

ATTACHMENT H-8G

PPL Electric Utilities Corporation				2008 Data
Formula Rate -- Appendix A		Notes	FERC Form 1 Page # or Instruction	
Shaded cells are input cells				
<b>Allocators</b>				
<b>Wages &amp; Salary Allocation Factor</b>				
1	Transmission Wages Expense		p354.21.b	8,494,499
2	Total Wages Expense		p354.28.b	85,375,132
3	Less A&G Wages Expense		p354.27.b	1,245,209
4	Total Wages Less A&G Wages Expense		(Line 2 - Line 3)	84,129,923
5	<b>Wages &amp; Salary Allocator</b>		(Line 1 / Line 4)	<b>10.0969%</b>
<b>Plant Allocation Factors</b>				
6	Electric Plant in Service		p207.104.g	5,177,571,776
7	Accumulated Depreciation (Total Electric Plant)	(Note J)	p219.29.c	2,001,055,053
8	Accumulated Amortization	(Note A)	p200.21.c	10,958,554
9	Total Accumulated Depreciation		(Line 7 + 8)	2,012,013,607
10	Net Plant		(Line 6 - Line 9)	3,165,558,169
11	Transmission Gross Plant (excluding Land Held for Future Use)		(Line 25 - Line 24)	1,212,087,036
12	<b>Gross Plant Allocator</b>		(Line 11 / Line 6)	<b>23.4103%</b>
13	Transmission Net Plant (excluding Land Held for Future Use)		(Line 33 - Line 24)	715,196,381
14	<b>Net Plant Allocator</b>		(Line 13 / Line 10)	<b>22.5931%</b>
<b>Plant Calculations</b>				
<b>Plant In Service</b>				
15	Transmission Plant In Service	(Note B)	p207.58.g	1,150,044,754
16	For Reconciliation only - remove New Transmission Plant Additions for Current Calendar Year	For Reconciliation Only	Attachment 6	
17	New Transmission Plant Additions for Current Calendar Year (weighted by months in service)	(Note B)	Attachment 6	12,644,590
18	<b>Total Transmission Plant</b>		(Line 15 - Line 16 + Line 17)	<b>1,162,689,344</b>
19	General		p207.99.g	470,510,793
20	Intangible		p205.5.g	18,726,302
21	Total General and Intangible Plant		(Line 19 + Line 20)	489,237,095
22	Wage & Salary Allocator		(Line 5)	10.0969%
23	<b>Total General and Intangible Functionalized to Transmission</b>		(Line 21 * Line 22)	<b>49,397,692</b>
24	Land Held for Future Use	(Note C) (Note P)	Attachment 5	29,746,261
25	<b>Total Plant In Rate Base</b>		<b>(Line 18 + Line 23 + Line 24)</b>	<b>1,241,833,297</b>
<b>Accumulated Depreciation</b>				
26	Transmission Accumulated Depreciation	(Note J)	p219.25.c	479,905,629
27	Accumulated General Depreciation	(Note J)	p219.28.c	157,261,949
28	Accumulated Amortization		(Line 8)	10,958,554
29	Total Accumulated Depreciation		(Line 27 + 28)	168,220,503
30	Wage & Salary Allocator		(Line 5)	10.0969%
31	Subtotal General and Intangible Accum. Depreciation Allocated to Transmission		(Line 29 * Line 30)	16,985,026
32	<b>Total Accumulated Depreciation</b>		<b>(Sum Lines 26 + 31)</b>	<b>496,890,655</b>
33	<b>Total Net Property, Plant &amp; Equipment</b>		<b>(Line 25 - Line 32)</b>	<b>744,942,642</b>

<b>Adjustment To Rate Base</b>			
34	<b>Accumulated Deferred Income Taxes</b>		
	ADIT net of FASB 106 and 109	Attachment 1	-51,498,840
35	<b>CWIP for Incentive Transmission Projects</b>		
	CWIP Balances for Current Rate Year	(Note H) Attachment 6	16,036,541
36	<b>Prepayments</b>		
	Prepayments	(Note A) (Note O) Attachment 5	445,061
37	<b>Materials and Supplies</b>		
	Undistributed Stores Expense	(Note A) p227.16.c	2,992,548
	Wage & Salary Allocator	(Line 5)	10.0969%
39	Total Undistributed Stores Expense Allocated to Transmission	(Line 37 * Line 38)	302,154
40	Transmission Materials & Supplies	p227.8.c	12,832,384
41	<b>Total Materials &amp; Supplies Allocated to Transmission</b>	(Line 39 + Line 40)	13,134,538
42	<b>Cash Working Capital</b>		
	Operation & Maintenance Expense	(Line 70)	41,833,003
43	1/8th Rule	1/8	12.5%
44	<b>Total Cash Working Capital Allocated to Transmission</b>	(Line 42 * Line 43)	5,229,125
45	<b>Total Adjustment to Rate Base</b>	(Lines 34 + 35 + 36 + 41 + 44)	-16,653,575
46	<b>Rate Base</b>	(Line 33 + Line 45)	728,289,067

