



17 North Second Street
12th Floor
Harrisburg, PA 17101-1601
717-731-1970 Main
717-731-1985 Main Fax
www.postschell.com

Christopher T. Wright

cwright@postschell.com
717-612-6013 Direct
717-731-1985 Direct Fax

November 16, 2015

VIA HAND DELIVERY

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor North
P.O. Box 3265
Harrisburg, PA 17105-3265

Re: Application of PPL Electric Utilities Corporation for All of the Necessary Authority, Approvals, and Certificates of Public Convenience (1) to Reacquire Certain Accounts Receivable by Merger of PPL Receivables Corporation with PPL Electric Utilities Corporation, and (2) for Approval of an Affiliated Interest Agreement by and between PPL Electric Utilities Corporation and PPL Receivables
Docket Nos. A-2015-_____ and G-2015-_____

Dear Secretary Chiavetta:

Enclosed for filing is the Application of PPL Electric Utilities Corporation in the above-referenced proceeding. A CD containing a copy of the Application is also provided. Also enclosed is a check in the amount of \$350.00 for the filing fee.

Copies will be provided as indicated on the Certificate of Service.

Respectfully submitted,


Christopher T. Wright

CTW/jl
Enclosures

cc: Certificate of Service

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CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing has been served upon the following persons, in the manner indicated, in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant).

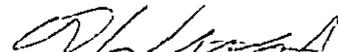
VIA FIRST CLASS MAIL

Office of Consumer Advocate
555 Walnut Street
Forum Place, 5th Floor
Harrisburg, PA 17101-1923

Bureau of Investigation & Enforcement
PO Box 3265
Commonwealth Keystone Building
400 North Street, 2nd Floor West
Harrisburg, PA 17105-3265

Office of Small Business Advocate
Commerce Building
300 North Second Street, Suite 202
Harrisburg, PA 17101

Date: November 16, 2015



Christopher T. Wright

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**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Application of PPL Electric Utilities :
Corporation for All of the Necessary :
Authority, Approvals, and Certificates of : Docket Nos. A-2015- _____
Public Convenience (1) to Reacquire : G-2015- _____
Certain Accounts Receivable by Merger of :
PPL Receivables Corporation with PPL :
Electric Utilities Corporation, and (2) for :
Approval of an Affiliated Interest :
Agreement by and between PPL Electric :
Utilities Corporation and PPL Receivables :

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**APPLICATION OF
PPL ELECTRIC UTILITIES CORPORATION**

I. INTRODUCTION

1. By this Application, PPL Electric Utilities Corporation (“PPL Electric” or the “Company”) hereby requests all necessary authority, approvals and certificates of public convenience from the Pennsylvania Public Utility Commission (the “Commission”) pursuant to Sections 1102(a)(3) and 2102(a) of the Public Utility Code, 66 Pa.C.S. §§ 1102(a)(3) and 2102(a), authorizing (1) the reacquisition of certain accounts receivable from its affiliate, PPL Receivables Corporation (“PPL Receivables”), by merger with PPL Electric, and (2) approval of an affiliated interest agreement by and between PPL Electric and PPL Receivables. PPL Electric further seeks all other approvals and certificates appropriate, customary, or necessary under the Public Utility Code to carry out the transactions contemplated in this Application in a lawful manner.

2. The complete name and address of the Applicant is as follows:

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

3. The attorneys for PPL Electric are:

Paul E. Russell (ID # 21643)
PPL Services Corporation
Office of General Counsel
Two North Ninth Street
Allentown, PA 18101
Phone: 610-774-4254
Fax: 610-774-6726
E-mail: perussell@pplweb.com

David B. MacGregor (ID # 28804)
Christopher T. Wright (ID # 203412)
Post & Schell, P.C.
17 North Second Street
12th Floor
Harrisburg, PA 17101-1601
Phone: 717-731-1970
Fax: 717-731-1985
E-mail: dmacgregor@postschell.com
E-mail: cwright@postschell.com

The Company's attorneys are authorized to receive all notices and communications regarding this Application.

4. By Order entered March 18, 2004, the Commission approved the transfer by sale of PPL Electric's then existing and future accounts receivable to a newly formed wholly owned special purpose entity, PPL Receivables. *See Application of PPL Electric Utilities Corporation for Approval for the Transfer by Sale of Its Existing and Future Accounts Receivable and the Acquisition of a Special Purpose Entity*, Docket Nos. A-110500F0337, A-110500F0338 (March 18, 2004). Through this Application, PPL Electric herein seeks limited approvals from the Commission associated with PPL Electric's proposed reacquisition of certain accounts receivable from PPL Receivables by merging PPL Receivables into PPL Electric.

5. The proposed transaction will be effectuated pursuant to an Agreement and Plan of Merger that provides for PPL Receivables, a wholly owned subsidiary of PPL Electric, to be merged into PPL Electric, the sole parent of PPL Receivables, with PPL Electric being the sole surviving entity. The transactions contemplated in this Application are hereinafter collectively

referred to as the "Proposed Transaction." The Agreement and Plan of Merger and the resolution of the Board of Directors of PPL Electric approving the Proposed Transaction will be provided as a supplement hereto when they become available.

