

Environmental Commitment

Even as we do our best to maintain strong financial performance in a more competitive future, we are addressing the ongoing challenge to protect the environment as we provide an essential service to the people of Central Eastern Pennsylvania.

As we clearly point out in the environmental values statement that we developed in 1991, we are committed to serving our customers in a manner that protects the environment for present and future generations. We manage our business to minimize wastes and emissions that affect the environment. As a company, we manage and conserve natural resources, we protect environmental diversity and we promote energy efficiency.

Because we've done more than simply comply with previous laws on sulfur dioxide emissions, we expect only a small increase in customer costs — about 1 percent — will be needed to comply with the first phase of the Clean Air Act amendments passed last year by Congress. Because we have been making substantial improvements over the years, the early reductions at our plants will come, in part, from the burning of lower-sulfur coal.

The later reductions, however, will involve the installation of "scrubbers" on some of our generating units. While the Clean Air Act amendments will result in a cleaner environment for all of us, PP&L has been working toward this goal for some time.

Our actions continue to demonstrate our clear commitment to the environment. Our land management programs have earned awards, but more importantly, they have increased environmental awareness among people in our service area. The Montour Preserve, Susquehanna Riverlands, the Holtwood recreation areas and Lake Wallenpaupack are excellent examples of environmental commitment at work today in our communities.

We are adding to our environmental programs in 1992. In the spring we will be giving away more than 120,000 fir seedlings in a program called "Trees for the Future." The program will stress the importance of environmental

awareness and education.

Another environmental concern among some of the people in our service area is the question of EMFs — the electric and magnetic fields present near electrical appliances and our facilities. Although the current scientific evidence does not demonstrate a health problem, we are sensitive to the concerns of our customers. For that reason, we are meeting with customers, offering to measure EMF levels in their homes and businesses and provide them with information. We're even taking steps to reduce EMFs, where practical, in the design of new transmission and distribution facilities.

We are responding to the perceptions of our customers as well as to the cold scientific "facts."

Deregulation Issues

In a way, perception also is the challenge we face as Congress considers legislation that would change the very nature of our business. In light of the deregulation that has occurred in other major industries over the years, there is a perception by some in the federal government that the nation would be better served with a deregulated electric utility industry.

While this is a complicated question, we must be careful not to put the long-term best interests of the nation at risk. Our position on the deregulation issue is clear: we support action that will maintain competitive, stable rates for PP&L customers while maintaining the reliability of electric supply. None of the electric utility deregulation proposals now being discussed adequately deal with the challenge of maintaining system reliability.

The decisions on these matters must result in the highest long-term economic productivity of the nation. Some of the deregulation schemes being discussed would benefit certain special interest users of the electric supply system while putting the average customer, particularly residential customers, at an economic disadvantage.

In addition, some of the deregulation scenarios would allow indepen-

dent power suppliers to enter and leave the electric business as they see fit, without regard to any obligation to serve customers. This is not in the best interest of the nation and the general public because electricity is a service that is essential to the very survival of our way of life.

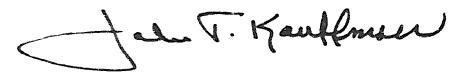
You can be sure that we will continue to be active in helping to shape the future of the utility industry.

As we step forward in the 1990s, the world is changing and so is PP&L. We are concentrating on our competitive situation, we are looking beyond today's operational concerns and assessing what we need to do to realize our vision for the future.

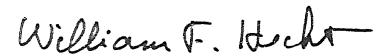
Thanks to your continuing support, PP&L is a healthy company, a company that can effectively plan for the future with the confidence that our 72 years of success have given us.

We have a vision. We have the leadership in place to get us there. We have the strategies to provide the pathway.

We will succeed because we're not shrinking from the uncertain future. We're planning to manage the future in a way that will assure continued success for your company.



John T. Kauffman



William F. Hecht

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