

ORIGINAL

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97 DEC -2 PM 3:14
PROTHONOTARY'S OFFICE

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PAUL L. ZEIGLER
BARBARA A. ZIMMERMAN
JOHN P. ZEIGLER

December 2, 1997

Mr. James McNulty
Prothonotary and Acting Secretary
Pennsylvania Public Utility Commission
Room B-20, North Office Building
Harrisburg, PA 17120

ORIGINAL HAND DELIVERED

**RE: Application of PECO Energy Company for Approval of its
Restructuring Plan Under Section 2806 of the Public
Utility Code
Docket No. R-00973953**

Dear Mr. McNulty:

Please accept this letter in lieu of a brief on behalf of the Delaware Valley Schools Energy/Utility Consortium (DVSEUC), an inactive party to the above proceeding. The Consortium, which is made up of school districts serviced by the Intermediate Units in Bucks, Montgomery, Delaware and Chester Counties, has remained inactive for the majority of the proceedings to this docket. However, its concern with outcome of this restructuring remains the highest priority for its constituents.

The Consortium has advocated from the beginning and continues to advocate support for deregulation of electricity. However, a review of the record established in this proceeding certainly suggests that there are various potential errors in both calculations and projections. The Consortium believes and recognizes that the Commission must, therefore, examine these complex issues and the data obtained with a great deal of scrutiny to insure that the result is indeed a truly competitive environment for all potential parties. We believe that an examination of electric deregulation programs in other states clearly indicates that there is a definite need to proceed slowly and methodically to make certain that short-term decisions will not result in long-term impairment to the concept of deregulation. To expedite this process without a thorough opportunity for the existing issues to be adequately addressed would impair all consumers with the long-range impact of the restructuring.

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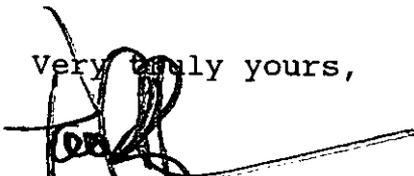
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Mr. James McNulty
Prothonotary and Acting Secretary
Pennsylvania Public Utility Commission
December 2, 1997
Page 2

The Delaware Valley Schools Energy/Utility Consortium urges the Commission to not impair the future, but rather take the necessary time to examine all the facts and to insure to the greatest degree possible that the pilots have the opportunity to make true competition a reality now and in the ensuing decade.

Copies of this letter are being served upon all parties via hand delivery or U.S. Mail, as indicated in the attached Certificate of Service.

Very truly yours,

A handwritten signature in black ink, appearing to be "Paul L. Zeigler", written over a circular stamp that contains the initials "DL".

Paul L. Zeigler
General Counsel for
Delaware Valley Schools
Energy/Utility Consortium

PLZ/kam
Enclosure

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Application of PECO Energy Company
for Approval of Its Restructuring
Plan Under Section of 2806
of the Public Utility Code

:
:
:
:

Docket No. R-00973953

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PROTHONOTARY'S
OFFICE

ORIGINAL

CERTIFICATE OF SERVICE

I, Paul L. Zeigler, Esquire, on behalf of the Delaware Valley Schools Energy/Utility Consortium (DVSEUC), certify that I am serving a copies of the foregoing document upon the persons addressed below, in the manner indicated:

Via Hand Delivery

John M. Quain, Chairman
Pennsylvania Public Utility Commission
North Office Building, Room 104
Harrisburg, PA 17120

Nora Mead Brownell, Commissioner
Pennsylvania Public Utility Commission
North Office Building, Room 104
Harrisburg, PA 17120

Robert K. Bloom, Vice Chairman
Pennsylvania Public Utility Commission
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Harrisburg, PA 17120

John Hanger, Commissioner
Pennsylvania Public Utility Commission
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David W. Rolka, Commissioner
Pennsylvania Public Utility Commission
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Cheryl Davis, Director
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Pennsylvania Public Utility Commission
North Office Building, Room 104
Harrisburg, PA 17120

Via U.S. Mail

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Karen Oill Moury, Esquire
Bernard Ryan, Esquire
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Harrisburg, PA 17101

Christopher B. Craig, Esquire
Chairman of Senate Democratic
Committee on Appropriations
Main Capitol Building, Room 545
Harrisburg, PA 17120
(Counsel for the Honorable Vincent J.
Fumo)

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Derrick P. Williamson, Esquire
PAIEUG
McNees, Wallace & Nurick
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David DeSalle, Esquire
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The Honorable Charles E. Rainey, Jr.
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Duke Energy Trading & Marketing, LLC
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Director, Regulatory Affairs
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Pennsylvania Petroleum Association
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General Counsel for
Delaware Valley Schools
Energy/Utility Consortium

DATE: December 2, 1997

PROTHONOTARY'S OFFICE
FAUCETT

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REC-277480



COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA PUBLIC UTILITY COMMISSION
P.O. BOX 3265, HARRISBURG, PA 17105-3265

12

IN REPLY PLEASE
REFER TO OUR FILE

December 2, 1997

RECEIVED
DEC 03 1997

Mr. John W. Scheerer, II
20 Wayfield Road
Springfield, PA 19064-2324

Office of Prothonotary,
Public Utility Commission

R-973953

KJR

Dear Mr. Scheerer:

Thank you for your recent letter of November 14, 1997, to Governor Tom Ridge regarding the correspondence you received from an organization called Citizens for a Sound Economy.

Please know that I have taken the liberty of forwarding your correspondence to the Secretary of the Commission for inclusion into the official filing of the PECO Energy Company's restructuring proceeding. As you might have heard, some time after the PECO Energy Company filed its restructuring plan before the Public Utility Commission, it agreed to a joint settlement with consumer groups in Philadelphia and other parties to propose a ten percent (10%) cut in electric rates for all PECO customers. Then, the Enron Corporation filed under the same proceeding, a counter-proposal to the PECO settlement proposing a twenty percent (20%) cut on electric rates for all PECO customers. It is now the job of the Public Utility Commission to sort through the PECO settlement and the Enron proposal in the context of PECO's restructuring proceeding and make a decision on December 11 of this year.

Thank you again for bringing this information to our attention and the benefit of your thinking on these various issues.

