overhead conductor in the distribution system to determine the customer component. The balance of the plant account represents the demand component.

The unit of property retirement code for 1/0 aluminum conductor contains all conductors (2/0 through 1/0 aluminum); however, 1/0 ACSR is the predominant size conductor.

### **Underground Conduit (Account 366)**

This account is assigned the same customer/demand ratio as Underground Conductors (Account 367).

### **Underground Conductors (Account 367)**

The Company's Plant Account Records were analyzed to determine the average installed book cost per foot of underground conductor. The "minimum size" underground conductor currently being installed on PPL Electric's system is 1/0 aluminum. The current average book cost for 1/0 aluminum is multiplied by the no-load adjustment factor, and the result is multiplied by the total number of feet of underground conductor in the distribution system to determine the customer component. The balance of the plant account represents the demand component.

The unit of property retirement code for 1/0 aluminum conductor contains all conductors (2/0 through 1/0 aluminum); however, 1/0 aluminum is the predominant size conductor.

### **Line Transformers (Account 368)**

The Company's Plant Account Records were analyzed to determine the average installed book cost per transformer. A 10KVA overhead transformer and a 25 KVA underground transformer are the "minimum size" transformers currently being installed on PPL Electric's system.

The current average book cost of the "minimum size" overhead transformer is multiplied by the no-load adjustment factor, and the result is multiplied by the total number of overhead transformers in the distribution system to determine the customer component.

The current average book cost of the "minimum size" underground transformer is multiplied by the no-load adjustment factor, and the result is multiplied by total number of underground transformers to determine the customer component.

The customer components of the overhead and underground transformers are combined to determine the total weighted customer component for the account. The balance of the plant account represents the demand component.

The minimum size 10 KVA overhead transformer is recorded in the unit of property retirement code for "Less Than 30 KVA" overhead transformers. The predominant KVA sizes included are 10, 15 and 25. The cost of 10 KVA transformers was determined by prorating the plant investment based on current quantities and current replacement costs.

The minimum size 25 KVA underground transformer is recorded in the unit of property retirement code for "Less Than 50 KVA" underground transformers. The 25 KVA size is the predominant unit in this retirement code.

### **Services (Account 369)**

The Company's Plant Account Records were analyzed to determine the average installed book cost per service (#4 Triplex Overhead Service and #10 Aluminum Underground Service are the "minimum size" services currently being installed on PPL Electric's system). Because these are the only units of property maintained for services, the total current installed book costs of overhead and underground services are multiplied by the no-load adjustment factor and combined to determine the customer component of Account 369. The balance of the plant account represents the demand component.

The following table provides a summary of the calculations.

**PPL Electric Utilities Corporation  
Minimum Size System Study  
As of December 31, 2006**

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
			MINIMUM SIZE								
ACCOUNT	MINIMUM SIZE (UNITCODE)	UNIT	TOTAL INSTALLED COST	TOTAL INSTALLED UNITS	AVERAGE UNIT COST (4)/(5)	ADJUSTED UNIT COST X NO-LOAD FACTOR	ACCOUNT TOTAL UNITS	TOTAL CUSTOMER COMPONENT	ACCOUNT TOTAL	% CUSTOMER (9)/(10)	% DEMAND 100-(11)
364	40 Foot Wood Pole (613007)	Pole	\$ 191,815,431	388,753	\$ 493.41	-	693,138	\$ 440,685,089	\$ 716,846,800	61.30%	38.70%
365	1/0 and below Aluminum Overhead Conductor (625210)	Feet	\$ 161,160,184	185,093,733	\$ 0.87	\$ 0.68	420,257,406	\$ 285,085,166	\$ 557,676,187	51.12%	48.88%
366	Underground Conduit - Uses same percentages as Account 367								\$ 126,857,924	67.73%	32.27%
367	1/0 and below Aluminum - Underground Conductor (625210)	Feet	\$ 217,686,551	80,222,145	\$ 2.71	\$ 2.41	94,717,640	\$ 228,234,431	\$ 336,966,102	67.73%	32.27%
368.2	10 KVA Overhead Transformer (388301)	Number	\$ 28,376,419	80,743	\$ 351.44	\$ 273.81	360,782	\$ 98,784,946			
368.4	25 KVA Underground Transformer (388407)	Number	\$ 29,782,695	22,655	\$ 1,314.62	\$ 1,167.38	74,718	\$ 87,224,427			
368 Total	Total Overhead and Underground Transformers		\$ 58,159,113	103,398			435,500	\$ 186,009,373	\$ 352,165,555	52.82%	47.18%
369	Overhead Services (583801)	Number	\$ 148,952,950	871,933	\$ 168.54	\$ 131.31	871,933	\$ 114,491,043			
	Underground Services (583802)	Number	\$ 360,898,610	478,302	\$ 754.54	\$ 587.86	478,302	\$ 281,176,107			
369 Total	Total Overhead and Underground Services		\$ 507,851,560	1,350,235	\$ 376.12	\$ 293.04		\$ 395,667,150	\$ 515,302,771	76.78%	23.22%

