

PPL Electric Utilities Generation Price to Drop for Early 2011

Trend of lower market prices continues in latest power purchase; company encourages customers to shop, explore options

ALLENTOWN, Pa., Oct. 22 /PRNewswire-FirstCall/ -- PPL Electric Utilities announced on Friday (10/22) that the generation price it passes on to customers who don't choose an electricity supplier will drop in early 2011.

The announcement followed the company's sixth round of wholesale power purchases, which it makes to comply with state law. While PPL Electric Utilities is strictly an electric delivery company, it must buy power for customers who don't choose a supplier. It passes on the costs to customers without profit. Power is purchased on the wholesale market at different times to lessen the impact of price changes on consumers.

"We continue to secure lower generation prices from supplier bids for 2011 and beyond than we did buying for 2010," said David G. DeCampi, president of PPL Electric Utilities. "That bodes well for customers next year since generation accounts for about three-quarters of the typical electric bill."

The Pennsylvania Public Utility Commission this week approved the results of the latest power purchases. Based on all of the company's purchases for early 2011, PPL Electric Utilities believes its generation charge may drop about 10 percent for the first five months of 2011.

Estimated price to compare for early 2011

The company estimates its "price to compare" for Jan. 1 through May 31 may be about 9.43 cents per kilowatt-hour, compared with the current 10.45 cents for 2010.

The exact price to compare will not be known until late December when new rates for generation and transmission services are finalized and reviewed by regulators.

The price to compare will change again June 1, 2011, and be adjusted every three months after that to reflect new quarterly purchases for wholesale power.

The price to compare is the total price customers pay for generation and transmission if they don't choose another supplier. It does not include distribution charges, which continue from PPL Electric Utilities even if a customer switches. Distribution charges cover PPL Electric Utilities' costs to deliver power and provide customer services.

Better deals may be available to customers who shop

DeCampi said customers who shop for electricity supply may find better prices from competitive suppliers for 2011, even with the expected drop in PPL Electric Utilities' price to compare.

In all, more than 485,000 PPL Electric Utilities customers have chosen other suppliers. Many saved as much as 10 percent or more on electricity supply in 2010. While PPL Electric Utilities can't predict how supplier prices might change moving forward, DeCampi said, customers who want to get the best deal should continue to look for opportunities to save.

"Shopping for electricity supply can actually be pretty easy," DeCampi said. "There are many different suppliers competing with each other to serve our customers. We encourage customers to explore all of their options."

DeCampi said customers can compare supplier offers to PPL Electric Utilities' "price to compare" by visiting the Pennsylvania Public Utility Commission's website at www.papowerswitch.com.

Results of the latest procurement

With the company's latest round of purchases, it now has completed purchases for about 90 percent of its power supply needs for the first five months of 2011, with the remaining 10 percent to be bought in the spot

market.

The company awarded a mix of 23-month and 26-month "full-requirements" contracts for electricity needed beginning Jan. 1, 2011. The average power price in these purchases, including state taxes and other charges, was \$72.88 per megawatt-hour for residential customers and \$72.23 per megawatt-hour for small businesses.

Also in this round, the company awarded five-year contracts for two 25-megawatt blocks of "around-the-clock" electricity supply at an average price of \$50.54 per megawatt-hour for residential customers beginning Jan. 1. The price for these blocks is for energy only and does not include capacity and other charges, which the company will purchase separately.

The company also secured alternative energy credits needed for these blocks of supply in the following amounts:

- 1,880 "Tier 1" solar energy credits at a cost of \$243.51 per credit.
- 84,613 "Tier 1" non-solar energy credits at a cost of \$3.81 per credit.
- 129,645 "Tier 2" alternative energy credits at a cost of \$0.14 per credit.

In addition, the company awarded 5-month contracts at an average price of \$4.43 per megawatt-hour for administrative services required to provide hourly market pricing. Hourly market pricing is the default supply service for large commercial and industrial customers. The company had also sought to award five-month, full-requirements contracts for an Optional Monthly Pricing Service for large commercial and industrial customers. However, the company did not receive sufficient bids. As a result it will not be offering the Optional Monthly Pricing Service Jan. 1 through May 31.

PPL Electric Utilities, a subsidiary of PPL Corporation (NYSE: PPL), provides electric delivery services to about 1.4 million customers in 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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For further information: Ryan Hill, PPL Electric Utilities, +1-610-774-5997

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