<b>Operations &amp; Maintenance Expense</b>			
47	<b>Transmission O&amp;M</b>		
	Transmission O&M	Attachment 5	173,864,677
48	Less Account 565	Attachment 5	146,916,352
49	Plus Charges billed to Transmission Owner and booked to Account 565	(Note N) Attachment 5	0
50	<b>Transmission O&amp;M</b>	(Lines 47 - 48 + 49)	26,948,325
51	<b>Allocated Administrative &amp; General Expenses</b>		
	Total A&G	323.197b	139,379,316
52	Less: Administrative & General Expenses on Securitization Bonds	(Note O) Attachment 8	222,427
53	Plus: Fixed PBOP expense	(Note J) Attachment 5	10,028,618
54	Less: Actual PBOP expense	Attachment 5	12,537,495
55	Less Property Insurance Account 924	p323.185.b	2,116,743
56	Less Regulatory Commission Exp Account 928	(Note E) p323.189.b	5,162,822
57	Less General Advertising Exp Account 930.1	p323.191.b	0
58	Less EPRI Dues	(Note D) p352 & 353	204,286
59	Administrative & General Expenses	Sum (Lines 51 + 53) - Line 52 - Sum (Lines 54 to 58)	129,164,161
60	Wage & Salary Allocator	(Line 5)	10.0969%
61	<b>Administrative &amp; General Expenses Allocated to Transmissior</b>	(Line 59 * Line 60)	13,041,553
62	<b>Directly Assigned A&amp;G</b>		
	Regulatory Commission Exp Account 928	(Note G) Attachment 5	0
63	General Advertising Exp Account 930.1	(Note K) Attachment 5	0
64	<b>Subtotal - Accounts 928 and 930.1 - Transmission Related</b>	(Line 62 + Line 63)	0
65	Property Insurance Account 924	(Note G) Attachment 5	8,157,927
66	General Advertising Exp Account 930.1	(Note F) Attachment 5	0
67	Total Accounts 924 and 930.1 - General	(Line 65 + Line 66)	8,157,927
68	Net Plant Allocator	(Line 14)	22.5931%
69	<b>A&amp;G Directly Assigned to Transmissior</b>	(Line 67 * Line 68)	1,843,125
70	<b>Total Transmission O&amp;M</b>	(Lines 50 + 61 + 64 + 69)	41,833,003

<b>Depreciation &amp; Amortization Expense</b>				
<b>Depreciation Expense</b>				
71	Transmission Depreciation Expense Including Amortization of Limited Term Plant	(Note J)	Attachment 5	19,775,963
72	General Depreciation Expense Including Amortization of Limited Term Plant	(Note J)	Attachment 5	18,772,812
73	Intangible Amortization	(Note A)	p336.1.d&e	2,735,558
74	Total		(Line 72 + Line 73)	21,508,370
75	Wage & Salary Allocator		(Line 5)	10.0969%
76	<b>General Depreciation &amp; Intangible Amortization Allocated to Transmissior</b>		(Line 74 * Line 75)	2,171,675
77	<b>Total Transmission Depreciation &amp; Amortization</b>		<b>(Lines 71 + 76)</b>	<b>21,947,638</b>
<b>Taxes Other than Income Taxes</b>				
78	Taxes Other than Income Taxes		Attachment 2	2,335,550
79	<b>Total Taxes Other than Income Taxes</b>		<b>(Line 78)</b>	<b>2,335,550</b>
<b>Return \ Capitalization Calculations</b>				
<b>Long Term Interest</b>				
80	Long Term Interest		p117.62.c through 66.c	100,602,830
81	Less LTD Interest on Securitization Bonds	(Note O)	Attachment 8	13,186,553
82	<b>Long Term Interest</b>		(Line 80 - Line 81)	<b>87,416,277</b>
83	<b>Preferred Dividends</b>	enter positive	p118.29.c	<b>18,069,981</b>
<b>Common Stock</b>				
84	Proprietary Capital		p112.16.c	1,645,074,908
85	Less Accumulated Other Comprehensive Income Account 219		p112.15.c	25,630
86	Less Preferred Stock		(Line 94)	300,518,900
87	Less Account 216.1		p112.12.c	6,000,130
88	<b>Common Stock</b>		(Line 84 - 85 - 86 - 87)	<b>1,338,530,248</b>
<b>Capitalization</b>				
89	Long Term Debt		p112.18.c, 19.c & 21.c	1,769,625,000
90	Less Loss on Reacquired Debt		p111.81.c	26,228,614
91	Plus Gain on Reacquired Debt		p113.61.c	0
92	Less LTD on Securitization Bonds	(Note O)	Attachment 8	0
93	<b>Total Long Term Debt</b>		(Line 89 - 90 + 91 - 92)	<b>1,743,396,386</b>
94	Preferred Stock		p112.3.c	300,518,900
95	Common Stock		(Line 88)	1,338,530,248
96	<b>Total Capitalization</b>		(Sum Lines 93 to 95)	<b>3,382,445,534</b>
97	Debt %	Total Long Term Debt	(Line 93 / Line 96)	51.5%
98	Preferred %	Preferred Stock	(Line 94 / Line 96)	8.9%
99	Common %	Common Stock	(Line 95 / Line 96)	39.6%
100	Debt Cost	Total Long Term Debt	(Line 82 / Line 93)	0.0501
101	Preferred Cost	Preferred Stock	(Line 83 / Line 94)	0.0601
102	Common Cost	Common Stock	(Note J) Fixed	0.1164
103	Weighted Cost of Debt	Total Long Term Debt (WCLTD)	(Line 97 * Line 100)	0.0258
104	Weighted Cost of Preferred	Preferred Stock	(Line 98 * Line 101)	0.0053
105	Weighted Cost of Common	Common Stock	(Line 99 * Line 102)	0.0461
106	<b>Rate of Return on Rate Base ( ROR )</b>		(Sum Lines 103 to 105)	<b>0.0772</b>
107	<b>Investment Return = Rate Base * Rate of Return</b>		<b>(Line 46 * Line 106)</b>	<b>56,259,741</b>

