

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

In Re:

SECURITIES CERTIFICATE OF	:	
PPL ELECTRIC UTILITIES	:	
CORPORATION IN RESPECT OF	:	SECURITIES CERTIFICATE
NOT IN EXCESS OF \$650 MILLION	:	
AGGREGATE PRINCIPAL AMOUNT OF	:	
DEBT SECURITIES	:	
	:	NO. S – 2019 –
	:	

TO THE PENNSYLVANIA PUBLIC UTILITY COMMISSION:

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

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

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

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

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

5. This Securities Certificate requests the Commission to withdraw the authorization granted in Securities Certificate 2018-3006658/2017-2626901 (which authorized the Company to issue up to \$650 million of secured debt including first mortgage bonds) and in lieu thereof to authorize the Company to issue up to \$650 million aggregate principal amount of its indebtedness in the form of (a) one or more privately placed or publicly issued, secured or unsecured, intermediate term financings ("Intermediate Term Financings"), having maturities of up to five years, with the ability to extend or replace any such Intermediate Term Financings so long as the aggregate principal amount of the Company's outstanding indebtedness under all such Intermediate Term Financings and any New Bonds authorized hereby as described below does not at any time exceed \$650,000,000, and (b) the Company's secured debt securities, which may include first mortgage bonds (the "New Bonds") in one or more series from time to time. The proceeds of such issuances will be added to the Company's treasury and primarily used for capital expenditures, the refinancing or retirement of debt and for general corporate purposes.

6. The Company's five-year business plan calls for approximately \$5 billion of capital expenditures related to transmission and distribution properties. The

Company intends to finance most of its long lived capital projects with long-term debt such as the New Bonds. The Company also believes that, depending on market conditions, it could be prudent and cost-effective to use Intermediate Term Financings to provide flexibility and a source of bridge financing to the New Bonds.

PPL Electric proposes to arrange the Intermediate Term Financings with one or more commercial banks or other third-party investors (“Lenders”). The Lenders could require PPL Electric to issue promissory notes to evidence the indebtedness under the Intermediate Term Financing agreements.

7. PPL Electric proposes to issue the New Bonds under its Indenture dated as of August 1, 2001 (the “2001 Indenture”). The Company previously has issued approximately \$5.5 billion of bonds under the 2001 Indenture (the “Existing Bonds,” and collectively with the New Bonds, the “Bonds”), all of which Existing Bonds were authorized by the Commission under prior Securities Certificates filed by the Company. Like the Existing Bonds, the New Bonds will be secured by a lien in favor of the Trustee on the Company’s distribution and certain of its transmission properties, subject to customary exceptions and exclusions.

8. Set forth below is a description of the general terms or range of terms the Company expects will be applicable to the obligations under the Intermediate Term Financings:

EXACT TITLE OF SECURITY:

The Company may issue promissory notes to evidence some or all of its obligations under the Intermediate Term Financings (such notes and obligations, the “Notes”).

AGGREGATE PRINCIPAL AMOUNT TO BE ISSUED:

Not in excess of \$650,000,000 aggregate principal amount at any one time outstanding.

NOMINAL DATE OF ISSUE:

The Notes will be issuable by the Company at any time up to a specified time prior to the maturity date, as set forth in the Intermediate Term Financing agreements.

DATE OF MATURITY:

Not to exceed five years.

INTEREST RATE AND PAYMENT DATES:

Interest Rate:

To be determined in negotiations with the Lenders depending on market conditions.

Payment Dates:

To be determined in negotiations with the Lenders.

EXTENT TO WHICH TAXES ON SECURITIES ARE ASSUMED:

Taxes on Securities

None expected, except for any stamp or documentation taxes that may be imposed in connection with loans.

Additional Costs:

To be determined in negotiations with Lenders depending on market conditions.

The Intermediate Term Financing agreements may provide that if any change in applicable law or regulation or in the interpretation or administration thereof shall increase the cost to a participating Lender of making a loan or reduce the amount of principal or interest receivable by a Lender, the Company will be obligated to pay such Lender such additional amount as may be necessary to compensate the Lender for such additional costs or reductions.

CALLABILITY PROVISIONS:

To be determined in negotiations with Lenders depending on market conditions.

CONVERSION PROVISIONS:

None.

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

None.

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

Not applicable.

9. Subject to the approval of the Commission, as evidenced by the registration of this Securities Certificate, the Company proposes to enter into agreements to evidence the Intermediate Term Financings, which it expects to negotiate with one or more Lenders.

10. None of the Lenders that will participate in the Intermediate Term Financings or any administrative or placement agents will be an affiliated interest of the Company within the meaning of Section 2101 of the Pennsylvania Public Utility Code.

11. It is expected that the Company may be required to pay participating Lenders customary fees, such as commitment fees based on each Lender's unborrowed commitment or utilization fees, administrative and other agency or placement fees, based on prevailing market conditions and the amount of outstanding borrowings.

12. For the reasons set forth above, the Company deems the incurrence of indebtedness pursuant to the Intermediate Term Financings necessary to satisfy a portion of the Company's capital requirements and, therefore, is necessary for the present and future capital needs of the Company.

13. The Company does not propose to file a Registration Statement with respect to the Intermediate Term Financings or any Notes evidencing its obligations thereunder with the Securities and Exchange Commission (“SEC”) under the Securities Act of 1933, as amended (“Securities Act”). If the Company decides to issue debt in connection with any Intermediate Term Financings pursuant to one or more public offerings, it will issue such debt under a Prospectus Supplement to Registration Statement 333-223142-04, which Prospectus Supplement will be filed with the Securities and Exchange Commission (the “SEC”) with respect to the Intermediate Term Financings.

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

EXACT TITLE OF SECURITY:

First Mortgage Bonds, % Series due ____.

AGGREGATE PRINCIPAL AMOUNT TO BE ISSUED:

Not in excess of \$650,000,000. The principal amount of the New Bonds will be determined by the Company at or about the time of sale of New Bonds based on the Company's capital requirements.

The aggregate principal amount of New Bonds to be issued hereunder will not, together with the outstanding amounts under any Intermediate Term Financings authorized hereunder at the time of such issuance, exceed \$650,000,000 in the aggregate.

NOMINAL DATE OF ISSUE:

To be determined at the time of sale.

DATE OF MATURITY:

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

INTEREST RATE AND PAYMENT DATES:

Interest Rate:

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

Payment Dates:

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

EXTENT TO WHICH TAXES ON SECURITIES ARE ASSUMED:

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

CALLABILITY PROVISIONS:

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

CONVERSION PROVISIONS:

None.

