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Enclosure 3

PPL's Rate Increases, 2004 -2013

Pennsylvania consumers were promised rate relief and economic prosperity as a result of electric deregulation? On August 4, 2000, Secretary of Revenue Robert A. Judge Sr. predicted future electric bills would be a cost savings' bonanza.

> "We expect electric competition will help create more than 36,000 jobs between 1998 and 2004, and have a major positive impact on our state's economy. And millions of Pennsylvania families and employers continue to save money on their electric bills — without even lifting a finger."

It's over a decade since the Ridge Administration promised you lower rates and economic prosperity as a result of electric deregulation. Let's see how you much money you've "saved".

From 1999-2009, PPL collected $2.97 billion in "stranded costs" from rate payers for cost overruns at PPL's nuclear power plant. This tax was referred to as a "Competitive Transition Charge" on your electric bill.

On December 3, 2004, the PUC approved a $137 million increase in distribution rates for PPL. An average residential customer would see their monthly electric bill increase by 7.63% or $9.03. Customers without electric heat experienced a 8.06% hike valued at $5.11 per month. According to William H. Spense, President of PPL Electric Utilities, this rate request marked the initial leg in PPL's new strategy to make "modest rate requests" every few years.

In 2007, PPL proposed to increase distribution rates by $83.6 million or a 6.8% bump. An average residential customer would see their monthly electric bill increase by $6.60.

Generation rate caps came off on December 31, 2009. The result in 2010 was that the average residential electric bill for PPL customers increased by 29.7%. In other words, the Average Joe paid $378.72 more in electric bills in 2010 than he did in 2009.

On March 1, 2010, PPL proposed to raise rates by $114.7 million or a 5.3% "modest increase." The average monthly increase for residential customers would be $7.50. This was the first post-rate cap increase, and represented a 27% jump in PPL's portion of your electric bill.

But wait, PPL is not done. On March 30, 2012, PPL filed another rate hike request of $104.6 million. In a letter PPL sent to the Pennsylvania Public Utility Commission, the Company acknowledged the proposal "would produce an average increase in distribution rates of approximately 13%." However, the actual rate increase for the average residential electric electric bill would be 16.5% or a $7.00 per month according to the Office of Consumer Advocate.

On December 5, 2012, the Public Utility Commission adopted an Order authorizing a $71.065 million rate increase for PPL Electric Utilities effective on January 1, 2012. The Order was entered on December 28, 2012 and became effective on January 1, 2013.

The increase drove up the flat monthly customer charge 62% from $8.75 to $14.09 per month. The PUC allowed PPL a nominal decrease in the distribution charge levied on a per kilowatt basis, from 2.55 cents to 2.51 cents.

Apparently PPL had a huge stash of cash on-hand to go on a buying spree. On May 16, 2012, William H. Spense, Chairman, President and CEO of PPL Corporation told shareholders that PPL was "fundamentally a different company" than it was in 2010. Mr. Spense told the audience that the repositioning of PPL was completed through the acquisition of regulated utility operations in Kentucky in 2010 and the United Kingdom in 2011 at a combined cost of about $14 billion.

Mr. Spense's commitment to shared sacrifice was evidenced by his "modest compensation package" in 2010 of $4,737.157. Last year he was promoted and became the Big Kahuna. Spence received a "modesty bounce" and made $5,120,325 in 2011.

This issue is not whether or not PPL will get another rate increase. They will. The only question is how much.

Deregulation has been a financial windfall for electric companies in Pennsylvania. PPL taxes you more for less electricity.