

ORIGINAL

COMMONWEALTH OF PENNSYLVANIA

PUBLIC UTILITY COMMISSION

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 :
Application of PECO Energy Company :
 Pursuant to Chapters 11, 19, 21, 22 :
 and 28 of the Public Utility Code, for :
 approval of (1) a plan of corporate :
 restructuring, including the creation :
 of a holding company, and (2) the :
 merger of the newly formed holding :
 company and Unicom Corporation. :
 :
PUBLIC INPUT HEARING *ml* ----- -x

Docket No. A-110550F0147

DOCUMENT FOLDER

Pages 140 through 171

Hearing Room 1
State Office Building
Broad & Spring Garden Streets
Philadelphia, Pennsylvania

DOCKETED

APR 3 2000

Monday, March 27, 2000

Met, pursuant to adjournment, at 7:10 p.m.

BEFORE:

CHARLES E. RAINEY, Administrative Law Judge

APPEARANCES:

CHARLES F. HOFFMAN, Esquire
P.O. Box 3265
Harrisburg, Pennsylvania 17105
(For the Office of Trial Staff)

WARD L. SMITH, Esquire
2301 Market Street
P.O. Box 8699
Philadelphia, Pennsylvania 19101-8699
(For PECO Energy)

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Commonwealth Reporting Company, Inc.
700 Lisburn Road
Camp Hill, Pennsylvania 17011

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APPEARANCES, (Continued):

IRWIN POPOWSKY, Esquire
1425 Strawberry Square
Harrisburg, Pennsylvania 17013
(For Office of Consumer Advocate)

BERNARD A. RYAN, JR., Esquire
Suite 1102, Commerce Building
300 North Second Street
Harrisburg, Pennsylvania 17101
(For Office of Small Business Advocate)

PHILIP A. BERTOCCI, Esquire
Community Legal Services
1424 Chestnut Street
Philadelphia, Pennsylvania 19102
(For CEPA, TAG, ACORN and Action Alliance
of Senior Citizens)

Commonwealth Reporting Company, Inc.

700 Lisburn Road
Camp Hill, Pennsylvania 17011

(717) 761-7150

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21
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WITNESS INDEX

| <u>WITNESSES</u> | <u>DIRECT</u> | <u>CROSS</u> | <u>REDIRECT</u> | <u>RECROSS</u> |
|------------------|---------------|--------------|-----------------|----------------|
| Sharif Street | 155 | -- | -- | -- |
| Blane Stoddart | 167 | -- | -- | -- |

FORM 2

P R O C E E D I N G S

1
2 ADMINISTRATIVE LAW JUDGE CHARLES E. RAINEY: We're
3 back on the record now for this evening's public input
4 hearing.

5 During the 1:00 public input hearing there was a
6 discussion with regard to the revised schedule in this
7 particular case. And I did establish a revised schedule,
8 which is different than the one which the signatory parties
9 requested.

10 However, I did notice that the signatory parties do
11 make note of publication of the settlement in the newspapers
12 by March 31 of this year. And I would expect that that
13 would still happen.

14 MR. SMITH: Yes, Your Honor. The publication is
15 scheduled in the Philadelphia Inquirer and papers of general
16 circulation in our service territory for this Wednesday.

17 JUDGE RAINEY: Thank you very much.

18 Why don't we start then to take testimony after I
19 give my introduction.

20 Good evening and welcome to this public input hearing
21 on PECO Energy Company's application for approval of its
22 proposed merger with Unicom Corporation.

23 This proceeding is docketed at A-00110550F0147. My
24 name is Charles Rainey, and I am the administrative law
25 judge presiding over this case.

1 This public input hearing is being held for the
2 purpose of allowing interested persons an opportunity to
3 provide testimony regarding PECO's application for approval
4 of its proposed merger with Unicom Corporation. I believe a
5 brief history of this case may be helpful.

6 On November 22, 1999, PECO filed with the
7 Pennsylvania Public Utility Commission an application for
8 the approval of its proposed merger with Unicom Corporation.

9 I note that PECO is required by law to obtain the
10 Commission's approval of its merger with Unicom Corporation.
11 By law, in order to obtain the Commission's approval, PECO
12 must demonstrate that the merger will affirmatively promote
13 the service, accommodation, convenience and safety of the
14 public in some substantial way.

15 Additionally, the Electricity Generation Customer
16 Choice and Competition Act requires the Commission to
17 consider with PECO's proposed merger with Unicom Corporation
18 will adversely impact retail electric competition.

19 Numerous parties have formally intervened in these
20 proceedings, including legislators, municipalities,
21 government agencies, consumer groups, electric generation
22 suppliers, environmental groups and individuals.