**Composite Income Taxes**

Income Tax Rates			
108	FIT=Federal Income Tax Rate	(Note I)	35.00%
109	SIT=State Income Tax Rate or Composite		9.99%
110	p	(percent of federal income tax deductible for state purposes)	0.00%
111	T	$T=1 - \{[(1 - SIT) * (1 - FIT)] / (1 - SIT * FIT * p)\} =$	41.49%
112	T / (1-T)		70.92%
ITC Adjustment			
113	Amortized Investment Tax Credit - Transmission Related	Attachment 5	-656,727
114	<b>ITC Adjust. Allocated to Trans. - Grossed Up</b>	ITC Adjustment x 1 / (1-T) Line 113 * (1 / (1 - Line 111))	<b>-1,122,486</b>
115	<b>Income Tax Component =</b>	$(T/1-T) * \text{Investment Return} * (1-(WCLTD/ROR)) =$ [Line 112 * Line 107 * (1-(Line 103 / Line 106))]	<b>26,551,302</b>
116	<b>Total Income Taxes</b>	<b>(Line 114 + Line 115)</b>	<b>25,428,817</b>

**Revenue Requirement**

Summary			
117	Net Property, Plant & Equipment	(Line 33)	744,942,642
118	Total Adjustment to Rate Base	(Line 45)	-16,653,575
119	Rate Base	(Line 46)	728,289,067
120	Total Transmission O&M	(Line 70)	41,833,003
121	Total Transmission Depreciation & Amortization	(Line 77)	21,947,638
122	Taxes Other than Income	(Line 79)	2,335,550
123	Investment Return	(Line 107)	56,259,741
124	Income Taxes	(Line 116)	25,428,817
<b>125</b>	<b>Gross Revenue Requirement</b>	<b>(Sum Lines 120 to 124)</b>	<b>147,804,749</b>
Adjustment to Remove Revenue Requirements Associated with Excluded Transmission Facilities			
126	Transmission Plant In Service	(Line 15)	1,150,044,754
127	Excluded Transmission Facilities	(Note M) Attachment 5	0
128	Included Transmission Facilities	(Line 126 - Line 127)	1,150,044,754
129	Inclusion Ratio	(Line 128 / Line 126)	100.00%
130	Gross Revenue Requirement	(Line 125)	147,804,749
131	<b>Adjusted Gross Revenue Requirement</b>	(Line 129 * Line 130)	<b>147,804,749</b>
Revenue Credits			
132	<b>Revenue Credits</b>	Attachment 3	<b>12,532,972</b>
<b>133</b>	<b>Net Revenue Requirement</b>	<b>(Line 131 - Line 132)</b>	<b>135,271,777</b>
Net Plant Carrying Charge			
134	Gross Revenue Requirement	(Line 130)	147,804,749
135	Net Transmission Plant	(Line 18 - Line 26 + Line 35)	698,820,256
136	Net Plant Carrying Charge	(Line 134 / Line 135)	21.1506%
137	Net Plant Carrying Charge without Depreciation	(Line 134 - Line 71) / Line 135	18.3207%
138	Net Plant Carrying Charge without Depreciation, Return, nor Income Taxes	(Line 134 - Line 71 - Line 107 - Line 116) / Line 135	6.6312%
Net Plant Carrying Charge Calculation per 100 Basis Point increase in ROE			
139	Gross Revenue Requirement Less Return and Taxes	(Line 130 - Line 123 - Line 124)	66,116,191
140	Increased Return and Taxes	Attachment 4	86,614,588
141	Net Revenue Requirement per 100 Basis Point increase in ROE	(Line 139 + Line 140)	152,730,779
142	Net Transmission Plant	(Line 18 - Line 26 + Line 35)	698,820,256
143	Net Plant Carrying Charge per 100 Basis Point increase in ROE	(Line 141 / Line 142)	21.8555%
144	Net Plant Carrying Charge per 100 Basis Point in ROE without Depreciation	(Line 141 - Line 71) / Line 142	19.0256%
145	<b>Net Revenue Requirement</b>	(Line 133)	<b>135,271,777</b>
146	True-up amount	Attachment 6	(11,751,003)
147	Facility Credits under Section 30.9 of the PJM OATT	Attachment 5	-
148	<b>Net Zonal Revenue Requirement</b>	(Line 145 + 146 + 147)	<b>123,520,774</b>
Network Zonal Service Rate			
149	1 CP Peak	(Note L) PJM Data	7,509.5
150	Rate (\$/MW-Year)	(Line 148 / 149)	\$ 16,449
<b>151</b>	<b>Network Service Rate (\$/MW/Year)</b>	<b>(Line 150)</b>	<b>\$ 16,449</b>

