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PPL Electric Utilities – Webinar May 29th 2008

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SPEAKER: By way of background, let's look at electric service and how it has changed in light of competition. Fundamentally, electric service consists of three basic components. You see them depicted here. First is the generation of electricity that occurs at power plants. Second is the transmission of electricity from those power plants at high voltages to points where it can be distributed to our communities. The transmission system is typified by the large towers you often see along major highways. The distribution system is the final piece and consists of the poles and wires in our neighborhood that brings electricity to our homes and businesses.

Electric competition has not really changed the basic components. What it has done is permit customers to purchase power from a larger number of generators who must, therefore, compete to serve those customers. You see the large number of generators depicted, and by using different colors, the suggestion is that there may be different types. But you also see, if you look closely at the picture, that there are even solar wind and other renewable-types of generation that now become viable and can compete for the business of retail customers.

The move to competition began in the early 1990s and was fueled by business customers who were urging changes to address rates that were increasing at that time under regulation. Rates were increasing due to a number of causes. The high costs of power plants placed in service during the 1980s were being seen in rates in the 1990s. Customers doing business across different geographic areas were noticing rate differences among those areas, which suggested to them that a competitive solution might tend to equalize and, perhaps, lower rates. Finally, the ability of these customers to manage their own loads and purchases fueled their interest in being able to buy in a more sophisticated way that have been available under fundamental regulation.

Another factor that affected the move to competition was the successful deregulation of other businesses beginning in the 1970s and carrying through the 80s and the early 1990s. Examples are telephones, airlines, banking, natural gas, trucking and insurance. A final push towards competition was to shield utility ratepayers from the financial risks of those generating plants that

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I had mentioned earlier that were at high cost. It was felt that a competitive environment would properly put the risk associated with those plants on the shareowners of the companies that built them. As a result of the move to competition and several restructurings since the late 1990s, PPL is a very different company than the one that existed in a regulated environment. Here, you can see that the umbrella organization is PPL Corporation and within that umbrella are six fundamentally different businesses.

PPL Generation is about the generation of electricity. PPL Energy Plus is a wholesale and retail marketing entity. PPL Development is the entity that develops new projects, including renewable energy. PPL Energy Services Group serves mostly commercial and industrial customers with energy conservation solutions. PPL Global is where our international subsidiaries reside, and finally, at the bottom of the list, the regulated utility; PPL Electric Utilities, the company that I work for. Let's turn now to what's happening today with electricity prices.

In simple terms, electricity prices are increasing as are the prices of all energy products, be they gasoline, heating oil or natural gas. The costs of electric generation, the power plant piece of the business, have increased substantially mainly due to higher fuel cost and environmental regulation. We are all well aware that the cost of oil and gas, which are also fuels used to generate electricity, have increased substantially. The cost of coal has also increased significantly over the years. The cost of material and equipment necessary for power generation has also increased significantly. And finally, the cost of complying with those increasingly strict environmental regulations increases the cost of generating electricity, and as a result, is passed through in the pricing of electricity.

A significant event is that rate caps in place to transition from a regulated environment to the deregulated environment have worked to shield customers from these higher generation costs for as long as or even longer than a decade. The rate caps on generation charges at PPL Electric Utilities were put in place at the end of 1997 and will expire at the end of 2009, a period of 12 years.

Let's look now at what PPL Electric Utilities has under way to help our customers prepare for this change in price. First, we've installed an advanced metering system that is capturing and storing

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daily and hourly use data and also historical billing data. We're working to promote conservation.

We're delivering tools to help business save energy. We're helping customers understand their supplier options for 2010 and beyond. Remember, we are the provider of default service assuming you choose not to shop. But there will be competitive supply options and there will be other rate options you want to consider. Along those lines we proposed a phase-in option for residential and smaller business customers. This proposal is currently awaiting PUC action. We'll address each of these in more details in the second part of this presentation.

Let me bring Don back in at this point and he'll explain how you can submit questions and I'll get a chance to take a short break.

DON: Thank you, Doug. We just completed the first portion of the presentation. At this point, we will take a 2-minute short break to give you a chance to submit your questions.

To submit a question, please look on a left-hand side of your screen. First, click in a box that says "two". Using the arrow sign, find and highlight the name "questions administrator" so it shows up in the two box. Next in the box above the word "two", type your question.