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

Sinking or Improvement Fund:

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

Maintenance and Replacement Fund:

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

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

Name and Address of Trustee:

The Bank of New York Mellon, as Trustee
500 Ross Street – 12th Floor
Pittsburgh, PA 15262

Affiliation:

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

In addition, in order to limit the Company's exposure to interest rate fluctuations in conjunction with the New Bonds, the Company may enter into arrangements with PPL Corporation or directly with one or more financial institutions (the "Counterparty") that will provide interest rate protection in the form of interest rate liability management instruments with respect to a nominal amount of up to \$650 million of New Bonds. Such instruments may include interest-rate swaps and/or interest-rate caps. If PPL Corporation is involved, PPL Corporation would serve only as a "conduit" between the Company and the Counterparty to procure such protection on behalf of the Company or by entering into a transaction with a Counterparty on terms substantially similar to the terms of its arrangements with the Company. PPL Corporation would pass through direct costs of procuring such instruments but would not charge the Company any fee or additional administrative costs associated with negotiating the terms of the interest rate liability management instrument.

15. Subject to the approval of the Commission, as evidenced by the registration of this Securities Certificate, the Company proposes to issue and sell the New Bonds in one or more series from time to time directly to investors, through agents or to one or more underwriters for public offering, or in private placements, directly to one or more institutional investors or through agents, in each case on terms to be determined by market conditions at the time of sale. The Company will enter into one or more underwriting agreements, agency agreements or purchase agreements with underwriters, agents or other purchasers. The price to be paid to the Company by the underwriters,

agents or other purchasers of the New Bonds and the compensation received by such parties will be determined at the time of sale.

* * *

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

* * *

The estimate of expenses set forth below is based on a public offering of a series of New Bonds in the principal amount of \$650 million and would be expected to be the same whether that series of New Bonds is sold through competitive bidding or negotiated offering. These expenses would be paid from the general funds of the Company.

Filing Fee - Pennsylvania Public Utility Commission.....	\$ 350
Filing Fee – Securities and Exchange Commission.....	78,780
Printing and Postage	25,000
Fees of Trustee, including counsel and authentication fees.....	35,000
Legal Fees, Expenses and Disbursements	100,000
Accounting Fees.....	100,000
Rating Agency Fees	750,000
Recording Fees.....	10,000
Blue Sky Fees and Expenses.....	10,000
Miscellaneous	<u>25,000</u>
Total	<u>\$1,134,130</u>

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

16. The net proceeds from the sale of the New Bonds will be added to the Company's treasury and used for capital expenditures, refinancing or retirement of debt and for general corporate purposes.

* * *

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

17. If the Company decides to issue the New Bonds pursuant to one or more public offerings, it will issue such New Bonds under a Prospectus Supplement to Registration Statement 333-223142-04, which Prospectus Supplement will be filed with the SEC with respect to the New Bonds.

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

- (A) A balance sheet of the Company as of December 31, 2018.
- (B) A statement of income and statement of retained earnings of the Company for the twelve months ended December 31, 2018.
- (C) Statement of utility plant of the Company at original cost as of December 31, 2018. The Company makes a part hereof by reference the revised Reclassification and Original Cost Studies heretofore filed with the Commission.
- (D) Statement of securities of other corporations owned by the Company as of December 31, 2018.
- (E) Statement showing the status of the funded debt of the Company as of December 31, 2018.
- (F) Statement showing the status of outstanding capital stock of the Company as of December 31, 2018.
- (G) Registration Statement filed with the Securities and Exchange Commission under the Securities Act of 1933 with respect to the New Bonds.
- (H) The Public Utility Holding Company Act has been repealed.

- (I) Copy of resolutions of the Board of Directors of the Company authorizing either or both an Intermediate Term Financing and the issuance and sale of the New Bonds. (To be supplied following arrangement of an Intermediate Term Financing or an issuance of New Bonds)
- (J) Proposed form of Supplemental Indenture to 2001 Indenture pursuant to which the New Bonds will be issued. (To be supplied following an issuance of New Bonds)

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

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

	<u>Securities Certificate Number</u>	<u>Exhibit</u>
Supplemental Indenture No. 1 dated as of August 1, 2001	S-00010853	(J)
Supplemental Indenture No. 2 dated as of February 1, 2003	S-00020932	(J)
Supplemental Indenture No. 3 dated as of May 1, 2003	S-00020933	(J)
Supplemental Indenture No. 4 dated as of February 1, 2005	S-00041035	(J)
Supplemental Indenture No. 5 dated as of May 1, 2005	S-00041035	(J)
Supplemental Indenture No. 6 dated as of December 1, 2005	S-00051056	(J)
Supplemental Indenture No. 7 dated as of August 1, 2007	S-2008-2035720	(J)
Supplemental Indenture No. 8 dated as of October 1, 2008	S-2008-2065794	(J)
Supplemental Indenture	S-2008-2060876	(J)

No. 9 dated as of
October 1, 2008

Supplemental Indenture S-2009-2094547 (J)
No. 10 dated as of
May 1, 2009

Supplemental Indenture S-2011-2219042 (J)
No. 12 dated as of
July 1, 2011

Supplemental Indenture S-2011-2246812 (J)
No. 13 dated as of
August 1, 2011

Supplemental Indenture S-2012-2301050 (J)
No. 14 dated as of
August 1, 2012

Supplemental Indenture S-2012-2334938 (J)
No. 15 dated as of
July 1, 2013

Supplemental Indenture S-2013-2378884 (J)
No. 16 dated as of
June 1, 2014

Supplemental Indenture S-2014-2425659 (J)
No. 17 dated as of
October 1, 2015

Supplemental Indenture S-2015-2516208 (J)
No. 18 dated as of
March 1, 2016

Supplemental Indenture S-2015-2516295 (J)
No. 19 dated as of
May 1, 2017

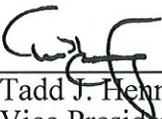
Supplemental Indenture S-2017-2626901 (J)
No. 20 dated as of
June 1, 2018.

- (K) Statement showing, in journal entry form, all charges to be made on the books of account of the Company as a result of the proposed Intermediate Term Financings and/or sale, issuance and delivery of the New Bonds.
- (L)
 1. Proposed form of underwriting, agency or other purchase agreement. (To be supplied following an issuance of New Bonds)
 2. Proposed form of Intermediate Term Financing agreement to be supplied when negotiated.
- (M) No Net Earnings Certificate is required for the Intermediate Term Financings and/or issuance of the New Bonds.