Sincerely,

Rosemary Chiavetta, Esq.
Director of Legislative Affairs

cc: The Hon. Tom Ridge
Chairman Quain
Secretary McNulty ✓

DOCKETED
DEC 29 1997

DOCUMENT
FOLDER

20 Wayfield Road
Springfield, PA 19064-2324
November 14, 1997

The Honorable Tom Ridge - Governor of Pennsylvania
Harrisburg, PA

Dear Governor Ridge,

As a minister of God to do good, I want you to know what I have just experienced from the organization "Citizens for a Sound Economy".

Several weeks ago, I received the enclosed letter with the mail in reply card. I did not agree with their statements and therefore did not reply.

Yesterday, at 1:45 P.M., we received a follow-up telephone call asking to speak to me. My wife, Anna, picked up the telephone and said I was eating dinner. I agreed to talk to "Citizens for a Sound Economy". Anna picked up the other telephone and stayed on the line listening to all that was said.

The caller asked if I had received their letter. I said yes. The caller went on to reiterate what the letter had said but stronger by indicating that the "stranded cost recovery" was due to something like mismanagement.

The caller asked if I would agree to having their operator connect me to the telephone line of your office so that I could register my "complaint"? I said that I could not agree with their position. They again asked may I put you through to the governor's office? I said yes but I would express my own opinion not theirs. They said hold on, it may be about a 30 second wait before you are connected. I waited longer than two minutes.

Finally an operator answered and asked for my name and the spelling of it. I said John Scheerer and spelled it. The operator said, "Thank you for registering your complaint." I said NO! THE PENNSYLVANIA PLAN IS BEST! The operator repeated "Thank you for registering your complaint." and quickly hung up on me. My wife, Anna, also could not believe this! Surely we were not connected to the telephone line to your office as was stated I would be!

But, at 1:50 P.M. on Thursday November 13, 1997, against my will, someone has my name as agreeing with the opinions propagated by "Citizens for a Sound Economy". Nothing could be farther from the truth!

I strongly support "The Pennsylvania Plan"! It is a well-conceived settlement package -- as urged by the Public Utility Commission.

20 Wayfield Road
Springfield, PA 19064-2324
November 14, 1997
page 2

"The Pennsylvania Plan" is a consensus agreement negotiated between PECO Energy Company and every major Pennsylvania consumer group involved in the case, all of whom have been long standing PECO opponents. It has the unanimous support of consumer representatives in Pennsylvania.

Now, in four paragraphs, please let me explain the depths of my grief over both the misrepresentation of my beliefs and also the misrepresentation of me by registering a "complaint" to you in my name and against my spoken will. This is what the "Citizens for a Sound Economy" is also propagating and it too is false information!

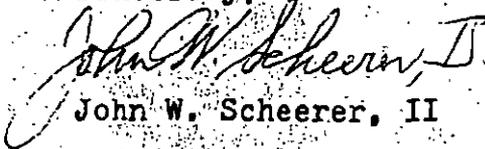
On November 4, 1997, I was accepted as a member of the Mayors' Resource Council. I am enclosing a copy of the four page letter to me that explains this invitation and what prompted it.

In the not too distant future, one of us may be able to say to you, Governor Ridge, "There are over 2 million alumni ready to pray for you and for the work you will do in strengthening youth and families." Please be assured that many are already praying for you!

Now, more depth to my grief. How can turning down a guaranteed 10% cut in rates by the Pennsylvania Public Utility Commission possibly help families or any one? On the other hand, If the Public Utility Commission approves the "Pennsylvania Plan", the average residential consumer will save over \$100.00 annually on non-energy charges alone. The rate reductions in the "Pennsylvania Plan" are guaranteed and are the largest reductions proposed by any utility in the country.

Governor Ridge, I am sure that as a minister of God to do good, you will properly express the contents of this letter to the Pennsylvania Public Utility Commission so that they will understand what is truly happening. Please be assured that our prayers are continually with you and for you in all that you are called upon to do.

Sincerely,



John W. Scheerer, II

Enclosures:

letter form Citizens for a Sound Economy postmarked Oct. 22, 1997
four page letter to me explaining the Mayors' Resource Council



**CITIZENS
FOR A
SOUND
ECONOMY**

1250 H Street, NW, Suite 700
Washington, D.C. 20005-3908
(202) 783-3870
Fax (202) 783-4687
e-mail: cse@cse.org
http://www.cse.org

October 22, 1997

Mr. John W. Scheerer, II
20 Wayfield Road
Springfield, PA 19064-2324

Dear Mr. Scheerer:

Competition is coming to America's \$200 billion electric industry, and it is consumers who will benefit the most. Consumers should be able to shop around for a better deal on their electric bill, and utilities should have to compete for their business. A study commissioned by Citizens for a Sound Economy (CSE) Foundation found that if the average household could choose their electricity provider, competition could lower electric rates by 26 to 43 percent. To put it in perspective, the typical American family could save almost \$30 off their monthly electric bill in the long run with a competitive electric market!

Pennsylvania has been a leader in the move toward competitive electricity markets, second only to California in introducing competition in a timely manner. And that is good news for PECO's ratepayers, who pay some of the highest prices in the nation for electricity. Unfortunately, the savings brought about by competition may be delayed if the Public Utility Commission (PUC) moves forward with the plans currently under consideration.

At the heart of the plans before the commission is a provision that provides \$5.5 billion in "stranded cost recovery" for PECO. This is more than twice the level of stranded costs estimated by Professors Michael Maloney and Robert McCormick in a study commissioned by CSE Foundation. Most stranded costs are the results of past investments that utilities have made that cannot be recouped in an open market. PECO's excessive stranded cost recovery is essentially a scheme to get you and your neighbors to pay for the transition to a competitive market. The \$5.5 billion "transition charge" will deny consumers the benefits of competition for years to come.

Currently, the PUC is reviewing proposals to introduce competition to the electricity industry, and will make a decision very shortly. Consumers will benefit only if there is real competition. Locking consumers into high-priced power until PECO can collect \$5.5 billion from ratepayers is unfair to consumers like you.

However, you can get involved. I urge you to call Governor Tom Ridge at (717) 787-2500 to let him know that the current deals are unfair to ratepayers and deny consumers the benefits of competition. Tell the governor to have the PUC push for a better deal for consumers. Pennsylvania voted for competition, not a monopoly bailout.

