

PPL Electric Utilities Completes Fourth Purchase of Electricity Supply for 2011

Lower wholesale market costs should allow for generation price decrease early next year

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The Pennsylvania Public Utility Commission has approved the results of PPL Electric Utilities' latest competitive power purchase for residential and small-business customers who do not choose their own generation suppliers.

The action completes the company's fourth power purchase for 2011. Based on its wholesale purchases so far, the company expects the generation price it passes on to customers will drop in January.

"We've locked in prices from suppliers for more than two-thirds of the electricity that customers may need for the first quarter of next year," said David G. DeCampi, president of PPL Electric Utilities. "While it's too soon to predict how customer bills could change in 2011, the average price of our purchases so far for early 2011 is about 16 percent below the price that we currently pay suppliers."

State law requires PPL Electric Utilities, which does not own power plants and does not generate electricity, to buy electricity supply from the competitive market for its customers who do not select alternative suppliers. The company must obtain electricity supply through a combination of short-term, long-term and spot-market purchases and pass the costs through to customers without profit.

The company awarded 14-month, full-requirements contracts for about 17 percent of the electricity needed from Jan. 1, 2011, to Feb. 29, 2012. The power price in these purchases, including state taxes and other charges, was \$74.82 per megawatt-hour for residential customers and \$76.99 per megawatt-hour for small and mid-sized businesses.

This was the fourth of 14 planned power purchases for 2011, 2012 and half of 2013. In this round of purchases, 21 companies competed for supply contracts.

Also in this round, the company purchased two 25-megawatt blocks of around-the-clock electricity supply at an average price of \$46.59 per megawatt-hour to serve residential customers from Jan. 1, 2011, to Feb. 29, 2012. 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:

- 132 "Tier 1" solar energy credits at a cost of \$355 per credit.
- More than 15,000 "Tier 1" non-solar energy credits at a cost of \$1.63 per credit.
- More than 29,000 "Tier 2" alternative energy credits at a cost of \$0.13 per credit.

The price customers pay for generation if they don't choose another supplier will change quarterly in 2011. This means the company's price to compare, which includes generation and transmission charges, will also change quarterly. The price to compare allows customers to compare competitive supply offers to the price that they would pay PPL Electric Utilities if they don't shop. Residential customers can compare supplier offers by visiting www.papowerswitch.com.

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.

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