6. The Application is organized as follows:

- Section II provides a description of the Applicant and other entities involved in the Proposed Transaction;
- Section III provides an overview of the Proposed Transaction;
- Section IV sets forth the legal standards applicable to the approvals requested in the Application;
- Section V demonstrates that the approvals requested in this Application will promote the public interest;
- Section VI identifies additional supporting data; and
- Section VII sets forth the conclusion and provides the requested approvals.

7. PPL Electric submits, as explained in more detail herein, that all criteria necessary for granting of the required approvals pursuant to the Public Utility Code have been met and, therefore, the Application should be approved without conditions to or modification of the Proposed Transaction.

II. THE PARTIES AND RELATED ENTITIES

A. PPL ELECTRIC UTILITIES CORPORATION

8. PPL Electric is a corporation organized and existing under the laws of the Commonwealth of Pennsylvania. PPL Electric is a wholly owned direct subsidiary of PPL Corporation ("PPL Corp.").

9. PPL Electric furnishes electric distribution, transmission and default supply services to approximately 1.4 million customers throughout its certificated service territory,

which includes all or portions of twenty-nine counties and encompasses approximately 10,000 square miles in eastern and central Pennsylvania.

10. PPL Electric is a “public utility,” an “electric distribution company” and a “default service provider” as defined in Sections 102 and 2803 of the Public Utility Code, 66 Pa.C.S. §§ 102, 2803.

B. PPL RECEIVABLES CORPORATION

11. PPL Receivables is a corporation organized and existing under the laws of the State of Delaware. PPL Receivables is a wholly owned direct subsidiary of PPL Electric, which in turn is a wholly owned direct subsidiary of PPL Corp.

12. PPL Receivables was formed in 2004 to purchase the eligible accounts receivable and unbilled revenue of PPL Electric to collateralize short-term financing and reduce borrowing costs. The purpose of the original sale of accounts receivable from PPL Electric to PPL Receivables was to provide PPL Electric with a reliable source of short-term financing.

III. DESCRIPTION OF THE PROPOSED TRANSACTION

13. On March 18, 2004, the Commission approved the transfer by sale of PPL Electric’s then existing and future accounts receivable to a newly formed, wholly owned special purpose entity, PPL Receivables. *See Application of PPL Electric Utilities Corporation for Approval for the Transfer by Sale of Its Existing and Future Accounts Receivable and the Acquisition of a Special Purpose Entity, Docket Nos. A-110500F0337, A-110500F0338 (March 18, 2004).*

14. Following Commission approval, PPL Electric and PPL Receivables entered into a Credit and Security Agreement and a Receivables Sale Agreement, which were amended from time to time to extend the termination date of the agreements and to reflect changes in the status of the financial market.

15. Under the Commission-approved sale of receivables program, PPL Electric would obtain financing by selling and contributing its eligible accounts receivable and unbilled revenue to PPL Receivables at the then current market price for these receivables. PPL Receivables would finance the purchase price by pledging the accounts receivable and unbilled revenue to secure loans sponsored by a financial institution. PPL Receivables paid a fee to PPL Electric to act as the servicer of the receivables and continue to collect receivables from its customers.

16. The purpose of the sale of accounts receivable from PPL Electric to PPL Receivables was to provide PPL Electric with a reliable source of short-term financing. The funds obtained under its accounts receivable program were used for general corporate purposes.

17. Prior to 2015, the market for asset-backed, short-term financing was highly liquid and provided PPL Electric with short-term debt financing at lower costs than the Company could obtain in an unsecured market.

18. Due to changes in financial market conditions, the premium to be gained by securitizing PPL Electric's accounts receivable is no longer meaningful given the low interest rates and financing costs for short-term debt. As a result, on or about January 19, 2015, PPL Electric ceased selling its accounts receivable to PPL Receivables. Since that date, PPL Electric has not transferred any accounts receivable. However, as of September 30, 2015, approximately \$28.2 million of PPL Electric's accounts receivable remain with PPL Receivables. That balance declines every month and is expected to be approximately \$1.4 million as of December 31, 2015.

19. PPL Electric herein seeks Commission approval to reacquire all of its accounts receivable that actually remain at PPL Receivables as of December 31, 2015, through a merger of PPL Receivables into PPL Electric. The Proposed Transaction will be effectuated pursuant to an Agreement and Plan of Merger, where PPL Receivables, a wholly owned subsidiary, will be

merged into PPL Electric, the sole parent of PPL Receivables, with PPL Electric to be the surviving entity.

20. The Proposed Transaction described above will be effectuated pursuant to an Agreement and Plan of Merger that is expected to become effective on December 31, 2015. The Agreement and Plan of Merger will be provided as a supplement hereto when it becomes available.