Sincerely,

Paul Beckner
President

The Voice
of Consumers
for Free
Enterprise

**CITIZENS FOR A
SOUND ECONOMY**

1250 H Street, NW, Suite 700
Washington, DC 20005-3908

MAYORS' RESOURCE COUNCIL INTERNATIONAL

The Honorable Stephen Goldsmith—Mayor of Indianapolis, Indiana

the Honorable Sam Johnson—United States Congressman

the Honorable David Grossmann—President, National Council of Juvenile and Family Court Judges

and the Honorable Jim Payne—Juvenile Judge, Indianapolis, Indiana

*Invite you to be a member
of the Mayors' Resource Council
to fulfill the instructions of Scripture,*

"I exhort therefore, that, first of all, supplications, prayers, intercessions, and giving of thanks, be made for all men; For kings, and for all that are in authority; that we may lead a quiet and peaceable life in all godliness and honesty. For this is good and acceptable in the sight of God our Saviour; Who will have all men to be saved, and to come unto the knowledge of the truth" (1 Timothy 2:1-4).

*to receive material on effective praying,
to meet with mayors and governors,
and to receive updated reports*

in order to

Strengthen Families and Reduce Youth Crime.



*Coordinated by the Institute in Basic Life Principles
Box One, Oak Brook, Illinois 60522-3001
Please use the enclosed response form for your reply.*

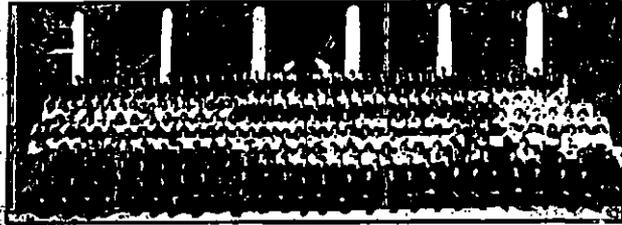
Dear Friend,

This letter is to express my continuing commitment to you, to honor you with a birthday message, and to report on some incredibly thrilling news!

No, I am not getting married—rather, God is now fulfilling the goal for which I have remained single, and for which we have all prayed and worked:

Now the World Is Asking for a "New" Approach to Life!

Russia Sees and Responds to "Living Epistles"



In 1991 Dr. Kezina, Head of the Moscow Public Schools; was amazed at the Seminar youth she met. President Boris Yeltsin also met them and requested a character training program.

Three hundred sons and daughters of Seminar alumni responded to Russia's initial invitation. These young people, and thousands more like them, paid their way to serve in public schools, orphanages, and neighborhoods.



Russian officials were so impressed with the brightness and dedication of the students that they granted the Institute use of a five-acre campus.

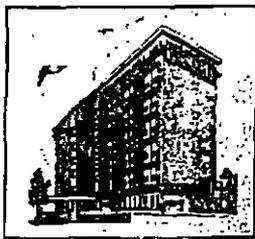
Officials also entrusted to us orphans, abandoned children (above), and juvenile offenders and are asking if we can train up thousands of street children.



In September 1996 forty officials representing Russia and the U.S. Embassy attended a formal dedication of the Moscow Training Center. They were thrilled with the transformed lives they saw.

Meanwhile, the Russian Parliament adopted a declaration from a committee of experts stating that the Biblically based principles taught by the Institute would be beneficial for all Russians to follow.

United States Cities and Public Schools Are Asking for Help



When Indianapolis Mayor Stephen Goldsmith heard reports of events in Russia, he asked us to carry on a similar program in his city. The Lord provided a 300-room hotel for a training center.

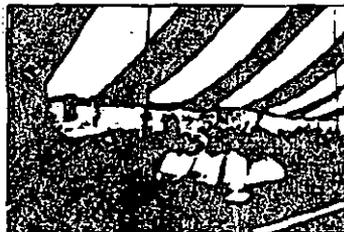
Official invitations have followed from fifteen other U.S. cities. In April 1996 we held a conference urging them to establish Councils for Stronger Families. These Councils will assist parents in teaching character.



Mayor Doug Sullivan of Brookhaven, Mississippi, established a Mayor's Council for Stronger Families. Over seventy fathers and sons responded to this city's call for assistance and repaired more than fifty homes for widowed and elderly residents. The next week, the city sponsored a Basic Seminar and Children's Institute. Starting this fall, the entire city will be emphasizing one character quality each month. The city's goal is to have the lowest juvenile crime and divorce rates in the nation. The mayor observed that this program has already increased racial harmony.

Juvenile Crime Was Reduced by 50 Percent in Four Months

In 1995 the chief probation officer of Fannin County, Texas, sent a juvenile delinquent to the Indianapolis Training Center. This officer was so impressed with the results that he requested a Basic Seminar to be held in March of 1996 for the entire county and sponsored thirty-one delinquents and their parents. By July 1996, delinquency in his county was reduced by 50 percent, with only two of the thirty-one delinquents re-offending. This result was reported to a U.S. Senate subcommittee, and now other cities are requesting Seminars.



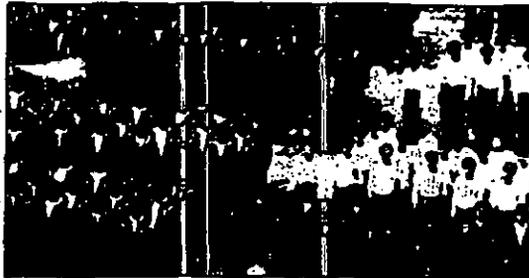
Based on present results with juvenile delinquents, an over 90 percent success rate is anticipated in the Log Cabin Campus Program. Each log cabin houses two Institute staff and one delinquent. Cabins can be built and equipped for \$20,000, and land is being offered in locations throughout the world.

In September 1996 the Honorable Mike Huckabee the new Governor of Arkansas, attended the official dedication of five log cabins in his state. He told three hundred officials and guests how the Basic Seminar had impacted his life and how he wants to implement character training throughout the state. The Honorable Jim Dailey, Mayor of Little Rock, is working with him on this program. Another mayor visited the log cabins and was so impressed with the results that he is requesting a similar program for his city. The Governor plans to establish a Council of all Arkansas mayors.

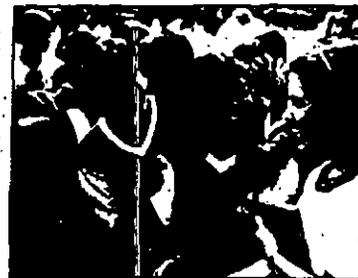
Taiwan Changed Policies to Hear Biblical Principles



When President Lee learned of our work in Russia, he met with a delegation from the Moscow Department of Education and the Institute.



