

Interrogatory Enron VIII-41

Enron VIII-41 Question:

Identify and then produce every document, or provide a narrative description of any agreements or understandings, including informal or tentative understandings, between or among PECO and any of the signatories to the Partial Settlement Agreement agreed to, arrived at or made in connection with the Partial Settlement during negotiations thereof, but which agreements or understandings are not contained in the Partial Settlement Agreement.

Enron VIII-41 (Supplemental Answer):

See attached. It is PECO's understanding that confidentiality issues regarding this document have been discussed and resolved by counsel for Enron and counsel for CEPA. This document is being provided subject to whatever agreement has been reached between those individuals.

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CEPA #2 CO007
Phila 10/14/97
C. T. H. [Signature]

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PECO LEGAL DEPT

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**COMMUNITY
LEGAL
SERVICES, INC.**1424 CHESTNUT STREET
PHILADELPHIA, PA 19102
215-981-3700
FAX 215-981-0434

SIDE LETTER TO PARTIAL SETTLEMENT AGREEMENT

This Side Letter contains an agreement between PECO Energy Company ("hereinafter "PECO") and the following group of organizations and persons which includes Consumers Education and Protective Association ("CEPA"), Tenant Action Group ("TAG"), Association of Community Organizations for Reform Now ("ACORN"), and John W. Long, Jr. (hereinafter collectively "CEPA et al.").

This agreement is based on consideration provided by the parties both in this agreement and in the Partial Settlement contained in the Joint Petition for Partial Settlement of PECO Energy's Proposed Restructuring Plan and Application for a Qualified Rate Order dated August 25, 1997 (Pa. P.U.C. Docket No. R-00973953), which is incorporated herein by reference (hereinafter "Partial Settlement").

For good consideration and intending to be legally bound, the parties agree as follows:

1. CEPA et al. through counsel shall execute the "Partial Settlement."

2. Within ten (10) days after the Pennsylvania Public Utilities Commission's Order approving the Partial Settlement without modification becomes final and non-appealable, PECO shall pay to CEPA et al.'s counsel Community Legal Services, Inc. the sum of \$100,000 for attorney's fees and costs arising from CEPA et al.'s participation in In the Matter of: Application of PECO Energy Company for Approval of its Restructuring Plan (Pa. P.U.C. Docket No R-00973953).

3. Within thirty (30) days after the Pennsylvania Public Utilities Commission's Order approving the Partial Settlement becomes final and non-appealable, PECO shall pay the Delaware Valley Community Reinvestment Fund the sum of Three Million Dollars (\$3,000,000) in three installments of One Million Dollars (\$1,000,000) each according to the following schedule:

(a) The first installment shall be due thirty (30) days after the date the Commission Order approving the Partial Settlement without modification becomes final and non-appealable;

(b) The second installment shall be due one year after the due date of the first installment;

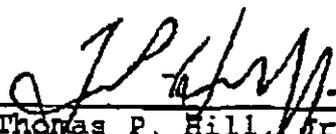
(c) The third installment shall be due one year after the due date of the second installment.

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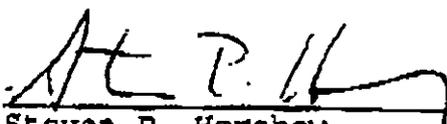
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4. In the event that the Commission does not approve the Partial Settlement without modification, but that the Commission does ultimately approve the Partial Settlement as amended, the parties herein agree that this Side Letter shall constitute a Side Letter to the amended Partial Settlement. This Paragraph is subject to the condition that CEPA et al. join in such amended Partial Settlement.



Thomas P. Hill, Jr.
Vice-President and Controller
PECO Energy Company



Steven P. Hershey
Philip A. Bertocci
Counsel for CEPA et al.

Date: 8/25/97.