

Choosing an Electricity Provider

Pennsylvania is abuzz with talk of the upcoming move to electricity company competition in 2010. What this means is that soon you may be able to shop around for an electricity supplier. Having options will be great because it will encourage price competition between companies trying to win your business—meaning in the long term, prices will likely go down. Unsure about how to get started? Here's a guide to help you prepare to search for the best electricity supplier for your needs. Happy shopping!

Why you're reading this brochure:

In 1997, the PA Electric Choice Act set a policy to end monopolies and promote retail competition for electric suppliers. At that time, the price of utility service was capped at 1996 rate levels to allow for a transition to a competitive market.

Now that the transition is ending, those rate caps on the cost of electricity are rolling off. In fact, rate caps have already come off in some of the state's major service territories, giving consumers the option to shop for electricity from different suppliers.

As rate caps continue to roll off around the state, customers should begin to prepare. And although it may take some time for suppliers to enter your market, you should be aware of the process and your options so that you and your family can take advantage of all the benefits a competitive market will soon offer in Pennsylvania.

Benefits of a competitive market:

There are numerous benefits of electric competition—including customer choice, cost control and product innovation.

Under a deregulated/competitive electricity market, customers will soon be free to choose a supplier that suits their needs. Consumers may look at options such as where the energy is produced, whether the supplier uses renewable energy sources, whether the supplier offers a budget-billing plan, and more...

Competition also provides incentives for utilities to optimize their investments and efficiency—and when utilities are operating at a lower cost, consumers are paying a lower price.

Because customers in competitive markets compare products and terms, innovation among competitors is another result—not just in products offers, but also in alternative and renewable energy options.

Electric Competition... It's Working For Pennsylvania!



Retail Energy Supply Association

For more information:

Contact the Pennsylvania Utilities Commission
888.PUC.FACT or 800.782.1110

The Retail Energy Supply Association is a broad and diverse group of retail energy suppliers who share the common vision that competitive retail energy markets deliver a more efficient, customer-oriented outcome than regulated utility structure. We are devoted to working with all stakeholders to promote vibrant and sustainable competitive retail energy markets for residential, commercial and industrial consumers.

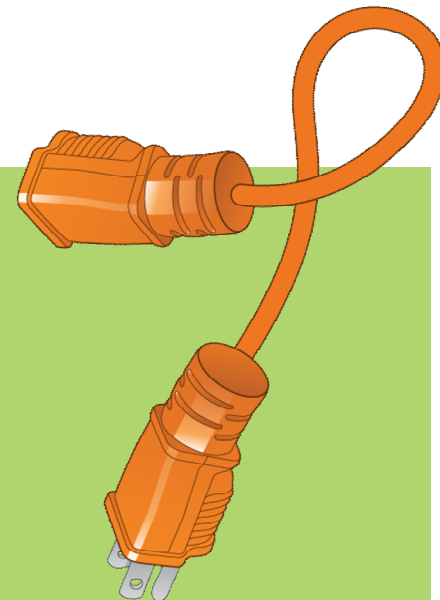
For more information about RESA, its member companies and its mission, please visit www.resausa.org.

NOTE:

While RESA makes best efforts to ensure that the information presented in this guide is accurate, neither RESA nor any of its member companies assume liability or make any warranties express or implied regarding the accuracy, completeness or usefulness of this information.

When do my utility's rate caps expire?

- Duquesne Light, Penn Power, Pike County Power & Light, PPL: *already expired*
- PECO, Metropolitan Edison, Penelec, Allegheny Power: *January 1, 2011*



Before you start...

• Know the difference between fixed, variable and time-of-use electricity rates:

- A *fixed electricity rate* will remain the same throughout your contract. This means that generally, you can be sure that your price will not change during that time (but a few minor exceptions may occur). One benefit of this type of rate is that it makes household budgeting simpler. A downfall is that if market prices decrease, you may have to wait until your contract expires to get the lower price.
- A *variable electricity rate* can go up or down based on the monthly changes in the electricity market. A benefit of variable rate plans is that they can immediately provide you with savings if market prices fall. A downfall is that your rate will increase if prices inflate due to circumstances such as natural disasters.
- For a *time-of-use rate*, the price of your electricity varies by the hour, according to how many other consumers are using electricity at that time. Rates are highest during peak times—or the times of the day when people use the most electricity.
- Make sure you understand how and under what conditions your rate can change when selecting a plan, and pick the one that's right for your needs.

