

NOTICE OF *PROPOSED* RATE CHANGES

To Our Customers:

PECO is filing a request with the Pennsylvania Public Utility Commission (PUC) to increase your gas rates as of May 30, 2008. This notice describes the Company's rate request, the PUC's role, and what actions you can take.

PECO has requested an overall rate increase of \$98.3 million per year. If the Company's entire request is approved, the total monthly bill for a residential customer using 80 hundred cubic feet (Ccf) would increase from \$118.03 to \$130.82 or by 10.8%.

The total monthly bill for a *commercial customer* using 40 thousand cubic feet (Mcf) would increase from 5570.44 to \$644.82 or by 13.0%.

The total monthly bill for an industrial customer using 3,600 Mcf would increase from \$41,976.34 to \$42,893.52 or by 2.2%.

To find out your customer class or how the requested increase may affect your gas bill, contact PECO at 1-800-494-4000. The rates requested by the Company may be found in Supplement No. 71 to Tariff No. 2. 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 PECO's office. Upon request, the Company will send you the Statement of Reasons for Supplement No. 71 to Tariff No. 2, explaining why the rate increase has been requested.

The state agency which 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.

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 June 29, 2008. 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 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.

For more information, call the PUC at 1-800-782-1110. You may leave your name and address so you can be notified of any public input hearings that may be scheduled in this case.

PECO.
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