When 120 Advanced Training Institute (ATI) students visited Taiwan in 1994, they were allowed to speak to students in public schools but not to mention Jesus, because the nation is primarily Buddhist. (Only 1.4 percent claims to be Christian.) However, when the Minister of Education saw the students, he changed the policy so that, in 1995, our students were urged to explain the Gospel in the public schools. Thousands of Buddhist students responded to the Gospel. In one school, six thousand students sat in the rain for an hour to hear the ATI students give testimonies and explain the Gospel. This door continues to open wider.



Officials From Mainland China Come for Training



On October 18, 1996, a delegation of seventeen government officials from the capital of the People's Republic of China, Beijing, arrived at Institute Headquarters. They received training on Biblical principles and character and were thrilled with what they learned and with the vibrant young people whom they met. Their leader stated, "This training is vital for our people. We would like to invite you to come to China with your Seminar."

The Key to These Results—Helping "Ministers of God" Do Good



The key to these results is being "zealous of good works" according to Titus 2:14 so that leaders get the credit, God gets the glory, and we get the joy of eternal fruit. Seven thousand ATI young people are being trained to carry out such work around the world. You can strengthen their hands and become a vital part of what is happening through the Mavors' Resource Council. Let's continue working together!

B

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DEC 2 1997

PA PUBLIC UTILITY COMMISSION
PROTHONOTARY'S OFFICE

Lance Haver
6048 Ogontz Ave
Phila, Pa 19141
(215) 424-1441 (215) 424-8045 (fax)

James McNulty, Acting Secretary
PA Public Utility Commission
PO box 3265
Harrisburg, PA 17105-3265

DOCUMENT
FOLDER

RE: Application of PECO Energy Company for approval of
its restructuring plan under section 2806 of the Public
Utility Code; Docket no R-00973953. Petition of Enron
energy Service Power, Inc; Docket No. P00971265

Dear Mr. McNulty,

Enclosed in my brief. I have mailed copies to the other
parties, although in truth, I am not sure what they will do with
them. Please ask Commissioner Hanger for me if competition brings
prices down, why do I have to pay 35 cents for a phone call at a
pay phone? Thanking you in advance for forwarding my brief to the
Commission.



Lance Haver

BRIEF OF LANCE HAVER, PRO SE

RE: Application of PECO Energy Company for approval of its restructuring plan under section 2806 of the Public Utility Code; Docket no R-00973953. Petition of Enron energy Service Power, Inc; Docket No. P00971265

The issue before the Pennsylvanian Public Utility Commission is much simpler than what many of the intervenors would have the Commission believe. The Commission should not loose sight of its goals, protecting the consumer interests, through the moras of unfounded information, highly prejudicial projections and false promises that have been filed in this historic case.

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DOCKETED
JAN 9 1998

OVERVIEW

The Commission must understand that consumers will at first be overwhelmed by the re-structuring and NOT in a position to force the market to work. It is an unforgivable mistake to not understand that in the first years of phone de-regulation, the majority of consumers did not pick a long distant company and that it took years for a competitive market to develop.

In addition, in the first few years there will be a physical limit as to the amount of power available. There has been no way for new providers to know the date on which they will be able to sell electricity, thus they have not built generating facilities. The limitations of available power dramatically interfere with the text book functioning of the free market.

The Commission must establish a market with the greatest consumer protections in the first years, price stability that allows the market to be entered with lowest possible margins and a financially viable way for existing utilities to compete in the new era, all while guaranteeing consumer savings. Ultimately the case is not about ITC's, CTC's, overcollection or undercollection, securitization or guaranteeing a profit to any and every energy company: It is about what is in the public's interest.

The Enron Proposal

The Enron Proposal should be rejected out of hand. It is a fraudulent proposal that is contingent upon the Commission issuing orders that the Commission does not have the legal authority to make. It is, in the classical sense, an abuse of process which should draw sanctions against the members of the bar who put their names to it.

Repeatedly, Enron has been asked to supply documentation citing where in Pennsylvania law is the PAPUC given the statutory right to force PECO to borrow a specific amount of money from Enron at a specific interest rate; where the PAPUC is given the right to force PECO to securitize a set amount of money; where the PAPUC, in the unregulated environment, is given the right to force PECO to enter into a power purchase agreement where the prices are set by another power company, Enron ; where the PAPUC is given the right to extend the rate cap beyond the limits in the law; where the PAPUC is given the right to extend the "stay out" provision of the "transmission and distribution" rates beyond what the law mandates.

Enron has failed to provide a single cite, for a very profound reason. There are no such citations. The Commission does not have the legal authority to force PECO to do what Enron requires for the Enron plan to go into effect.

All the Commission need do in deciding to reject the Enron proposal is ascertain if PECO will willingly enter into the agreements proscribed by Enron. Once the Commission sees that PECO

will not agree to borrow money from Enron at 3 percentage points above the market rate, sell electricity to Enron at below the market rates, give Enron all of their consumers for no compensation and agree to do all of Enron's work for no compensation, then the Commission must reject Enron's proposal, because the Pennsylvania Public Utility Commission does not have the legal right to order and/or force PECO to agreed to Enron's terms. There is no need to go any further in investigating the Enron proposal.

All of the imagined savings, all of the intricacies, all of the promises included in the Enron plan are illusionary. If the PUC were to be foolish enough to adopt the plan, the end result would not be lower rates , competition or any consumer benefits, it would be litigation. During that time, PECO would be over collecting and consumers would be forced to pay 100% of the stranded costs.

THE PARTIAL SETTLEMENT

Unlike the Enron plan, the Partial Settlement represents an agreement between PECO and many of the intervenors. If the Commission approves the settlement as it should, PECO will offer immediate benefits to consumers, rates will go down, competition will arrive earlier, consumers will be protected against price gouging, 60,000 additional low income families will have help paying their utility bills and PECO stock holders will be forced to eat some of the stranded costs.

There is no doubt that the settlement is not perfect. Like

minded people can disagree about different aspects of the settlement. Perhaps PECO should have been allowed to collect more in stranded costs as utilities in New York, Maine and California have. Or perhaps PECO stock holders should have been forced to absorb more of the Companies bad investments. But it is a mistake for this Commission to examine the parts of this settlement separate and distinct from the whole.

