

**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 :

**APPLICATION OF
PPL ELECTRIC UTILITIES CORPORATION**

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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:

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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,

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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.		SEPTEMBER 30, 2015
<u>NO.</u>	<u>TITLE OF ACCOUNT</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**

<u>ACCT. NO.</u>	<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. NO.	<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 LESS ACCUMULATED DEFERRED INCOME TAXES-OTHER (CURRENT)	451,205,944 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	\$ 2,248,355,429
	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. No.		<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	<u>629,703,378</u>
	Electric plant in service	7,144,966,042
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	<u>518,814,931</u>
	Total utility plant	9,424,463,509
108	Accumulated provision for depreciation of utility plant	(2,518,921,753)
111	Accumulated provision for amortization of utility plant	<u>(73,029,115)</u>
	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, 2016

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 (f)
					Reacquired and Held in Treasury (f)	Pledged (g)	In Sinking or Other Funds (h)	
Preference Stock				0 shares	None	None	None	\$ 0.00
Common Stock, no par	170,000,000		170,000,000 shares	66,368,056 shares	None	None	None	\$ 3,088,778,400 (2)
Treasury Stock				0 shares	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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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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