**Notes**

- A Electric portion only
- B Line 16, for the Reconciliation, includes New Transmission Plant that actually was placed in service weighted by the number of months it actually was in service  
Line 17 includes New Transmission Plant to be placed in service in the current calendar year
- C Includes Transmission portion only.
- D Includes all EPRI Annual Membership Dues
- E Includes all Regulatory Commission Expenses
- F Includes Safety-related advertising included in Account 930.1
- G Includes Regulatory Commission Expenses directly related to transmission service, RTO filings, or transmission siting itemized in Form 1 at page 351.h.  
Property Insurance excludes prior period adjustment in the first year of the formula's operation and reconciliation for the first year.
- H CWIP can be included only if authorized by the Commission.
- I The currently effective income tax rate where FIT is the Federal income tax rate; SIT is the State income tax rate, and  $p =$  the percentage of federal income tax deductible for state income taxes.  
The calculation of the Reconciliation revenue requirement according to Step 7 of Attachment 6 ("Estimate and Reconciliation Worksheet") shall reflect the actual tax rates in effect for the Rate Year being reconciled ("Test Year"). When statutory marginal tax rates change during such Test Year, the effective tax rate used in the formula shall be weighted by the number of days each such rate was in effect. For example, a 35% rate in effect for 120 days superseded by a 40% rate in effect for the remainder of the year will be calculated as:  $((.3500 \times 120) + (.4000 \times 245))/365 = .3836$ .
- J ROE will be as follows: (i.) 11.60% for the period November 1, 2008 through May 31, 2009; (ii.) 11.64% for the period June 1, 2009 through May 31, 2010; (iii.) 11.68% on June 1, 2010 through May 31, 2011 and thereafter. No change in ROE will be made absent a filing at FERC.  
PBOP expense is fixed until changed as the result of a filing at FERC.  
Depreciation rates shown in Attachment 9 are fixed until changed as the result of a filing at FERC.  
Upon request, PPL Electric Utilities Corporation will provide workpapers at the annual update to reconcile formula depreciation expense and depreciation accruals to Form No. 1 amounts.  
As set forth in Attachment 5, added to the depreciation expense will be actual removal costs (net of salvage) amortized over five years.  
Within five years from the effective date of the Settlement filed in Docket No. ER08-1457, PPL Electric shall make a filing to update its depreciation rates and to continue treatment of the actual removal costs contained in the Formula Rate. In such filing, PPL Electric shall bear the burden of proof under Section 205 of the Federal Power Act to demonstrate that its depreciation rates and its treatment of the actual removal costs in the Formula Rate are just and reasonable.  
Notwithstanding this requirement, PPL Electric may, at any time prior to the expiration of such five-year period from the effective date of the Settlement, make a Section 205 filing to update its depreciation rates, but shall not be required to demonstrate that its treatment of the actual removal costs in the Formula Rate is just and reasonable.
- K Education and outreach expenses related to transmission (e.g., siting or billing).
- L As provided for in Section 34.1 of the PJM OATT, the PJM established billing determinants will not be revised or updated in the annual rate reconciliations.
- M Amount of transmission plant excluded from rates per Attachment 5.
- N Includes only charges incurred for system integration, such as those under the EHV Agreement, and transmission costs paid to others that benefit transmission customers.
- O Amounts associated with transition bonds issued to securitize the recovery of retail stranded costs are removed from account balances, pursuant to an Order entered by the Pennsylvania Public Utility Commission on May 21, 1999 at Docket No. R-00994637, in accordance with Pennsylvania's Electric Generation Customer Choice and Competition Act.
- P Any gain from the sale of land included in Land Held for Future Use in the Formula Rate received during the Rate Year shall be used to reduce the ATRR in the Rate Year. The Formula Rate shall not include any losses on sales of such land.





**PPL Electric Utilities Corporation**

**Attachment 2 - Taxes Other Than Income Worksheet**

Other Taxes	Page 263 Col (i)	Allocator	Allocated Amount
<b>Plant Related</b>			
		<b>Net Plant Allocator</b>	
1 Real Property (State, Municipal or Local)	712,329		
2 PURTA	4,100,000		
3			
4			
5			
6			
7			
8 <b>Total Plant Related</b>	4,812,329	22.5931%	1,087,252
<b>Labor Related</b>			
		<b>Wages &amp; Salary Allocator</b>	
9 Federal FICA	6,606,443		
10 Federal Unemployment	67,766		
11 State Unemployment	238,982		
12			
13			
14 <b>Total Labor Related</b>	6,913,191	10.0969%	698,017
<b>Other Included</b>			
		<b>Net Plant Allocator</b>	
15 PA Capital Stock Tax	2,449,998		
16 PA Capital Stock Tax on Securitization Bonds (Source: Attachment 8)	(14,376)		
17			
18			
19 <b>Total Other Included</b>	2,435,622	22.5931%	550,281
20 <b>Total Included (Lines 8 + 14 + 19)</b>	14,161,142		2,335,550
<b>Currently Excluded</b>			
21 Gross Receipts	197,973,591		
22 Sales and Use	(2,140,126)		
23			
24			
25			
26			
27			
28 <b>Subtotal, Excluded</b>	195,833,465		
29 <b>Total, Included and Excluded (Line 20 + Line 28)</b>	209,994,607		
30 <b>Total Other Taxes from p114.14.c less Tax on Securitization Bonds</b>	209,994,607		
31 Difference (Line 29 - Line 30)	-		

Criteria for Allocation:

- A Other taxes that are incurred through ownership of plant, including transmission plant, will be allocated based on the Net Plant Allocator. If the taxes are 100% recovered at retail, they shall not be included.
- B Other taxes that are incurred through ownership of only general or intangible plant will be allocated based on the Wages and Salary Allocator. If the taxes are 100% recovered at retail, they shall not be included.
- C Other taxes that are assessed based on labor will be allocated based on the Wages and Salary Allocator.
- D Other taxes, except as provided for in A, B and C above, which are incurred and (1) are not fully recovered at retail or (2) are directly or indirectly related to transmission service, will be allocated based on the Net Plant Allocator; provided, however, that overheads shall be treated, as described in footnote B above.
- E Excludes prior period adjustments in the first year of the formula's operation and reconciliation for the first year.