• Know about the types of contract periods:

- Electric suppliers' plans can vary greatly, from either no minimum contract period ("month-to-month" plans), to plans with contract periods lasting a few years.
- If you purchase a plan with a contract period, you may have to pay a penalty fee if you cancel your service before your contract ends.

• Collect several of your recent bills:

You should do this for a couple of reasons...

- Potential suppliers will need your customer account number to enroll you.
- Your past bills will also give you an idea of your average cost of electricity. Look for the "Price to Compare" section, which is located on each bill you receive. (More details on this are under the "What To Find Out About" section).
- Make sure your local electric distribution company (EDC) knows that you are interested in receiving offers from competitive suppliers. Your EDC may send out a post card or bill insert asking if you would like your information to be included on a published customer list that is available to potential new suppliers. In most cases, if you want your information to be made available, you don't have to do anything. Be aware that if you opt out of these customer lists, then you may not receive any offers from new suppliers.

- If you want a plan that includes renewable energy options, check with the supplier to see if they generate electricity via any resources such as wind, solar, hydroelectric, geothermal, landfill gas, or biomass.

- Check the Office of Consumer Advocate's website for information on electric supplier offers that may be available in your area. This information is in the Residential Electric Shopping Guide, available at <http://www.oca.state.pa.us/>.

- If you have already selected to participate in a rate phase-in or pre-payment program with your current electricity supplier (your EDC), don't worry—your participation in these programs will not affect your ability to choose a competitive supplier, and will not affect the Price to Compare used to compare offers to your current electric rate.

• What to ask suppliers:

- First, compare the cost of the plan you are considering to the cost of your current and additional plans; using the "Price to Compare" feature from your bills. This figure tells you your electric generation service rate, which you should use to compare offers. The "Price to Compare" usually appears in cents per kilowatt-hour (kWh). Keep in mind that this rate changes on a monthly or quarterly basis, so have several figures on hand.
- What type of contract will I have? What happens when it expires? What happens if I break the contract?
- What are my payment options? What happens if I'm late in making a payment?
- What will I pay per "kilowatt hour" (kWh) of electricity based on 1,000 kWh of average monthly usage?
- Does this rate include everything, including the electricity generation cost, the transmission and distribution charges, fuel charges, a monthly customer charge, or any other fees?
- Do you offer a fixed or variable rate? If variable, how can it change and how do I find out when the rate change will occur?
- Do you offer energy audit services to help consumers conserve energy or use energy smartly?
- If a potential supplier asks for permission to obtain your usage data from the local EDC, we recommend that you agree. This will ensure that they have all the information they need to provide you with the best possible price and service.

• What to do if you decide to switch suppliers:

- Contact the supplier you've chosen, and tell them you'd like to switch. They'll send you a new contract.
- Ask the supplier what steps you need to take to make the switch.
- Once you select a new supplier, that supplier will contact your EDC to start the enrollment process. You may receive a notice from the EDC confirming your change of supplier. Your change of supplier may take up to two billing cycles to take effect—this is because regulations require a several day notice period before the enrollment can be processed. Once this notice period has passed, your enrollment with the new supplier will become effective on your next scheduled meter read date. Your new supplier and/or your EDC can tell you exactly when your change of supplier will become effective.

• Other terms to know:

- *Carbon Neutral Product:* A product using only renewable energies that don't produce carbon dioxide—or that balances the amount of carbon dioxide released into the atmosphere with renewable energy.
- *Demand:* During any given moment, the amount of electricity that customers of a utility are using.
- *Energy Efficiency:* Using less energy to provide the same level of service. For example, lighting a room by replacing an incandescent bulb with a CFL bulb, which uses less energy.
- *Peak:* Can either mean (a) the greatest amount of electricity your household used during a certain day, or (b) the time(s) of the day that customers of a utility generally use the most electricity. Energy demand is high during on-peak hours and low during off-peak hours.
- *Renewable Energy Credit/Alternative Energy Credit:* Certificates issued to a power company which utilizes environmentally friendly methods to generate electricity. Citizens and companies who are trying to support green power and reduce their carbon footprint can also take advantage of these credits, regardless the source of their power.
- *Smart Meter:* Also known as 'advanced metering device.' It records your household's electric use. It is needed if you use time-of-use-billing.

