

PPL ELECTRIC UTILITIES CORP
Form 8-K
January 28, 2009

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): January 22, 2009

Commission File Number	Registrant; State of Incorporation; Address and Telephone Number	IRS Employer Identification No.
1-905	PPL Electric Utilities Corporation (Exact name of Registrant as specified in its charter) (Pennsylvania) Two North Ninth Street Allentown, PA 18101-1179 (610) 774-5151	23-0959590

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Section 5 - Corporate Governance and Management

Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers

Named Executive Officer Compensation Matters

At its meeting on January 22, 2009, the Compensation, Governance and Nominating Committee (“CGNC” or the “Committee”) of the Board of Directors of PPL Corporation approved the 2009 base salary changes and cash and equity incentive awards for PPL Electric Utilities Corporation’s (“PPL Electric”) “named executive officers” (as defined in Item 402(a)(3) of Regulation S-K and in accordance with the applicable instructions to Form 8-K; except that no information is provided for William H. Spence who resigned as President on April 1, 2007, and for Paul A. Farr who resigned as Senior Vice President-Financial and was named Executive Vice President and Chief Financial Officer of PPL Corporation on April 1, 2007).

1. Base Salary Changes

The CGNC approved the annual base salaries, effective as of January 1, 2009, of the named executive officers after a review of performance and competitive market data. The following table sets forth the annual base salary levels of PPL Electric's named executive officers for 2009 and 2008.

Name and Position	Year	Salary (\$)
David G. DeCampli President	2009	380,000
	2008	350,000
J. Matt Simmons, Jr. Vice President and Controller	2009	280,000
	2008	265,000
James E. Abel Treasurer	2009	290,000
	2008	284,000

2. Short-term Incentive Cash Awards for 2008 Performance

The CGNC authorized an annual incentive cash (i.e., bonus) award to the named executive officers for 2008 performance, as indicated in the following table. The annual incentive cash awards were made pursuant to PPL Corporation's Short-term Incentive Plan. The incentive cash awards were made to these executive officers for the achievement of specific, independent goals established by the CGNC in March 2008 (as previously disclosed by PPL Electric) and measured by the Committee at its January 2009 meeting.

Name and Position	Bonus (\$)
David G. DeCampli President	77,900 (1)
J. Matt Simmons, Jr. Vice President and Controller	45,900

James E. Abel
Treasurer

45,800

- (1) Includes \$77,900 that Mr. DeCampli exchanged for restricted stock units under the terms of the Company's Cash Incentive Premium Exchange Program. Pursuant to this program, an executive officer may exchange all or any portion of the granted cash incentive compensation for restricted stock units equal in value to 140% of the cash exchanged, valued at the per share price of the Company's common stock on the date of grant. The closing price of the Company's common stock on January 22, 2009, the date of grant, was \$31.93.

3. Long-term Incentive Equity Awards based upon 2008 Performance

The CGNC authorized grants to the Company's named executive officers of long-term incentive equity awards pursuant to the Company's Incentive Compensation Plan, as indicated in the following table. These grants consisted of (i) a restricted stock unit award with a three-year restriction period, based on the achievement of criteria established by the CGNC in March 2008 (as previously disclosed by the Company), and measured by the Committee at its January 2009 meeting, (ii) a performance unit award, and (iii) a stock option award.

Name and Position	Restricted Stock Units Sustained Financial and Operational Results	Performance Units Total Shareowner Return	Stock Options Future Stock Price Performance
David G. DeCampli President	5,740	3,180	33,670
J. Matt Simmons, Jr. Vice President and Controller	3,150	1,740	18,460
James E. Abel Treasurer	3,370	1,870	19,790

The number of restricted stock units awarded is equivalent to the dollar value of the award divided by \$31.93, the closing price of the Company's common stock on The New York Stock Exchange on January 22, 2009, the date of grant. The exercise price of the stock option awards is \$31.93, the closing price of the Company's common stock on The New York Stock Exchange on January 22, 2009, the date of grant.

Performance units are intended to encourage and reward future performance. Performance units represent a target number of shares ("Target Award") of the Company's common stock that the officer would receive upon the Company's attainment of the applicable performance goal. Performance is determined based on "total shareowner return" (increase in market value of a share of the Company's common stock plus the value of all dividends paid on a share of the common stock during the applicable performance period, divided by the price of the common stock at the beginning of the performance period) during a three-year performance period (in this case, January 1, 2009 through December 31, 2011). At the end of the performance period, payout is determined by comparing the Company's performance to the total shareowner return of the companies included in the S&P Electric Utilities Index ("Index Group"). Awards are payable on a graduated basis within the following ranges: If the Company's performance is at or above the 85th percentile of the Index Group, the award is paid at 200% of the Target Award; at the 50th percentile of the Index Group, the award is paid at 100% of the Target Award; at the 40th percentile of the Index Group, the award is paid at 50% of the Target Award; and below the 40th percentile, no award is payable.

4. Incentive Award Targets for 2009 Performance

The CGNC established the short-term and long-term incentive award targets for 2009 performance for the named executive officers. The CGNC plans to establish the performance goals and business criteria for these incentive awards in March 2009, and it will measure the achievement of the performance goals and business criteria and determine any resulting incentive awards for the named executive and other officers in January 2010.

Targets for Short-term Incentive Cash Awards

For the annual incentive cash awards to be made pursuant to PPL Corporation's Short-term Incentive Plan, the following award targets as a percentage of base salary have been established: David G. DeCampli-50%; J. Matt Simmons, Jr.-40%; and James E. Abel-40%. The annual incentive cash awards will be made by applying these target percentages to the percentage of goal attainment as determined by the CGNC.

Targets for Long-term Incentive Equity Awards

For the annual long-term incentive equity awards to be made pursuant to PPL Corporation's Incentive Compensation Plan, the following award targets as a percentage of base salary have been established: David G. DeCampli-145%; J. Matt Simmons, Jr. -105%; and James E. Abel-105%. Total awards will be allocated (i) 40% to a restricted stock unit award with a three-year restriction period, based on the achievement of criteria to be established and measured by the CGNC, (ii) 20% to a performance unit award (as described following the table in section 3 above) with a three-year cumulative performance period, and (iii) 40% to a stock option award. The number of restricted stock units awarded is equivalent to the closing price of the Company's common stock on The New York Stock Exchange on the date of grant. The exercise price of the stock option awards will be the closing price of the Company's common stock on The New York Stock Exchange on the date of grant. The following table provides the award targets, based on a percentage of base salary.

Name and Position	Restricted Stock Units	Performance Units	Stock Options
	Sustained Financial and Operational Results	Total Shareowner Return	Future Stock Price Performance
David G. DeCampli President	58%	29%	58%
J. Matt Simmons, Jr. Vice President and Controller	42%	21%	42%
James E. Abel Treasurer	42%	21%	42%

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

PPL ELECTRIC UTILITIES CORPORATION

By: /s/ J. Matt Simmons, Jr.
J. Matt Simmons, Jr.
Vice President and Controller

Dated: January 28, 2009