While early on, I along with other consumers believed the case revolved around "stranded costs", I have now come to a different conclusion, the case revolves around how much consumers will pay in toto for electricity now and in the future.

The problem with focusing on stranded costs is two fold. First, all stranded costs are estimates. Unfortunately the Pennsylvania law was poorly crafted and did not require the sale of generation plants at an auction to establish the value of the plants. As such, no one knows the true "market value" of PECO's generating plants. As such no one knows what the true stranded costs are.

Second and most troubling is the fact that the more consumers pay for electricity, the lower the stranded costs. This inverse relationship allows the marketing companies to perversely argue that the way to lower stranded costs is to pay higher electric bills.

Once that point is understood, it becomes clear that focusing on any thing other than what consumers will pay in toto is a fool hardy mistake. All the technical experts in the world can not change the fact that what matters to consumers is the total bill,

not just a part. No consumer in his right mind would want to lower what they pay for stranded costs by agreeing to pay more in their total bill. And yet as preposterous as it seems, that is the slippery slope of stranded costs.

If the Commission is to focus on the what consumers pay and will pay, and not the single component of stranded costs, then the question becomes how is a rate reduction guaranteed, competition encouraged and PECO allowed financially to participate in this new era as the law mandates.

The Commission must recognize that there is not currently a market for retail electricity. The transition to a market must entail establishing all of the parameters necessary for the market to work, if there is to be any chance for average individual to benefit.

The first question the Commission should ask is what components are necessary for a working market. The second question should be which components have to be established and the third is how to we best accomplish those steps.

With all the technical experts that have killed so many trees it should be clear by now what is necessary to establish a market economy. Unfortunately, it is not. I will simply restate what I believe the Commission should find necessary for the free market to flourish:

- 1) Rules to establish fair trade
- 2) Knowledgeable consumers who know what they are buying and have the ability to compare different prices
- 3) Open access to the market so that anyone may offer their product.
- 4) Enough of the commodity so that there is a surplus most times and enough to meet the greatest demand days.

- 5) An equal playing field so that no business has an unfair advantage over another.
- 6) No one company can control the market through an monopoly like control of market share.

Currently the Commission must acknowledge that only condition number is four is met. And because it is not met in the aggregate, but only by PECO as Enron has acknowledge in their testimony, it serves to violate rule number six.

It is therefore incumbent for the Commission to construct the parameters that will establish a market, while at the same time protect consumers and other businesses from being harmed by PECO while those steps are taken. This is what the partial settlement does and why it should be accepted.

The Commission has rightly decided that it will establish most rules in universal hearings for every utility in the Commonwealth. As these rules are promulgated, understood and used, the parameters of the market will be delineated.

Helping consumers become knowledgeable is an important and significant task. As stated in the introduction, the de-regulation of the phone industry has shown that the it takes years for consumers to understand the changes and to use the power of the market to their advantage. De-regulation has also shown how it can harm consumers. Dial tone rates, installation prices, information fees, and now pay phones have all seen prices skyrocket. No matter what the ideologues argue, at best de-regulation is a mixed bag for consumers, lowering some prices and raising others.

The settlement acknowledges consumers problems by establishing joint control over the educational budget and protecting consumers against pricing gouging.

Sharing the educational funds will ensure that PECO does not use the 25 million dollars to increase their name recognition. Setting the generation price of electricity low in the first few years of the settlement stops PECO from using its monopoly position, that will be increased by consumers not knowing how to or to choose a generating company, to overcharge consumers.

Setting a higher energy price in the beginning years will guarantee PECO a windfall profit at the expense of consumers who have yet to learn to use the market place. Ordering PECO to take advantage of people who have yet to learn to choose is wrong. It is unconscionable when the Commission realizes that it will be the elderly, the poorly educated and middle class too busy making ends meet that will be the ones unprepared for the transition.

Currently open access to the market does not exist. Other states have yet to enter the competitive era, and therefore regulate how much or little of the regulated utilities generation capacity can be used in Pennsylvania's market. In addition, independent power producers (IPPs) have not had enough lead time to establish generating facilities to serve the competitive market.

The ascending generation cap gives certainty to IPPs so they can plan and build their plants. It is not in the public interest to set the generation rates so high, that the cost of energy exceeds its current levels or rewards IPPs for building expensive plants. The stated belief is that competition will force companies to find lower cost ways to produce energy and bring the prices down. If the generation price is set higher than what is necessary, the savings are illusory and reminiscent of stores

that first mark up their prices before they hold their "sale". It is in the long term public interest to set the energy prices as low as possible to encourage IPPs to find ways to generate low cost power.

It is true that it is in the interest of the IPPS and energy marketers to set energy prices above the market rate high enough to guarantee the companies profits. However, it is not in the public interest to do so and a direct contradiction to the stated intent of the law. The Commission should put the public interest ahead of the profits of the energy companies.

Allowing IPPs to know what the generating ceiling will be 10 years into the future will allow companies to build capacity to serve the market. This will create enough of the commodity in the non-aggregate so that a market may develop.

The partial settlement also allows PECO to collect enough in stranded costs so that it will be able to enter the new era as a competitor. While it may seem counter intuitive, setting the stranded costs at a high level guarantees lower generation prices and forces IPPS and marketers to offer real savings to consumers if they want to enter the market. As stated above, the Public has a long term interest in setting the price of energy as low as possible.

The question then becomes how much of the stranded costs will the utility be forced to "write off". The partial settlement represents the largest write off any utility in the nation has agreed to as a result of the re-structuring process. It is true in New Hampshire that the Public Service Commission originally

ordered Public Service of New Hampshire to write off 40% of its stranded costs. However Public Service waged a successful court challenge and the Governor has now said that Public Service will be given 90 to 100% of stranded costs.

A court challenge poses a very real threat to consumers. The unfortunate PUC decision to allow PECO to over collect makes the threat more dangerous. As the case is heard through the courts, consumers will continue to pay 100% of the stranded costs and the accelerated depreciation of Limerick. Even if the courts uphold some of the findings, consumers will have already paid the higher costs and there will be less stranded costs as the case is re-heard by the Commission.

