

PPL Electric Utilities Completes First Purchases of 2011 Electricity Supply

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PPL Electric Utilities has conducted the first in a series of scheduled purchases for 2011 electricity supply. The results were approved Thursday (8/13) by the Pennsylvania Public Utility Commission.

In this first procurement, PPL Electric Utilities obtained 16.875 percent of the load-following electricity supply it will need to serve residential and small- and mid-size business customers in the five-month period from Jan. 1, 2011, to May 31, 2011.

"We are continuing with the strategy of obtaining electricity supply in stages over time to minimize the price risk for our customers," said David G. DeCampli, president of PPL Electric Utilities.

These purchases are the first under a plan approved in June by the PUC for obtaining electricity supply for 2011, 2012 and the first five months of 2013.

State law requires PPL Electric Utilities, which does not own power plants and does not generate electricity, to buy default electricity supply from the competitive market for its customers who do not select an alternative supplier.

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 initial purchases made this week represent the beginning of PPL Electric Utilities' efforts to assemble a supply structure that meets those requirements.

"Continuing the experience we have had with obtaining electricity supply for 2010, this first procurement for 2011 was a highly competitive process," DeCampli said. "We had 14 suppliers participate, ensuring competitive prices for our customers."

The purchase of five-month full-requirements contracts resulted in a price of \$88.60 per megawatt-hour for residential customers and \$90.31 per megawatt-hour for small- and mid-sized business customers.

"Because the amount of supply we purchased in this auction is only a small portion of what we need and does not cover the entire year, it is premature based on these prices to estimate the effect on customer bills in 2011," DeCampli said.

In addition, PPL Electric Utilities purchased for residential customers a five-month block of 50 megawatts of round-the-clock electricity supply for January through May 2011 at a price of \$57.15 per megawatt-hour, as well as renewable energy credits for January through May 2011 to comply with Pennsylvania's Alternative Energy Portfolio Standard.

The price for the 50-megawatt energy block is for energy only, and does not include capacity and other charges, which the company will purchase separately from the regional PJM Interconnection.

These purchases are separate from the electricity supply that PPL Electric Utilities has obtained for 2010, and are not comparable to the 2010 purchases due to the five-month time period and different product mix. The sixth and final purchase for 2010 will occur in October.

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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