

# PPL Electric Utilities Proposes Plan to Smooth Impact of Rate Cap Expiration

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PPL Electric Utilities said Monday (10/29) that it will ask the Pennsylvania Public Utility Commission to approve a plan to allow its residential and small commercial customers to smooth the impact of price increases when generation rate caps expire in 2010.

"Now that PPL Electric Utilities has contracted for one-third of the electricity supplies needed by our customers in 2010, we believe it is helpful to put in place an option for customers to spread out the impact of the rate cap expiration," said David DeCampli, president of PPL Electric Utilities.

Under Pennsylvania law and PUC regulations, PPL Electric Utilities is required to buy electricity supply from the competitive wholesale market for customers who do not choose a competitive supplier. The cost of that supply, which PPL Electric Utilities purchases from a variety of sources, is passed directly through to customers, without any markup.

"We understand that price increases, driven by the dramatic nationwide rise in fossil fuel prices, could be a financial burden for some of our customers. While we can't control wholesale electricity prices, this phase-in plan underscores our efforts to continue to provide options for customers well ahead of the rate cap expiration," said DeCampli.

In a request to be filed by the end of November, the company will ask the commission to approve a five-year phase-in plan starting next year.

Under the plan, customers would have the option of smoothing the expected increase in 2010 bills by making additional payments on their electric bill beginning in mid-2008 and continuing through the end of 2009. Funds from those additional payments, plus interest, would be applied to bills in 2010, 2011 and 2012, smoothing the impact of the rate cap expiration. PPL Electric Utilities will not profit from this program.

If prices paid for the first one-third of PPL Electric Utilities' 2010 electricity supply were to be consistent through the remainder of the procurement process, DeCampli said an average residential customer -- using 1,000 kilowatt-hours a month -- could limit the price increases associated with 2010 generation supply to about 7 percent in 2008 and 2009 and to about 6 percent in 2010, in 2011 and in 2012.

DeCampli said customers would have the opportunity to opt out of the program if they would prefer to pay the price increase as caps expire in 2010 rather than spreading the increase over several years.

If the average prices paid for the supply purchased so far were to be the same for the remaining four purchases, the average residential customer's monthly bill in 2010 would increase about 34.5 percent over 2009 levels. Small commercial and small industrial bills would increase on the order of 22.8 percent to 42.2 percent.

The generation price caps for PPL Electric Utilities expire at the end of 2009. At that time, customers will continue to have the option to shop for lower prices as an alternative to the default supply prices that are offered by PPL Electric Utilities.

PPL Electric Utilities already has completed two of six purchases of 2010 electricity supplies for customers who do not select an alternate supplier. PPL Electric Utilities will buy the remainder of 2010 electricity supply needs in four more solicitations, scheduled for 2008 and 2009.

Even with the price increases indicated by the purchase of the first one-third of 2010 electricity supply, the average PPL Electric Utilities' residential customer would pay less than \$5 a day for electricity service.

"While this phase-in plan will provide customers with an option to mitigate the one-time impact when price caps expire, we continue to urge customers to better manage their electricity use by visiting our 'e-power' web site at <http://www.pplelectric.com/>, which provides a wealth of information," said DeCampli.

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

Statements contained in this news release, including statements with respect to future energy prices and supply, regulation and rates, 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 involve 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; customer energy usage; competition in retail and wholesale power markets; liquidity of wholesale power markets; the effect of any business or industry restructuring; operation and availability of existing and future generation facilities and operating costs; political, regulatory or economic conditions; receipt of governmental approvals and rate relief; new state or federal legislation; state and federal regulatory developments; and the commitments and liabilities of PPL Corporation and its subsidiaries. Any such forward-looking statements should be considered in light of such important factors and in conjunction with PPL Corporation's Form 10-K and other reports on file with the Securities and Exchange Commission.

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