



PPL Electric Utilities

Current Default Service Plan and Issues Associated with a One-Year Extension

Current Approved Default Service Products

Customer Class	Fixed Price Full Requirements (FR)	Other Supply
Residential	90%* 1 and 2 year	10%* Spot 350 MW Block
Small C&I	90% 1 and 2 year	10% Spot
Large C&I	OMPS**	100% Spot

*Percentages represent the remaining load once the Block load is deducted.

**Optional Monthly Pricing Service (OMPS) is a 3-month fixed price, full requirements product offered each Solicitation in PPL EU's DSPP. To date, the product has not been offered due to a lack of interest from suppliers.

Current Default Service Products Offered Per Solicitation

Customer Class	Product	Tranches*	Ending of Last Solicited Contract
Residential	12 month FR	8 tranches	Feb 2014
	24 month FR	4 tranches	Feb 2015
	12 month Block	2 tranches (25 MW each)	Feb 2014
	5 year Block	4 tranches (25 MW each)	December 2015
	10 year Block	10 tranches (5 MW each)	May 2020
Small C&I	12 month FR	6 tranches	Feb 2014
	24 month FR	3 tranches	Feb 2015
Large C&I	3 month OMPS**	20 tranches	May 2013

*Residential tranche size is 1.40625%; Small C&I tranche size is 1.875%.

**To date, the product has not been offered due to a lack of interest from suppliers.

Residential Load Structure

- Every quarter 50 MW of Block and 16.825%* of Full Requirements (FR) load drops off

Under Current Plan			
Date	Remaining Supply		
	FR	Spot	Block
June 2013	73.18%*	0%	300 MW
June 2014	16.88%*	0%	150 MW
March 2015	0%	0%	150 MW

Under One-Year Extension (without changes)			
Date	Remaining Supply		
	FR	Spot	Block
June 2013	90.00%*	10.00%*	350 MW
June 2014	73.18%*	0%	300 MW
June 2015	16.88%*	0%	150 MW
June 2016	0%	0%	100 MW

*Percentages represent the remaining load once the Block load is deducted.

Small C&I Load Structure

- Every quarter 10% of Spot and 16.825% of Full Requirements (FR) load drops off

Under Current Plan		
Date	Remaining Supply	
	FR	Spot
June 2013	73.18%	0%
June 2014	16.88%	0%
March 2015	0%	0%