IV. LEGAL STANDARDS AND APPROVALS REQUESTED

A. SECTION 1102(A)(3)

21. Public Utility Code Section 1102(a)(3), 66 Pa.C.S. § 1102(a)(3), provides, in pertinent part, that the Commission's prior approval, evidenced by a certificate of public convenience, is required;

For any public utility or an affiliated interest of a public utility . . . to acquire from, or to transfer to, any person or corporation . . . by any method or devise whatsoever, including the sale or transfer of stock and including a consolidation, merger, sale or lease, the title to, or the possession or use of, any tangible or intangible property used or useful in the public service.

22. Section 1102(a)(3) of the Public Utility Code applies to the transfer or acquisition, by any method, including merger, of interests in tangible or intangible property used or useful in providing intrastate public utility service unless such transfers fall within one of the exceptions stated in that section.¹ Under the Proposed Transaction, PPL Electric will reacquire all of its

¹ Section 1102(a)(3) of the Public Utility Code provides that approval is not required if:

- (i) the undepreciated book value of the property to be acquired or transferred does not exceed \$1,00;
- (ii) the undepreciated book value of the property to be acquired or transferred does not exceed the lesser of:
 - (A) 2% of the undepreciated book value of all fixed assets of such public utility; or
 - (B) \$5,000 in the case of personalty or \$50,000 in the case of realty;
- (iii) the property to be acquired is to be installed new as part of or consumed in the operation of the used and useful property of such public utility; or
- (iv) the property to be transferred by such public utility is obsolete, worn out or otherwise unserviceable.

accounts receivables that actually remain at PPL Receivables as of December 31, 2015, through a merger of PPL Receivables into PPL Electric.

23. The accounts receivable are payments owed by PPL Electric's customers for the utility services rendered during each billing period. It is unclear whether accounts receivable are used or useful in providing public utility service. However, various public utilities, including PPL Electric, have sought Commission approval under Section 1102(a)(3) to transfer or sell their accounts receivable to third parties. For these reasons, PPL Electric is seeking Commission approval under Section 1102(a)(3) of the Public Utility Code to reacquire its accounts receivable through a merger of PPL Receivables into PPL Electric, as described herein.

24. Section 1103 of the Public Utility Code sets forth the procedure to obtain certificates of public convenience. The Commission may issue a certificate of public convenience upon a finding that "the granting of such certificate is necessary or proper for the service, accommodation, convenience, or safety of the public." 66 Pa.C.S. § 1103(a). The "public interest" standard is satisfied by a simple preponderance of the evidence of benefits, and such burden can be met by showing a likelihood or probability of public benefits that need not be quantified or guaranteed. *Popowsky v. Pa. Pub. Util. Comm'n*, 594 Pa. 583, 611, 937 A.2d 1040, 1057 (2007).

B. CHAPTER 21

25. Under Public Utility Code Section 2102, Commission approval is required for any affiliated interest contract before it can become effective. 66 Pa.C.S. § 2102(a). Public Utility Code Section 2101(a) defines an "affiliated interest" to include, among other things, "[e]very corporation 5% or more of whose voting securities are owned by any person or corporation owning 5% or more of the voting securities of such public utility or by any person or corporation

in any such chain of successive ownership of 5% or more of voting securities.” 66 Pa.C.S. § 2101(a)(3).

26. The Proposed Transaction will be effectuated pursuant an Agreement and Plan of Merger, where PPL Receivables, a wholly owned subsidiary of PPL Electric, will be merged into PPL Electric, the sole parent of PPL Receivables, with PPL Electric to be the surviving entity. The Agreement and Plan of Merger is by and between PPL Electric and PPL Receivables.

27. As described above, PPL Receivables is a wholly owned direct subsidiary of PPL Electric, which in turn is a wholly owned direct subsidiary of PPL Corp. PPL Electric notes that it sought and received Commission approval under Section 2102(a) of the documents governing the sale of its accounts receivable to PPL Receivables. For these reasons, PPL Electric herein requests approval of the Agreement and Plan of Merger under Section 2102(a) of the Public Utility Code to the extent deemed necessary by the Commission.

V. THE PROPOSED TRANSACTION WILL PROMOTE THE PUBLIC INTEREST

28. As explained above, at the time PPL Electric initially sold its accounts receivable to PPL Receivables, the market for asset-backed, short-term financing was highly liquid and provided PPL Electric with short-term debt financing at lower costs than were available in the unsecured market.

29. Due to changes in financial market conditions, the premium to be gained by securitizing PPL Electric’s accounts receivable is no longer meaningful given the low interest rates and financing costs for short-term debt. Stated otherwise, PPL Electric can now obtain short-term debt at a relatively lower cost than it can obtain by using its accounts receivable as collateral for short-term financing.

30. Further, merging PPL Receivables and PPL Electric, with PPL Electric becoming the sole surviving entity, will avoid future costs and fees associated with maintaining PPL Receivables as a separate corporate entity.

31. The Proposed Transaction will not alter the rights and obligations of the Company or its customers in any way.

32. The Proposed Transaction will have no effect on the rates or service PPL Electric provides to its customers.

33. PPL Electric will continue to bill and collect all of its utility service accounts receivable in accordance with Pennsylvania law, the Commission's regulations, the Company's Commission-approved retail tariff and the Company's current credit and collection policies.

