

BOROUGH OF MIDDLETOWN

FOUNDED 1755 • DAUPHIN COUNTY'S OLDEST COMMUNITY

Middletown's Electric Service Costs to Increase for the First Time Since February 2016

Rising energy costs in the PJM electric power transmission network are being passed on to all retail distributors of electricity on July 1, 2025. This will result in an increase on your electric bill in an amount described at the bottom of this notice.

Many customers are understandably concerned about higher bills. We're concerned too. That's why we're doing everything we can to keep our distribution costs as low as possible.

In Pennsylvania and the broader region, energy market prices for electric generation capacity have risen sharply due to the retirement of older power plants and limited new generation resources being built as replacements. The demand for electric supply has increased and is expected to increase over the next decade. Industry experts expect this situation could worsen if new generation isn't added. Most of you have heard about the economics principle of the "Law of Supply and Demand." When the demand for a product or commodity outpaces the available supply, the price increases.

These energy market conditions are putting an unnecessary cost burden on customers. Generation capacity price increases are the reason for our proposed retail increase in our price over the next 18 months. On average, retail costs are expected to rise 9.5% this year and 10% in 2026.

We want to assure you that we do not profit from this generation capacity increase. In fact, we do not generate electricity or provide generation capacity and are required to purchase electricity through a competitive, transparent bidding process on behalf of our customers. These costs are passed along to you at the price that we pay, without a profit or markup.

In fact, Middletown only controls about half of your electric bill, which is the amount covering the cost of delivering power to homes and businesses over our distribution lines within the Borough limits. The remaining half, which includes generation and generation capacity/transmission costs, is outside of our control. Despite this, we are committed to operating efficiently and controlling the costs that we can while still ensuring reliable service for our customers.

Middletown's current "all in" residential rate for generation, transmission and distribution is **11.6 cents** per kilowatt hour compared to **PPL at approximately 14.6 cents per kilowatt hour**. In addition, PPL adds additional charges that Middletown does not in the form of taxes and surcharges.

Earlier this year Middletown hired a professional rate consultant, GDS Associates, to analyze the impact of the new generation capacity cost on the rate we charge you, the customer.

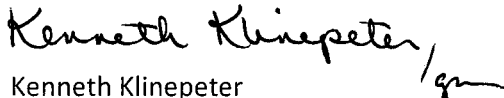
In order to have the least impact on the customer, GDS Associates recommended a two-step approach to increasing our charges on the residential rate class and also a two-step approach for raising the commercial and industrial rate classes.

For the Residential Rate Class: First, increase the customer service charge from the current \$10.91/month to **\$21.00/month** while maintaining the current per kilowatt rate of 11.6 cents per kilowatt hour beginning in July 2025. Then, beginning on January 1, 2026, the Middletown residential rate would increase from 11.6 cents per kilowatt hour to **12.8 cents per kilowatt hour**, a rate still below that paid by customers in our neighboring communities.

For the Commercial and industrial Rate Classes: First increase, the per kilowatt hour rate charge from 10.6 cents per kilowatt hour to **11.0 cents per kilowatt hour** and increase the customer service charge from \$10.91/month to **\$31/month** beginning in July 2025. Then beginning on January 1, 2026, the per kilowatt hour charge would increase to **12.8 cents per kilowatt hour**.

Middletown Borough Council has reviewed these recommendations and will consider advertising a rate change ordinance at its July 1, 2025 business meeting. This proposed ordinance change cannot be adopted until after it has been approved for advertisement and then made available for public examination prior to final approval.

Borough of Middletown


Kenneth Klinepeter
Borough Manager