To submit your question, press the enter key on your keyboard at the end of the text you typed. Please be sure to have the name "questions administrator" highlighted in the two box. This short break will last just two minutes. Thank you.

Okay, the 2-minute break is over. Thank you for sending in your questions. We will now continue with the presentation. Doug.

SPEAKER: Thanks, Don. In preparing for 2010 period when the rate cap has expired, PPL Electric Utilities has been procuring energy for customers who do not choose competitive retail suppliers. Again, we refer to this as default service, and to those customers as default service customers.

Why are we doing it? PPL Electric Utilities does not own any generation. We must obtain generation supply for customers from the competitive market. The amounts that PPL Electric Utilities pays for this generation are passed through to customers without markup.

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PPL Electric Utilities, the utility company, makes its profit on its delivery service not on the generation supply. We are purchasing for 2010 in advance and in stages. Purchasing in stages reduces the price risk of buying all at once. Three rounds of solicitations have been completed thus far and three more are yet to be completed, so we are about halfway done. Doing the solicitations at this time allows us to gradually reveal the price that customers will see in 2010.

Let's look at the results to date and the likely impact on school district facilities. Based on the first three solicitations, we estimate that the total bill increase for commercial customers will be in the range of about 24% to 43% in 2010. Most school district accounts can expect increases within this estimated range. Now, this is obviously not particularly good news. But remember, generation rates for PPL Electric Utilities customers have been capped since January 1997. The 24% to 43% one-time increases that'll be experienced at the beginning of 2010 actually represent annual increases of only about two percent to three percent that customers did not feel over the intervening 12 years.

Viewed in this way, while the one-time increases certainly are an impact on your budget, they are not viewed as being as large as otherwise given the cap that was in place for 12 years. Nevertheless, recognizing that this is a sizeable increase and will have a significant impact on your budget, we want to provide you information to help you deal with this. First, the effect on individual school district accounts will depend on the individual rate schedule that the account is served under and the way it uses electricity. Let me give you a couple of examples.

First example is an elementary school. It's a two-story building. It's an older building. It's about 40,000 square feet. About 300 students and about 45 staff members housed in this facility. It consists of 20 classrooms, a gym, a cafeteria, and an office suite. It's not heated electrically, it has fossil fuel heating. The annual electricity used for this facility is about 640,000 kW/h and the annual bill, about \$55,000. When we applied the pricing that we're seeing in our competitive solicitations to that bill, we estimate that the annual bill in 2010 could increase by about \$25,000 to about \$80,000, an estimated increase of about 46%.

Let's look at the second example. In this case, it's a large high school. One might call it a campus because it consists of a number of different buildings and actually consists of construction that

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dates back to the early 1900s and has additions through probably 2000. It consists of four separate electric accounts. We summed them here to illustrate the entire facility. It consists in total of about 440,000 square feet, houses 3,300 students and 350 staff members. It has classrooms -- we don't have a count on those -- a gymnasium, an auditorium, a swimming pool, cafeteria, office suite. It, again, is not electrically heated, it has fossil fuel heating.

You can see that the annual electric bills have been on the order of \$250,000 a year and the estimate for 2010, again, using the prices that we've been able to obtain thus far in the competitive market indicate a 36% increase. Now, keep in mind these are just two examples. School districts also operate administration buildings, maintenance buildings, outdoor lighting, and other types of electricity uses that you well know.

One of the key messages of today is to start looking at your individual account and begin to understand where your costs may be headed. And once you have an idea where your costs are headed, you can begin to value the actions you might take to reduce those costs. Some of the areas to look at, and we'll look at each of these in a little bit more detail, are improving energy efficiency, reducing energy use and revisiting the deferred energy project that may not have appeared cost-effective before but may be cost-effective relative to new prices.

You should consider rate options because more rate options will be available as more competition builds. And with regard to competition, now would be a good time to start learning or relearning, as some of you have shopped before, the process for shopping for electricity and making preparations to do that.

Because each of your facilities is unique, it isn't feasible for us here today to advise each of you on the efficiency and conservation efforts you should be considering. As you can see, there were significant differences in just the two examples that we discussed. However, here are some resources that are available to you that you may want to tap in order to find information on how you might improve efficiency and reduce use.