34. PPL Electric submits that the proposed reacquisition of the accounts receivable by merger and use of lower cost, short-term debt is in the interest of the Company and its customers.

VI. SUPPORTING DATA

35. No registration statement, application, or declaration is required to be filed with the Securities and Exchange Commission in connection with the Proposed Transaction.

36. The proposed Agreement and Plan of Merger necessary to carry out the Proposed Transaction will become effective on December 31, 2015. The Agreement and Plan of Merger will be provided as a supplement hereto when it becomes available.

37. A certified copy of the resolutions of the Board of Directors of PPL Electric approving the Proposed Transaction will be provided as a supplement hereto when it becomes available.

38. Provided as Appendix A hereto is a balance sheet of PPL Electric as of September 30, 2015.

39. Provided as Appendix B hereto is an income statement for PPL Electric for the twelve months ended September 30, 2015.

40. Provided as Appendix C hereto is a statement with respect to the plant accounts of PPL Electric as of September 30, 2015.

41. Provided as Appendix D hereto is a statement showing the status of the funded debt of PPL Electric outstanding as of September 30, 2015.

42. Provided as Appendix E hereto is a statement showing the status of outstanding capital stock of PPL Electric as of September 30, 2015.

43. As of September 30, 2015, PPL Electric furnished service to the following number of customers:

| | |
|-------------------------------|-----------|
| Residential | 1,239,476 |
| Small Commercial & Industrial | 177,658 |
| Large Commercial & Industrial | 1,323 |
| Street Lighting | 1,527 |
| <u>Railroads and Railways</u> | <u>1</u> |
| Total | 1,419,985 |

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

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

VII. CONCLUSION

WHEREFORE, PPL Electric Utilities Corporation respectfully request that the Pennsylvania Public Utility Commission grant all necessary authority, approvals and certificates of public convenience under the Public Utility Code (1) authorizing PPL Electric Utilities

Corporation's reacquisition of certain accounts receivable from its affiliate, PPL Receivables Corporation, by merger with PPL Electric Utilities Corporation, pursuant to Section 1102 of the Public Utility Code, 66 Pa.C.S. § 1102; (2) approving the proposed Agreement and Plan of Merger by and between PPL Electric Utilities Corporation and PPL Receivables Corporation pursuant to Section 2102 of the Public Utility Code, 66 Pa.C.S. § 2102; and (3) granting all other approvals and certificates appropriate, customary, or necessary under the Public Utility Code to carry out the transactions contemplated in this Application in a lawful manner.

Respectfully submitted,

Paul E. Russell (ID # 21643)
PPL Services Corporation
Office of General Counsel
Two North Ninth Street
Allentown, PA 18101
Phone: 610-774-4254
Fax: 610-774-6726
E-mail: perussell@pplweb.com



David B. MacGregor (ID # 28804)
Christopher T. Wright (ID # 203412)
Post & Schell, P.C.
17 North Second Street
12th Floor
Harrisburg, PA 17101-1601
Phone: 717-731-1970
Fax: 717-731-1985
E-mail: dmacgregor@postschell.com
E-mail: cwright@postschell.com

