

CITIZENS' ELECTRIC COMPANY OF LEWISBURG, PA
NOTICE OF PROPOSED RATE INCREASE AND TARIFF CHANGES

To Our Customers:

Citizens' Electric Company of Lewisburg, PA (Citizens' or the Company) is filing a request with the Pennsylvania Public Utility Commission (PUC or Commission) to change your electric rates beginning August 30, 2019. This notice describes the Company's rate request, the PUC's role, and what actions you can take.

In Pennsylvania, electric service is made up of three parts: "Generation" or the production of electricity; "Transmission" or the movement of electricity from where it is generated to the point of distribution; and "Distribution" or the delivery of electricity from transmission lines to your home or business. You can choose the company that generates your electricity. Citizens' is required to provide each customer in its service territory with distribution service, and to get generation and transmission service for its customers that do not find a competitive supplier. This does not change the quality, reliability or maintenance of your electric service.

Rate Request

Citizens' has requested an overall distribution service rate increase of \$792,246 per year. This request is for an increase of about 5.7% of the Company's total annual revenues for generation, transmission and distribution. The changes will be shown in the distribution portion of customers' bills. This overall rate increase will ensure that Citizens' is able to continue to offer safe and reliable electric distribution service. If this filing is approved, it will also reset the State Tax Adjustment Surcharge to 0.00% and adjust the Generation Supply Service Rate to reflect the roll-in of the taxes. This will have zero net impact on the generation portion of your bill.

This filing also includes a request for approval of the following alternative rate mechanism: customer charges reflecting distribution costs beyond those traditionally allowed under the Commission's customer charge policies in accordance with 66 Pa. C.S. § 1330 (relating to alternative ratemaking for utilities). If the alternative rate mechanism is approved as filed, the impact would be as set forth below with regard to the as-filed rate increase request.

If the Company's entire request to increase rates by \$792,246 is approved by the PUC, the total bill for a residential customer purchasing electricity from Citizens' and using 1,250 kWh per month would increase by \$9.69 per month, from \$119.51 to \$129.20. This is about an 8.1% increase in your total charges.

The total bill for commercial class customers purchasing electricity from Citizens' will vary depending on billing demand and rate schedule. For example, the bill for a commercial customer on Schedule GLP-1 with a 7 kW demand using approximately 2,555 kWh per month would increase by \$8.43 per month, from \$223.45 to \$231.87. This is about a 3.8% increase in your total charges. The bill for a commercial customer purchasing electricity from Citizens' on Schedule GLP-1 with a 10 kW demand using approximately 3,650 kWh per month would increase by \$11.68 per month, from \$313.14 to \$324.82. This is about a 3.7% increase in your total charges. The bill for a commercial customer on Schedule GLP-3 with a billing demand of 150 kW using approximately 54,750 kWh per month would decrease by \$27.09 per month, from \$4,449.54 to \$4,422.46. This is about a 0.6% decrease in your total charges.

Bills for other types of customers, including customers purchasing street and area lighting service or space heating service from Citizens', will also change. Any residential, commercial or other type of customer can contact Citizens' for an estimate of the impact of the proposed rate changes on its annual payments to the Company.

Tariff Changes

The Company is proposing to increase the monthly customer charges so a higher portion of its revenues are fixed. These changes include the above-referenced alternative rate mechanism proposal to collect additional distribution costs through monthly customer charges beyond those costs traditionally allowed under the Commission's policy on customer charges. These changes are needed to ensure that the rates better reflect the costs that the Company incurs to serve each customer class. The specific tariff changes related to these measures are included in the materials available from the Company.

More Information Available

To find out your customer class, how the requested increase may affect your electric bill, or if you are interested in reviewing the material filed with the PUC, contact Citizens' at 570-524-2231. The rates requested by the Company may be found in Tariff Supplement No. 132 to Tariff Electric- Pa. PUC No. 14. You may examine the material filed with the PUC which explains the requested increase and the reasons for it. A copy of this material is kept at Citizens' office. Citizens' is open from 7:30 AM to 4:30 PM Monday through Friday. Citizens' office is located at 1775 Industrial Boulevard, Lewisburg PA. A copy will also be posted on Citizens' website at www.citizenselectric.com. Upon request, the company will send you the Statement of Reasons for Supplement No. 132 explaining why the rate increase has been requested

PUC Role

The state agency that approves rates for public utilities is the PUC. The PUC will examine the requested rate increase and can prevent existing rates from changing until it investigates and/or holds hearings on the request. The Company must prove that the requested rates are reasonable. After examining the evidence, the PUC may grant all, some or none of the request or may reduce existing rates.

The PUC may change the amount of the rate increase or decrease requested by the utility for each customer class. As a result, the rate charged to you may be different than the rate requested by the Company and shown above.

Actions You Can Take

There are three ways to challenge a company's request to change its rates:

1. You can file a formal complaint. If you want a hearing before a judge, you must file a formal complaint. By filing a formal complaint, you assure yourself the opportunity to take part in hearings about the rate increase request. All complaints should be filed with the PUC before September 29, 2019. If no formal complaints are filed, the Commission may grant all, some or none of the request without holding a hearing before a judge.
2. You can send the PUC a letter telling them why you object to the requested rate increase. Sometimes there is information in these letters that makes the PUC aware of problems with the Company's service or management. This information can be helpful when the PUC investigates the rate request. Send your letter or request for a formal complaint form to the Pennsylvania Public Utility Commission, Post Office Box 3265, Harrisburg, PA 17105-3265.
3. You can be a witness at a public input hearing. Public input hearings are held if the Commission opens an investigation of the Company's rate increase request and if there is a large number of customers interested in the case. At these hearings, you have the opportunity to present your views in person to the PUC judge hearing the case and the Company representatives. All testimony given "under oath" becomes part of the official rate case record. These hearings are held in the service area of the Company.