Architects are a good first source. Many of you, especially those with construction projects under way, probably already have architects either engaged or on retainer. They may be able to provide suggestions regarding the construction of the facility and also point you towards energy

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consultants or HVAC experts. Those are the next two items I have listed here. Energy management consultants are a wonderful source of insight as to the types of projects that you might want to consider for your particular facility. And HVAC contractors, although you may think of them as the people that maintain your equipment, also often include the design skills that can help you identify projects and opportunities.

Web sites are a great place to go. The American Society of Heating, Refrigerating and Air-Conditioning Engineers has a particularly good Web site and suggestions on how to engage experts in this area. We'll talk more about Energy Star later and a benchmark study that many of you may find useful. And finally, a plug for us, our own Web site includes valuable energy use information.

When you go to *ppelectric.com* and establish security to view each of your accounts, here's what you'll see. You get information on current use and current billing information. The Web site can perform for you some rudimentary analysis of your use based on facility-specific information you provide. I say it's rudimentary information because, again, your facilities are unique and has unique systems within them. Now, take what's here as the guide and then dig further.

Probably, the key piece of information that's available to you through this Web site is your historical use and historical billing information. These pieces of information are keys to determining your expected increase in 2010 and also the value of efficiency, conservation, and shopping option. When you contact energy consultants or HVAC contractors to help you in your analysis, this information is going to be very helpful. Many districts have already implemented considerable energy-saving measures; after all, we've gone through a number of energy crises in the last 20 or 30 years. If you've not yet done so, now is the time to give pending energy projects serious consideration.

In addition, projects that may not have had an acceptable payback with past or current electricity prices should be more economically attractive after the rate caps expire. You may want to dust off some of those old project concepts, and some of them are listed here, some that you may have considered: things like lighting retrofits, freezer and cooler retrofits with more efficient equipment; demand control ventilation to cut down on unnecessary use of ventilating equipment; replacing

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existing water heaters with more efficient models; motion sensors for classrooms that can turn the lights off when nobody is there and not have to rely on somebody else to do that; vending machine operations, a surprising use that can continue even when there's nobody in the school; using variable air volume systems instead of fixed volume systems to maximize efficiency; and finally, sophisticated energy-management systems that trade off uses from one location to another and manage loads may be viable alternative.

Let's look at the value you may find in projects of this type. In the process of preparing for this webinar, one district shared with us a case study of a lighting experiment they did in two elementary school classrooms. The study ran for a two-month period and lighting controls were installed to turn off all lights when rooms were unoccupied, to dim the room when sunlight was available, and to create lighting zones with a teacher control that allowed for fine tuning of the first two controls and also assure that educational standards weren't compromised. The technology involved simply occupancy sensors, a daylight sensor, and a control panel. Study results are very interesting.

Electricity used for lighting in the two classrooms over that study period decreased from 391 kilowatt hours to 183 kilowatt hours, a reduction of about 53%. Per classroom electricity cost was reduced by about \$20 using an assumed energy cost value of 10.4 cents per kilowatt hour. So you can see that something as simple as looking at lighting can provide a significant saving on your electric use and your electric bill.

Earlier, I mentioned rate options. The first three items listed here are different ways electricity is likely to be priced in the future. First is the simplest: a standard rate, one price around the clock. It's important to know, though, that this standard rate is actually different from the standard rate that you're paying now. Standard rate that you pay today, in the case of PPL Electric Utilities customers, is a declining block rate, meaning the first kilowatt hours are more expensive than the last kilowatt hours used. In the future, those blocks will disappear. Today's rate also involves the demand component or a KW component for kilowatt-hours in addition to the usage component.

For the generation portion of the bill, this demand component will also go away. And this is an important point for customers who have done a lot of energy management work in the past.

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Maybe their strategy involved controlling demand. You may need to think those strategies in light of this change in the rate structure.

The second pricing option is time-of-use rate, and the third is hourly pricing, which is just taking the time of use to a finer level of detail. These two options recognize the fact that the cost to supply electric generation actually varies from hour to hour and is priced that way on the wholesale grid. As a consequence, there might be an advantage to you accepting a time varying price and controlling your usage within certain hours.