Date: November 16, 2015

Counsel for PPL Electric Utilities Corporation

APPENDIX A

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**PPL ELECTRIC UTILITIES CORPORATION
BALANCE SHEET ACCOUNTS**

| <u>ACCT. NO.</u> | <u>TITLE OF ACCOUNT</u> | <u>SEPTEMBER 30, 2015</u> |
|--------------------------------|---|---------------------------|
| ASSETS AND OTHER DEBITS | | |
| UTILITY PLANT | | |
| 101 | UTILITY PLANT IN SERVICE | \$ 7,144,966,042 |
| 105 | UTILITY PLANT HELD FOR FUTURE USE | 45,681,169 |
| 106 | CC NOT CLASSIFIED | 1,715,001,367 |
| 107 | CONSTRUCTION WORK IN PROGRESS | 518,814,931 |
| | GROSS UTILITY PLANT | 9,424,463,509 |
| 108/111 | ACCUMULATED PROVISION FOR DEPRECIATION AND AMORTIZATION OF UTILITY PLANT IN SERVICE | (2,591,950,868) |
| | NET UTILITY PLANT | 6,832,512,641 |
| OTHER PROPERTY AND INVESTMENTS | | |
| 121 | NONUTILITY PROPERTY | 3,543,774 |
| 122 | ACCUMULATED PROVISION FOR DEPRECIATION OF NONUTILITY PROPERTY | (938,888) |
| | NET NONUTILITY PROPERTY | 2,604,886 |
| 123.1 | INVESTMENT IN SUBSIDIARY COMPANIES | 53,647,136 |
| 124 | OTHER INVESTMENTS | 250,000 |
| 128 | OTHER SPECIAL FUNDS | 0 |
| | TOTAL OTHER PROPERTY AND INVESTMENTS | 56,502,022 |
| CURRENT AND ACCRUED ASSETS | | |
| 131 | CASH | 3,843,863 |
| 132 | INTEREST SPECIAL DEPOSITS | 0 |
| 134 | OTHER SPECIAL DEPOSITS | 0 |
| 135 | WORKING FUNDS | 0 |
| 136 | TEMPORARY CASH INVESTMENTS | 21,291,940 |
| | NOTES AND ACCOUNTS RECEIVABLE | |
| 141 | NOTES RECEIVABLE | 0 |
| 142 | CUSTOMER ACCOUNTS RECEIVABLE | 284,016,190 |
| 143 | OTHER ACCOUNTS RECEIVABLE | 37,509,617 |
| 144 | ACCUMULATED PROVISION FOR UNCOLLECTIBLE ACCOUNTS-CREDIT | (14,835,738) |
| | TOTAL NOTES AND ACCOUNTS RECEIVABLE | 306,690,069 |
| | RECEIVABLES FROM ASSOCIATED COMPANIES | |
| 145 | NOTES RECEIVABLE FROM ASSOCIATED COMPANIES | 0 |
| 146 | ACCOUNTS RECEIVABLE FROM ASSOCIATED COMPANIES | 250,145 |
| | TOTAL RECEIVABLES FROM ASSOCIATED COMPANIES | 250,145 |
| | MATERIALS AND SUPPLIES | |
| 154 | PLANT MATERIALS AND OPERATING SUPPLIES | 32,753,455 |
| 163 | STORES EXPENSE UNDISTRIBUTED | 1,048,702 |
| | TOTAL MATERIALS AND SUPPLIES | 33,802,157 |
| 165 | PREPAYMENTS | 26,710,178 |
| | OTHER CURRENT AND ACCRUED ASSETS | |
| 171 | INTEREST AND DIVIDENDS RECEIVABLE | 2,505 |
| 172 | RENTS RECEIVABLE | 3,384,184 |
| 173 | ACCRUED UTILITY REVENUES | 82,941,390 |
| 174 | MISCELLANEOUS CURRENT AND ACCRUED ASSETS | 12,810,793 |
| 190 | ACCUMULATED DEFERRED INCOME TAXES (CURRENT) | 109,595,868 |
| | TOTAL OTHER CURRENT AND ACCRUED ASSETS | 208,734,740 |
| | TOTAL CURRENT AND ACCRUED ASSETS | 601,323,092 |
| DEFERRED DEBITS | | |
| 181 | UNAMORTIZED DEBT EXPENSE | 21,284,327 |

PPL ELECTRIC UTILITIES CORPORATION
BALANCE SHEET ACCOUNTS

| ACCT. <u>NO.</u> | <u>TITLE OF ACCOUNT</u> | <u>SEPTEMBER 30, 2015</u> |
|---------------------|--|---------------------------|
| 182.3 | OTHER REGULATORY ASSETS | 779,060,629 |
| 183 | PRELIMINARY SURVEY AND INVESTIGATION CHARGES | 2,205,276 |
| 184 | CLEARING ACCOUNTS | 0 |
| 185 | TEMPORARY FACILITIES | 150,295 |
| 186 | MISCELLANEOUS DEFERRED DEBITS | 13,181,733 |
| 189 | UNAMORTIZED LOSS ON REACQUIRED DEBT | 44,024,809 |
| 190 | ACCUMULATED DEFERRED INCOME TAXES | 537,887,800 |
| | LESS CURRENT ACCUMULATED DEFERRED INCOME TAXES | 109,595,868 |
| | TOTAL ACCUMULATED DEFERRED INCOME TAXES (NONCURRENT) | <u>428,291,932</u> |
| | TOTAL DEFERRED DEBITS | <u>1,288,199,001</u> |
| | TOTAL ASSETS AND OTHER DEBITS | <u>\$ 8,778,536,756</u> |