Enron and other companies masquerading as representing the public interest (it is easy to see that in reality these companies do not represent the public interest. A cursory examination of their statements when they lay off workers, raise rates or close facilities will show that they justify their anti-public actions by saying they have an obligation to represent their stock holders, and that is exactly who they are representing at these proceedings.) have pointed to the lack of a "true up" mechanism as a major problem with the settlement. They argue that without the mechanism, PECO will over collect the stated amount of stranded costs in the settlement.

Enron's own technical experts have admitted that there will be many companies offering energy conservation services, thus lowering the demand. It is unclear whether sales will increase or decrease, projections vary. What is clear is that it is in the

public interest to create a structure that rewards consumers for conserving and prohibits PECO from raising the ITC/CTC if people find ways to use less electricity.

A "true up" mechanism would punish consumers with higher per kilowatt hour charges if consumers use less electricity. Conversely it is true that if consumers use more energy PECO will collect more. This does not change the fact that it is in the public interest to reward people for conserving.

Finally there are provisions in the partial settlement that add to its value and make it in the public interest. While other parties have written about these additional benefits, I want to note them here:

The settlement Lowers rates by a guaranteed 10% if securitization is allowed, 7% if it is not, for three years.

The settlement extends the rate cap for three years, protecting consumers from energy spikes as the market is established.

The settlement extends the "lock out" for T&D expenses for an additional three years ensuring that the lower rates will stay in effect and not be eradicated by higher T&D charges. (Enron, on October first acknowledge that they have asked for an 11.7 increase for Portland General Electric in non-generating costs, thus eliminating the 10% reduction they had promised in generation savings. If Enron is successful, Oregon consumers will see a rate increase not a rate reduction as a result of restructuring.)

The settlement expands the number of low income families in the "CAP" program from 40,000 to 100,000. An increase that will help make bills affordable for an additional 60,000 families.

The settlement protects "default consumers", those who cannot or do not choose, by forcing PECO to sell them electricity at market rates. Without such protection, PECO could charge the default consumers the generation ceiling even if prices were well below the ceiling level.

And it accelerates choice for anyone who wants to choose an energy company.

In conclusion, the Commission should accept the partial settlement and allow the consumers of Southeastern Pennsylvania to enjoy rate relief, protection from price gouging and overcharging and the development of a market for electricity.

A handwritten signature in black ink, appearing to read 'Lance Haver', with a stylized flourish at the end.

Lance Haver, Pro Se

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission	:	
	:	
v.	:	Docket No. R-00973953
	:	
PECO Energy Company	:	
	:	
Petition of ENRON Energy Services	:	
	:	Docket No. P-00971265
	:	
Power, Inc.	:	

PREHEARING ORDER #6

At the hearings held on November 17 through 19, 1997, the following procedural matters were addressed:

(1) The Petition to Intervene of Southeastern Pennsylvania Transportation Authority (SEPTA) was granted.

(2) The Motion of James R. Burdett, Esq., for admission pro hac vice of Kenneth G. Hurwitz, Esq., for the purpose of representing SEPTA in this proceeding was granted.

(3) The Motion of James R. Burdett, Esq., for admission pro hac vice of Maureen Z. Hurley, Esq., for the purpose of representing SEPTA in this proceeding was granted.

(4) The Motion to Strike Testimony and Exhibits (NEV St. DMB-2 and Environmentalists Sts. 1-E, 2-E, and 3-E) filed by PECO on November 7, 1997 was denied.

(5) The parties who responded to Commissioner Interrogatories (Sets 1, 2 and 3) were directed to designate those responses as appropriate exhibits for inclusion into the record on or before Tuesday, November 25, 1997.

(6) The testimony which would have been the subject of the hearing on November 14, 1997 (which was canceled) was admitted into the record. These statements are EPMI St. 4SR, NEV St. 2, OCA St. 5R, PECO St. 15R, and PECO Exh. JGS.

(7) The following schedule was adopted:

November 21	Filing of surrebuttal testimony
November 25	Hearing on any outstanding issue
December 2	Briefs filed, record certified to Commission
December 11	Commission Order

It should be noted in connection with the schedule that: (1) it was agreed that the parties would notify the presiding officers by noon on November 24, 1997 if it was necessary to have the scheduled hearing on November 25, 1997 or if that hearing could be canceled; (2) testimony and brief due dates are dates of receipt, not dates of mailing. Pursuant to the Commission's regulations, faxing is not permitted as a means of filing and the "mailbox rule" at 52 Pa. Code §1.56 cannot be used to extend the filing date of the brief; and (3) consistent with the manner in which the proceeding has been conducted, the November 25, 1997 hearing will be held in Philadelphia.

(8) Briefs are to be filed in accordance with the following: (1) Two hard copies and one 3.5" diskette (in Word 6.0 or lower) are to be filed with the Prothonotary. In addition, two hard copies and one diskette are to be filed directly with the Office of Special Assistants, the Law Bureau and each Commissioner's office. One hard copy of each brief is to be filed with each of the Presiding Officers; (2) Parties are limited to a total of 45 pages; (3) Briefs need not include a narration of the history of the proceeding, but if such a section is included, it will count toward the page limit; (4) the proposed findings of fact (with specific record references) and conclusions of law may be included as an appendix, which will not count toward the page limitation. Any other appendix or attachment does count toward the page limitation.

DATE: Nov. 22, 1997


MARLANE R. CHESTNUT
Administrative Law Judge

CHARLES E. RAINEY, JR.
Administrative Law Judge



COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA PUBLIC UTILITY COMMISSION
P.O. BOX 3265, HARRISBURG, PA 17105-3265

IN REPLY PLEASE
REFER TO OUR FILE

December 2, 1997

The Honorable Babette Josephs
House of Representatives
House Post Office - Main Capitol
Harrisburg, PA

RECEIVED
DEC 03 1997

R-973953

Office of Prothonotary,
Public Utility Commission

Dear Representative Josephs:

Thank you for a copy of your recent letter to Mr. John L. Bruce regarding his opinions on electric competition, and the filings by the PECO Energy Company and the Enron Corporation as part of the proceeding currently pending before the Public Utility Commission.

Please know that I have taken the liberty of forwarding your letter to the Acting Secretary of the Commission for inclusion into the official file of this proceeding.

We greatly appreciate the benefit of your thinking on this issue, and the Commission will make its final decision on this matter on December 11, 1997.