23 A prehearing conference was held in January of this
24 year. At the prehearing conference a schedule for this
25 proceeding was established. That schedule includes public

1 input hearings, which are being held in the counties of
2 Philadelphia, Bucks, Montgomery, Delaware and Chester this
3 week. In addition, a public input hearing will be held in
4 York next week on April 4.

5 Evidentiary hearings for the purpose of examining the
6 parties' technical witnesses were also scheduled. However,
7 between the time of the prehearing conference and these
8 public input hearings, the parties engaged in settlement
9 negotiations. Those negotiations resulted in a settlement
10 agreement of all of the issues in this case. The settlement
11 document was filed with the Commission on March 23, 2000.

12 Shortly I will give a representative of PECO an
13 opportunity to explain the significant terms of the
14 settlement. I would also allow the other parties to
15 comment.

16 In the settlement document the signatory parties
17 requested a change in the procedural schedule in this case
18 in light of the settlement.

19 During the public input hearing held earlier today I
20 rejected the signatory parties' proposed revised schedule.
21 I established another revised schedule instead.

22 The revised schedule which I established provides for
23 the filing of objections or comments to the settlement by
24 April 13, 2000. It also provides for the filing of replies
25 to objections or comments by April 18, 2000. My revised

1 schedule further provides that evidentiary hearings may be
2 scheduled if necessary.

3 So concludes my brief presentation of the substantive
4 and procedural matters involved in this case. You, the
5 public, may participate in today's hearing in one of three
6 ways.

7 The first way, and the one the Commission finds
8 preferable, is that you submit sworn testimony under oath.
9 By giving sworn testimony the Commission may consider your
10 testimony when it decides this case.

11 Sworn testimony may be subject to questions from the
12 parties and me.

13 The second way is to provide unsworn testimony.
14 Unsworn testimony will not be considered by the Commission
15 when it makes its decision.

16 The third way is to provide information at the break
17 or at the conclusion of this hearing to either the Office of
18 Trial Staff, the Office of Consumer Advocate, or the Office
19 of Small Business Advocate for its use at its discretion at
20 an evidentiary hearing, if one is held, or during any
21 additional negotiation sessions, if any are held.

22 I would ask that you limit your testimony to PECO's
23 proposed merger with Unicom Corporation. Representatives
24 from PECO Energy will help you at the break or at the
25 conclusion of this hearing with other matters.

1 I will now ask counsel for PECO to introduce himself,
2 and also to explain the significant terms of the settlement
3 agreement.

4 Mr. Smith?

5 MR. SMITH: Thank you, Your Honor.

6 My name is Ward Smith, I'm counsel for PECO Energy
7 Company.

8 The settlement proposal that has been reached amongst
9 essentially all of the parties in this proceeding is one
10 that brings, I think, a great deal of many good things to
11 the Commonwealth of Pennsylvania.

12 Among the things that this settlement will achieve
13 with the merger are a total of \$200 million in rate
14 reductions, extension of a rate cap so that transmission and
15 distribution rates will stay where they are for an
16 additional eighteen months, out to the year 2006;
17 development of enhanced reliability and customer service
18 standards, expansion of electric service programs that
19 protect the low-income customers, commitments to foster the
20 development of environmentally safe sources of generation,
21 modifications of the current rules that will further foster
22 electric competition, limitations on PECO Energy's ability
23 to recover nuclear plants' decommissioning costs, and
24 commitments by PECO Energy that it will maintain a strong
25 civic and charitable presence in southeastern Pennsylvania.

1 The details of the settlement can be obtained by
2 anyone who cares to have a copy. We've brought additional
3 copies with us today. It's a lengthy document, as everyone
4 is aware.

5 But with that summary, I think that provides enough
6 information for someone to understand the outlines of the
7 settlement proposal.

8 Thank you.

9 JUDGE RAINEY: Thank you, Mr. Smith.

10 We will now allow the other formal parties an
11 opportunity to comment or provide opening statements.

12 We'll start with you, Mr. Bertocci.

13 MR. BERTOCCI: Thank you, Your Honor.

14 I represent the Consumers Education and Protective
15 Association, known as CEPA, a tenants action group, Action
16 Alliance for Senior Citizens, and ACORN, an Association of
17 Community Organizations for Reform Now.

18 These are all community groups whose main focus is on
19 consumer matters that concern low-income consumers. We
20 participated actively in the settlement negotiations.

21 For these organizations rates are central. The cost
22 of electricity for a low-income family represents a
23 significant portion of their monthly budget. And any
24 reduction in rates that we can get in this territory for us
25 is a tremendous advantage.

1 \$200 million in rate reductions is a substantial
2 amount. We're satisfied that that is not just a token
3 amount, although it doesn't add up to a lot of money on any
4 single one monthly bill.

