

# PPL Electric Utilities Comments on Judge's Recommendation

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PPL Electric Utilities said that a recommendation by a Pennsylvania Public Utility Commission administrative law judge is just one more step in the nine-month review of the company's request to increase rates. The PUC is expected to act on the recommendation by the end of this year, when it issues a final order in the case.

Administrative Law Judge Allison Turner issued a recommended decision Friday (10/22). A miscalculation was identified, and the PUC acknowledged that the actual recommended increase in PPL Electric Utilities' distribution rates is about \$130 million. The amount will be revised in the judge's recommendation and will be posted on the PUC's Web site: <http://www.puc.state.pa.us/>.

The revision, which represents a \$14 million reduction from the original recommendation, relates to the tax liability associated with an adjustment to interest expense.

"The conservative request we filed represents the revenue we need to continue providing reliable service to our customers," said John F. Sipics, president of PPL Electric Utilities.

On March 29, PPL Electric Utilities proposed an 8.1 percent increase, which included increases in distribution rates and the pass-through of transmission charges imposed on the company.

As part of the rate review process, the PUC permits parties to the case to file exceptions to the judge's recommendation.

"We are continuing to review the recommendation and will file exceptions as appropriate," Sipics said. Exceptions must be submitted by Nov. 12.

The company's proposed increase of \$164 million in distribution rates reflects the rising cost of providing electric service, the recovery of investments in expanding the electric distribution system and connecting new customers, and the need to provide a reasonable return to maintain the company's financial health.

In addition to the requested increase in distribution rates, PPL Electric Utilities has notified the PUC that it will increase transmission rates to reflect increased charges for transmission services provided by the PJM Interconnection.

Transmission charges are established and regulated by the Federal Energy Regulatory Commission.

In her decision, the judge recommended that the PUC commissioners approve a Transmission Service Charge, a mechanism the company will use to collect the additional transmission charges starting Jan. 1, 2005. The estimated increase in the transmission charge pass-through is \$57 million.

Changes in distribution and transmission charges will have no effect on the rates PPL Electric Utilities customers pay for generation services if they do not choose an alternate electric generation supplier. Rates for this "Provider of Last Resort" generation service are set through 2009.

"The electric distribution system is an essential part of Pennsylvania's infrastructure," Sipics said. "Keeping electric service reliable requires a major investment in people, equipment and tools."

Over the next five years, the company plans to invest more than \$900 million to improve and expand the power lines and electrical equipment in its 29-county service area of eastern and central Pennsylvania.

Even with the proposed increase in distribution and transmission charges, electric service remains a great value for the company's 1.3 million customers, Sipics explained. The average residential customer would pay less than \$3 a day for electric service, which has been available to customers 99.98 percent of the time over the last 10 years.

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 Corporation

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