Notes:

- a. Account 366 Underground Conduit is split the same for customer and demand percentages as Account 367 Underground Conductor as stated in the NARUC Cost Allocation Manual.
- b. Account 368.2 Overhead Line Transformers, unitcode 388301 Less Than 30 KVA Transformers ranging predominantly between 10-25 KVA, used approximately 74% Residential and 26% Commercial.  
Cost of 10 KVA minimum size transformer determined by prorating plant investment based on current quantities and current replacement costs.
- c. Account 368.4 Underground Transformers, unitcode 388407 Less Than 50 KVA Transformers predominantly 25 KVA, used approximately 96% Residential and 4% Commercial.
- d. Account 368 Line Transformers are first split between overhead and underground to determine the customer component and then summarized for the account.
- e. Account 369 Services are first split between overhead and underground service to determine the customer component and then summarized for the account.
- f. No-Load Adjustment Factor - Adjusts costs of minimum size normal load facilities to exclude load carrying capability.

Overhead Transformer	77.9%	- Also applied to overhead conductors and services.
Underground Transformer	88.8%	- Also applied to underground conductor.

## **Operation & Maintenance Expense**

The process of subfunctionalizing Distribution Operation & Maintenance ("O&M") expense begins with the proration of Supervision and Engineering (Accounts 580 and 590) expense to the other distribution O&M accounts based on the ratio of the labor component of each account to the total distribution labor cost. After prorating the Supervision and Engineering expense, the other O&M accounts are subfunctionalized and classified based on the subfunctionalization of distribution plant.

The following tables provide summaries of the subfunctionalization of distribution O&M expense by account.

**PPL ELECTRIC UTILITIES CORPORATION  
DISTRIBUTION EXPENSE ACCOUNTS  
FOR COST ALLOCATION PURPOSES  
FOR THE 12 MONTHS ENDED DECEMBER 31, 2006  
(%000)**

<b>CATEGORY</b>	<b>ACCOUNT</b>	<b>DESCRIPTION</b>	<b>AMOUNT</b>
OPERATION	580	SUPERVISION & ENGINEERING	16,275
	581	LOAD DISPATCHING	5,146
	582	STATION EXPENSES	640
	583	OVERHEAD LINE EXPENSES	15,301
	584	UNDERGROUND LINE EXPENSES	5,579
	585	STREET LIGHTING & SIGNALS	565
	586	METER EXPENSES	7,993
	587	CUSTOMER INSTALLATION EXPENSES	5,181
	588	MISCELLANEOUS DISTRIBUTION EXP	4,929
	589	RENTS	8,072
	SUBTOTAL		\$69,682
MAINTENANCE	590	SUPERVISION & ENGINEERING	1,399
	591	MAINTENANCE OF STRUCTURES	89
	592	MAINTENANCE OF STATION EQUIP.	8,503
	593	MAINTENANCE OF OVERHEAD LINES	46,012
	5935	MAINTENANCE OVERHEAD SERVICES	1,693
	594	MAINTENANCE OF UNDERGROUND LINES	4,883
	5943	MAINTENANCE OF UNDERGROUND SERVICES	41
	5946	MAINTENANCE OF UNDERGROUND - OTHER	3,008
	595	MAINTENANCE OF LINE TRANSFORMERS	2,214
	596	MAINTENANCE OF STREET LIGHTING	2,647
	597	MAINTENANCE OF METERS	70
	598	MAINTENANCE OF MISC. DISTRIBUTION	1,692
	SUBTOTAL		\$72,252
<b>TOTAL DISTRIBUTION EXPENSES</b>			<b>\$141,935</b>