## PPL Electric Utilities Corporation

### Attachment 3 - Revenue Credit Worksheet

<b>Account 454 - Rent from Electric Property</b>		
1	Rent from Electric Property - Transmission Related	1,098,000
<b>Account 456 - Other Electric Revenues (Note 1)</b>		
2	Transmission for Others (Note 3)	-
3	Schedule 12 Revenues (Note 3)	1,236,538
4	Schedule 1A	2,712,128
5	Net revenues associated with Network Integration Transmission Service (NITS) for which the load is not included in the divisor (Note 3)	-
6	Point-to-Point Service revenues for which the load is not included in the divisor received by Transmission Owner (e.g. Schedule 8)	3,463,414
7	Professional Services provided to others	77,052
8	Facilities Charges including Interconnection Agreements (Note 2)	3,945,840
9	Gross Revenue Credits <span style="float: right;">(Sum Lines 1-10)</span>	12,532,972
10	Amount offset from Note 3 below	-
11	<p>Note 1: All revenues related to transmission that are received as a transmission owner (i.e., not received as a LSE), for which the cost of the service is recovered under this formula, except as specifically provided for elsewhere in this Attachment or elsewhere in the formula, will be included as a revenue credit or included in the peak on line 150 of Appendix A.</p>	
12	<p>Note 2: If the costs associated with the Directly Assigned Transmission Facility Charges are included in the Rates, the associated revenues are included in the Rates. If the costs associated with the Directly Assigned Transmission Facility Charges are not included in the Rates, the associated revenues are not included in the Rates.</p>	
13	<p>Note 3: If the facilities associated with the revenues are not included in the formula, the revenue is shown here, but not included in the total above and explained in the Cost Support, e.g., revenues associated with distribution facilities. In addition, Revenues from Schedule 12 are not included in the total above to the extent they are credited directly by PJM to zonal customers.</p>	

PPL Electric Utilities Corporation  
Attachment 4 - Calculation of 100 Basis Point Increase in ROE

A	Return and Taxes with 100 Basis Point increase in ROE 100 Basis Point increase in ROE and Income Taxes	Line 29 + Line 39 from below	86,614,588
B	100 Basis Point increase in ROE		1.00%

**Return Calculation**

		Appendix A Line or Source	Reference
1	<b>Rate Base</b>	(Attachment A Line 46)	728,289,067
	<b>Long Term Interest</b>		
2	Long Term Interest	(Attachment A Line 80)	100,602,830
3	Less LTD Interest on Securitization Bonds	Attachment 8	13,186,553
4	Long Term Interest	(Line 2 - Line 3)	87,416,277
5	<b>Preferred Dividends</b>	enter positive	p118.29.c
			18,069,981
	<b>Common Stock</b>		
6	Proprietary Capital	p112.16.c	1,645,074,908
7	Less Accumulated Other Comprehensive Income Account 219	p112.15.c	25,630
8	Less Preferred Stock	(Attachment A Line 86)	300,518,900
9	Less Account 216.1	p112.12.c	6,000,130
10	Common Stock	(Line 6 - 7 - 8 - 9)	1,338,530,248
	<b>Capitalization</b>		
11	Long Term Debt	p112.18.c, 19.c & 21.c	1,769,625,000
12	Less Loss on Reacquired Debt	p111.81.c	26,228,614
13	Plus Gain on Reacquired Debt	p113.61.c	0
14	Less LTD on Securitization Bonds	Attachment 8	0
15	Total Long Term Debt	(Line 11 - 12 + 13 - 14)	1,743,396,386
16	Preferred Stock	p112.3.c	300,518,900
17	Common Stock	(Line 10)	1,338,530,248
18	Total Capitalization	(Sum Lines 15 to 17)	3,382,445,534
19	Debt %	Total Long Term Debt	(Line 15 / Line 18)
20	Preferred %	Preferred Stock	(Line 16 / Line 18)
21	Common %	Common Stock	(Line 17 / Line 18)
			51.5%
			8.9%
			39.6%
22	Debt Cost	Total Long Term Debt	(Line 4 / Line 15)
23	Preferred Cost	Preferred Stock	(Line 5 / Line 16)
24	Common Cost	Common Stock	Fixed
			0.0501
			0.0601
			0.1264
25	Weighted Cost of Debt	Total Long Term Debt (WCLTD)	(Line 19 * Line 22)
26	Weighted Cost of Preferred	Preferred Stock	(Line 20 * Line 23)
27	Weighted Cost of Common	Common Stock	(Line 21 * Line 24)
28	<b>Rate of Return on Rate Base ( ROR )</b>	(Sum Lines 25 to 27)	<b>0.0812</b>
29	<b>Investment Return = Rate Base * Rate of Return</b>	<b>(Line 1 * Line 28)</b>	<b>59,141,788</b>

**Composite Income Taxes**

	<b>Income Tax Rates</b>		
30	FIT=Federal Income Tax Rate		35.00%
31	SIT=State Income Tax Rate or Composite		9.99%
32	p = percent of federal income tax deductible for state purposes	Per State Tax Code	0.00%
33	T	$T=1 - \{[(1 - SIT) * (1 - FIT)] / (1 - SIT * FIT * p)\} =$	41.49%
34	CIT = T / (1-T)		70.92%
35	1 / (1-T)		170.92%
	<b>ITC Adjustment</b>		
36	Amortized Investment Tax Credit	Attachment 5	(656,727)
37	<b>ITC Adjust. Allocated to Trans. - Grossed Up</b>	(Line 36 * (1 / (1 - Line 33))	<b>-1,122,486</b>
38	<b>Income Tax Component =</b>	$CIT=(T/1-T) * Investment Return * (1-(WCLTD/R)) =$	28,595,285
39	<b>Total Income Taxes</b>		<b>27,472,799</b>

