

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

To Our Customers:

Citizens' Electric Company of Lewisburg, PA (the Company) is filing a request with the Pennsylvania Public Utility Commission (PUC) to change your electric rates beginning August 1, 2010. 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 and maintenance of your electric service.

Rate Request

Citizens' has requested an overall distribution service rate increase of \$787,276 per year. This request is for an increase of about 4.2% 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 increase 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.

If the Company's entire request to increase rates by \$787,276 is approved by the PUC, the total bill for a residential customer purchasing electricity from Citizens' and using 1,200 kWh per month would increase by \$8.98 per month, from \$134.10 to \$143.08. This is about a 6.7% 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 Rate GLP-1 with a 5 kW demand using approximately 2,190 kWh per month would increase by \$3.99 per month, from \$250.88 to \$254.87. This is about a 1.6% increase in total charges. The bill for a commercial customer on Rate GLP-1 with a billing demand of 10 kW using approximately 2,920 kWh per month would see a decrease of \$1.93 per month, from \$347.10 to \$345.16. Finally, the bill for a commercial customer on Rate GLP-3 with a billing demand of 100 kW using approximately 29,200 kWh per month would increase by \$72.13 per month, from \$3,304.24 to \$3,376.37.

Bills for other types of customers, including customers purchasing street and area lighting 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 their annual payments to the Company.

Tariff Changes

The Company is implementing certain changes to the rate design for some customer classes that will impact customers' total monthly charges. These changes are needed to ensure that the rates better reflect the costs that we incur to serve each customer class. In addition, Citizens' is proposing to implement a voluntary "Direct Load Control" energy efficiency program for its residential and small commercial customers that will provide participating customers with a credit for permitting the

Company to directly reduce usage on air conditioners, hot water heaters, and certain other electricity-intensive appliances during limited, high consumption periods. The specific tariff changes related to these measures are included in the materials available from the Company.

More Information Available

To determine your customer class, how the requested increase may impact 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. 52 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 the 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.

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 rate:

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 guarantee yourself the opportunity to take part in hearings about the rate increase request. All complaints should be filed with the PUC before August 1. If no formal complaints are filed, the Commission may grant all, some or none of the request without holding a hearing before a judge. To request a formal complaint form, please call 1-800-782-1110 or visit "Filing Complaints" at www.puc.paonline.com/consumer_serv.asp.
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 may be held if the Commission opens an investigation of the Company's rate increase request and if there are 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 case record. These hearings may be held in the service area of the Company.