

PPL Electric Utilities Files for First Distribution System Improvement Charge

If approved, revenue will bolster infrastructure, boost reliability

PPL Electric Utilities

PPL Electric Utilities filed a request Tuesday (1/15) with the Pennsylvania Public Utility Commission to implement a distribution system improvement charge to recover costs associated with new capital investments, under a state law that was signed in early 2012.

The utility's request with the PUC could take effect May 1. The potential impact on a customer's bill is expected to be less than two-tenths of one percent, or 7 cents on a typical monthly residential bill for 1,000 kilowatt-hours of usage. Such system improvement charges are designed to provide customers with improved reliability and rate stability. Act 11 was enacted to encourage electric, natural gas, water and sewer utilities to accelerate investments in infrastructure improvements, address aging infrastructure and create economic benefits.

The filing for the distribution system improvement charge follows the PUC approval last week of the company's Long Term Infrastructure Improvement Plan that was submitted last September. It outlined \$705 million in capital improvements to the electric delivery system over the next five years that would be eligible for more timely recovery under Act 11. The 55-page plan identifies a number of reliability programs and specific details for how much new equipment or facilities would be installed and how much investment would be made each year.

Based on PPL Electric Utilities' infrastructure improvement plan, the distribution system improvement charge would enable the company to recover the costs of certain system investments on a quarterly basis, after improvement projects are put into service and provide benefit to customers, said Dennis Urban, senior director, Rates and Regulatory Affairs.

The plan is based on an extensive review of the millions of pieces of equipment that comprise the PPL Electric Utilities delivery system. It summarizes more than \$130 million in infrastructure improvements this year. Projects include replacing wooden distribution poles, older underground cables, overhead lines, and substation circuit breakers and transformers. The plan does not cover transmission facilities or programs that are not eligible under Act 11.

With more timely recovery of costs associated with the new capital investments, PPL Electric Utilities said it would be able to more efficiently plan, finance, and make system improvements.

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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