PPL Electric Utilities Corporation

Attachment 5 - Cost Support

Appendix A Line #s, Descriptions, Notes, Form No. 1 Page #s and Instructions				Form No. 1 Amount	Transmission Related	Non-transmission Related	Details
113	Amortized Investment Tax Credit		Company Records	-2,185,697	-656,727	-1,528,970	Enter Negative

Appendix A Line #s, Descriptions, Notes, Form No. 1 Page #s and Instructions				Form No. 1 Amount	Transmission Related Major Items	Transmission Related Minor Items	Non-transmission Related	Details
24	Land Held for Future Use	(Note C)	p.214.d - p214.f.d & Company Records	32,683,075	25,608,328	4,137,933	2,936,814	Removal of land held for future use (if any) that is included in CWIP balance Gains from the sale of Land Held for Future Use Balance for Appendix A
		(Note P)	Company Records		0	0		
					25,608,328	4,137,933		

Appendix A Line #s, Descriptions, Notes, Form No. 1 Page #s and Instructions				Total	Prior Period Adjustment	Adjusted Total	Details
<b>Allocated Administrative &amp; General Expenses</b>							
53	Fixed PBOP expense		FERC Authorized	10,028,618			Current year actual PBOP expense Annual Premium associated with storm insurance excluding recoveries related to prior periods. (See FM 1 note to page 320 line 185)
54	Actual PBOP expense		Company Records	12,537,495			
65	Property Insurance Account 924		Company Records p323.185.b	2,116,743	6,041,184	8,157,927	

Appendix A Line #s, Descriptions, Notes, Form No. 1 Page #s and Instructions				Form No. 1 Amount	Transmission Related	Non-transmission Related	Details
<b>Directly Assigned A&amp;G</b>							
62	Regulatory Commission Exp Account 928	(Note G)	p350-151h	5,162,822	0	5,162,822	

Appendix A Line #s, Descriptions, Notes, Form No. 1 Page #s and Instructions				Form No. 1 Amount	Safety Related	Non-safety Related	Details
<b>Directly Assigned A&amp;G</b>							
66	General Advertising Exp Account 930.1	(Note F)	p323.191.b	-	-	-	

Appendix A Line #s, Descriptions, Notes, Form No. 1 Page #s and Instructions				State 1	State 2	State 3	State 4	State 5	Details
<b>Income Tax Rates</b>									
109	SIT=State Income Tax Rate or Composite	(Note I)		PA 9.99%					

Appendix A Line #s, Descriptions, Notes, Form No. 1 Page #s and Instructions				Form No. 1 Amount	Education & Outreach	Other	Details
<b>Directly Assigned A&amp;G</b>							
63	General Advertising Exp Account 930.1	(Note K)	p323.191.b	-	-	-	

PPL Electric Utilities Corporation

Attachment 5 - Cost Support

Excluded Plant Cost Support

Appendix A Line #s, Descriptions, Notes, Form No. 1 Page #s and Instructions			Excluded Transmission Facilities	Description of the Facilities
<b>Adjustment to Remove Revenue Requirements Associated with Excluded Transmission Facilities</b>				<b>General Description of the Facilities</b>
127	Excluded Transmission Facilities	(Note M)		
Instructions:			Enter \$	
1 Remove all investment below 69 kV or generator step-up transformers included in transmission plant in service that are not a result of the RTEP process			0	None
2 If unable to determine the investment below 69kV in a substation with investment of 69 kV and higher, as well as below 69 kV the following formula will be used:			Or	
<b>Example</b>			Enter \$	
A	Total investment in substation	1,000,000		
B	Identifiable investment in Transmission (provide workpapers)	500,000		
C	Identifiable investment in Distribution (provide workpapers)	400,000		
D	Amount to be excluded (A x (C / (B + C)))	444,444		
<b>Add more lines if necessary</b>				

Prepayments and Prepaid Pension Asset

Appendix A Line #s, Descriptions, Notes, Form No. 1 Page #s and Instructions				Form No. 1 Amount	Prepayments on Securitization Bonds Adjustment	POLR and Retail Related Adjustment	Prepayments	W&S Allocator	Functionalized to TX	Description of the Prepayments
36	Prepayments	(Note A) (Note O)	Form 1 -- p111.57.c	18,627,466	0	14,219,565	4,407,901	10.0969%	445,061	Less amounts related to POLR, Retail Issues and Bond Securitization.

Adjustments to Transmission O&M

Appendix A Line #s, Descriptions, Notes, Form No. 1 Page #s and Instructions			Total	Adjustments	Transmission Related	Details
47	Transmission O&M	p.321.112.b	178,070,434	4,205,757	173,864,677	Adjustment for Ancillary Services p321.88b and p321.92b.
48	Less Account 565	p.321.96.b	146,916,352	0	146,916,352	None

Facility Credits under Section 30.9 of the PJM OATT

Appendix A Line #s, Descriptions, Notes, Form 1 Page #s and Instructions			Amount	Description & PJM Documentation
<b>Net Revenue Requirement</b>				
147	Facility Credits under Section 30.9 of the PJM OATT		-	None

PJM Load Cost Support

Appendix A Line #s, Descriptions, Notes, Form No. 1 Page #s and Instructions			1 CP Peak	Description & PJM Documentation
<b>Network Zonal Service Rate</b>				
149	1 CP Peak	(Note L) PJM Data	7,509.5	