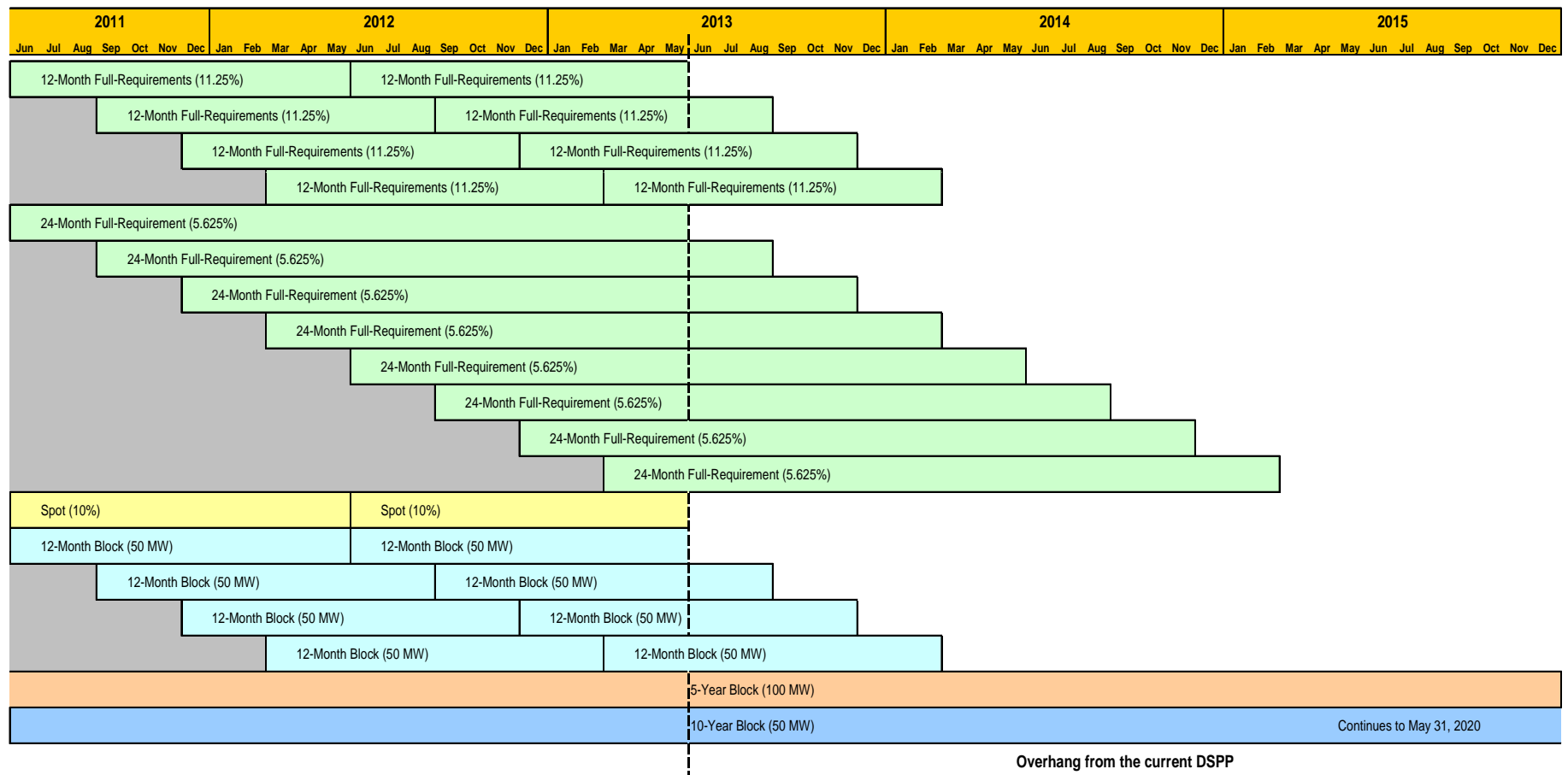
Under One-Year Extension (without changes)		
Date	Remaining Supply	
	FR	Spot
June 2013	90.00%	10.00%
June 2014	73.18%	0%
June 2015	16.88%	0%
June 2016	0%	0%

Issues with Extending Current Plan

- An extension that continues (1) existing procurement schedules to produce (2) a consistent portfolio of products with (3) existing terms and conditions has the benefit of having been reviewed by the PUC and found to be in compliance with Act 129. Such an approach should result in fewer regulatory or legal challenges than an extension that deviates significantly in any of those three characteristics. (See existing plans on pages 7 and 8 and conceptual one-year extensions on pages 9 and 10.)
- Some competitive process enhancements (such as consumer education and referral programs) may have been addressed in existing plans. Altering these may be viewed as a significant deviation from the existing plan and result in regulatory or legal challenges to a plan extension. Other competitive enhancements that are not addressed in existing plans, but reside in PUC regulations or orders, while themselves potentially administratively difficult and costly, should not be issues in regard to extending existing procurement plans.
- A one-year extension of PPL Electric's current plan results in a portion of Full Requirements default service supply extending through February 2016 for both Residential and Small C&I. (For Residential, a 10-year block of 50 MW does extend through May 2020 in any event.)
- A program which would assign or auction customers, who would otherwise be default service customers, to EGSs may be problematic for suppliers under Full Requirements default supply contracts, because current and future purchases extend through February 2015. A one-year extension will extend procurements through February 2016. PPL Electric is researching this issue relative to its own contracts.
- Block products become a larger portion of the Residential default supply as shopping increases. As a result, the Default Service Price for Residential customers is likely to decrease. (See page 11.)

