Pennsylvania Public Utility Commission Approves Distribution System Improvement Charge for PPL Electric Utilities

New charge will take effect July 1

The Pennsylvania Public Utility Commission on Thursday (5/23) approved PPL Electric Utilities' request to implement a new charge to recover costs associated with capital investments on its distribution system to improve service reliability.

Effective July 1, the new distribution system improvement charge (DSIC), which will appear on customer bills, will be approximately 20 cents per month on the bill of a residential customer who uses 1,000 kilowatt-hours of electricity. The charge will vary for customers based on their monthly usage and will be equal to 0.44 percent of each customer's monthly distribution charges.

The charge is permitted under a state law, Act 11, adopted in early 2012 to encourage electric, natural gas, water and sewer utilities to accelerate investments in infrastructure improvements and for the replacement of aging infrastructure. Act 11 enables utilities to recover the costs of certain new investments that provide customers with improved reliability while offering customers rate stability. Examples of the equipment placed into service include poles, underground residential cable, overhead lines, substation circuit breakers and power transformers, and automated switching devices.

The PUC previously approved PPL Electric Utilities' long-term infrastructure improvement plan in January. It is a roadmap that details the company's system improvements and reliability upgrades, which are eligible for DSIC recovery, between this year and 2017 across its 29-county service territory. The plan outlined more than $135 million in new facilities and equipment this year and more than $700 million over five years.

The distribution system improvement charge will be adjusted on a quarterly basis to reflect new equipment placed into service in the previous three months.

"The distribution system improvement charge allows us to address system reliability issues and provide strong customer service by investing more in our delivery system," said Dennis Urban, vice president of Finance & Regulatory Affairs for PPL Electric Utilities. "With the new charge, we can more efficiently plan our work and make system improvements to strengthen reliability and better serve our customers."

PPL Electric Utilities, a subsidiary of PPL Corporation (NYSE: PPL), provides electric delivery services to about 1.4 million customers in Pennsylvania and consistently ranks among the best companies for customer service in the United States. More information is available at www.pplelectric.com.

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