

WELLSBORO ELECTRIC COMPANY
NOTICE OF PROPOSED RATE INCREASE AND TARIFF CHANGES

To Our Customers:

Wellsboro Electric Company (the Company) is filing a request with the Pennsylvania Public Utility Commission (PUC) to change your electric rates beginning October 30, 2016. 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. Wellsboro 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 or maintenance of your electric service.

Rate Request

Wellsboro has requested an overall distribution service rate increase of \$1 million per year. This request is for an increase of about 6.9% of the Company's total annual revenues. The increase will be shown in the distribution portion of customers' bills. This rate increase will ensure that Wellsboro is able to continue to offer safe and reliable electric distribution service, as well as continue to upgrade the electric distribution system with newer and more modern equipment. If this filing is approved, it will also reset the State Tax Adjustment Surcharge to 0.00% and adjust 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 is approved by the PUC, the total bill for a residential customer using 700 kWh per month would increase by \$10.25 per month, from \$87.24 to \$97.49. This is about a 11.8% increase in your total charges.

The total bill for commercial and industrial customers will vary depending on billing demand and monthly usage. For example, the bill for a commercial customer on Service Schedule No. 4-CS with an average monthly billing demand of 10 kW using 2,555 kWh per month would increase by \$22.57 per month, from \$314.24 to \$336.81, or by 7.2%. The bill for a commercial customer with an average monthly demand of 25 kW, using 10,950 kWh per month would see an increase in their monthly bill of \$55.86, from \$1,165.45 to \$1,221.31, or by 4.8%. Finally, the bill for a typical industrial customer on Service Schedule No. 5-IS using 54,750 kWh per month with an average monthly billing demand of 150 kW would increase by \$468.11 per month, from \$6,143.91 to \$6,614.75, or by 7.7%. The percentage increase for individual customers (including those on other rate schedules) will vary based on usage characteristics.

Bills for other types of customers, including customers purchasing only distribution service from Wellsboro, will also increase. Any residential, commercial or other type of customer can contact Wellsboro for an estimate of the impact of the proposed rate increase on its annual payments to the Company.

Tariff Changes

Wellsboro is implementing certain changes to the rate design for some customer classes that will impact customers' total monthly charges. For example, Wellsboro is proposing to make changes to its monthly customer charges to increase the portion of its revenues that are received through the fixed

charge. The specific tariff changes related to these measures are included in the materials available from the Company.

More Information Available

To find out your customer class, how the requested increase may affect your electric bill, or if you are interested in reviewing the material filed with the PUC, contact Wellsboro Electric Company at 570-724-3516. The rates requested by the Company may be found in Tariff Supplement No. 102 to Tariff Electric- Pa. PUC No. 8. 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 Wellsboro's office. Wellsboro is open from 7:00 AM to 4:00 PM Monday through Friday. Wellsboro's office is located at 33 Austin Street, Wellsboro. A copy will also be posted on Wellsboro's website at www.wellsboroelectric.com. Upon request, the company will send you the Statement of Reasons for Tariff Supplement No. 102 to Tariff Electric-Pa. PUC No. 8, explaining why the rate increase has been requested.

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 assure yourself the opportunity to take part in hearings about the rate increase request. All complaints should be filed with the PUC before October 30, 2016. 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 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 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.

WELLSBORO ELECTRIC COMPANY