

PPL Electric Utilities Will Request Revenue Increase for 2005

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PPL Electric Utilities said Friday (5/16) that mounting costs will force it to request an increase in its electricity delivery rates to be effective when the company's distribution rate cap expires in January of 2005.

"Filing for an increase in electricity delivery rates is a last resort," said Michael E. Bray, president of PPL Electric Utilities. "We have decided on this course only after exhausting all other options, including extensive cost reductions."

PPL Electric Utilities is one of the four major subsidiaries of Allentown, Pa.-based PPL Corporation (NYSE: PPL). PPL Electric Utilities, which provides electricity delivery service to 1.3 million customers in Pennsylvania, accounts for about 15 percent of PPL Corporation's annual earnings.

Bray said PPL Electric Utilities is "absolutely committed" to providing exceptional customer service. "An increase in our delivery-service prices, beginning in early 2005, will allow us to continue to invest in the infrastructure so that we can maintain the highly reliable service that we provide to our customers," said Bray.

He pointed out that any request for an increase in distribution rates would be subject to extensive review by the Pennsylvania Public Utility Commission.

"We appreciate the fact that our customers rank PPL Electric Utilities among the best electric companies in the country and we are sensitive to the fact that they will be disappointed in our request to increase electricity delivery prices," said Bray. "We hope they will understand, however, that we believe an increase is essential if we are to continue to provide the high-quality service that they have come to expect from PPL.

"While we have not yet determined the amount of the request, we will do everything possible to minimize the impact on individual customers," said Bray.

The revenue increase request, Bray said, will not be filed with the commission for another 11 months, but the company believes now is the right time to inform customers of its plans.

"Even though 2005 is a long way off, now that it has become clear that it will be necessary for us to request an increase, we believe that our customers have a right to know this information," said Bray.

He said that customers who still buy their electricity supply from PPL Electric Utilities are paying about the same price per kilowatt-hour as they were nearly two decades ago.

"Through extensive cost-reduction initiatives we have managed to keep prices essentially unchanged for 17 years. And, we have managed to achieve this price stability while maintaining the highest levels of reliability and excellent service to customers," said Bray.

Bray pointed out that PPL Electric Utilities' overall prices are 9 percent lower than the average in Pennsylvania, 26 percent lower than the average in the mid-Atlantic region and 7 percent lower than the average across the United States.

The company expects to file a request for a rate increase in spring of 2004, requesting that the new rates go into effect in January 2005. It normally takes about nine months for a rate increase decision by the Pennsylvania Public Utility Commission.

Under Pennsylvania's electric competition legislation and the subsequent PUC-approved restructuring agreement, the rates of PPL Electric Utilities' customers were separated into distinct delivery and generation components. PPL Electric Utilities' delivery rates were capped until January 2005.

Per kilowatt-hour generation rates for customers who procure their supply from PPL Electric Utilities are set until

January 2010. Customers continue to have the option of selecting a company other than PPL as their electricity supplier.

"PPL customers will have extensive opportunities to review our request and to make comments. Our request will ask for nothing more than the amount needed to provide reliable electric service and to maintain the financial health of PPL Electric Utilities," said Bray.

PPL Corporation's other major subsidiaries are PPL Generation, PPL EnergyPlus and PPL Global. PPL Generation and PPL EnergyPlus, which form the supply portion of the company's business, account for about 75 percent of the company's annual earnings. PPL Global operates the company's international energy delivery businesses and accounts for about 10 percent of the company's annual earnings.

PPL Corporation, headquartered in Allentown, Pa., controls about 11,500 megawatts of generating capacity in the United States, sells energy in key U.S. markets, and delivers electricity to customers in Pennsylvania, the United Kingdom and Latin America.

SOURCE: PPL Electric Utilities

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