- (N) Not applicable.
- (O) Capital Structure of the Company at December 31, 2018 and as adjusted to give effect, among other things, to the Intermediate Term Financings and/or issuance and sale of the New Bonds.
- (P) Calculation of the book value per share of the Company's Common Stock as of December 31, 2018

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

PPL Electric Utilities Corporation

By: 

Tadd J. Henninger
Vice President and Treasurer

Dated: March 29, 2019

**PPL ELECTRIC UTILITIES CORPORATION
BALANCE SHEET ACCOUNTS**

<u>ACCT. NO.</u>	<u>TITLE OF ACCOUNT</u>	<u>December 31, 2018</u>
ASSETS AND OTHER DEBITS		
UTILITY PLANT		
101	UTILITY PLANT IN SERVICE	\$ 10,274,323,054
105	UTILITY PLANT HELD FOR FUTURE USE	23,810,510
106	CC NOT CLASSIFIED	1,707,888,280
107	CONSTRUCTION WORK IN PROGRESS	588,753,413
	GROSS UTILITY PLANT	12,594,775,257
108/111	ACCUMULATED PROVISION FOR DEPRECIATION AND AMORTIZATION OF UTILITY PLANT IN SERVICE	(2,776,839,230)
	NET UTILITY PLANT	9,817,936,027
OTHER PROPERTY AND INVESTMENTS		
121	NONUTILITY PROPERTY	3,534,175
122	ACCUMULATED PROVISION FOR DEPRECIATION OF NONUTILITY PROPERTY	(739,792)
	NET NONUTILITY PROPERTY	2,794,383
123	INVESTMENT IN ASSOCIATED COMPANIES	34,907,243
123.1	INVESTMENT IN SUBSIDIARY COMPANIES	247,519,911
124	OTHER INVESTMENTS	0
128	OTHER SPECIAL FUNDS	0
	TOTAL OTHER PROPERTY AND INVESTMENTS	285,221,537
CURRENT AND ACCRUED ASSETS		
131	CASH	8,339,798
132	INTEREST SPECIAL DEPOSITS	0
134	OTHER SPECIAL DEPOSITS	0
135	WORKING FUNDS	0
136	TEMPORARY CASH INVESTMENTS	11,465,014
	NOTES AND ACCOUNTS RECEIVABLE	
141	NOTES RECEIVABLE	0
142	CUSTOMER ACCOUNTS RECEIVABLE	260,963,887
143	OTHER ACCOUNTS RECEIVABLE	49,366,148
144	ACCUMULATED PROVISION FOR UNCOLLECTIBLE ACCOUNTS-CREDIT	(27,857,060)
	TOTAL NOTES AND ACCOUNTS RECEIVABLE	282,472,975
	RECEIVABLES FROM ASSOCIATED COMPANIES	
145	NOTES RECEIVABLE FROM ASSOCIATED COMPANIES	0
146	ACCOUNTS RECEIVABLE FROM ASSOCIATED COMPANIES	18,944,927
	TOTAL RECEIVABLES FROM ASSOCIATED COMPANIES	18,944,927
	MATERIALS AND SUPPLIES	
154	PLANT MATERIALS AND OPERATING SUPPLIES	21,348,987
163	STORES EXPENSE UNDISTRIBUTED	3,667,076
	TOTAL MATERIALS AND SUPPLIES	25,016,063
165	PREPAYMENTS	5,504,560
	OTHER CURRENT AND ACCRUED ASSETS	
171	INTEREST AND DIVIDENDS RECEIVABLE	168,405
172	RENTS RECEIVABLE	8,870,408
173	ACCRUED UTILITY REVENUES	115,876,631
174	MISCELLANEOUS CURRENT AND ACCRUED ASSETS	8,944,480
	TOTAL OTHER CURRENT AND ACCRUED ASSETS	133,859,924
	TOTAL CURRENT AND ACCRUED ASSETS	485,603,261
DEFERRED DEBITS		
181	UNAMORTIZED DEBT EXPENSE	27,486,635
182.3	OTHER REGULATORY ASSETS	609,747,469
183	PRELIMINARY SURVEY AND INVESTIGATION CHARGES	0
184	CLEARING ACCOUNTS	240,928
185	TEMPORARY FACILITIES	0
186	MISCELLANEOUS DEFERRED DEBITS	2,168,002
189	UNAMORTIZED LOSS ON REACQUIRED DEBT	21,675,204
190	ACCUMULATED DEFERRED INCOME TAXES	601,102,399
	TOTAL DEFERRED DEBITS	1,262,420,637
	TOTAL ASSETS AND OTHER DEBITS	\$ 11,851,181,462

**PPL ELECTRIC UTILITIES CORPORATION
BALANCE SHEET ACCOUNTS**

<u>ACCT. NO.</u>	<u>TITLE OF ACCOUNT</u>	<u>December 31, 2018</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	3,164,776,987
214	CAPITAL STOCK EXPENSE	(6,283,429)
216	EARNINGS REINVESTED	936,969,967
216.1	UNAPPROPRIATED UNDISTRIBUTED SUBSIDIARY EARNINGS	644,022
217	REACQUIRED CAPITAL STOCK	0
219	OTHER COMPREHENSIVE INCOME	0
	TOTAL PROPRIETARY CAPITAL	<u>4,459,940,796</u>
LONG-TERM DEBT		
221	BONDS	3,738,750,000
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	(17,681,016)
		<u>3,721,068,984</u>
	LESS AMOUNTS DUE WITHIN ONE YEAR	
221	BONDS	0
	TOTAL LONG-TERM DEBT	<u>3,721,068,984</u>
OTHER NONCURRENT LIABILITIES		
227	OBLIGATIONS UNDER CAPITAL LEASES-NONCURRENT	0
228.3	ACCUMULATED PROVISION FOR PENSIONS AND BENEFITS	406,511,045
229	ACCUMULATED PROVISION FOR RATE REFUNDS	0
	TOTAL OTHER NONCURRENT LIABILITIES	<u>406,511,045</u>
CURRENT AND ACCRUED LIABILITIES		
LONG-TERM DEBT DUE WITHIN ONE YEAR		
221	BONDS	0
231	NOTES PAYABLE	0
232	ACCOUNTS PAYABLE	424,705,274
233	NOTES PAYABLE - AFFILIATED COMPANIES	0
234	ACCOUNTS PAYABLE TO ASSOCIATED COMPANIES	14,660,599
235	CUSTOMER DEPOSITS	16,568,428
236	TAXES ACCRUED	11,716,256
237	INTEREST ACCRUED	36,919,016
238	DIVIDENDS DECLARED	0
240	MATURED INTEREST	0
241	TAX COLLECTIONS PAYABLE	895,870
242	MISCELLANEOUS CURRENT AND ACCRUED LIABILITIES	52,186,691
243	OBLIGATIONS UNDER CAPITAL LEASES-CURRENT	0
	TOTAL CURRENT AND ACCRUED LIABILITIES	<u>557,652,134</u>
DEFERRED CREDITS		
252	CUSTOMER ADVANCES FOR CONSTRUCTION	271,741
253	OTHER DEFERRED CREDITS	43,122,285
254	OTHER REGULATORY LIABILITIES	741,752,117
255	ACCUMULATED DEFERRED INVESTMENT TAX CREDITS	240,843
257	UNAMORTIZED GAIN ON REAQUIRED DEBT	0
281	ACCUMULATED DEFERRED INCOME TAXES - ACCELERATED AMORTIZATION PROPERTY	0
282	ACCUMULATED DEFERRED INCOME TAXES-OTHER PROPERTY	1,647,335,075
283	ACCUMULATED DEFERRED INCOME TAXES-OTHER	273,286,442
	TOTAL DEFERRED CREDITS	<u>2,706,008,503</u>
	TOTAL LIABILITIES AND OTHER CREDITS	<u>\$ 11,851,181,462</u>