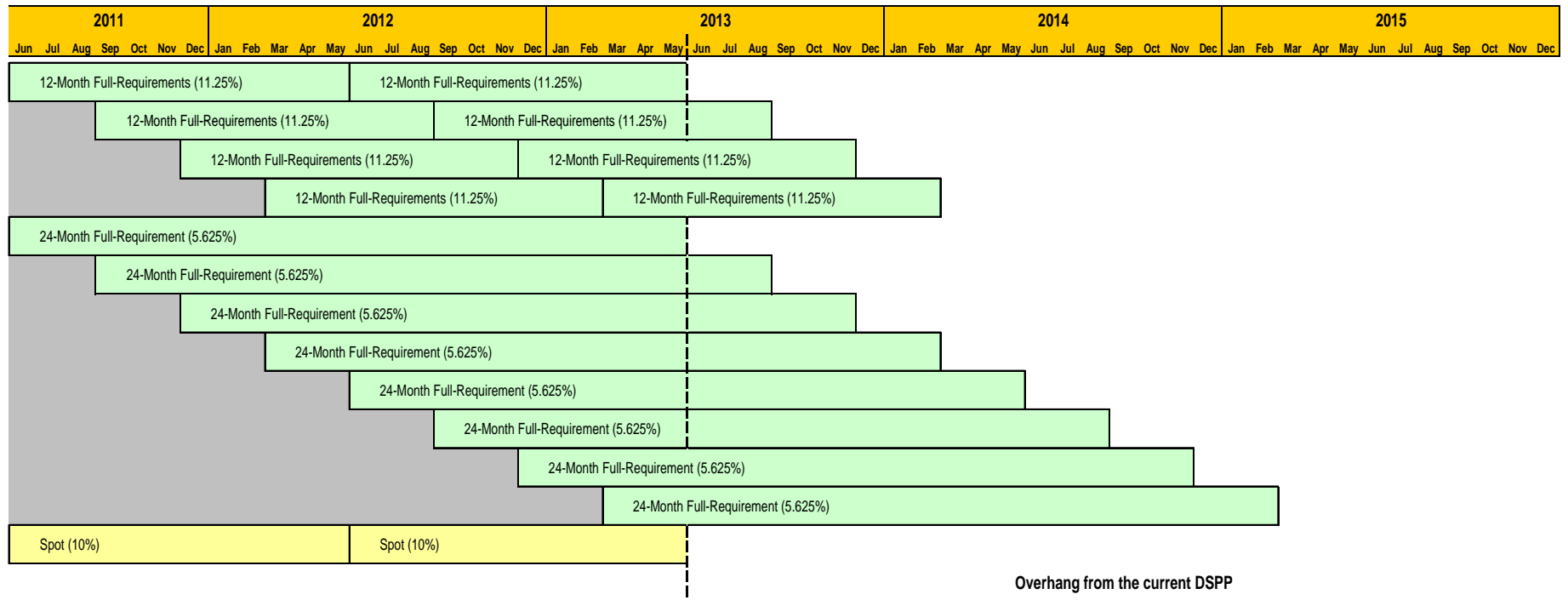
Remaining Residential Deliveries

PPL Electric Utilities
Current Default Service Procurement Plan (DSPP)
For the Period January 1, 2011 to May 31, 2013
Residential Customer Group