The time-of-use program simply takes groups of hours and groups them into on-peak and off-peak components with pricing that varies between those two. Time-of-use rates may also have seasonal variations to them. In hourly pricing, it's exactly as it says: the price changes every hour. But, again, there are variations. The wholesale market projects a day-ahead price and there are programs that work on the day-ahead price. There are also programs that work on the realtime price. Both of these options rely on knowledge about your hourly use. And as I said earlier, that's important information that is available on the energy analyzer Web site. A last option listed here is not actually a pricing option but more of a payment option. I mentioned earlier that PPL has a phase-in option pending before the PUC for its approval. The next slide explains this option in a little more detail.

The prepaid phase-in option that the company has proposed would enable customers to adjust to higher costs gradually. It would involve advanced payments through 2009 with 6% interest on those payments paid by PPL Electric Utilities. The advanced payments and interest would be applied to electric bills in 2010 and 2011 to reduce the price that would, otherwise, be paid for market-priced electric service. The program also includes features that would allow participating customers to withdraw from the option at any time with credit for advanced payments and also the interest accrued on those payments. Again, this proposal is pending before the PUC and waiting PUC action. I should also mention that there are legislative proposals that would require a pure deferral type of payment option that may become available to customers. We will work to keep you informed should any of these options become available to you.

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Now, let's look at shopping. All customers may choose an electric generation supplier. Some of you may, in fact, have shopped for electricity in the early days of deregulation. As I said before, PPL Electric Utilities supplies generation service that is simply default supply for customers who do not make a choice. And because default service is really a plain vanilla product designed for a broad class of customers, it may not be the most attractive product for your unique account. That's where shopping can come in. And we think now is a good time for you to prepare to put yourself in the position to make your best deal when the time comes.

As I said, some of you were undoubtedly shoppers in the past. But there came a time when you probably couldn't find a supplier who is willing to serve you. What happened? Number of things that are listed here. The prices of electricity, as we said earlier, have been increasing all across the country. Rate caps have been in place and it slowed the expansion of consumer choice because customers were able to find low-cost service from their host electric utility. As a result, alternative suppliers were unable to compete with those rates and exited the market. However, rate caps will end and in fact have already ended in parts of Pennsylvania. And when we look to those parts of Pennsylvania, we see the competition is indeed growing.

This slide looks at competitive supply in two western Pennsylvania service territories where rate caps have ended. Duquesne Light is the utility company that serves Pittsburgh and Penn Power is the utility company that serves the area that surrounds Pittsburgh. As you can see, Duquesne Light has a significant number of customers shopping, even residential customers. And Penn Power, whose rate caps came off more recently, also showed significant growth in the amount of shopping. The typical pattern is that the largest customers will be first because they have large use, meaning they have a large incentive to reduce their cost. They have significant ability to control their use and manage their purchases. And it's efficient for suppliers to market to these large customers.

As suppliers make investments in marketing, commercial and then residential customers will be targeted. We think when the rate caps end in the PPL Electric Utilities service territory, PPL Electric Utilities customers will have a significant advantage and that they will know their hourly use and importantly, be able to make that information available to competitive suppliers. We think

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that this will reveal more attractive customers to suppliers, encourage them to enter our service territory and encourage them to make competitive offers to you.

You can find suppliers now. If you go to the Pennsylvania Public Utility Commission's Utility Choice Web site and select Electric Choice, select List of Suppliers and select PPL Electric Utilities, you will, in fact, find a list of suppliers willing to serve customers in our service territory. We expect this list to grow significantly as we get closer to 2010.

Now, let's look at some of the other resources that we've uncovered in preparing this program. I mentioned Energy Star earlier and here are three Web sites sponsored by Energy Star that may be of use to you. One is a training center with up-to-date list of webinars on energy efficiency. The second is data on energy cost per square foot for top performing schools and links to school efficiency resources including success stories. This would seem to be a good source of examples for you to follow. And finally, EPA has a system for helping track and improved energy efficiency in your building and benchmarking your facility against other facilities.

The Department of Energy also has a good many Web sites and useful information. Here's one on EnergySmart Schools including a "how to" guide that includes ideas that you can follow. Another good source of information is Local Development Authorities. Local Development District Association of Pennsylvania provides services to businesses and local government. And two of these organizations, NEPA in the northeastern part of the state and SEDA-COG in central Pennsylvania have some upcoming programs and list of additional programs on their Web sites. Just to mention a couple of NEPA programs that are coming up in the near future, June 10th, there's a program in energy deregulation, June 25th, another on strategic energy planning. And for a full calendar of events, you can visit their Web site at the address listed there.