**PPL ELECTRIC UTILITIES CORPORATION**  
**SUBFUNCTIONALIZATION OF DISTRIBUTION EXPENSE ACCOUNTS**  
**PRORATION OF SUPERVISION AND ENGINEERING ACCOUNTS**  
**FOR COST ALLOCATION PURPOSES**  
**FOR THE 12 MONTHS ENDED DECEMBER 31, 2006**  
**(\$000)**

<b>ACCOUNT</b>	<b>CATEGORY</b>	<b>TOTAL</b>	<b>LABOR</b>	<b>MATERIAL</b>	<b>ACCOUNT 580 PRORATION</b>
582	SUBSTATION	\$ 640	\$ 403	\$ 237	\$ 299
583	OVERHEAD LINES	\$ 15,301	\$ 6,844	\$ 8,457	\$ 5,080
584	UNDERGROUND LINES	\$ 5,579	\$ 3,759	\$ 1,820	\$ 2,790
585	STREET LIGHTING	\$ 565	\$ 25	\$ 540	\$ 21
586	METERS	\$ 7,993	\$ 5,165	\$ 2,828	\$ 3,833
587	CUSTOMER INSTALLATIONS	\$ 5,181	\$ 2,540	\$ 2,640	\$ 1,885
588	MISCELLANEOUS	\$ 13,001	\$ 3,190	\$ 9,812	\$ 2,367
<b>TOTAL</b>		<b>\$ 48,262</b>	<b>\$ 21,927</b>	<b>\$ 26,334</b>	<b>\$ 16,275</b>

**PPL ELECTRIC UTILITIES CORPORATION**  
**SUBFUNCTIONALIZATION OF DISTRIBUTION EXPENSE ACCOUNTS**  
**PRORATION OF SUPERVISION AND ENGINEERING ACCOUNTS**  
**FOR COST ALLOCATION PURPOSES**  
**FOR THE 12 MONTHS ENDED DECEMBER 31, 2006**  
**(%000)**

ACCOUNT	CATEGORY	TOTAL	LABOR	MATERIAL	ACCOUNT 590 PRORATION
591	SUBSTATION	\$ 89	\$ 47	\$ 42	\$ 4
592	SUBSTATION	\$ 8,503	\$ 3,690	\$ 4,813	\$ 294
593	OVERHEAD LINES	\$ 46,012	\$ 8,193	\$ 37,819	\$ 653
5935	OVERHEAD SERVICE	\$ 1,693	\$ 558	\$ 1,136	\$ 44
594	UNDERGROUND LINES	\$ 4,883	\$ 1,992	\$ 2,891	\$ 159
5943	UNDERGROUND SERVICES	\$ 41	\$ 4	\$ 37	\$ -
5946	UNDERGROUND SERVICE - OTHER	\$ 3,008	\$ 540	\$ 2,468	\$ 43
595	LINE TRANSFORMERS	\$ 2,214	\$ 1,253	\$ 961	\$ 100
596	STREET LIGHTING	\$ 2,647	\$ 795	\$ 1,852	\$ 63
597	METERS	\$ 70	\$ 27	\$ 44	\$ 2
598	STREET LIGHTING	\$ 1,692	\$ 465	\$ 1,227	\$ 37
<b>TOTAL</b>		<b>\$ 70,853</b>	<b>\$ 17,563</b>	<b>\$ 53,290</b>	<b>\$ 1,399</b>

**PPL ELECTRIC UTILITIES CORPORATION**  
**SUBFUNCTIONALIZATION OF DISTRIBUTION EXPENSE ACCOUNTS**  
**BASED ON % OF ACCOUNT TOTAL**  
**FOR COST ALLOCATION PURPOSES**  
**FOR THE 12 MONTHS ENDED DECEMBER 31, 2006**

