



Dear Customer,

Important changes will affect your electric bill in 2010. After more than a decade of capped rates for the generation portion of your bill, the rate cap will expire on Dec. 31, 2009. When this occurs, we expect you will have new opportunities to shop for generation supply. You may be able to shop for electricity supply at prices lower than PPL Electric Utilities' default service rate. PPL Electric Utilities and the Pennsylvania Public Utility Commission (PUC) want to share information that will help you make the best decisions for your home and budget, including decisions about buying electricity supply from alternative suppliers.

As part of the transition to electric choice, Pennsylvania capped the prices utilities could charge for default service. Default service is electricity that PPL Electric Utilities buys for you if you did not choose your own supplier. When the rate cap expires, you should expect to pay more for the generation portion of your bill. During the years that PPL Electric Utilities' rates have been under a cap, prices for electricity have increased. Today's capped prices for the company's default service are based on electricity prices in 1996, when the state passed the Electricity Generation Choice and Competition Act.

Because the rate cap will soon end, PPL Electric Utilities has sought bids to buy power for its customers who do not choose their own suppliers. The company awarded contracts to the lowest bidders and will pass their prices through to you – without profit – if you choose to receive your electric generation supply from PPL Electric Utilities. Based on the prices in those contracts, the company is estimating that the bill for an average residential customer who does not shop will increase about 29.7 percent next year. The company estimates monthly bills will increase on average about 18.4 percent for small businesses and 36.1 percent for mid-size businesses. Actual price increases can vary depending on actual customer usage levels. If you are currently receiving service as a Residential Thermal Storage (RTS) customer, then you will likely experience higher price increases.

Because prices have been capped at 1996 levels, few suppliers have been making offers to customers in Pennsylvania; however, this is expected to change when rate caps expire. Rather than pay prices for energy that PPL Electric Utilities purchased for its customers, you may be able to shop for a better deal. If you choose a competitive electricity supplier, you will pay your supplier's generation charge, which may be lower.

You may even begin to receive offers from other electric generation suppliers before the end of the year.



PPL Electric Utilities

If you choose an alternative generation supplier, you will continue to be a PPL Electric Utilities customer. PPL Electric Utilities will still deliver your electricity and bill you. The company will not treat you differently if you buy your power from a competitive electric supplier. In fact, PPL Electric Utilities encourages you to consider your options for electricity supply. All customers will continue to receive reliable service as they shop in the electric generation supply market. PPL Electric Utilities will continue to read the meter, provide storm restoration and emergency response.

More information is available to help you make the best choice when it comes to shopping for generation supply. We encourage you to use these resources. Be sure to fully understand the terms of the agreement between you and the supplier, or even another third party, as well as the need for a state license to perform such services. In general, if a company provides power, accepts payment or handles the billing function, it must be licensed by the PUC. The Commission urges customers to be very cautious when paying a supplier or PPL through a third party.

You can visit the Consumer Education section of the PUC's Web site at <http://www.puc.state.pa.us/general/consumereducation.aspx> or call 1-800-692-7380 for more information. You also can contact PPL Electric Utilities at [www.pplelectric.com](http://www.pplelectric.com) or 1-800-342-5775 (1-800-DIAL-PPL) or the state's Office of Consumer Advocate online at [www.oca.state.pa.us](http://www.oca.state.pa.us) or by phone at 1-800-684-6560.

Sincerely,

Pennsylvania Public Utility Commission  
& PPL Electric Utilities