Sincerely,


Rosemary Chjavetta, Esq.
Director of Legislative Affairs

cc: Mr. Bill Brady, PECO Energy
Chairman Quain
Vice Chairman Bloom
Commissioner Hanger
Commissioner Rolka
Commissioner Brownell
Acting Secretary McNulty ✓

BABETTE JOSEPHS, MEMBER

REPLY TO:

HOUSE BOX 202020
HARRISBURG, PENNSYLVANIA 17120-2020
PHONE: (717) 787-8529
FAX: (717) 787-0861
E-MAIL: bjosephs@palegis.comic.state.pa.us

1528 WALNUT STREET, SUITE 1901
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WEB SITE: <http://www.ravenet.com/bjosephs>

SE PHILADELPHIA JOINT LEGISLATIVE OFFICE
951 E. PASSYUNK AVENUE
PHILADELPHIA, PENNSYLVANIA 19147
PHONE: (215) 463-4500
FAX: (215) 463-2415



House of Representatives
COMMONWEALTH OF PENNSYLVANIA
HARRISBURG

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APPROPRIATIONS,
DEMOCRATIC CHAIR, SUBCOMMITTEE
ON HEALTH AND HUMAN SERVICES
HEALTH AND HUMAN SERVICES
JUDICIARY
URBAN AFFAIRS

VICE CO-CHAIR AND REGIONAL WHIP,
PHILADELPHIA DELEGATION
DEMOCRATIC POLICY COMMITTEE
CONVENER,
WOMEN'S CAUCUS
SUBSTANCE ABUSE CAUCUS

November 18, 1997

Mr. John L. Bruce
1702 Addison Street
Philadelphia, PA 19146

NOV 21 1997

CHAIRMAN QUAIN'S
OFFICE

Dear Mr. Bruce:

Thank you for your opinions on electrical competition.

First, as I am sure you know, I do not have the opportunity to decide between the PECO and Enron plans. That role is assigned to the Public Utility Commission (PUC). Nevertheless, I have studied deregulation carefully, read all the material I can, attended PECO and Enron presentations, and spoke with financial experts.

It seems to me that the difference between the two proposals is fairly simple. Legislation passed last year in Pennsylvania allowed the utilities to assess costs of facilities (mostly nuclear power plants) that would be competitive today were it not for previous regulation ("stranded costs"). The dollars that these costs represent can be used by the utility immediately to improve its business position in the face of competition from power generators that were never regulated. In order to have those dollars available, utilities will borrow the money, usually by issuing a bond, eventually charging the principal and interest to the rate payer as permitted under the same legislation.

Although originally, PECO claimed to have some \$7 billion in stranded costs, it now admits the figure is closer to \$5.5 billion (still hardly small change). The company plans to float a ten year bond for that amount; PECO intends to pay the bond off by charging its rate payers 3.04% per kilowatt hour in the first year and dropping that interest rate incrementally to 2.27% in the tenth year. Based on calculating the interest and on an assumption that there will be no market growth in the use of electricity over the 10 years, some have concluded that PECO will recover \$9.6 billion for its \$5.5 billion bond. Even if one allows for the fact that PECO will have to pay interest on the bond, it appears that PECO is making a \$1.5 billion profit from its rate payers on the deal.

November, 1997
PECO
page two

On the other hand, Enron proposes to charge the rate payers the principal and only what the \$5.5 billion bond would actually cost them to finance. They say they will return the rest to the rate payers. That is why Enron advertises a 20% rate reduction, while PECO insists that 10% is all that is available.

The problem with the Enron proposal is that Enron wants not so much to supply the generation of electricity but to act as the financial controller for PECO, which will substantially fulfill a sub-contractor role. No one is sure whether the legislation I spoke of above authorized the Public Utilities Commission to approve such an arrangement.

When the Philadelphia Delegation met with Enron executives, all they urged us to do was to ask the PUC to make the decision that best served the interests of the rate payers and the public. By copy of this letter that is what I am asking the PUC to do.

Yours,



Babette Josephs

BJ:ms

cc: Bill Brady, PECO
John Quain, Chair of the Public Utility Commission
John Hanger, Commissioner
David Rolka, Commissioner
Nora Mead Brownell, Commissioner



COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA PUBLIC UTILITY COMMISSION
P.O. BOX 3265, HARRISBURG, PA 17105-3265

IN REPLY PLEASE
REFER TO OUR FILE

December 2, 1997

RECEIVED
DEC 04 1997

The Honorable Sheila Miller
House of Representatives
House Post Office - Main Capitol
Harrisburg, PA

Office of Prothonotary
Public Utility Commission

Dear Representative Miller:

Thank you for a copy of the correspondence sent to you by your constituent, Mr. L. Eugene Moyer, stating his support for the PECO Energy Company's joint settlement agreement and objections to the alternative proposal filed by the Enron Corporation, both of which are being considered by the Public Utility Commission in the context of the PECO Energy Company's current restructuring plan under the Electric Generation Customer Choice and Competition Act.

Please find under cover of this letter a response to Mr. Moyer's letter. Thank you again for bringing this to our attention.

Sincerely,

Rosemary Chiavetta, Esq.
Director of Legislative Affairs

Enclosure

cc: Chairman Quain
Acting Secretary McNulty



COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA PUBLIC UTILITY COMMISSION
P.O. BOX 3265, HARRISBURG, PA 17105-3265

IN REPLY PLEASE
REFER TO OUR FILE

December 2, 1997

Mr. L. Eugene Moyer
12 Jefferson Place
Bernville, PA 19506

Dear Mr. Moyer:

Thank you for your recent letter of November 5, 1997, to State Representative Sheila M. Miller expressing your objection to the proposal filed before the Public Utility Commission by the Enron Corporation in the context of the PECO Energy Company's restructuring filing under the Electric Generation Customer Choice and Competition Act.

Please know that I have taken the liberty of forwarding your letter to the Secretary of the Commission for inclusion into the official file of this proceeding.

Thank you again for the benefit of your thinking on this very important issue which the Commission will decide on December 11, 1997.