Category	Description	580	581	582	583	584	585	586	587	588	589
<b>Substation</b>	Primary	1.81	12.66	98.56							
	Secondary	0.03	0.19	1.44							
	Subtotal	1.84	12.85	100.00							
<b>Overhead Lines</b>	Primary	9.51	19.78		30.46						
	Sec. DMD	8.87	18.46		28.43						
	Sec. CUST	11.56	24.05		37.04						
	Street LT	1.27	2.64		4.07						
	Subtotal	31.21	64.93		100.00						
<b>Underground Lines</b>	Primary	2.93	3.80			17.08					
	Sec. DMD	4.59	5.95			26.78					
	Sec. CUST	9.62	12.47			56.14					
	Subtotal	17.74	22.22			100.00					
<b>Miscellaneous</b>	Miscellaneous	14.54								100.00	100.00
	Subtotal	14.54								100.00	100.00
<b>Meters</b>	Meters	23.55						100.00			
	Subtotal	23.55						100.00			
<b>Street Lighting</b>	Street Lighting	0.13					100.00				
	Subtotal	0.13					100.00				
<b>Customer Installations</b>	Customer Installations	11.58							100.00		
	Subtotal	11.58							100.00		
<b>Account Total</b>		100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

**PPL ELECTRIC UTILITIES CORPORATION**  
**SUBFUNCTIONALIZATION OF DISTRIBUTION EXPENSE ACCOUNTS**  
**BASED ON % OF ACCOUNT TOTAL**  
**FOR COST ALLOCATION PURPOSES**  
**FOR THE 12 MONTHS ENDED DECEMBER 31, 2006**

Category	Description	590	591	592	593	594	595	596	597	598
<b>Substation</b>	Primary	20.99	98.56	98.56						
	Secondary	0.31	1.44	1.44						
	Subtotal	21.30	100.00	100.00						
<b>Overhead Lines</b>	Primary	14.22			29.38					
	Sec. DMD	13.27			23.81					
	Sec. CUST	17.29			35.72					
	Street LT	1.90			3.92					
	Subtotal	46.68			96.45					
<b>Underground Lines</b>	Primary	1.94				10.51				
	Sec. DMD	3.04				16.49				
	Sec. CUST	6.38				34.56				
	Subtotal	11.37				61.56				
<b>Services</b>	Sec. DMD	1.44			0.82	8.92				
	Sec. CUST	4.78			2.73	29.51				
	Subtotal	6.22			3.55	38.44				
<b>Line Transformers</b>	Sec. DMC	3.37					47.18			
	Sec. Cust	3.78					52.82			
	Subtotal	7.15					100.00			
<b>Meters</b>	Meters	0.14							100.00	
	Subtotal	0.14							100.00	
<b>Street Lighting</b>	Street Lighting	7.15						100.00		100.00
	Subtotal	7.15						100.00		100.00
<b>Total</b>		100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

**SECTION II**

## Allocation of Meter Investment

### Meters (Account 370)

A Meter Investment study, using data as of December 31, 2006, was conducted to estimate the metering cost per customer. The process included the following steps.

1. Typical metering configurations were identified.
2. The total material cost was calculated by using the current purchase price for each material item in the typical metering configuration. For items where a large quantity is purchased from several vendors, a weighted average cost is calculated based on the number of units purchased from each vendor and each vendor's price. Stores Expense, which includes the cost of stocking and handling the materials, is added to the purchase price to obtain the total material cost.
3. The total labor cost for each typical meter configuration is calculated using current labor costs. Labor costs include: shop labor, overheads on shop labor, field labor, overheads on field labor, and vehicle use.
4. The total cost for each typical meter configuration is the sum of the material and labor costs.
5. The estimated meter investment for each rate class designation is calculated by multiplying the estimated meter cost per customer, based on the typical meter configuration, by the total number of customers.
6. The difference between the Meter Investment (Account 370) and the total of meter investment by rate class is prorated by rate class designation based on the current estimated metering costs so that the total meter investment is equal to the investment in Account 370 Meters.

The current estimated metering investment by rate class, using historical costs and prorated costs, is summarized on the following tables.