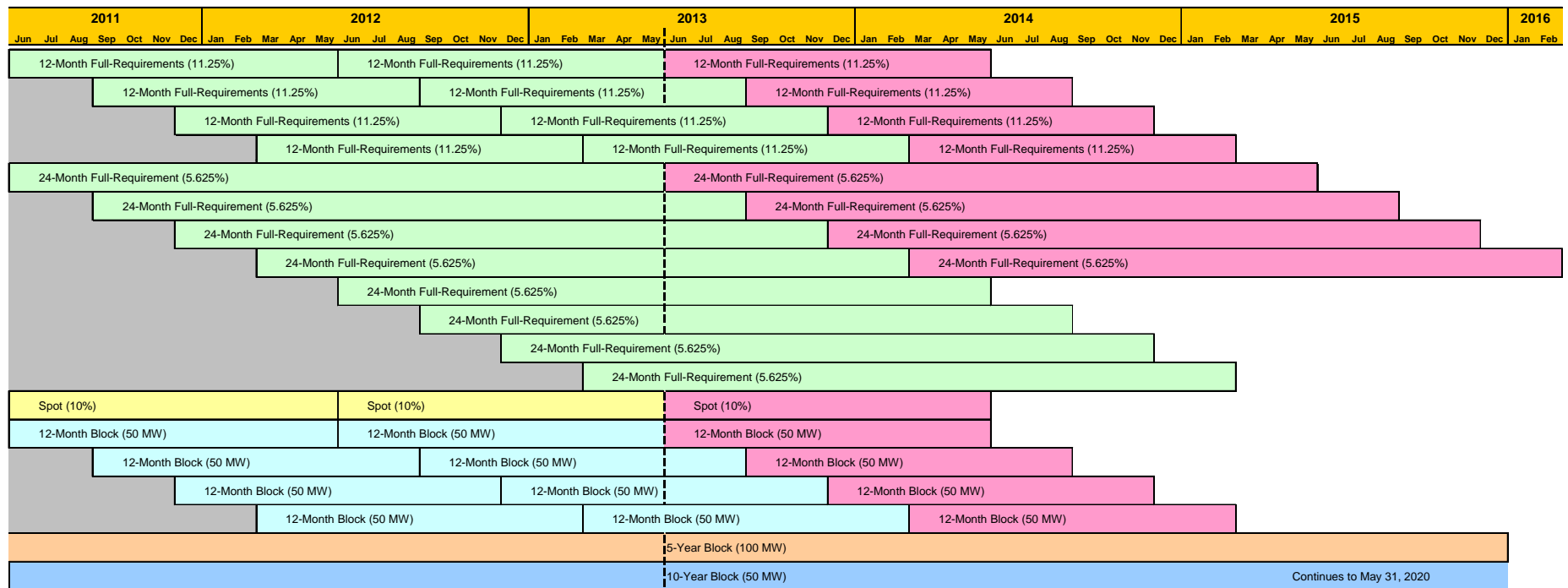
Remaining Small C&I Deliveries

PPL Electric Utilities
Current Default Service Procurement Plan (DSPP)
For the Period January 1, 2011 to May 31, 2013
Small Commercial and Industrial Customer Group



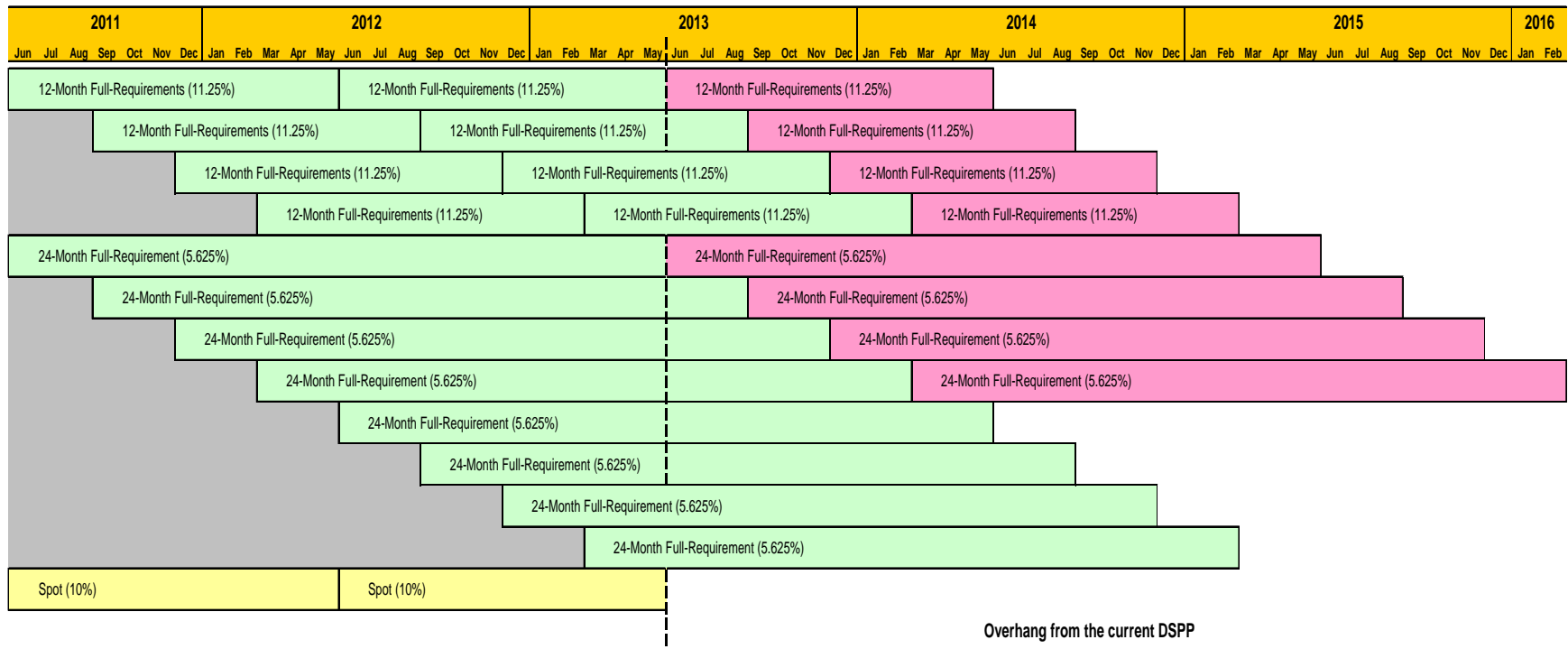
RMI Interim Approach – One Year Extension for Residential