Sincerely,

Rosemary Chiavetta, Esq.
Director of Legislative Affairs

cc: The Hon. Sheila Miller
Chairman John Quain
Secretary James McNulty

SHEILA MILLER, MEMBER
HOUSE OF REPRESENTATIVES
HOUSE BOX 202020
HARRISBURG, PA 17120-2020
PHONE: (717) 772-2435

DISTRICT OFFICES
2419 PENN AVENUE
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P.O. BOX 49
ROUTE 419 & REHRERSBURG ROAD
REHRERSBURG, PA 19550-0049
PHONE: (717) 933-4686



House of Representatives
COMMONWEALTH OF PENNSYLVANIA
HARRISBURG

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SUBCOMMITTEE CHAIRMAN ON RECREATION
CHAIRMAN, CENTER FOR RURAL PENNSYLVANIA

November 17, 1997

John M. Quain, Chairman
Pennsylvania Public Utility Commission
North Office Building
PO Box 3265
Harrisburg, PA 17105-3265

NOV 19 1997

CHAIRMAN QUAIN'S
OFFICE

Re: L. Eugene Moyer
12 Jefferson Place
Bernville, PA 19506

Dear Chairman Quain:

I am writing in regard to correspondence I recently received from my constituent Mr. Moyer.

I have enclosed a copy of Mr. Moyer's letter discussing the Pennsylvania Plan and an alternative proposal by Enron Corporation, which has been submitted to the Public Utility Commission.

I will appreciate your review of Mr. Moyer's letter. Thank you in advance for your assistance.

Sincerely,

A handwritten signature in cursive script that reads "Sheila Miller".

SHEILA MILLER
State Representative
129th Legislative District

SM/te:mlm

Enclosure

cc: L. Eugene Moyer

NOV 05 1997

L. EUGENE MOYER
12 JEFFERSON PLACE
BERNVILLE, PA 19506

November 5, 1997

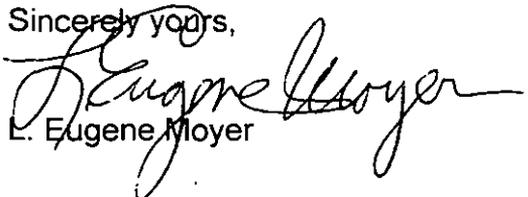
Representative Sheila M. Miller
2419 Penn Avenue
West Lawn, PA 19609-1653

Dear Representative Miller:

I understand that on October 7, 1997, Enron Corporation, a Texas natural gas and electricity company, proposed to the Pennsylvania Public Utilities Commission an alternative to the Pennsylvania Plan. Having read of their proposal, it appears that it is a scheme which rests on contracts with PECO Energy, simply placing Enron Corporation as a middleman between PECO and its customers.

I write to strongly object to this deal from an out-of-state outfit which will move dollars from Pennsylvania to Texas, riding on the reputation of PECO without adding much of anything else beneficial to customers, jobs, shareholders, etc. I hope you will be giving your support to PECO and the PA Plan which is pro-competition, pro-consumer, pro-jobs and pro-Pennsylvania. Thank you.

Sincerely yours,


L. Eugene Moyer



COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA PUBLIC UTILITY COMMISSION
P.O. BOX 3265, HARRISBURG, PA 17105-3265

IN REPLY PLEASE
REFER TO OUR FILE

December 3, 1997

Mr. Joseph E. Fitti
180 E. Kenilworth Court
Newtown Square, PA 19073

Dear Mr. Fitti:

Thank you for your recent letter of November 25, 1997, concerning your support for the "Pennsylvania Plan" which is another name for the PECO settlement filed by the PECO Energy Company in the context of its restructuring plan under the Electric Generation Customer Choice and Competition Act before the Public Utility Commission.

Since this matter is currently pending before the Commission, Chairman John Quain referred your letter to me for a response. Please know that I have taken the liberty of forwarding your letter to the Secretary of the Commission for inclusion into the official file of this proceeding.

Thank you again for the benefit of your thinking on this important issue.

Sincerely,


Rosemary Chiaetta, Esq.
Director of Legislative Affairs

cc: Chairman Quain
Secretary McNulty ✓

180 E. Kenilworth Court
Newtown Square, Pennsylvania 19073

November 25, 1997

Chairman
Pennsylvania Public Utility Commission
104 N. Office Building
Harrisburg, Pennsylvania 17120

DEC 01 1997

CHAIRMAN QUAIN'S
OFFICE

Dear Sir:

I write with great concern about recent action by the Public Utility Commission concerning the establishment of competition for electric power.

Apparently the Commission lacks the courage of its own convictions as evidenced in the current "rethinking", "staff analysis" of the earlier views that the agreement between PECO and the Consumers Education and Protective Association (CEPA) and Senator John Fumo, announced in August, presents a good settlement of the issues and is a benefit to consumers.

That considerations by the Commission were ever permitted to proceed to the current situation rather than approving the settlement plan in August, as was urged by Governor Ridge, is a great shame and is no credit to the Commission. That there is apparent concurrence by the Commission with uninformed and emotional public criticisms, particularly of PECO, attested to by its equivocation and the Commission's recent "staff analysis" of the compromise, does even greater discredit to the Commission.

There seems to be considerable unfounded, negative publicity, about PECO particularly, in connection with development of electricity competition in Pennsylvania. It does no good either to the consumer-public, which appears to wish to chastise PECO, or to the program to develop competition to destroy one of the State's major economic resources, which the publicity negative to PECO can cause. It also seems, from the media reports, that the state Public Utility Commission subscribes to these incorrect, non-objective and uninformed views of PECO.

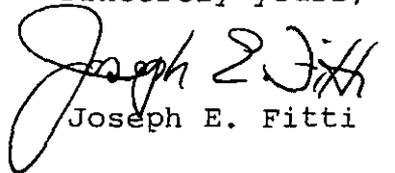
It behooves the Commission to recognize the negative impact caused by its equivocation in accepting the PECO/CEPA/Senator Fumo agreement. It behooves the Commission to recognize the support to anti-PECO interests that its "re-thinking", "staff analysis" of the earlier view creates (witness the November 25 editorial in the Philadelphia Inquirer.)

Chairman, Public Utility Commission, November 25, 1997

Page 2

I urge the Commission to stand apart from inappropriate factors in its deliberations, to establish itself as at least one state body adhering only to high minded fairness, above political influence in the conduct of its business, and to **approve the "Pennsylvania Plan"** immediately. Close the endless, destructive, political machinations about the question of electricity competition.

Sincerely yours,

A handwritten signature in cursive script that reads "Joseph E. Fitti". The signature is written in dark ink and is positioned above the typed name.

Joseph E. Fitti