

PPL Gas Utilities to Lower Rates This Winter

Total Bill for Residential Customers to Decrease by 5.3 percent

Customers of PPL Gas Utilities will benefit from lower rates this winter heating season because of a decrease in natural gas prices.

“Wholesale prices for natural gas have been lower in recent months, and we are passing on savings to our customers, especially at the start of the winter heating season,” said Robert M. Geneczko, president of PPL Gas Utilities. “The lower prices make natural gas service an even greater value.”

The gas-cost portion of customers’ bills reflects the prices natural gas producers charge PPL Gas Utilities. The company obtains gas for customers from competing gas producers and passes through the charges without markup. State law prohibits gas utilities from making a profit on the gas it purchases. Prices have decreased because of lower market prices for natural gas.

Effective Saturday (12/1), the total gas bill for a residential customer who uses 8 dekatherms a month will drop to \$122.61, a decrease of \$6.90 or 5.3 percent. Actual bills will vary depending on how much gas customers use.

Total gas bills for typical commercial and industrial customers will decrease by 6.4 percent and 6.8 percent respectively.

The average residential reduction of \$0.86 per dekatherm is the net result of changes in two components on customers’ bills: a decrease of \$0.59 per dekatherm in the gas cost adjustment and a decrease of \$0.27 per dekatherm in the gas supply charge.

Since December 2006, the cost for an average residential customer using 8 dekatherms has decreased 13 percent.

The gas cost adjustment changes annually on Dec. 1 to ensure that the company has only collected for actual costs that it incurred to acquire, transport and store gas. The change in this gas cost adjustment reflects the benefit of lower gas costs for gas already purchased and sold.

The gas supply charge also changes Dec. 1 to reflect anticipated gas prices for the next year. Both rates may be adjusted quarterly.

The gas-cost portion is about 60 percent of a residential customer’s total gas bill, with the balance being gas delivery charges. Gas-cost charges are reconciled annually, and adjustments may be made quarterly based on short-term price changes. PPL Gas Utilities filed a request

May 1 as part of the annual reconciliation. The Pennsylvania Utility Commission is currently reviewing this request.

PPL Gas Utilities, a subsidiary of PPL Corporation (NYSE: PPL), provides natural gas delivery service to 76,000 homes and businesses in 34 Pennsylvania counties and a small portion of Maryland.

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