PPL ELECTRIC UTILITIES CORPORATION
BALANCE SHEET ACCOUNTS

| ACCT. NO. | <u>TITLE OF ACCOUNT</u> | <u>SEPTEMBER 30, 2015</u> |
|--------------------------------------|---|---------------------------|
| LIABILITIES AND OTHER CREDITS | | |
| PROPRIETARY CAPITAL | | |
| 201 | COMMON STOCK ISSUED | \$ 363,833,249 |
| 204 | PREFERRED STOCK ISSUED | 0 |
| 207 | PREMIUM ON CAPITAL STOCK | 0 |
| 211 | ADDITIONAL PAID IN CAPITAL | 1,931,510,405 |
| 214 | CAPITAL STOCK EXPENSE | (6,283,429) |
| 216 | EARNINGS REINVESTED | 800,160,853 |
| 216.1 | UNAPPROPRIATED UNDISTRIBUTED SUBSIDIARY EARNINGS | (419,096) |
| 217 | REACQUIRED CAPITAL STOCK | 0 |
| 219 | OTHER COMPREHENSIVE INCOME | (23,582) |
| | TOTAL PROPRIETARY CAPITAL | 3,088,778,400 |
| LONG-TERM DEBT | | |
| 221 | BONDS | 2,613,750,000 |
| 222 | REACQUIRED BONDS | 0 |
| 224 | OTHER LONG-TERM DEBT | 0 |
| 225 | UNAMORTIZED PREMIUM ON LONG-TERM DEBT | 0 |
| 226 | UNAMORTIZED DISCOUNT ON LONG-TERM DEBT-DEBIT | (10,799,220) |
| | | 2,602,950,780 |
| | LESS AMOUNTS DUE WITHIN ONE YEAR | |
| 221 | BONDS | 100,000,000 |
| | TOTAL LONG-TERM DEBT | 2,502,950,780 |
| OTHER NONCURRENT LIABILITIES | | |
| 227 | OBLIGATIONS UNDER CAPITAL LEASES-NONCURRENT | 0 |
| 228.3 | ACCUMULATED PROVISION FOR PENSIONS AND BENEFITS | 201,176,153 |
| 229 | ACCUMULATED PROVISION FOR RATE REFUNDS | 0 |
| | TOTAL OTHER NONCURRENT LIABILITIES | 201,176,153 |
| CURRENT AND ACCRUED LIABILITIES | | |
| LONG-TERM DEBT DUE WITHIN ONE YEAR | | |
| 221 | BONDS | 100,000,000 |
| 231 | NOTES PAYABLE | 68,000,000 |
| 232 | ACCOUNTS PAYABLE | 324,580,136 |
| 233 | NOTES PAYABLE - AFFILIATED COMPANIES | 0 |
| 234 | ACCOUNTS PAYABLE TO ASSOCIATED COMPANIES | 62,926,598 |
| 235 | CUSTOMER DEPOSITS | 17,452,597 |
| 236 | TAXES ACCRUED | 34,447,464 |
| 237 | INTEREST ACCRUED | 26,099,200 |
| 238 | DIVIDENDS DECLARED | 0 |
| 240 | MATURED INTEREST | 0 |
| 241 | TAX COLLECTIONS PAYABLE | 964,775 |
| 242 | MISCELLANEOUS CURRENT AND ACCRUED LIABILITIES | 76,385,123 |
| 243 | OBLIGATIONS UNDER CAPITAL LEASES-CURRENT | 0 |
| 283 | ACCUMULATED DEFERRED INCOME TAXES-OTHER (CURRENT) | 13,159,250 |
| | TOTAL CURRENT AND ACCRUED LIABILITIES | 724,015,143 |
| DEFERRED CREDITS | | |
| 252 | CUSTOMER ADVANCES FOR CONSTRUCTION | 409,547 |
| 253 | OTHER DEFERRED CREDITS | 29,344,470 |
| 254 | OTHER REGULATORY LIABILITIES | 145,641,927 |
| 255 | ACCUMULATED DEFERRED INVESTMENT TAX CREDITS | 539,944 |

PPL ELECTRIC UTILITIES CORPORATION
BALANCE SHEET ACCOUNTS

| ACCT. <u>NO.</u> | <u>TITLE OF ACCOUNT</u> | <u>SEPTEMBER 30, 2015</u> |
|---------------------|--|---------------------------|
| 257 | UNAMORTIZED GAIN ON REAQUIRED DEBT | 0 |
| 281 | ACCUMULATED DEFERRED INCOME TAXES - ACCELERATED AMORTIZATION PROPERTY | 0 |
| 282 | ACCUMULATED DEFERRED INCOME TAXES-OTHER PROPERTY | 1,647,633,698 |
| 283 | ACCUMULATED DEFERRED INCOME TAXES-OTHER | 451,205,944 |
| | LESS ACCUMULATED DEFERRED INCOME TAXES-OTHER (CURRENT) | 13,159,250 |
| | TOTAL ACCUMULATED DEFERRED INCOME TAXES-OTHER (NONCURRENT) | 438,046,694 |
| | TOTAL DEFERRED CREDITS | 2,261,616,280 |
| | TOTAL LIABILITIES AND OTHER CREDITS | \$ 8,778,536,756 |

APPENDIX B

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PPL ELECTRIC UTILITIES CORPORATION
STATEMENT OF INCOME
TWELVE MONTHS ENDED SEPTEMBER 30, 2015

