

**PPL Electric Utilities' phase-in payment option** can help you adjust to higher electricity costs in 2010 gradually, rather than all at once.

The Pennsylvania Public Utility Commission has approved this phase-in option. It's a voluntary program. You decide if you wish to participate.

Prices will increase when a rate cap on the generation charge portion of your electric bill ends Dec. 31, 2009. Since the cap was put in place in 1999, the cost to generate electricity has increased significantly.

While we won't know exactly how much bills will increase until closer to 2010, we estimate, based on the cost of electricity we've purchased already for 2010, that total monthly bills could increase by 30 percent or more.

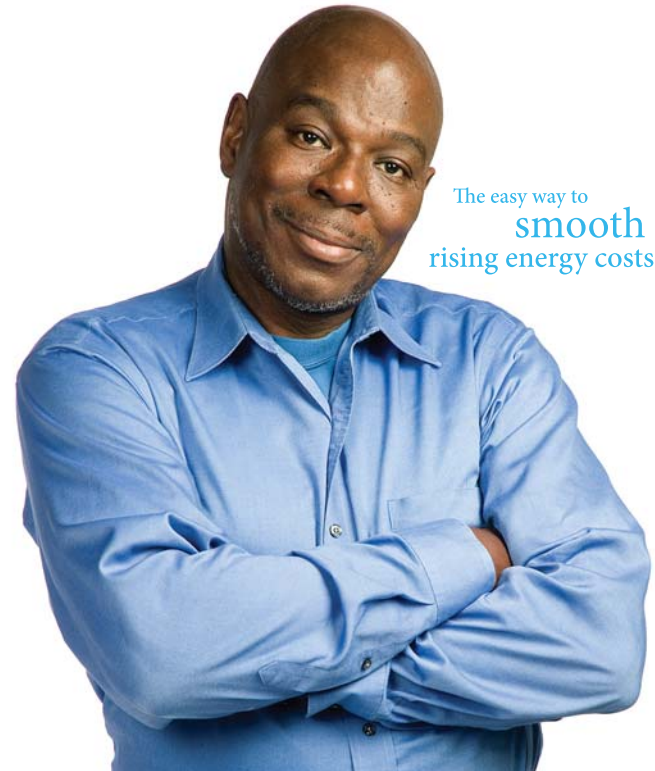
To help you decide if you want to enroll in the phase-in payment option, we have provided answers to questions you may have. If you want to learn more, call our special toll-free phone number at 1-866-597-2010, or visit our Web site at [www.pplelectric.com](http://www.pplelectric.com).



## Phase-in Payment Option



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The easy way to  
**smooth out**  
rising energy costs.

### How does the plan work?

Like a savings plan, this payment option lets you put money aside during the remainder of 2008 and all of 2009 for electric bill payments you will make in 2010 and 2011. PPL Electric Utilities will pay you 6 percent interest on the advance payments. The money you pay and the interest you earn will help offset higher rates in 2010 and 2011.

The monthly payments in 2008 and 2009 depend on your rate schedule (residential, commercial, etc.) and average electricity use. Consult the letter you received for specific payment and credit amounts. The additional payments in 2008 and 2009, and the credits you receive in 2010 and 2011, will appear as separate items on your bill.

### What's in it for me?

This new payment option helps you plan your budget for electricity costs. Instead of one large increase in 2010, you'll have smaller increases spread over several years.

### Is PPL Electric Utilities making money from this option?

No. PPL Electric Utilities will not profit from the phase-in payment option. It will cost the company to pay interest and administer and promote the phase-in option. Those costs will not be recovered in your electric bills.

### Who is eligible for the program?

Residential customers, with the exception of those in the special OnTrack payment program for low-income customers, are eligible. Businesses on rate schedules GS-1, GS-3, GH-1 and GH-2, and street lighting customers on rate schedule SE are also eligible.

### How can I sign up?

Signing up is easy. Enroll by calling our toll-free phase-in phone number at 1-866-597-2010, or by visiting our Web site at [www.pplelectric.com](http://www.pplelectric.com). Or simply return the postage-paid reply card you received in the mail.

### Is there a deadline to enroll?

Yes. You must sign up before Dec. 31, 2009. However, PPL Electric Utilities encourages interested customers to enroll before the program begins in October 2008. If you sign up after you receive your October bill, you'll need to make a one-time, catch-up payment equal to the months you've missed.

### Can I still shop for an electric generation supplier if I enroll?

Yes. Enrolling in this option does not affect your ability to choose a competitive electric generation supplier under Pennsylvania's Electric Choice program, and it will not affect your Price to Compare, which is a figure you can use to compare PPL Electric Utilities' rates with those offered by alternative suppliers.

### What is the Price to Compare?

The Price to Compare is the average price you pay for generation and transmission charges from PPL Electric Utilities. It's the price you would use to evaluate offers made by competitive electric generation suppliers. If a competitive supplier offers a lower price than your Price to Compare, you can save by choosing that supplier.

### If I am on budget billing, can I still enroll?

Yes, you can. The phase-in charge and credit amount will be separate from your monthly budget amount and will not affect your yearly budget settlement.

### What if I want to leave the program?

You may leave at any time and get a full credit, with interest. You have nothing to lose by enrolling. To exit the program, simply visit [www.pplelectric.com](http://www.pplelectric.com) or call us toll-free at 1-800-342-5775.

### What if I move?

When you close your account, you'll receive a full credit, with interest on advance payments you have made. If you will remain a PPL Electric Utilities customer at your new address, you may re-enroll.

### Can I pay more in advance than the plan calls for?

No. The payment and credit amounts are set and were approved by the Public Utility Commission.

### What if I can't pay my entire bill?

PPL Electric Utilities will remove customers from the program if they have an overdue balance for more than 60 days. However, they will receive a full credit of any amounts paid into the program, with interest.

### Is the interest I earn from this program taxable income?

Yes.

### How will I know how much interest I've earned?

A chart is included with the letter you received in September from PPL Electric Utilities about the phase-in payment option. That chart shows how much interest you will be credited in each year.

### How can I reduce my electric bills?

One of the most effective ways to reduce your electric bills is to use energy wisely. To learn how to control your energy costs or to view your daily electricity use, visit our Energy Analyzer by clicking on the e-power logo at [www.pplelectric.com](http://www.pplelectric.com), or call 1-800-342-5775.

### Does PPL have other programs that can help?

Yes. PPL Electric Utilities offers other programs to help customers manage their electric bills, including assistance programs for low-income customers. All residential customers may enroll in the budget billing option, which evens out seasonal changes in electric bills. Budget billing divides your annual cost for electric service into even monthly payments.

Several programs are available to help low-income customers who cannot afford to pay their electric bills. They include the OnTrack payment program, the Winter Relief Assistance Program (WRAP), Operation HELP and the CARES referral service to other community programs. More information about these programs is available on our Web site, [www.pplelectric.com](http://www.pplelectric.com), or by calling toll-free 1-800-342-5775.