]For SEDA-COG they have two programs scheduled for June 20th, one titled "Energy 101" and another titled "Strategic Energy Planning". In July, a program titled "What is a green building?" And again, a full calendar of SEDA-COG events can be viewed at their Web site listed here.

Pennsylvania Department of Environmental Protection is another significant source of information. The department runs Energy Harvest Grants which are used to fund projects for cleaner or renewable energy technology. There have been several rounds of Energy Harvest

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Grants. Applications for the current round are due June 20th. Additional information can be found at the Web site listed here. And for a full list of grant opportunities, go to the department's Web site sponsored by its Department of Energy and Technology Development at the address you see here.

There are other government sources as well. The Appalachian Regional Commission Renewable Energy and Energy Efficiency Grants competition provides 8 to 10 awards of up to \$75,000 each from non-profit organizations, government entities and public educational institutions. Not only do these Web sites include information and ideas, but they might also include funding. Another opportunity you may want to consider is linking curriculum to your energy efficiency and conservation efforts. Certainly this is timely when one considers the increasing cost of energy and the future likelihood of legislation related to global climate change.

The US Department of Energy Efficiency and Renewable Energy have a Web site that we provided here and there's solar energy information and curricula available at the powernaturally.org Web site. PPL Electric Utilities is itself developing a curriculum option. We're looking to get it started during the '08-'09 school year. It would be targeted for 5th grade students; takes the form of energy efficiency workshops with take home energy efficiency kits. A school energy patrol program is also part of it. And we'll be making more information on this program available to you during the summer.

To summarize, we believe at the end of the day that electric competition will benefit customers. Energy costs have increased. Anybody who has pumped gas recently can attest to that. But rate caps have shielded customers from those increases in their electricity bill. We want to be here to help you prepare. And we've described some steps that we've already taken and there are more in the works. We want you to understand your energy use and the opportunities that are available to you. And in three broad options those are to improve efficiency and reduce use to consider rate options and to get ready to shop for electricity supply. Thank you for your attention to the presentation.

Let me bring Don back in again to talk you through another opportunity to ask questions.

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DON: Thank you, Doug. That's a lot of information in just 40 minutes that I'm sure it's raised a lot of questions with the people that we have listening today. We have now completed the formal portion of today's webinar but if you have further questions, please submit them now. We really encourage you to get your questions in and we will take whatever time now to respond to those. And again, to submit a question, please look on the left hand side of your screen, first click in that box that says two, using the arrow sign, find and highlight the name Questions Administrator so it shows up in the "to" box and next in the box above the word "to," type your question. To submit your question, press the Enter key on your keyboard at the end of the text that you've typed. Please be sure to have the name Questions Administrator highlighted in the two boxes. Now, if time will allow, we're going to have Speaker Doug Krall answer the questions that were submitted via the webinar. Doug, would you please start with the first question.

SPEAKER: Thanks, Don. Somebody out there has been doing their homework because the first question I'm going to answer is, "Price shown on the grid at PJM is based on what degree of measurement?" It tells me that somebody is using their resources. They visited the Web site for the Pennsylvania, New Jersey and Maryland Interconnection and they've discovered that there's a scroll on that Web site that shows the cost of energy at the wholesale level. What can be confusing is that the price is quoted in dollars per megawatt hour and everything about your electric bill is in cents per kilowatt hour. The translation is simple enough, either, go your Math department or simply recognize that \$60 per megawatt hour, for example, translate into six cents per kilowatt hour. We think this is excellent because here's somebody who's actually beginning to understand how the price varies hourly as I've said it will, and how it may impact their electric bill in the future. Good job.

Next question: Is the rate for transmission going to be the same regardless of where we purchase electrical power from PPL or another generator? The answer to that is no. The basis for the rate will be the same charges for the transmission service that are charged by the PJM Interconnection. Go back to that slide I showed you the three parts of the business that were broken into the competitive environment, the transmission piece remains regulated at the federal

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level by the Federal Energy Regulatory Commission. Users of the transmission system, which would be either power plant supplying energy or distribution companies or retail providers taking that supply and delivering it to customers, pay rates that are set by the Federal Energy Regulatory Commission or that transmission service, and it does vary as a function of where the power plants are located.