**PPL ELECTRIC UTILITIES CORPORATION
STATEMENT OF CONTINGENT LIABILITIES
DECEMBER 31, 2018**

Commitments and Contingencies

Legal Matters

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

Regulatory Issues

Electricity - Reliability Standards

The North American Electric Reliability Corporation (NERC) is responsible for establishing and enforcing mandatory reliability standards and critical infrastructure standards (Reliability Standards) to protect the bulk electric system in North America against potential disruptions from cyber and physical security breaches. The Federal Energy Regulatory Commission (FERC) oversees this process and independently enforces the Reliability Standards.

The Reliability Standards have the force and effect of law and apply to certain users of the bulk electric system, including electric utility companies, generators and marketers. Under the Federal Power Act, the FERC may assess civil penalties for certain violations.

PPL Electric monitors its compliance with the Reliability Standards and self-reports or self-logs potential violations of applicable reliability requirements whenever identified, and submits accompanying mitigation plans, as required. The resolution of a small number of potential violations is pending. Penalties incurred to date have not been significant. Any Regional Reliability Entity (including ReliabilityFirst Corporation or SERC Reliability Corporation) determination concerning the resolution of violations of the Reliability Standards remains subject to the approval of the NERC and the FERC.

In the course of implementing its programs to ensure compliance with the Reliability Standards by PPL Electric, certain other instances of potential non-compliance may be identified from time to time. PPL Electric cannot predict the outcome of these matters, and an estimate or range of possible losses cannot be determined.

Environmental Matters

Due to the environmental issues discussed below or other environmental matters, it may be necessary for PPL Electric to modify, curtail, replace or cease operation of certain facilities or performance of certain operations to comply with statutes, regulations and other requirements of regulatory bodies or courts. In addition, legal challenges to new environmental permits or rules add to the uncertainty of estimating the future cost of these permits and rules. Finally, the regulatory reviews specified in the President's March 2017 Executive Order (the March 2017 Executive Order) promoting energy independence and economic growth could result in future regulatory changes and additional uncertainty.

There are certain costs of complying with the Clean Air Act, as amended, and those federal, state or local environmental requirements applicable to coal combustion wastes and by-products from facilities that generate electricity from coal in accordance with approved compliance plans. All such costs for PPL Electric are subject to rate recovery before the Pennsylvania Public Utility Commission, or the FERC, if applicable. Because PPL Electric does not own any generating

plants, its exposure to related environmental compliance costs is reduced. PPL Electric can provide no assurances as to the ultimate outcome of future environmental or rate proceedings before regulatory authorities.

Other Issues

In June 2016, the Frank Lautenberg Chemical Safety Act took effect as an amendment to the Toxic Substance Control Act (TSCA). The Act made no changes to the pre-existing TSCA rules as it pertains to polychlorinated biphenyls (PCB). PPL Electric has been concerned that the Environmental Protection Agency (EPA) may issue a rule under TSCA relating to the use of PCBs in electrical equipment and natural gas pipelines, as well as continued use of PCB-contaminated porous surfaces which may affect PPL Electric's facilities, including phase-out of some or all equipment containing PCBs. The costs of such a phase-out, which are subject to rate recovery, could be significant. However, the EPA has continued to defer undertaking the rulemaking of concern and no such rulemaking is on the EPA's rulemaking docket.

Superfund and Other Remediation

PPL Electric is potentially responsible for investigating, responding to agency inquiries, implementing various preventative measures, and/or remediating contamination under programs other than those described in the sections above. These include a number of former coal gas manufacturing plants in Pennsylvania previously owned or operated or currently owned by predecessors or affiliates of PPL Electric. To date, the costs of these sites have not been significant.

There are additional sites, formerly owned or operated by PPL Electric. PPL Electric lacks sufficient information about such additional sites to estimate any potential liability it may have or a range of reasonably possible losses, if any, related to these matters.

PPL Electric is potentially responsible for a share of the costs at several sites listed by the EPA under the federal Superfund program, including the Columbia Gas Plant site and the Brodhead site. Clean-up actions have been or are being undertaken at all of these sites, the costs of which have not been, and are not expected to be significant to PPL Electric.

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

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

As of December 31, 2018 and December 31, 2017, PPL Electric had a recorded liability of \$11 million and \$10 million representing its best estimate of the probable loss incurred to remediate the sites identified in this section. Depending on the outcome of investigations at identified sites where investigations have not begun or been completed, or developments at sites for which information is incomplete, additional costs of remediation could be incurred; however, such costs are not expected to be significant.

Future cleanup or remediation work at sites not yet identified may result in significant additional costs for PPL Electric.

