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COMPANY

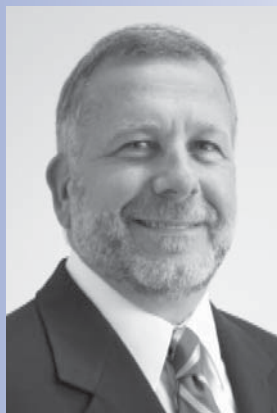
1775 Industrial Blvd. \* Lewisburg, PA 17837 \* (570) 524-2231

**Community News**

## End of rate caps could renew interest in Customer Choice

**By Eric Winslow**

*President and CEO*



As we near the end of the year, you have probably been hearing quite a bit about the expiration of electric rate caps in Pennsylvania. These caps, imposed on the electric utility industry in the late 1990s, are set to expire Dec. 31, 2009, for our neighboring utility, PPL, and a year later for West Penn/Allegheny

Power, Met-Ed, Penelec and Philadelphia Electric Co.

Over the past couple of months, our employees have been fielding questions from customers who have expressed concerns about how their electric bills will be impacted by the expiration of these rate caps. Citizens' rate caps were lifted in 2002, and we've been purchasing market-priced power ever since. However, we do expect the expiration of rate caps for these major electric utilities will encourage alternative generation suppliers to enter the market — the original intent of the Pennsylvania Customer Choice Law — giving electric consumers a choice, and, theoretically, lower prices for their electric generation.

As your designated “provider of last resort,” Citizens' Electric is required to purchase generation supply on the wholesale market for customers who do not choose a competitive supplier. There are currently no alternative generation suppliers that have chosen to serve our customer base.

Because energy prices fluctuate constantly and electric generation is a straight “pass-through” charge on which we are not permitted to make a profit, our generation rate must be adjusted quarterly to reflect seasonal pricing and current market conditions. Typically, electricity is priced highest during the summer and winter months, when demand for energy is greatest.

As you know, generation costs can rise or fall significantly from one quarter to the next. This has been quite evident over the past year, which began with a generation rate of 9.67 cents per kilowatt-hour (kWh) in January, dropped to 7.42 cents per kWh in July, and jumped back to 9.54 cents per kWh in October.

At this writing, it is too early to accurately predict what our generation rate will be for the first quarter of 2010. But one thing we do expect is that generation rates will continue to fluctuate from quarter to quarter.

We are committed to keeping our rates as low as possible by purchasing a mix of short-term and long-term generation contracts. Unfortunately, volatility in the wholesale generation market is something over which we have little influence. You, however, can take charge of your electric costs through conservation and efficiency measures.

Our website, [www.citizenselectric.com](http://www.citizenselectric.com), is a great place to start if you are looking for conservation and efficiency ideas. Simply go to the Citizens' home page and click on the “Conservation” button on the left side of your screen. In addition to finding numerous money- and energy-saving tips and links there, you can also explore our HomeEnergySuite, which contains a wealth of energy conservation and efficiency information. If you do not have internet access, you can request printed conservation and efficiency materials by calling the Citizens' office at (570) 524-2231.

If you are considering doing major home efficiency projects, like replacing your heating system or weatherizing your home, be sure to look into the government incentives being offered. An article on the flip side of this newsletter outlines some of the federal tax credits available for a variety of projects, including installing geothermal or air-source heating systems, adding insulation and installing Energy Star-approved windows and doors.

Warmest wishes for a safe and happy holiday season.

# Check out our online tips and tools

If you are looking for useful information from your electric provider — from energy-saving tips to electrical safety — please spend a few minutes exploring the Citizens' Electric website at [www.citizenselectric.com](http://www.citizenselectric.com).

The website features a variety of helpful tools and a wealth of content about your utility and the services we provide.

For customers looking to save on their energy bills, we offer a practical new tool called the HomeEnergySuite. The suite contains a library of energy conservation and efficiency information and tips, as well as an interactive home energy calculator.

In addition, the suite features energy calculators for appliances and lighting, as well as an interactive house, in which you can click on components within a virtual home to gain a better understanding of where and how energy is used. There are also numerous suggestions and tips for using energy wisely. Customers without internet access can request printed conservation and efficiency materials by calling (570) 524-2231.

Other features on the website include links to:

- ◆ e-Bill, Citizens' online bill presentation and payment program, as well as other payment options
- ◆ A history of Citizens' Electric
- ◆ Tariff and rate information

## Customer service surveys sought

In order to ensure the best possible service, please complete and return the Customer Service Survey that we recently mailed to you.

The completed surveys can be dropped off at the Citizens' Electric Office, 1775 Industrial Blvd., Lewisburg, sent by fax to 570-524-5887 or mailed to: Citizens' Electric, P.O. Box 551, Lewisburg, PA 17837.

## Funds available for efficiency projects

The idea of living in a more efficient home—and paying lower utility bills—has widespread appeal. But finding ways to fund improvements can be difficult during hard economic times.

Fortunately, the federal government offers two ways to recover some of your expenses when planning upgrades: energy efficiency tax credits and renewable energy tax credits.

Through the 2009 American Recovery and Reinvestment Act, known as the federal stimulus bill, Uncle Sam offers a personal tax credit of up to \$1,500 for certain energy efficiency measures undertaken at existing homes in 2009 and 2010. You can recover up to 30 percent of the cost of adding insulation materials and exterior doors, windows, and roofs designed to help reduce your home's heat loss or gain. The credit also covers installation of energy-efficient central air conditioners, air-source heat pumps, hot water boilers, and biomass stoves. The \$1,500 credit is the maximum total credit available to homeowners over the course of the two-year program.

If you want to start generating your own power, consider taking a renewable energy tax credit covering 30 percent of the cost of materials and installation for solar panels, solar water heaters, and geothermal heat pumps. This credit, which has no upper limit, applies to both existing homes and new construction. Projects must be placed into service between Jan. 1, 2009, and Dec. 31, 2016.

ENERGY STAR, a joint program of the U.S. Department of Energy and the U.S. Environmental Protection Agency, provides guidelines on what qualifies for both tax credits at [www.energystar.gov](http://www.energystar.gov), keyword "Tax credits."

In addition to the federal programs, some customers may be eligible for state funding through the weatherization assistance program of the Pennsylvania Department of Community and Economic Development. For more information about this program, visit the DCED website at [www.newpa.com](http://www.newpa.com).

## Need help paying your heating bills?

If you need help paying your heating bills this winter, you may be able to receive assistance through the Low-Income Home Energy Assistance Program (LIHEAP), which began accepting applications Nov. 2.

Funded by the U.S. Department of Health and Human Services, the program provides energy-assistance grants to help low-income households pay their heating bills through the winter.

LIHEAP offers both cash grants and crisis grants. Cash grants help families pay their heating bills. If you are eligible for a cash grant, the grant will be sent directly to your utility or fuel dealer, and the payment will be credited on your bill.

Crisis grants are available to help those who have emergency situations in which they are in danger of being without heat. Those situations include: having broken heating equipment or leaking fuel lines; being without fuel; having utility service terminated; or in danger of being without fuel or of having utility service terminated. The crisis portion of the program will open on Jan. 4, 2010.

If you have a heating emergency, or for more information about LIHEAP, call the Union County Assistance Office at 570-524-2201 or the toll-free LIHEAP hotline at 1-866-857-7095.

Below are the income guidelines for acceptance into the program:

Household size	Maximum income (before taxes)
1	\$16,245
2	\$21,855
3	\$27,465
4	\$33,075
5	\$38,685
6	\$44,295

*Add \$5,610 for each additional member of the household*