**PPL ELECTRIC UTILITIES CORPORATION**  
**ALLOCATION OF METER COSTS**  
**FOR THE 12 MONTHS ENDED DECEMBER 31, 2006**  
(\$000)

RATE CLASS	METER TYPE	UNIT COST	CUSTOMERS	TOTAL COST
RS	A	113	1,201,190	135,630,806
	B	452	472	213,428
	C	339	365	123,831
	TOTAL RATE CLASS		1,202,027	135,968,065
RTS	C	339	13,895	4,714,075
	TOTAL RATE CLASS		13,895	4,714,075
GS 1	A	113	3,490	394,069
	B	452	83	37,531
	C	339	898	304,659
	D	126	143,527	18,036,190
	E	4,933	22	108,531
	TOTAL RATE CLASS		148,020	18,880,980
GS 3, IS-1	A	113	65	7,339
	F	1,031	20,000	20,629,959
	G	1,349	2,403	3,241,126
	H	2,348	87	204,242
	TOTAL RATE CLASS		22,555	24,082,667
LP 4	I	4,933	1,123	5,540,022
	K	3,770	9	33,931
	TOTAL RATE CLASS		1,132	5,573,953
ISP	J	6,749	29	195,709
	TOTAL RATE CLASS		29	195,709
LP 5	J	19,152	197	3,772,943
	TOTAL RATE CLASS		197	3,772,943
L5-S	J	19,152	6	114,912
	TOTAL RATE CLASS		6	114,912
LP 6	J	36,636	10	366,356
	TOTAL RATE CLASS		10	366,356
IST	J	21,466	47	1,008,887
	TOTAL RATE CLASS		47	1,008,887
LPEP	J	61,321	1	61,321
	TOTAL RATE CLASS		1	61,321
ISA	J	234,485	1	234,485
	TOTAL RATE CLASS		1	234,485
GH	F	1,031	3,362	3,467,896
	G	1,349	78	105,205
	TOTAL RATE CLASS		3,440	3,573,101
<b>TOTAL METER COST</b>			<b>1,391,360</b>	<b>198,547,453</b>

**PPL ELECTRIC UTILITIES CORPORATION**  
**ALLOCATION OF METER COSTS**  
**METER PLANT INVESTMENT (CW1)**  
**AS OF DECEMBER 31, 2006**

<b>RATE CLASS</b>	<b>TOTAL P. 21 METER COST</b>	<b>PRORATED METER COST</b>	<b>2006 YEAR END CUSTOMERS</b>	<b>AVERAGE METER COST</b>
RS	\$ 135,968,065	\$ 173,426,128	1,189,902	\$ 145.75
RTS	4,714,075	6,012,769	13,882	433.15
GS -1	18,880,980	24,082,582	145,704	165.29
GS- 3, IS-1	24,082,667	30,717,696	22,331	1,375.58
LP- 4	5,573,953	7,109,969	1,025	6,936.59
ISP	195,709	249,625	27	9,259.26
LP- 5	3,772,943	4,812,362	107	44,971.96
L5-S	114,912	146,569	6	24,500.00
LP-6	366,356	467,285	4	116,750.00
IST	1,008,887	1,286,829	26	49,500.00
LPEP	61,321	78,215	1	78,000.00
ISA	234,485	299,084	1	299,000.00
GH	3,573,101	4,557,336	3,347	1,361.52
SL	0	0	1,387	0.00
TOTAL PPUC	\$ 198,547,453	253,246,449	1,377,750	
RES69	113,927	113,927	10	11,392.70
RES12	67,372	67,372	8	8,421.50
TOTAL RESALE	181,299	181,299	18	
TOTAL SYSTEM	\$ 198,728,752	\$ 253,427,748	\$ 1,377,768	

## Distribution O&M Expense

### Meter Reading Expense (Account 902)

The Meter Reading expense account has a balance of \$3,309,955. The expense is prorated to the specific rate classes on the basis of the number of customers in each rate class. A summary of the proration is provided on the following table. The table is set up to handle a variation in the number of customers. For the historic test year, the number of customers is constant.

SECTION III

**PPL ELECTRIC UTILITIES CORPORATION**  
**ALLOCATION OF METER COSTS**  
**METER READING EXPENSE (CW2)**  
**FOR THE 12 MONTHS ENDED DECEMBER 31, 2006**