Other

Separation Benefits

In June 2018, PPL EU Services Corporation (PPL EU Services) announced it was reorganizing its Information Technology (IT) organization into the following new areas: planning, operations, data and information management and IT transformation. Organizational plans and staffing selections for the new IT organization were substantially completed in the third quarter of 2018 which reduced the number of contractors and PPL EU Services' employees in IT. Affected employees had the option of joining a managed services vendor, applying for a newly created position in IT or opting for severance. As a result, for the twelve months ended December 31, 2018, estimated charges for separation benefits of \$6 million, which were primarily allocated to PPL Electric, relating to 86 displaced PPL EU Services' IT employees, was recorded in other operation and maintenance on the statement of income and in other current liabilities on the balance sheet. The separation benefits include cash severance compensation, lump sum Consolidated Omnibus Budget Reconciliation Act reimbursement payments, outplacement services and accelerated stock award vesting and were primarily paid in 2018.

Guarantees and Other Assurances

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

The table below details the guarantee provided as of December 31, 2018. "Exposure" represents the estimated maximum potential amount of future payments that could be required to be made under the guarantee. The probability of expected payment/performance under the guarantee is remote.

	<u>Exposure at December 31, 2018</u>	<u>Expiration Date</u>
Guarantee of inventory value (in millions)	\$ 8 (a)	2020

(a) A third party logistics firm provides inventory procurement and fulfillment services. The logistics firm has title to the inventory, however, upon termination of the contracts, PPL Electric has guaranteed to purchase any remaining inventory that has not been used or sold. In January 2018, this agreement was superseded by a new contract which extends the guarantee until 2020.

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

PPL Corporation, on behalf of itself and certain of its subsidiaries, including PPL Electric, maintains insurance that covers liability assumed under contract for bodily injury and property damage. The coverage provides maximum aggregate coverage of \$225 million. This insurance may be applicable to obligations under certain of these contractual arrangements.

PPL ELECTRIC UTILITIES CORPORATION
STATEMENT OF INCOME
TWELVE MONTHS ENDED DECEMBER 31, 2018

ACCT.			
<u>NO.</u>			
	UTILITY OPERATING INCOME		
400	OPERATING REVENUES	\$	<u>2,468,329,652</u>
	OPERATING EXPENSES		
401	OPERATION EXPENSES		1,124,616,722
402	MAINTENANCE EXPENSES		131,743,945
403/406	DEPRECIATION EXPENSES AND AMORTIZATION OF ELECTRIC PLANT ACQUISITION ADJUSTMENTS		351,716,480
407.3	REGULATORY DEBITS		40,395,449
407.4	REGULATORY CREDITS		0
408.1	TAXES OTHER THAN INCOME TAXES		114,352,913
409.1	INCOME TAXES		
	FEDERAL		410,309
	STATE		10,344,152
410.1	PROVISION FOR DEFERRED INCOME TAXES		1,046,865,232
411.1	PROVISION FOR DEFERRED INCOME TAXES-CREDIT		(920,783,793)
411.4	INVESTMENT TAX CREDIT ADJUSTMENT		(33,117)
411.6	GAINS FROM DISPOSITION OF UTILITY PLANT		0
411.7	LOSSES FROM DISPOSITION OF UTILITY PLANT		0
411.8	GAINS FROM DISPOSITION OF EMISSION ALLOWANCES		0
	TOTAL UTILITY OPERATING EXPENSES		<u>1,899,628,292</u>
	NET UTILITY OPERATING INCOME		<u>568,701,360</u>
	OTHER INCOME AND DEDUCTIONS		
	OTHER INCOME		
415/416	MERCHANDISING, JOBBING AND CONTRACT WORK		0
417.1	EXPENSES OF NONUTILITY OPERATIONS		0
418	NONOPERATING RENTAL INCOME		(19,328)
418.1	EQUITY IN EARNINGS OF SUBSIDIARY COMPANIES		6,944,769
419	INTEREST AND DIVIDEND INCOME		1,260,102
419.1	ALLOWANCE FOR EQUITY FUNDS USED DURING CONSTRUCTION		19,797,210
421	MISCELLANEOUS NONOPERATING INCOME		31,542
421.1	GAIN ON DISPOSITION OF PROPERTY		181,549
	TOTAL OTHER INCOME		<u>28,195,844</u>
	OTHER INCOME DEDUCTIONS		
421.2	LOSS ON DISPOSITION OF PROPERTY		524
426.1-426.5	MISCELLANEOUS INCOME DEDUCTIONS		10,047,832
	TOTAL OTHER INCOME DEDUCTIONS	\$	<u>10,048,356</u>

PPL ELECTRIC UTILITIES CORPORATION
STATEMENT OF INCOME
TWELVE MONTHS ENDED DECEMBER 31, 2018

ACCT. NO.			
	OTHER INCOME AND DEDUCTIONS (CONTINUED)		
	TAXES APPLICABLE TO OTHER INCOME AND DEDUCTIONS		
408.2	TAXES OTHER THAN INCOME TAXES	\$	29,640
409.2	INCOME TAXES		
	FEDERAL		4,355
	STATE		(1,546,395)
410.2/411.2	PROVISION FOR DEFERRED INCOME TAXES-NET		(181,472)
411.5	INVESTMENT TAX CREDIT		0
	TOTAL TAXES APPLICABLE TO OTHER INCOME AND DEDUCTIONS		<u>(1,693,872)</u>
	NET OTHER INCOME AND DEDUCTIONS		<u>19,841,360</u>
	INCOME BEFORE INTEREST CHARGES		<u>588,542,720</u>
	INTEREST CHARGES		
427	INTEREST ON LONG-TERM DEBT		150,273,889
428	AMORTIZATION OF DEBT DISCOUNT AND EXPENSE		2,264,617
428.1	AMORTIZATION OF LOSS ON REACQUIRED DEBT		6,854,351
429	AMORTIZATION OF PREMIUM ON DEBT-CREDIT		0
429.1	AMORTIZATION OF GAIN ON REACQUIRED DEBT-CREDIT		0
430	INTEREST ON DEBT TO ASSOCIATED COMPANIES		242,600
431	OTHER INTEREST CHARGES		6,845,407
432	ALLOW. FOR BORROWED FUNDS USED DURING CONSTRUCTION-CREDIT		<u>(7,336,331)</u>
	NET INTEREST CHARGES		<u>159,144,533</u>
	NET INCOME	\$	<u>429,398,187</u>

PPL ELECTRIC UTILITIES CORPORATION
STATEMENT OF RETAINED EARNINGS
TWELVE MONTHS ENDED DECEMBER 31, 2018

Retained earnings, December 31, 2018	\$	899,215,802
Activity during the twelve months ended December 31, 2018		
Net income		429,398,187
Dividends declared - common		(391,000,000)
Retained earnings, December 31, 2018	<u>\$</u>	<u>937,613,989</u>