| ACCT. NO. | | |
|--------------|---|-------------------------|
| | UTILITY OPERATING INCOME | |
| 400 | OPERATING REVENUES | <u>\$ 2,248,355,429</u> |
| | OPERATING EXPENSES | |
| 401 | OPERATION EXPENSES | 1,223,990,466 |
| 402 | MAINTENANCE EXPENSES | 131,640,046 |
| 403/406 | DEPRECIATION EXPENSES AND AMORTIZATION OF ELECTRIC PLANT ACQUISITION ADJUSTMENTS | 205,844,546 |
| 407.3 | REGULATORY DEBITS | 13,623,972 |
| 407.4 | REGULATORY CREDITS | |
| 408.1 | TAXES OTHER THAN INCOME TAXES | 121,104,688 |
| 409.1 | INCOME TAXES | |
| | FEDERAL | 11,718,159 |
| | STATE | 24,479,496 |
| 410.1 | PROVISION FOR DEFERRED INCOME TAXES | 774,829,968 |
| 411.1 | PROVISION FOR DEFERRED INCOME TAXES-CREDIT | (638,983,072) |
| 411.4 | INVESTMENT TAX CREDIT ADJUSTMENT | (1,199,451) |
| 411.6 | GAINS FROM DISPOSITION OF UTILITY PLANT | |
| 411.7 | LOSSES FROM DISPOSITION OF UTILITY PLANT | 8,974 |
| 411.8 | GAINS FROM DISPOSITION OF EMISSION ALLOWANCES | |
| | TOTAL UTILITY OPERATING EXPENSES | <u>1,867,057,792</u> |
| | NET UTILITY OPERATING INCOME | <u>381,297,637</u> |
| | OTHER INCOME AND DEDUCTIONS | |
| | OTHER INCOME | |
| 415/416 | MERCHANDISING, JOBBING AND CONTRACT WORK | 13,616 |
| 417.1 | EXPENSES OF NONUTILITY OPERATIONS | |
| 418 | NONOPERATING RENTAL INCOME | (43,660) |
| 418.1 | EQUITY IN EARNINGS OF SUBSIDIARY COMPANIES | 13,733,400 |
| 419 | INTEREST AND DIVIDEND INCOME | 805,573 |
| 419.1 | ALLOWANCE FOR EQUITY FUNDS USED DURING CONSTRUCTION | 11,431,713 |
| 421 | MISCELLANEOUS NONOPERATING INCOME | (32,415) |
| 421.1 | GAIN ON DISPOSITION OF PROPERTY | 58,995 |
| | TOTAL OTHER INCOME | <u>25,967,222</u> |

PPL ELECTRIC UTILITIES CORPORATION
STATEMENT OF INCOME
TWELVE MONTHS ENDED SEPTEMBER 30, 2015

| ACCT. NO. | | |
|---|---|-----------------------|
| | OTHER INCOME DEDUCTIONS | |
| 421.2 | LOSS ON DISPOSITION OF PROPERTY | 162,805 |
| 426.1-426.5 | MISCELLANEOUS INCOME DEDUCTIONS | 28,925,809 |
| | TOTAL OTHER INCOME DEDUCTIONS | <u>\$ 29,088,614</u> |
| OTHER INCOME AND DEDUCTIONS (CONTINUED) | | |
| | TAXES APPLICABLE TO OTHER INCOME AND DEDUCTIONS | |
| 408.2 | TAXES OTHER THAN INCOME TAXES | \$ 200 |
| 409.2 | INCOME TAXES | |
| | FEDERAL | (4,143,409) |
| | STATE | (3,169,287) |
| 410.2/411.2 | PROVISION FOR DEFERRED INCOME TAXES-NET | (1,369,191) |
| 411.5 | INVESTMENT TAX CREDIT | |
| | TOTAL TAXES APPLICABLE TO OTHER INCOME AND DEDUCTIONS | <u>(8,681,687)</u> |
| | NET OTHER INCOME AND DEDUCTIONS | <u>5,560,295</u> |
| | INCOME BEFORE INTEREST CHARGES | <u>386,857,932</u> |
| INTEREST CHARGES | | |
| 427 | INTEREST ON LONG-TERM DEBT | 119,395,375 |
| 428 | AMORTIZATION OF DEBT DISCOUNT AND EXPENSE | 2,285,060 |
| 428.1 | AMORTIZATION OF LOSS ON REACQUIRED DEBT | 7,191,310 |
| 429 | AMORTIZATION OF PREMIUM ON DEBT-CREDIT | |
| 429.1 | AMORTIZATION OF GAIN ON REACQUIRED DEBT-CREDIT | |
| 430 | INTEREST ON DEBT TO ASSOCIATED COMPANIES | 22,940 |
| 431 | OTHER INTEREST CHARGES | 4,651,576 |
| 432 | ALLOW. FOR BORROWED FUNDS USED DURING CONSTRUCTION-CREDIT | (5,300,896) |
| | NET INTEREST CHARGES | <u>128,245,365</u> |
| | NET INCOME | <u>\$ 258,612,567</u> |

APPENDIX C

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PPL ELECTRIC UTILITIES CORPORATION
UTILITY PLANT ACCOUNTS

| Acct. <u>No.</u> | | <u>SEPTEMBER 30, 2015</u> |
|---------------------|---|---------------------------|
| | Utility plant in service | |
| 101 | Electric plant in service | |
| | Intangible plant | \$ 87,770,608 |
| | Transmission plant | 1,731,816,334 |
| | Distribution plant | 4,695,675,722 |
| | General plant | 629,703,378 |
| | Electric plant in service | <u>7,144,966,042</u> |
| 101.1 | Property under capital leases | |
| | Total utility plant in service | <u>7,144,966,042</u> |
| 105 | Electric plant held for future use | 45,681,169 |
| 106 | CC not classified | 1,715,001,367 |
| 107 | Construction work in progress | 518,814,931 |
| | Total utility plant | <u>9,424,463,509</u> |
| 108 | Accumulated provision for depreciation of utility plant | (2,518,921,753) |
| 111 | Accumulated provision for amortization of utility plant | (73,029,115) |
| | Net utility plant | <u>\$ 6,832,512,641</u> |