The next question: Can you give an example of a tool that is being delivered to businesses to help them save energy? The one that most readily jumps to mind is our Energy Analyzer tool, which provides a full 24 months of history to you. It gives you the option to create an energy profile. It provides tips to save and your billing date is available there as well. The information on the Web site is downloadable, and we have heard from both customers and their consultants that is very useful to them in designing energy efficiency options and also in considering shopping options because it allows them to reflect the unique usage that they have and the timing of that usage.

Another question: Does PPL Generation own any power plant? Yes, it does. PPL Generation is a subsidiary of PPL Corporation, as I showed on an earlier slide, and it has power plants located in Pennsylvania, in Montana, in Connecticut, in New York, in Maine, and in Illinois. PPL Generation, if it chooses to, bids for supply to various entities. When PPL Electric Utilities goes out in the marketplace to obtain supply in 2010, PPL Generation is just one of the companies that can bid for generation and has to compete on price to provide that generation to PPL Electric Utilities.

Somebody has been doing their homework on analyzing their bills because the question I have before me is, "Why is there no longer a demand charge?" The fundamental reason there's no longer demand charge is that we're purchasing from a market that now functions on a kilowatt-hour basis. The first question I answered kind of went to that point, the fact that you can see that visible price on a cent per kilowatt-hour basis that varies every hour. The demand charge made more sense in a regulated environment where the utility company was responsible for having power plants in place or contracts to serve the peak load that might exist at a single moment in time. Those of us who are older remember the days of blackouts, power alerts and request to reduce energy use on hot summer days.

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The demand component was the way that we assured that there would be power plants in place to meet those highest demands. Recall, I said, they were turning now to a competitive market to address that issue. But there is no longer a demand component of the same nature and it's being dropped from the generation portion of the bill. A follow-up question, I guess a number of you were thinking along the same lines, "What is the probability that the current electric billing will not be used?" Meaning that, we will not have a demand charge and that rates will remain in declining blocks instead of being the flat charge that we just talked about. Is it 100%?" The answer is the PUC has approved our plans for a flat kilowatt-hour charge and it's the same kind of flat kilowatt-hour charge that other companies are generally instituting.

Another question: on the PPL Web site, will we be able to access all accounts for our school district through one access or we need to access each account individually? All accounts need to be linked first to a user ID, and I mentioned the process that you go through to establish security on your account. But once that's done then all will be accessible with one sign on. So there's a little bit of an up-front investment of your time to set up your system, but then after that, it should be much simpler for you to use.

If you're having problem establishing your account and seeing your data, you can call our ICS group, I don't have the number right in front of me right now, but somebody will get it for me, and they will be able to talk you through logging in.

I actually jumped ahead. The number is in your slide packet and Don is going to reiterate it after we're done with the question, but since I brought it up, 888-220-9991.

Here's another one of our more sophisticated participants. Why is PJM offering incentive programs such as Demand Response Programs, if demand is no longer an issue? Demand isn't so much an issue on your electricity bill, but capacity remains an issue on the interconnection. PJM must assure that there's capacity available at all time, but the capacity market has become a competitive market the same as the energy market.

Though PJM is concerned about demand response, much as PPL Electric Utilities is looking to provide Demand Response Programs to its customers and PJM has been offering over the last several years, a number of incentive programs that allow you to get credit or demand reductions

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you may be able to take. And they have a number of different programs. There are emergency programs and there are also economic programs.

Here, you need an energy consultant, that's a little bit more sophisticated than somebody who's going to help with your HVAC system. Here, you need something that's called the Curtailment Services Provider, in the jargon of the interconnection. But they're out there and you may be able to find them through the PJM Web site. They may list Curtailment Service Providers. We will certainly be looking into in providing more information for you, our customers, on this source of opportunities.

In the question on our payment program that we proposed to the PUC, if a customer opts to begin the early payment option and earn 6% interest, is the customer bound to buying from PPL Electric Utilities for a stipulated time period, or can the customer take their money and interest and buy on the open market? The answer is absolutely yes. Probably, the best way to think about our proposed program is as a Christmas club. You put money away, but you can use it to buy PPL electric service or you can use it to buy competitive electric service. We will credit it to your bill in either event.