PPL Electric Utilities
Retail Markets Investigation Proposal - One Year Extension (shown in pink)
For the Period January 1, 2011 to May 31, 2013
Residential Customer Group



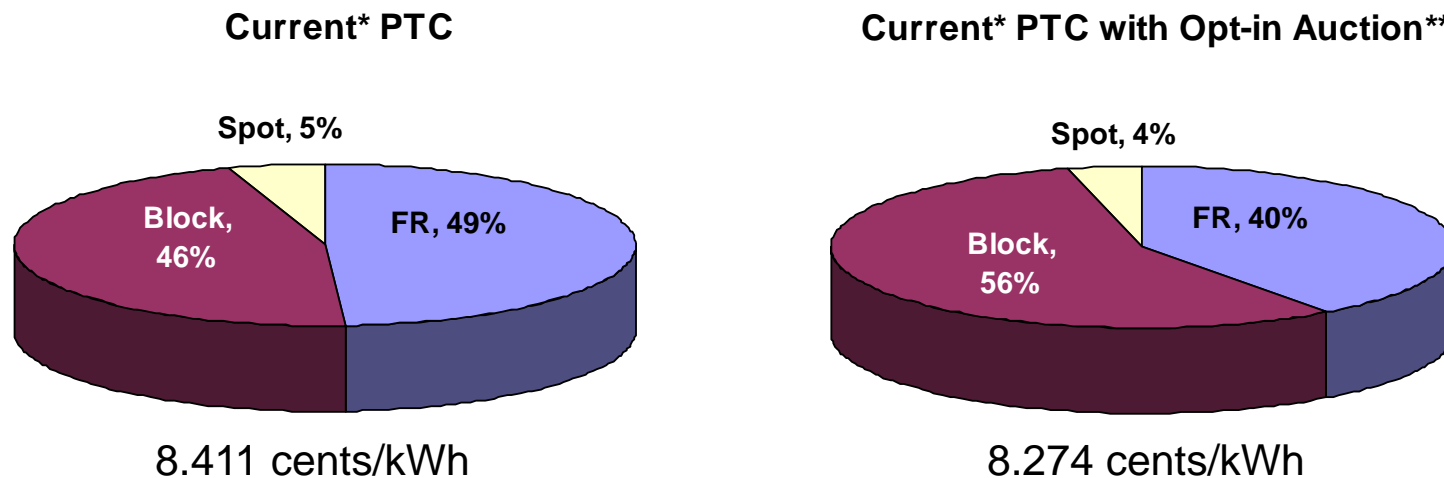
RMI Interim Approach – One Year Extension for Small C&I

PPL Electric Utilities
Retail Markets Investigation Proposal - One Year Extension (shown in pink)
For the Period January 1, 2011 to May 31, 2013
Small Commercial and Industrial Customer Group



Affect of Customer Migration on the Current Residential Price-to-Compare

- The Price-to-Compare (PTC) would decrease as more customers shop due to Block purchases comprising a larger portion of the supply portfolio.



- Price sensitive customers would likely return to default service which could then have the effect of raising the default service price. This, in turn, would incent customers to shop. These “oscillations” could produce unintended consequences and unrecovered costs.

*Current PTC in effect September 1 - November 30, 2011.

**Assumes 100,000 customers shop and that each customer consumes 1,000 kWh.