PPL ELECTRIC UTILITIES CORPORATION
UTILITY PLANT ACCOUNTS

Acct. No.		<u>DECEMBER 31, 2018</u>
	Utility plant in service	
101	Electric plant in service	
	Intangible plant	\$ 138,659,105
	Transmission plant	4,088,680,542
	Distribution plant	5,299,526,416
	General plant	747,456,991
	Electric plant in service	<u>10,274,323,054</u>
101.1	Property under capital leases	<u>0</u>
	Total utility plant in service	<u>10,274,323,054</u>
105	Electric plant held for future use	23,810,510
106	CC not classified	1,707,888,280
107	Construction work in progress	588,753,413
	Total utility plant	<u>12,594,775,257</u>
108	Accumulated provision for depreciation of utility plant	(2,667,119,242)
111	Accumulated provision for amortization of utility plant	(109,719,988)
	Net utility plant	<u>\$ 9,817,936,027</u>

PPL ELECTRIC UTILITIES CORPORATION
STATEMENT OF SECURITIES OF OTHER ENTITIES OWNED
AS OF DECEMBER 31, 2018

Name of Issuer	Title of Security	Number of Shares or Principal Amount	Date Acquired	Price Paid	Book Value	Approximate Value Indicated by Market Quotations December 31, 2018
Securities of Subsidiaries						
CEP Commerce, LLC	Member's Interests	\$ 10,072	7/1/2000	\$ 10,072	\$ 247,519,911	Not Available
				10,072	247,519,911	
Total Securities of Other Entities Owned					\$ 247,519,911	

PPL ELECTRIC UTILITIES CORPORATION
STATEMENT SHOWING THE STATUS OF THE FUNDED DEBT
AS OF DECEMBER 31, 2018

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:									
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
4.15% Series due 2045	4.15%	Apr. 1 & Oct. 1	30	Oct. 1, 2045	350,000,000	350,000,000	None	None	None
3.95% Series due 2047	3.95%	June 1 & Dec. 1	30	June 1, 2047	475,000,000	475,000,000	None	None	None
4.15% Series due 2048	4.15%	June 15 & Dec. 15	30	June 15, 2048	400,000,000	400,000,000	None	None	None
						3,425,000,000			
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
1.80% Series due 2027	1.80%	Feb. 15 & Aug. 15	11	Feb. 15, 2027	108,250,000	108,250,000	None	None	None
1.80% Series due 2029	1.80%	Mar. 1 & Sept. 1	13	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						(17,681,016)			
Total Funded Debt						\$ 3,721,068,984			

PPL ELECTRIC UTILITIES CORPORATION
STATEMENT SHOWING THE STATUS OF OUTSTANDING CAPITAL STOCK
AS OF DECEMBER 31, 2018

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	\$ 4,459,940,796 (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.

**PPL ELECTRIC UTILITIES CORPORATION
HOLDERS OF EACH CLASS OF CAPITAL STOCK AS OF DECEMBER 31, 2018**

COMMON

Shares

PPL Corporation Two North Ninth Street Allentown, PA 18101	66,368,056
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PPL ELECTRIC UTILITIES CORPORATION

STATEMENT SHOWING, IN JOURNAL ENTRY FORM, ALL CHARGES AND CREDITS
TO BE MADE ON THE BOOKS OF ACCOUNT TO GIVE EFFECT TO
THE PROPOSED ISSUANCE NOT IN EXCESS OF
\$650,000,000 AGGREGATE PRINCIPAL AMOUNT OF DEBT SECURITIES

Journal Entry 1

143	Other Accounts Receivable	\$	
221/224	Long-Term Debt - Bonds/Other Long-Term Debt		\$

To give effect to the sale of a particular series of Debt Securities or the issuance of Intermediate Term Financings.

Journal Entry 2

131	Cash	\$	
143	Other Accounts Receivable		\$

To record receipt of proceeds from the sale of a particular series of Debt Securities or issuance of Intermediate Term Financings.

Journal Entry 3

181	Unamortized Debt Expense	\$	
131	Cash		\$

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

**PPL ELECTRIC UTILITIES CORPORATION
CAPITAL STRUCTURE**

The capital structure of the Company at December 31, 2018, and on a pro forma basis to give effect to the transactions footnoted below, is as follows:

	Actual Amount	Adjustments (b)	Pro Forma Amount	% of Capitalization
Common Equity				
Common Stock Issued.....	\$ 363,833,249		\$ 363,833,249	
Miscellaneous Paid-In Capital.....	3,164,776,987		3,164,776,987	
Capital Stock Expense.....	(6,283,429)		(6,283,429)	
Treasury Stock.....	-		-	
Other Comprehensive Income.....	-		-	
Earnings Reinvested.....	937,613,989		937,613,989	
Total Common Equity.....	<u>4,459,940,796</u>	<u>-</u>	<u>4,459,940,796</u>	51%
Preferred Securities				
Preferred Stock without Mandatory Redemption.....	-		-	0%
Long-Term Debt (a)				
First Mortgage Bonds/Other Long-Term Debt.....	3,425,000,000	\$ 650,000,000 (b)	4,075,000,000	
Senior Secured Bonds (Pollution Control Series)...	313,750,000		313,750,000	
Unamortized Premium/Discount- Net.....	(17,681,016)		(17,681,016)	
Total Long-Term Debt.....	<u>3,721,068,984</u>	<u>650,000,000</u>	<u>4,371,068,984</u>	49%
Total Capitalization.....	<u>\$ 8,181,009,780</u>	<u>\$ 650,000,000</u>	<u>\$ 8,831,009,780</u>	100%

(a) Long-term debt includes amounts due within one year. At December 31, 2018, there were no amounts due within one year.

(b) The requested issuance of up to \$650 million aggregate principal amount of Debt Securities, in the form of Intermediate Term Financings, having maturities of up to five years, or secured Debt Securities, which may include First Mortgage Bonds. The intent of this securities certificate is to withdraw the previously authorized issuance of \$650 million of Debt Securities (including first mortgage bonds) and issue the same amount of debt under the requested terms. There is no increase of debt under the requested amount. The proceeds from the issuance will be used for capital expenditures, the refinancing or retirement of debt and for general corporate purposes.

