

PPL Electric Utilities Asks PUC for Permission to Defer Ice Storm Costs

PRNewswire-FirstCall
ALLENTOWN, Pa.

PPL Electric Utilities filed a petition today (2/11) with the Pennsylvania Public Utility Commission seeking approval to defer - for accounting and financial reporting purposes - certain costs it incurred to restore electric service after a series of ice storms in January.

"We are not asking the PUC to include the storm costs in customer rates at this time," said John F. Sipics, president of PPL Electric Utilities. "The issue of how much we may collect from customers will be decided by the PUC at some time in the future."

The storms, which mainly affected the Pocono Mountain region of northeastern Pennsylvania, left about 238,000 homes and businesses without electricity.

More than 2,000 workers battled ice, snow, wind, dense fog and cold to repair and rebuild the electric delivery system. PPL Electric Utilities also provided drinking water, ice for food preservation and meals to customers, some of whom were without electricity for more than a week because of the extensive damage caused by the weather.

While the company does not have an exact figure on the total cost to restore power as a result of the January storms, it currently estimates the cost at between \$20 million and \$25 million, which is about three times more than the company's annual budget for storm-related power outages.

The budget amount, which was reviewed and accepted by the PUC as part of the company's recent rate-increase request, is based on historical average costs for storms.

The deferral request does not include all costs of the January storms. In keeping with PUC guidance, PPL Electric Utilities is excluding regular payroll costs for hours when employees normally work, and capital expenses such as new poles, wires and transformers.

Sipics noted that the PUC has on many occasions in the past permitted utilities to defer extraordinary costs for accounting and financial reporting purposes. How much of these extraordinary costs PPL Electric Utilities may be able to recover in its rates and over what period of time will be decided by the PUC the next time the company requests a rate increase.

PPL Electric Utilities has asked for a decision on the request by April 21. With approval by that date, the company will know the appropriate amount to record for storm expense in the first quarter of 2005.

PPL Electric Utilities Corporation is a subsidiary of PPL Corporation. Headquartered in Allentown, Pa., PPL Corporation (NYSE: PPL) controls more than 12,000 megawatts of generating capacity in the United States, sells energy in key U.S. markets and delivers electricity to nearly 5 million customers in Pennsylvania, the United Kingdom and Latin America. More information is available at <http://www.pplweb.com/>.

SOURCE: PPL Electric Utilities

CONTACT: George Lewis of PPL Electric Utilities, +1-610-774-5997, or fax, +1-610-774-5281

Web site: <http://www.pplweb.com/>