Depreciation Expense

Appendix A Line #s, Descriptions, Notes, Form No. 1 Page #s and Instructions			Total	Actual Cost of Removal, Net of Salvage Costs					Total	5 - Year Amortization
				Year 1 2003	Year 2 2004	Year 3 2005	Year 4 2006	Year 5 2007		
71	Transmission Depreciation Expense Including Amortization of Limited Term Plant	(Note J) Company Records	18,402,670							
	Transmission Plant Cost of Removal, Net of Salvage	(Note J) Company Records	1,373,293	1,433,493	1,671,456	700,295	1,574,348	1,486,873	6,866,465	1,373,293
	Total Transmission Depreciation Expense Including Amortization of Limited Term Plt	(Note J) Company Records	19,775,963							
72	General Depreciation Expense Including Amortization of Limited Term Plant	(Note J) Company Records	18,115,552							
	General Plant Cost of Removal, Net of Salvage	(Note J) Company Records	657,260	677,327	756,647	432,927	724,278	695,120	3,286,299	657,260
	Total General Depreciation Expense Including Amortization of Limited Term Plant	(Note J) Company Records	18,772,812							

**PPL Electric Utilities Corporation**  
**Attachment 6 - Estimate and Reconciliation Worksheet**

Step Month Year Action

**Exec Summary**

- 1 April Year 2 TO populates the formula with Year 1 data from FERC Form No. 1 data for Year 1 (e.g., 2007)
- 2 April Year 2 TO estimates all transmission Cap Adds and CWP for Year 2 weighted based on Months expected to be in service in Year 2 (e.g., 2008)
- 3 April Year 2 TO adds weighted Cap Adds to plant in service in Formula
- 4 May Year 2 Post results of Step 3 on PJM web site
- 5 June Year 2 Results of Step 3 go into effect for the Rate Year 1 (e.g., June 1, 2008 - May 31, 2009)
- 6 April Year 3 TO populates the formula with Year 2 data from FERC Form No. 1 for Year 2 (e.g., 2008)
- 7 April Year 3 Reconciliation - TO calculates Reconciliation by removing from Year 2 data - the total Cap Adds placed in service in Year 2 and adding weighted average in Year 2 actual Cap Adds and CWP in Reconciliation (adjusted to include any Reconciliation amount from prior year)
- 8 April Year 3 TO estimates Cap Adds and CWP during Year 3 weighted based on Months expected to be in service in Year 3 (e.g., 2009)
- 9 April Year 3 Reconciliation - TO adds the difference between the Reconciliation in Step 7 (RHS) difference is also added to Step 8 in the subsequent year)
- 10 May Year 3 Post results of Step 9 on PJM web site
- 11 June Year 3 Results of Step 9 go into effect for the Rate Year 2 (e.g., June 1, 2009 - May 31, 2010)

- 1 April Year 2 TO populates the formula with Year 1 data from FERC Form No. 1 data for Year 1 (e.g., 2007)  
5 142,227,847 Rev Req based on Year 1 data Must run Appendix A to get this number (without inputs in lines 16, 17 or 35 of Appendix A)
- 2 April Year 2 TO estimates all transmission Cap Adds and CWP for Year 2 weighted based on Months expected to be in service in Year 2 (e.g., 2008)

	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)	(M)	(N)	(O)	(P)	(Q)	(R)	(S)	Total
	Monthly Additions Other Plant in Service	Hoosuck Wavetrp (0171.2)	Monthly Additions Alburtis Wavetrp (0172.1)	Monthly Additions S. Alton (0074)	Monthly Additions Berks Rebuild (0074)	Monthly Additions Susq Rose CWP (0487)	Weighting	Other Plant in Service Amount (A x G)	Hoosuck Wavetrp Amount (B x G)	Alburtis Wavetrp Amount (C x G) (0172.1)	S. Alton - Berks Rebuild Amount (D x G) (0074)	Susq Rose CWP Amount (E x G) (0487)	Susq Rose PIS Amount (F x G) (0487)	Other Plant in Service (H / I)	Hoosuck Wavetrp (J / I)	Alburtis Wavetrp (K / I)	S. Alton - Berks Rebuild (L / I)	Susq Rose CWP (M / I)	Susq Rose PIS (N / I)	
CWP Balance Dec (prior yr)						250,168	12					3,002,016							250,168	
Jan	3,014,337				8,938	48,962	11.5	34,664,878	-	-	102,785	563,063	-	2,888,740	-	-	-	8,565	48,922	-
Feb	849,762				5,021	90,256	10.5	8,922,250	-	-	52,721	968,738	-	743,542	-	-	-	4,293	79,062	-
Mar	(41,968)				17,262,711	255,682	9.5	(1,538,679)	-	-	165,300,655	2,429,078	-	(128,229)	-	-	-	13,260,888	202,423	-
Apr	1,709,242				(78,486)	167,610	8.5	14,538,559	-	-	(667,133)	1,424,685	-	1,210,713	-	-	-	(55,594)	118,724	-
May	2,608,644	85,555	53,657	17,333,182	240,528	240,528	7.5	19,564,829	641,660	402,428	129,998,861	1,803,960	-	1,630,402	53,472	33,536	-	10,833,228	150,330	-
Jun	3,112,150	670	568	278,668	242,077	242,077	6.5	20,228,976	4,267	3,692	1,813,339	1,572,111	-	1,685,748	263	208	-	150,945	131,093	-
Jul	8,664,842	1	1,344	98,786	296,029	296,029	5.5	35,564,528	8	1,392	542,323	1,628,215	-	2,963,877	1	636	-	45,277	158,695	-
Aug	380,000				287,876	287,876	4.5	1,710,000	-	-	-	1,295,442	-	142,500	-	-	-	-	107,954	-
Sep	2,910,377				287,876	287,876	3.5	10,186,110	-	-	-	1,007,566	-	848,842	-	-	-	-	83,964	-
Oct	1,182,120				287,876	287,876	2.5	2,755,265	-	-	-	739,690	-	229,610	-	-	-	-	58,914	-
Nov	268,000				287,876	287,876	1.5	409,000	-	-	-	431,814	-	35,750	-	-	-	-	35,985	-
Dec	1,182,000				287,876	287,876	0.5	591,000	-	-	-	143,938	-	49,250	-	-	-	-	11,995	-
Total	23,459,258	86,227	55,549	35,028,219	3,030,752	-	147,609,027	646,026	413,512	296,971,951	16,971,311	-	-	12,300,752	53,035	34,459	-	24,747,663	1,414,276	-
New Transmission Plant Additions and CWP (weighted by months in service)														12,300,752	53,035	34,459	-	24,747,663	1,414,276	-
														Input to Line 17 of Appendix A	12,300,752	53,035	34,459	24,747,663	-	37,136,710
														Input to Line 35 of Appendix A						1,414,276
														Month in Service or Month for CWP	5.71	4.51	4.56	3.52	6.40	-