PPL ELECTRIC UTILITIES CORPORATION
BOOK VALUE OF COMMON STOCK
DECEMBER 31, 2018

<u>Acct. No.</u>			
	Common Equity		
201	Common stock issued	\$	363,833,249
207	Premium on capital stock		-
211	Additional paid in capital		3,164,776,987
214	Capital stock expense		(6,283,429)
216	Unappropriated retained earnings		936,969,967
216.1	Unappropriated undistributed subsidiary earnings		644,022
217	Reacquired capital stock		-
219	Other comprehensive income		-
	Total Common Equity	\$	<u>4,459,940,796</u>
	Shares of common stock issued at December 31, 2018		66,368,056
	Shares repurchased and held in treasury		<u>0</u>
	Shares of common stock outstanding at December 31, 2018		<u>66,368,056</u>
	Book Value of Common Stock		
	Total common equity ÷ shares of common stock outstanding at December 31, 2018	\$	<u>67.20</u>

Chapter 19 Securities Certificate Registrations - Data Request

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

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

Answer:

On June 14, 2018, PPL Electric issued \$400 million of the \$650 million of its secured debt securities authorized by Securities Certificate S-2017-2626901. The Company does not intend to utilize the remaining \$250 million authorized. Registration of securities pursuant to S-2017-2626901 ended November 8, 2018.

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

Answer:

\$ (000's)	<u>12/31/2018</u>	<u>As Adjusted</u>
Total Long-term Debt	3,693,582	3,693,582
Requested Issuance		650,000
Total Debt	<u>3,693,582</u>	<u>4,343,582</u>
Common Equity	<u>4,460,990</u>	<u>4,460,990</u>
Total Capital	<u><u>8,154,573</u></u>	<u><u>8,804,573</u></u>
Debt/Total Capitalization	45.3%	49.3%

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

Sources and Uses of Funds:

\$ (000's)	2018	2019	2020	2021
Requirements				
Capital Expenditures	1,192,000	1,122,086	1,106,041	802,331
Pension Funding	28,000	21,000	28,000	28,000
Maturities, Redemptions & Sinking Funds			100,000	400,000
Total Requirements	1,220,000	1,143,086	1,234,041	1,230,331
Sources				
Internal Financing	822,000	493,086	802,913	647,428
Long-term debt	398,000	650,000		550,000
Short-term debt change			431,128	32,903
External Financing	398,000	650,000	431,128	582,903
Total Sources	1,220,000	1,143,086	1,234,041	1,230,331

Capital Expenditures & Ratio of Capital Expenditures to Depreciation and Amortization:

\$ (000's)	2018	2019	2020	2021
Capital Expenditures	1,192,000	1,122,086	1,106,041	802,331
Depreciation	352,000	379,052	382,103	376,016
Amortization	21,792	9,522	9,560	7,778
Total Depreciation & Amortization	373,792	388,574	391,663	383,794
Capital / Depreciation & Amortization Ratio	3.19x	2.89x	2.82x	2.09x

Capitalization Ratios:

\$ (000's)	2018	2019	2020	2021
Total Long-term Debt	3,693,582	4,091,853	3,994,764	4,141,445
Total Short-term Debt			431,128	464,032
Total Debt	3,693,582	4,091,853	4,425,892	4,605,477
Common Equity	4,460,990	4,929,037	4,855,899	5,035,857
Total Capitalization	8,154,572	9,020,890	9,281,791	9,641,334
Debt / Total Capitalization	45.3%	45.4%	47.7%	47.8%

Dividend payout ratio:

PPL Electric targets a dividend payout ratio of approximately 65%.

Due to its significant capital expenditures in 2018, PPL Electric's required capital contributions exceeded its targeted dividend. From time to time, these contributions resulted in excess equity required to maintain a balanced capitalization structure. The excess contributions were subsequently returned as dividends to its parent.

\$ (000's)	2018	2019	2020	2021
Earnings Available for Common	430,455	443,331	473,005	494,055
Total Dividend Paid to Parent	390,000	279,100	300,100	318,000
Excess Capital Contributions	(100,750)	-	-	-
Net Dividend Paid to Parent	289,250	279,100	300,100	318,000
Dividend Payout Ratio	67.2%	63.0%	63.4%	64.4%

Interest coverage ratios – both SEC and Indenture basis:

\$ (000's)	2018	2019	2020	2021
Income Before Taxes	566,324	586,128	631,452	666,734
Total Interest (as shown below)	161,694	175,790	187,028	204,748
Less Interest Component of AFUDC (est)	(7,336)	(10,466)	(9,188)	(5,520)
Total Earnings	720,682	751,452	809,292	865,962
Fixed Charges, as defined:				
Interest on Long-term Debt	150,274	165,123	175,247	189,198
Interest on Short-term Debt	1,859	1,588	2,664	8,215
Amortization of Debt Discount, Expense and Premium - net	9,561	9,079	9,117	7,335
Total Interest	161,694	175,790	187,028	204,748
Earnings/Interest	4.46x	4.27x	4.33x	4.23x

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

	Dec. 31, 2016	Dec. 31, 2017	Dec. 31, 2018
Moody's			
Issuer Rating	A3	A3	A3
Senior Secured/First Mortgage Bonds	A1	A1	A1
Tax Exempt Bonds	A1/A3	A1/A3	A1/A3
Short-term/Commercial Paper	P-2	P-2	P-2
Outlook	Stable	Stable	Stable
Standard & Poor's			
Issuer Rating	A-	A-	A-
Senior Secured/First Mortgage Bonds	A	A	A
Tax Exempt Bonds	A	A	A
Short-term/Commercial Paper	A-2	A-2	A-2
Outlook	Stable	Stable	Stable

5) Projected refinancing savings or costs, if applicable

Answer:

Not applicable

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

Answer:

Not applicable

7) List all unregulated affiliates of the applicant

Answer:

Below is a list of all subsidiaries and affiliates of PPL Corporation, the parent of applicant. The names of the subsidiaries and affiliates appearing in bold typeface are regulated, all others are unregulated.