APPENDIX D

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PPL ELECTRIC UTILITIES CORPORATION
STATEMENT SHOWING THE STATUS OF THE FUNDED DEBT
AS OF SEPTEMBER 30, 2015

| Name and Description of Obligation (a) | Interest | | Term at Date Of Issue (Years) (d) | Date of Maturity (e) | Total Principal Amount Authorized (f) | Total Principal Amount Outstanding (Not Held by the Public Utility)- (g) | Total Principal Amount Held by the Public Utility | | |
|---|-------------|----------------------|---|----------------------------|---|--|--|----------------|--|
| | Rate (b) | Dates Payable (c) | | | | | Reacquired and Held in Treasury (h) | Pledged (i) | In Sinking or Other Funds (j) |
| First Mortgage Bonds: | | | | | | | | | |
| 4.95% Series due 2015 | 4.95% | June 15 & Dec. 15 | 10 | Dec. 15, 2015 | \$ 100,000,000 | \$ 100,000,000 | None | None | None |
| 5.15% Series due 2020 | 5.15% | June 15 & Dec. 15 | 15 | Dec. 15, 2020 | 100,000,000 | 100,000,000 | None | None | None |
| 6.45% Series due 2037 | 6.45% | Feb. 15 & Aug. 15 | 30 | Aug. 15, 2037 | 250,000,000 | 250,000,000 | None | None | None |
| 6.25% Series due 2039 | 6.25% | May 15 & Nov. 15 | 30 | May 15, 2039 | 300,000,000 | 300,000,000 | None | None | None |
| 5.20% Series due 2041 | 5.20% | Jan. 15 & July 15 | 30 | July 15, 2041 | 250,000,000 | 250,000,000 | None | None | None |
| 3.00% Series due 2021 | 3.00% | Mar. 15 & Sept. 15 | 10 | Sept. 15, 2021 | 400,000,000 | 400,000,000 | None | None | None |
| 2.50% Series due 2022 | 2.50% | Mar. 1 & Sept. 1 | 10 | Sept. 1, 2022 | 250,000,000 | 250,000,000 | None | None | None |
| 4.75% Series due 2043 | 4.75% | Jan. 15 & July 15 | 30 | July 15, 2043 | 350,000,000 | 350,000,000 | None | None | None |
| 4.125% Series due 2044 | 4.125% | June 15 & Dec. 15 | 30 | June 15, 2044 | 300,000,000 | 300,000,000 | None | None | None |
| | | | | | | 2,300,000,000 | | | |
| Senior Secured Bonds (Pollution Control Series) | | | | | | | | | |
| Series 2008 due 2023 | 4.00% | Apr. 1 & Oct. 1 | 15 | Oct. 1, 2023 | 90,000,000 | 90,000,000 | None | None | None |
| 4.75% Series due 2027 | 4.75% | Feb. 15 & Aug. 15 | 22 | Feb. 15, 2027 | 108,250,000 | 108,250,000 | None | None | None |
| 4.70% Series due 2029 | 4.70% | Mar. 1 & Sept. 1 | 24 | Sept. 1, 2029 | 115,500,000 | 115,500,000 | None | None | None |
| | | | | | | 313,750,000 | | | |
| Unamortized Premium on Long-Term Debt | | | | | | 0 | | | |
| Unamortized Discount on Long-Term Debt | | | | | | (10,799,220) | | | |
| Total Funded Debt | | | | | | \$ 2,602,950,780 | | | |

APPENDIX E

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PPL ELECTRIC UTILITIES CORPORATION
STATEMENT SHOWING THE STATUS OF OUTSTANDING CAPITAL STOCK
AS OF SEPTEMBER 30, 2015

| Designation of Kind and Class (a) | Number of Shares Authorized (b) | Par Value Per Share (c) | Amount Authorized (d) | Amount Outstanding (Not Held by the Public Utility) (1) (e) | Held by the Public Utility | | | Stated Book Value of Outstanding Stock Having No Par Value As of Date of Balance Sheet (i) |
|-----------------------------------|---------------------------------|-------------------------|-----------------------|---|-------------------------------------|-------------|-------------------------------|--|
| | | | | | Reacquired and Held in Treasury (f) | Pledged (g) | In Sinking or Other Funds (h) | |
| Preference Stock | | | | <u>0 shares</u> | None | None | None | \$ 0.00 |
| Common Stock, no par | 170,000,000 | | 170,000,000 shares | <u>66,368,056 shares</u> | None | None | None | \$ 3,088,778,400 (2) |
| Treasury Stock | | | | <u>0 shares</u> | None | None | None | \$ 0.00 |

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

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

VERIFICATION

I, Mark Wilten, being the Treasurer at PPL Electric Utilities Corporation, hereby state that the facts above set forth are true and correct to the best of my knowledge, information and belief and that I expect PPL Electric Utilities Corporation to be able to prove the same at a hearing held in this matter. I understand that the statements herein are made subject to the penalties of 18 Pa.C.S. § 4904 relating to unsworn falsification to authorities.

Date: 11/6/2015

Mark F. Wilten

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