

PPL Electric Utilities To Request Modest Distribution Rate Increase for 2011

Increase would support continued reliability investment

PRNewswire-FirstCall
ALLENTOWN, Pa.

PPL Electric Utilities announced Monday (3/1) that it will seek Pennsylvania Public Utility Commission approval for a modest increase in electric rates beginning in 2011 to ensure continued high levels of reliability for customers.

The request would affect only distribution rates and would allow the company to begin to recover nearly three years of costs incurred for the improvement and expansion of its distribution system since its last rate request. By law, PPL Electric Utilities cannot recover those costs without approval of a rate increase from the PUC.

"We will be requesting this increase so that we can continue to keep reliability strong for our customers, to step up efforts to replace aging infrastructure and to modernize our delivery system," said David G. DeCampi, president of PPL Electric Utilities.

He said the company has invested more than \$960 million in the distribution system over the past five years. It plans to spend more than \$1.5 billion on capital investment in the next five years.

"We understand that customers are still adjusting to higher generation prices in 2010 and that no one wants to pay more for electric service," DeCampi said. "Generation charges are something we pass through to customers from suppliers. Customer payments for those charges are passed back to suppliers without profit and cannot be used to maintain the delivery system.

"Our business is delivering electricity, and there is a need for additional distribution revenue," he said, adding that annual operating and maintenance costs have increased by about 9 percent since 2007. Operating and maintenance costs will continue to increase in the future, he said, if the company doesn't have the financial strength to replace aging infrastructure.

"Much of our delivery system was installed in the 1960s and 1970s," DeCampi said. "We've maintained that equipment in a way that keeps reliability strong, gets the most from those assets and spends customer dollars wisely. Now we must do more to rebuild those older sections."

While the company has not finalized how much of an increase it will request, DeCampi said it would be no more than \$115 million, or about a 2.5 percent increase in the company's total retail revenues.

DeCampi said that if 2011 wholesale generation prices remain at current levels, some customers could even see a net decrease in their total electric bills. Distribution charges account for only about one-fourth of the average residential electric bill.

PPL Electric Utilities Corporation is a subsidiary of PPL Corporation (NYSE: PPL) that provides electricity delivery services to about 1.4 million customers in Pennsylvania. It has consistently ranked among the best companies for customer service in the United States. More information is available at www.pplelectric.com

Certain statements contained in this news release, including statements with respect to future earnings, cash flow and business conditions, are "forward-looking statements" within the meaning of the federal securities laws. Although PPL Corporation believes that the expectations and assumptions reflected in these forward-looking statements are reasonable, these statements are subject to a number of risks and uncertainties, and actual results may differ materially from the results discussed in the statements. The following are among the important factors that could cause actual results to differ materially from the forward-looking statements: market demand and prices for energy, capacity and fuel; competition; accounting requirements; operating performance and costs of plants and other facilities; political, regulatory or economic developments and conditions; disposition proceeds; and regulatory approvals. Any such forward-looking statements should be

considered in light of such factors and in conjunction with PPL Corporation's Form 10-K and other reports on file with the Securities and Exchange Commission.

First Call Analyst: Joseph Bergstein
FCMN Contact:

SOURCE: PPL Electric Utilities

CONTACT: Ryan Hill of PPL Electric Utilities, +1-610-774-5997

Web Site: <http://www.pplelectric.com/>

<https://news.pplweb.com/news-releases?item=16283%3FasPDF%3D1%3FasPDF%3D1>