PPL CORPORATION SUBSIDIARIES AND AFFILIATES

Airborne Clean Energy Ltd.
Airborne Pollution Control, Inc.
Aztec Insurance Limited
Central Networks Trustees Limited
CEP Commerce, LLC
CEP Lending, Inc.
CEP Reserves, Inc.
DCUSA Limited
DHA, LLC
EATL Group Covenantors Limited
Downtown Commercial Loan Fund, LLC
Ebusiness South West Limited
Electralink Limited
Electric Energy, Inc.
Electricity Pensions Limited
Electricity Pensions Trustee Limited
Energy Networks Association Limited
FCD LLC
Gemserv Limited
Growing Energy Labs, Inc.
Hyder Limited
Hyder Profit Sharing Trustee Limited
Hyder Share Scheme Trustee (2) Limited
Hyder Share Scheme Trustee Limited
Indiana-Kentucky Electric Corporation
Infralec 1992 Pension Trustee Limited
Joint Radio Company Limited
Joppa & Eastern Railroad Company
Kelston Properties 2 Limited
Kentucky Utilities Company
Lexington Utilities Company
LG&E and KU Capital LLC
LG&E and KU Energy LLC
LG&E and KU Foundation Inc.
LG&E and KU Hydro I LLC
LG&E and KU Services Company
LG&E Energy Inc.
Louisville Development Bancorp, Inc.
Louisville Gas and Electric Company
Met-South, Inc.
Meter Operator Services Limited
Meter Reading Services Limited
Metro Bank, Inc.
Midwest Electric Power, Inc.
MRA Service Company Limited
Norther Limited
Ohio Valley Electric Corporation
PMDC International Holdings, Inc.
PP&L Residual Corporation
PPL (Barbados) SRL
PPL Atlantic Holdings, LLC
PPL Capital Funding, Inc.
PPL Distributed Energy Resources, LLC
PPL Electric Utilities Corporation
PPL Energy Holdings, LLC
PPL Energy Funding Corporation
PPL EU Services Corporation
PPL Foundation
PPL Global, LLC
PPL Island Limited
PPL Midlands Limited
PPL Power Insurance Ltd.
PPL Safari Holdings, LLC
PPL Services Corporation
PPL Strategic Development, LLC
PPL Subsidiary Holdings, LLC
PPL Technology Ventures, LLC
PPL Translon, Inc.
PPL UK Holdings, LLC
PPL UK Investments Limited
PPL UK Resources Limited
PPL UK Distribution Holdings Limited
PPL WEM Limited
PPL WPD Investments Limited
PPL WPD Limited
Safari Baboon, LLC
Safari Chimpanzee, LLC
Safari Donkey, LLC
Safari Elephant, LLC
Safari Energy, LLC
Safari Energy Construction, LLC
Safari Kangaroo, LLC
Safari Loris, LLC
Safari Orangutan, LLC
Safari Viper, LLC
Safari Zebra, LLC
Smart Energy Code Company Limited
South Wales Electricity Share Scheme Trustees Limited
South Western Helicopters Limited
The Ombudsman Service Limited
Victory Park Management Company Limited
Wesleyan Solar Array, LLC
Western Kentucky Energy Corp.
Western Power Distribution (East Midlands) plc
Western Power Distribution (West Midlands) plc
Western Power Distribution (South Wales) plc
Western Power Distribution (South West) plc
Western Power Distribution Investments Limited
Western Power Distribution plc
Western Power Generation Limited
Western Power Pension Trustee Limited
WPD Foundation
WPD Investment Holdings Limited
WPD Investments Limited
WPD Limited
WPD Limited (Guernsey)
WPD Midlands Networks Contracting Limited
WPD Midlands Properties Limited
WPD Distribution Network Holdings Limited
WPD Property Investments Limited
WPD Share Scheme Trustees Limited
WPD Smart Metering Limited
WW Share Schemes Trustees Limited
WPD Telecoms Limited

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

Answer:

None

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

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

Answer:

Not applicable

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

Answer:

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

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

Answer:

PPL Electric's dividend payout ratio is not expected to exceed 75%.

\$ (000's)	2016	2017	2018	2019	2020	2021
Earnings Available for Common	339,950	347,478	430,455	443,331	473,005	494,055
Total Dividend Paid to Parent	288,000	336,000	390,000	279,100	300,100	318,000
Excess Capital Contributions	(77,400)	(122,800)	(100,750)	-	-	-
Net Dividend Paid to Parent	210,600	213,200	289,250	279,100	300,100	318,000
Dividend Payout Ratio	62.0%	61.4%	67.2%	63.0%	63.4%	64.4%

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

Answer:

Debt to total capital ratio does not exceed 55%.

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

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

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

Answer:

PPL Electric Utilities expects to spend approximately \$1 billion per year in capital expenditures over the next three years for both new and existing assets, which includes \$76 million of AFUDC.

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

1. The approximate cost of average materials and supplies inventory which the public utility expects to carry
2. The average time elapsing between the date when the public utility furnishes or begins a period of furnishing services to customers and the date when collection is made from customers for the service.
3. The minimum bank balance requirements.

Answer:

Not applicable.

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

1. Explain the purpose for which obligations were issued or refer to the number of securities certificate in which the purpose appears.
2. State whether refunding is to meet maturity, or to effect saving in interest or other annual charges; if to effect savings, state date when, and at price which obligations are to be called, and submit statement showing savings to be affected as a result of refunding.

Answer:

Not applicable

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

Answer:

Not applicable

E. If the purpose is to fund pension obligations:

1. Provide the current Accumulated Benefit Obligation (except where no longer used consistent with FASB Statement No. 158), the projected benefit obligation, the current fair value of plan assets, and the percent that the current benefit obligation is funded.
2. Provide the annual contributions to the plan from 2006 to the present, and the projected contributions for the next five years.
3. Provide an explanation as to how compliance with the Pension Protection Act of 2006 will be accomplished.

Answer:

Not applicable

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

12/31/2018 \$ (000's)	Working Capital & Other			Total
	Utility Plant	Additions	Other Long Term	
Distribution Rate Base	4,571,000	43,000	(1,110,000)	3,504,000
Transmission Rate Base	4,285,000	12,000	(826,000)	3,471,000
Rate Base	8,856,000	55,000	(1,936,000)	6,975,000
Other (1)	961,936			961,936
Working Capital Other (2)		(127,049)		(127,049)
Regulatory Assets Net Liabilities			(132,005)	(132,005)
Other Long Term (3)			503,126	503,126
Total Capitalization	9,817,936	(72,049)	(1,564,878)	8,181,010

(1) Primarily due to asset additions, retirements, and accumulated depreciation.

(2) Mostly timing differences.

(3) Primarily timing of deferred and current income taxes.

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

\$ (000's)	2016	2017	2018	2019	2020	2021
Capital Expenditures	1,097,000	1,188,051	1,192,000	1,122,086	1,106,041	802,331
Depreciation	214,000	330,885	352,000	379,052	382,103	376,016
Capital/Depreciation	5.13x	3.59x	3.39x	2.96x	2.89x	2.13x