- 3 April Year 2 TO adds weighted Cap Adds to plant in service in Formula  
5 142,227,188 Must run Appendix A to get this number (with inputs on lines 17 and 35 of Attachment A)
- 4 May Year 2 Post results of Step 3 on PJM web site  
5 142,227,188 Must run Appendix A to get this number (with inputs on lines 17 and 35 of Attachment A)
- 5 June Year 2 Results of Step 3 go into effect for the Rate Year 1 (e.g., June 1, 2008 - May 31, 2009)  
5 142,227,188







**PPL Electric Utilities Corporation**  
**Attachment 8 - Company Exhibit - Securitization Worksheet**

Line #			
	Prepayments		
<b>36</b>	<b>Less Prepayments on Securitization Bonds</b>	0	(See FM 1, note to page 110, line 57)
	Administrative and General Expenses		
<b>52</b>	<b>Less Administrative and General Expenses on Securitization Bonds</b>	222,427	(See FM 1, note to page 114, line 4)
	Taxes Other Than Income		
<b>78</b>	<b>Less Taxes Other Than Income on Securitization Bonds</b>	14,376	(See FM 1, note to page 114, line 14)
	Long Term Interest		
<b>81</b>	<b>Less LTD Interest on Securitization Bonds</b>	13,186,553	(See FM 1, note to page 114, lines 62 + 63)
	Capitalization		
<b>92</b>	<b>Less LTD on Securitization Bonds</b>	0	(See FM 1, note to page 112, line 18)

Calculation of the above Securitization Adjustments

The amounts above are associated with transition bonds issued to securitize the recovery of retail stranded costs, pursuant to an Order entered by the Pennsylvania Public Utility Commission on May 21, 1999 at Docket No. R-00994637, in accordance with Pennsylvania's Electric Generation Customer Choice and Competition Act.

## PPL Electric Utilities Corporation

### Attachment 9 - Depreciation Rates

Account Number	Plant Type	Applied Deprec. Rate (%)
<b>Transmission</b>		
350.4	Land Rights	2.30
352	Structures and Improvements	2.95
353	Station Equipment	3.02
354	Towers and Fixtures	2.41
354.2	Towers and Fixtures - Clearing Land and Rights of Way	2.21
355	Poles and Fixtures	2.84
355.2	Poles and Fixtures - Clearing Land and Rights of Way	2.17
356	Overhead Conductors and Devices	2.87
357	Underground Conduit	3.76
358	Underground Conductors and Devices	4.90
359	Roads and Trails	2.03
<b>General</b>		
389.4	Land Rights	3.12
390.2	Structures and Improvements - Buildings	1.92
390.4	Structures and Improvements - Air Conditioning	4.82
391.2	Office Furniture and Equipment - Furniture	5.00
391.4	Office Furniture and Equipment - Mechanical Equipment	6.67
391.6	Office Furniture and Equipment - Computer Equipment - General	20.00
391.8	Office Furniture and Equipment - Computer Equipment - Power Mgt System	14.28
392.1	Transportation Equipment - 5 Years	31.58
392.2	Transportation Equipment - 8 Years	25.75
392.3	Transportation Equipment - 10 Years	17.77
392.4	Transportation Equipment - Trailers	7.20
392.5	Transportation Equipment - 15 Years	9.67
392.6	Transportation Equipment - 20 Years	7.18
393	Store Equipment	4.00
394	Tools, Shop and Garage Equipment - Distribution Line Crews	5.00
394.2	Tools, Shop and Garage Equipment - Tools	5.00
394.4	Tools, Shop and Garage Equipment - Construction Department	5.00
394.6	Tools, Shop and Garage Equipment - Other	5.00
394.8	Tools, Shop and Garage Equipment - Garage Tools Support	5.00
395	Laboratory Equipment	5.00
396	Power Operated Equipment	6.67
397	Communication Equipment	6.67
398	Miscellaneous Equipment	5.00
<b>Intangible</b>		
303.2	Intangible Computer Software	20.00
303.4	Other Amortized Property	6.67