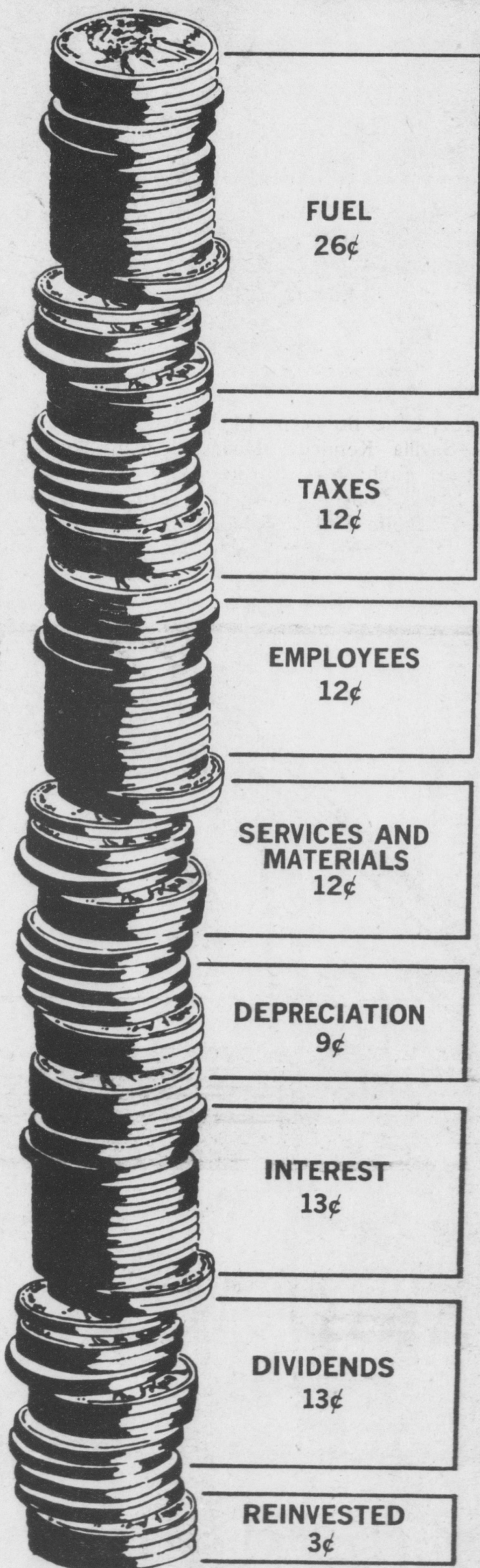


WHERE DOES THE PP&L DOLLAR GO?



As an electric ratepayer, you have a right to know . . . especially these days when electricity is costing all of us more!

THE COST OF FUEL — As you can see, fuel costs take the biggest chunk. This is the fuel (mostly coal) used to generate your electricity. Remember, electric power is produced by converting one form of energy into another. In the past few years fuel costs have soared.

TAXES — Part of the amount consumers pay for electric service is passed on to government, so PP&L is really a tax collector for local, state and federal government.

EMPLOYEES — It takes good, qualified people to keep your electric service running smoothly . . . and for top efficiency, compensation must be fair.

SERVICES, MATERIALS, ETC. — This operating expense includes tree trimming on primary lines (to prevent service interruptions) . . . insurance, research and development . . . materials, equipment rental, postage, paper . . . and many other items.

DEPRECIATION — Wear and tear plus obsolescence of equipment and facilities is reflected in this cost.

INTEREST — Just like a homeowner with a mortgage, PP&L must pay interest to the holders of our mortgage bonds, notes and bank loans.

DIVIDENDS — All money to finance construction of PP&L facilities cannot be borrowed. A substantial portion comes from the sale of stock. The shareowner, however, does expect a return on his investment . . . dividends must be competitive.

REINVESTED — The remaining three cents out of every dollar is put back into your electric company . . . to help pay for new service facilities and reduce PP&L's need to sell more stocks and bonds.

PP&L is continually trying to improve its cost effectiveness in all these areas. Still, we cannot control money markets or prices for the goods and services we need. Inflation and other economic factors take their toll.

While there is no comfort in the fact that the price of virtually everything is higher today, it may help to understand where the PP&L dollar goes.

A public service message from **PP&L**

HOLY, HOLY

May the holy, blessed meaning of the birth of our Savior dwell in your heart. In that spirit, we say thanks.

Hostetter Hardware Inc.

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Thanks for everything

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