RATE CLASS				AVERAGE	
	CUSTOMERS	PRORATED EXPENSE	INDICATED COSTS	CUSTOMERS	METER READING EXPENSE
RS	1,189,902	2,861,506	2,861,506	1,189,902	2.40
RTS	13,882	33,384	33,384	13,882	2.40
GS 1	145,704	350,393	350,393	145,704	2.40
GS 3	22,331	53,702	53,702	22,331	2.40
LP 4	1,025	2,465	2,465	1,025	2.40
ISP	27	65	65	27	2.40
LP 5	107	257	257	107	2.40
IST	26	63	63	26	2.40
LP-6	4	10	10	4	2.40
LPEP	1	2	2	1	2.40
ISA	1	2	2	1	2.40
GH	3,347	8,049	8,049	3,347	2.40
SL/AL	0	0	-	0	0.00
L5-S	6	14	14	6	2.40
TOTAL PPUC	1,376,363	3,309,912	3,309,912	1,376,363	
Resale-69 KV	10	24	24	10	2.40
Resale-1 2 KV	8	19	19	8	2.40
TOTAL RESALE	18	43	43	18	
TOTAL SYSTEM	1,376,381	3,309,955	3,309,955	1,376,381	

**PPL ELECTRIC UTILITIES CORPORATION**  
**SUMMARY OF METERING AND BILLING CREDITS**  
**12 MONTHS ENDED DECEMBER 31, 2007**

RATE SCHEDULES	NUMBER OF CUSTOMERS	METERS REVENUE REQTS.	METER CREDIT PER MONTH	METER READING REVENUE REQTS.	METER READING CREDIT PER MONTH	CUSTOMER BILLING AND COLLECTIONS REV REQTS.	BILLING AND COLLECTIONS CREDIT PER MONTH
RESIDENTIAL: RS, RTS, and RTS	1,208,078	32,203,985	2.22	3,038,555	0.21	26,634,968	1.84
SECONDARY OTHER: GS-1, BL, GS-3, IS1, GH, and SL/AL	173,537	12,256,849	5.89	436,480	0.21	3,826,038	1.84
PRIMARY: LP-4 and IS-P	1,039	1,613,451	129.41	2,613	0.21	22,907	1.84
TRANSMISSION: LP-5, LP-6, IS-T, LPEP, ISA, and STANDBY	140	1,979,607	1,178.34	352	0.21	3,087	1.84

**PPL ELECTRIC UTILITIES CORPORATION  
METERING AND BILLING DATA BY CUSTOMER GROUP**

<u>RATE GROUPS</u>	<u>RESIDENTIAL</u>	<u>OTHER SECONDARY</u>	<u>PRIMARY</u>	<u>TRANSMISSION</u>	<u>TOTAL</u>
MWH SALES	13,707,637	10,939,989	6,170,286	5,870,415	36,688,327
METERS CW1	182,502	60,370	7,485	7,211	257,568
METER READING CW2	2,759,959	393,341	2,370	320	3,155,990
WAGES ALLOCATOR K939	55,378	19,343	2,228	156	77,105
NUMBER OF CUSTOMERS C10	1,208,078	173,537	1,039	140	1,382,794
METERS REVENUE REQUIREMENTS	34,356,881	11,365,822	1,409,090	1,357,207	48,489,000
METER RELATED RATE BASE ALLOCATED ON CW1	104,347,450	34,519,854	4,279,637	4,122,059	147,269,000
RETURN RATIOED ON RATE BASE	8,723,668	2,885,933	357,787	344,613	12,312,000
METERS REVENUE REQT EX RETURN	25,633,213	8,479,889	1,051,304	1,012,594	36,177,000
CLASS RATE OF RETURN APPROVED	6.63%	11.52%	13.83%	24.70%	-
RETURN AS CALCULATED FROM ABOVE	6,918,236	3,976,687	591,874	1,018,149	12,504,946
RATIO BACK TO TOTAL	6,570,772	3,776,960	562,147	967,013	11,876,892
TOTAL METER REV REQT SUMMED	32,203,985	12,256,849	1,613,451	1,979,607	48,053,892
METER CREDIT IN \$ PER MONTH	2.22	5.89	129.41	1,178.34	2.90
METER READING REV REQTS ALLOCATED ON CW2	3,038,555	436,480	2,613	352	3,478,000
METER READ CREDIT IN \$ PER MONTH	0.21	0.21	0.21	0.21	0.21
CUSTOMER ACCTS REVENUE REQTS ALLOCATED ON WAGES K433	26,634,968	3,826,038	22,907	3,087	30,487,000
CUST ACCTS CREDIT IN \$ PER MONTH	1.84	1.84	1.84	1.84	1.84