Here's somebody who's thinking along the line that's beginning to shop. You stated that the list of suppliers will grow as the rate caps expire. With these new suppliers be new companies, and if so, what type? Suggestions are nuclear or cogen or other.

The answer is that there'll be any type of supplier you can imagine. In the early days of competition, when there were a large number of suppliers in the market place, there were suppliers who were independent. There were suppliers who were affiliates of distribution companies. There were suppliers who are energy companies, people who also sold fuel oil. I'm aware of companies that bundle heating oil, natural gas and electricity together to make offers.

So I think you'll see a variety of suppliers. You'll also see suppliers for specific sorts and generation. There already exists suppliers who provide only renewable sources or electricity that is primarily a renewable based.

Another question about demand; will there be a kW demand charge for transmission or delivery charges? The answer is, for the time being, yes. Our current delivery rates for our distribution

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service continue to include the demand charge for distribution service. And until such time as we would request commission approval to change those rates, that demand charge will remain in play. For larger accounts, transmission service also involves a demand charge. For residential accounts, it does not. And again, until we would file with the PUC for a change, that would not change. We'll work over the next several months to make these issues clearer to you and provide you information to help you through this transition.

Another question regarding shopping. How should I "shop" the electricity used in my school district to get the "best deal"? First, I should preface by saying I'm not an expert on shopping. I have a home and that is my only energy use. You have a multi-use, multi-account facility, and you have the ability to control and shape your demand. You can use that to your advantage. And this is where you may see a significant difference for those of you who shopped early from how you should probably shop in the future. My sense is that in the early days of competition, school districts shopped their entire facilities. That may have included the elementary school, the high school, the administration building, the parking lot light, the football stadium and the light that goes on outside to tell people to drive at 15 miles an hour when school is opening and school is closing. Segmenting your accounts by used patterns may be a better way to shop. And you should probably consider that because that may be the way to get the best deal. You may also see a rise in of aggregators and school districts in one area where I would expect aggregators to approach you and suggest that a number of you could you group together.

Another question about shopping. What factors must we consider when shopping for electricity supply and some suggestions on generation charge, transmission charge, et cetera? The generation charge is the key component. Transmission charge is mostly covered under PPL supply. A small portion of it, termed ancillary charges, will be covered under the generation charge and provided by the competitive supplier. So, really, where you want to focus is the generation charge. Some of you who are familiar with shopping recall that periodically, PPL Electric Utilities posts a "Price to Compare" and provides information in your electric bill about the Price to Compare. Price to Compare will change a little bit in 2010 from what it has been, and our

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plan is to provide some significant education about what you should focus on and what specific price components you should be comparing.

Another question related to shopping. How will generation suppliers have access to my historical electricity use? There are actually a couple of ways. I already mentioned that the energy analyzer Web site includes a dropdown menu that allows you to export historical use to a spreadsheet. That's one way to get it to a supplier. However, the experience in the first wave of shopping is likely to be repeated in the second wherein suppliers want access to that data directly and electronically.

In the early days of choice, the PUC established electronic protocol for that information exchange to take place. The way it works is you must indicate your willingness to have your data released and we provide an opportunity for you to do that through a Web access. And again, as we move through the months, we will provide additional information on how you can do that. Having granted access, if you engage a supplier and want price information from him, all he would need at that point is your account number and he could submit an electronic transaction to get your data, analyze it, and provide you a price. You have control of whether your data is released. And you can change that election later on if you would like. You need to seriously consider taking those sorts of steps if you want to take advantage of a competitive option.

I want to thank you for your attention today and I thank you for all of the questions that you've sent in. They were excellent and I'm impressed with the level of knowledge that already exists out there. We at PPL Electric Utilities look to talk with you more about electricity use and provide the education that you feel you need and desire from us. And I turn the presentation back over to Don for some closing remarks. Don.

DON: Okay. Thank you, Speaker. Thank you, all the school districts, for joining us today for the Change in Electricity Marketplace webinar. On behalf of all of us at PPL Electric Utilities, we hope that you found the material and the resource information of value. Special thanks also go out today to several groups that provided assistance on this including Northeast Pennsylvania Alliance, to SEDA-COG and also to the Pennsylvania Department of Environmental Protection who also provided us with information on energy efficiency, their contacts, and also a list of their

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at that time. Thank you very much, again, and have a great afternoon.