

# PPL Electric Utilities Secures Lower Power Prices for 2011

**Lower wholesale market costs should reduce prices for consumers early next year**

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PPL Electric Utilities said today it is securing power for 2011 at prices lower than its current cost to supply power to "default" customers - those who do not shop for generation service from competitive suppliers.

With the continuing trend of lower market prices for power, the utility said it would likely be passing along a lower rate for its generation service to residential and small business customers who receive power supply from the utility, effective Jan. 1, 2011. However, the actual rate will not be known until December after additional purchases are made later this year.

The state Public Utility Commission this week formally approved the results of the company's latest round of power purchases, which was the fifth wholesale power purchase over the past year. As an energy delivery company, PPL Electric Utilities buys power on the wholesale market to deliver to its customers who do not select a competitive electric supplier. The company now has secured approximately 80 percent of its power supply from a total of 16 companies for the first five months of 2011.

"We understand consumers are interested in what generation service prices might be next year. Based on the fact that the price of 2011 power purchases made to date is below what we are currently paying, we believe our generation service charge may be 9-12 percent lower than the current rate, which is 10.133 cents per kwh for residential customers and 10.125 cents per kwh for small commercial and industrial customers," said David G. DeCampli, president of PPL Electric Utilities. "There's strong competition among companies interested in supplying us the power to serve customers who do not seek out competitive supply options. At the same time, the retail market is robust with a number of generation suppliers making offers to PPL Electric Utilities customers, too."

Customers may be able to save more by shopping among competitive suppliers for service for next year. Visit [www.papowerswitch.com](http://www.papowerswitch.com) for more information about electric choice or comparison offers for residential customers from licensed suppliers in Pennsylvania. "With rates expected to change, we encourage our customers to explore their options and be sure to understand the terms of offers they receive from competitive suppliers," said DeCampli.

## Default Service

Under state rules, PPL Electric Utilities must buy power supply in a combination of short-term, long-term and spot market purchases and pass along the costs to customers without profit. The generation service charge makes up about three-fourths of the total bill for PPL Electric Utilities' residential customers who receive power supply from the utility.

DeCampli said PPL Electric Utilities buys the power it needs for its customers at different times to lessen the impact of price changes in the market. After additional power purchases later this year, the company will announce its generation service charge for next year, or the "default" rate for those customers not served by other suppliers. The generation and transmission service charges on the utility bill make up the "price to compare" consumers can use to compare offers from competitive generation suppliers. The utility's rates will be adjusted quarterly, beginning in June 2011, to reflect market prices of new purchases of power supply, he said.

## Procurement Results

In this latest round of purchases, the company awarded a mix of 17-month and 20-month "full requirements" contracts for about 11 percent of the electricity needed beginning Jan. 1, 2011. The power price in these purchases, including state taxes and other charges, was \$77.25 per megawatt-hour for residential customers and \$76.39 per megawatt-hour for small and mid-sized businesses.

Also in this round, the company awarded five-year contracts for two 25-megawatt blocks of "around-the-clock" electricity supply at an average price of \$54.68 per megawatt-hour to serve residential customers beginning in 2011. The price for these supply blocks is for energy only and does not include capacity and other charges, which the company will purchase separately from the regional PJM Interconnection.

As required by law, the company also secured alternative energy credits needed for these blocks of supply in the following amounts:

1,880 "Tier 1" solar energy credits at a cost of \$298.00 per credit.  
84,613 "Tier 1" non-solar energy credits at a cost of \$3.70 per credit.  
129,645 "Tier 2" alternative energy credits at a cost of \$0.12 per credit.

The price to compare

The price customers pay for generation if they don't choose another supplier will be set for the first five months of 2011, then change quarterly beginning in June 2011 to reflect market prices.

The company's "price to compare" includes generation and transmission charges and allows customers to compare competitive supply offers to the price that they would pay PPL Electric Utilities if they don't shop. For more information on electric choice and supplier offers to compare for residential customers, visit [www.papowerswitch.com](http://www.papowerswitch.com).

The only revenue PPL Electric Utilities can use in its own customer service and delivery operations comes from the distribution charges on the bill, which make up about one-quarter of the total. For a sample bill, click here: <http://www.pplelectric.com/choice/information/my+electric+bill.htm?WBCMODE=Pre> sentationUnpublished.

PPL Electric Utilities, a subsidiary of PPL Corporation (NYSE: PPL), provides electric delivery service to 1.4 million customers in 29 counties of eastern and central Pennsylvania and has consistently ranked among the best companies for customer service in the United States. More information is available at [www.pplelectric.com](http://www.pplelectric.com).

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