PPL ELECTRIC UTILITIES CORPORATION  
METERING AND BILLING DATA BY CUSTOMER GROUP

RATE CLASSES	PA JURISD.	RS	RTS	GS-1	GS-3	LP-4	IS-P	LP5	IS-T	LP6	LPEP	ISA	GH	SL/AL	L5-S	Total
MWH SALES	36,688,327	13,344,145	363,492	1,924,499	8,566,841	5,849,945	320,341	3,053,220	1,885,144	427,174	62,010	438,228	336,399	112,250	4,639	36,688,327
METERS CW1	257,568	176,387	6,115	24,494	31,241	7,231	254	4,894	1,309	475	80	304	4,635	0	149	257,568
METER READING CW2	3,155,990	2,727,619	32,340	334,021	51,460	2,310	60	240	60	10	0	0	7,860	0	10	3,155,990
WAGES ALLOCATOR K939	77,105	54,088	1,290	7,225	8,904	2,120	108	79	21	7	42	5	662	2,552	2	77,105
NUMBER OF CUSTOMERS C10	1,382,794	1,193,921	14,157	146,207	22,524	1,011	28	104	25	3	1	1	3,439	1,367	6	1,382,794
METERS REVENUE REQUIREMENTS	48,489,000	33,205,752	1,151,129	4,611,304	5,881,716	1,361,086	48,004	921,291	246,324	89,220	15,032	57,217	872,802	0	28,124	48,489,000
METER RELATED RATE BASE ALLOCATED ON CW1	147,269,000	100,851,284	3,496,166	14,005,282	17,863,730	4,133,841	145,796	2,798,111	748,127	270,975	45,653	173,777	2,650,842	0	85,416	147,269,000
RETURN RATIOED ON RATE BASE	12,312,000	8,431,381	292,287	1,170,871	1,493,446	345,598	12,189	233,928	62,545	22,654	3,817	14,528	221,616	0	7,141	12,312,000
METERS REVENUE REQT EX RETURN	36,177,000	24,774,371	858,842	3,440,433	4,388,270	1,015,488	35,815	687,363	183,779	66,566	11,215	42,689	651,186	0	20,983	36,177,000
CLASS RATE OF RETURN	8.36%	6.91%	-2.92%	12.75%	13.16%	13.64%	17.54%	18.29%	33.05%	16.67%	13.89%	159.47%	10.39%	2.76%	8.51%	
RETURN AS CALCULATED FROM ABOVE	12,963,062	6,968,824	(102,088)	1,785,673	2,350,867	563,856	25,573	511,775	247,256	45,172	6,341	277,123	275,422	0	7,269	12,963,062
RATIO BACK TO TOTAL	12,312,000	6,618,819	(96,961)	1,695,989	2,232,796	535,537	24,288	486,071	234,838	42,903	6,023	263,205	261,590	0	6,904	12,312,000
TOTAL METER REV REQT SUMMED	48,489,000	31,393,190	761,881	5,136,422	6,621,066	1,551,025	60,104	1,173,434	418,617	109,468	17,238	305,893	912,776	0	27,886	48,489,000
METER CREDIT IN \$ PER MONTH	2.92	2.19	4.48	2.93	24.50	127.85	178.88	940.25	1,395.39	3,040.79	1,436.47	25,491.12	22.12	0	387.31	2.92
METER READING REV REQTS ALLOCATED ON CUSTOMERS	3,478,000	3,002,947	35,608	367,739	56,652	2,543	70	262	63	8	3	3	8,650	3,438	15	3,478,000
METER READ CREDIT IN \$ PER MONTH	0.21	0.21	0.21	0.21	0.21	0.21	0.21	0.21	0.21	0.21	0.21	0.21	0.21	0.21	0.21	
CUSTOMER ACCTS REVENUE REQTS ALLOCATED ON CUSTOMERS	30,487,000	26,322,843	312,125	3,223,483	496,595	22,290	617	2,293	551	66	22	22	75,821	30,139	132	30,487,000
CUST ACCTS CREDIT IN \$ PER MONTH	1.84	1.84	1.84	1.84	1.84	1.84	1.84	1.84	1.84	1.84	1.84	1.84	1.84	1.84	1.84	