5 In addition to the rate reductions, we also
6 bargained for programs which focus on the situation of low-
7 income people, or very low-income people, people with
8 incomes of 50 percent of the poverty or less, who even under
9 PECO's current low-income programs often have difficulty
10 affording electricity.

11 And as a result, PECO has committed itself to working
12 with low-income groups and other people interested in what
13 we call universal service programs, to make sure that the
14 poorest of the poor have every available chance to maintain
15 consistent electric service.

16 Part of this will be looking at the programs that now
17 exist to see whether they can be improved. In addition is
18 \$1.3 million for next year and the year after next for the
19 fuel funds in the five-county area. These are funds which
20 provides money to low-income customers who are usually 50
21 percent or less of poverty. That tends to be their
22 constituency. Customers are faced with shutoff or who
23 already have had service terminated and they're trying to
24 get it back on.

25 In addition, the low-income groups are entrusted in

1 economic development, and there is money in this settlement
2 through the sustainable development fund for development of
3 energy-saving technologies, with also an interest in
4 creating more jobs.

5 So those are the basic things in the settlement which
6 are of particular interest to low-income persons.

7 Also when I discussed with the groups what were the
8 things that they wanted from the settlement, they also were
9 interested, like everyone else, in environmental issues.
10 They know that environmental issues ultimately involve
11 health issues. And as a result, we wouldn't want to
12 separate the environmental issues from issues that affect
13 low-income people.

14 JUDGE RAINEY: Thank you, Mr. Bertocci.

15 Mr. Popowsky?

16 MR. POPOWSKY: Thank you, Your Honor.

17 My name is Sonny Popowsky, I'm the Consumer Advocate
18 of Pennsylvania. Our office represents PECO consumers and
19 consumers throughout the commonwealth in cases involving
20 utility matters.

21 Our office originally filed a protest against the
22 PECO merger in this case. We thought that the original
23 filing did not contain sufficient benefits to justify the
24 approval of the merger by the Commission.

25 However, we engaged in lengthy negotiations with the

1 company, and a wide array of other parties, and we think
2 that based on a number of important concessions and
3 contributions that the company was willing to make, we're
4 able to support the proposed settlement that's now before
5 Judge Rainey.

6 We are particularly pleased to get some rate
7 reductions for consumers, extension of rate caps. As
8 Mr. Bertocci said, increased funding for low-income
9 customers and additional protections, improved reliability
10 standards, and a number of other issues that we felt were
11 extremely important.

12 But the purpose of these hearings is to hear from the
13 public to say what the members of the public think about the
14 original proposal as well as the settlement proposal.

15 I thought we had a very good session this afternoon.
16 A lot of very good points were raised. And I hope that as
17 we continue these public input sessions throughout the rest
18 of this week and next week that the Commission will give
19 careful consideration to all of your comments.

20 So with that, I would encourage people who are here
21 to come forward and state your views. And thank you for
22 coming.

23 JUDGE RAINEY: Thank you, Mr. Popowsky.

24 Mr. Ryan?

25 MR. RYAN: Thank you, Your Honor.

1 I'm Bernard Ryan, the Small Business Advocate of
2 Pennsylvania. My office represents small business customers
3 of PECO, and indeed all the public utilities that operate in
4 Pennsylvania.

5 We were also very active in the negotiation. We're
6 very pleased with the way they came out. We are a signatory
7 and a strong supporter of the joint petition that's been
8 presented to Judge Rainey.

9 We like the rate reductions. We particularly like
10 the rate cap extension. Rate stability for over a decade,
11 and in fact going back to 1990, I was told, was the last
12 time the rates were adjusted for PECO. That's an almost
13 unprecedented period of time.

14 So I'm here very strongly supporting this, but
15 interested in hearing what members of the public have to say
16 about anything having to do with this proposed merger.

17 Thank you very much, Your Honor.

18 JUDGE RAINEY: Thank you, Mr. Ryan.

19 Mr. Hoffman?

20 MR. HOFFMAN: Thank you, Your Honor.

21 My name's Charles Hoffman. I represent the Public
22 Utility Commission's Office of Trial Staff. I'd like to
23 just echo some of the comments that my colleagues have made.

24 We too are a signatory to the settlement, and we
25 believe that, for the reasons that have already been pointed

1 out, that it's a very beneficial settlement.

2 However, we're here tonight to listen to input from
3 members of the public, and we are very interested in hearing
4 what they have to say about the initial proposal and the
5 settlement.

6 So thank you very much, Your Honor.

7 JUDGE RAINEY: Thank you, Mr. Hoffman.

8 I will now begin to take testimony. Prior to giving
9 testimony, I ask that each witness provide and spell their
10 name and provide their address.

11 Each witness should also state whether he or she is a
12 PECO customer. Additionally, each witness should provide
13 the name of the organization they are representing, if any.

14 I first call Mr. Sharif Street.

15 Mr. Street, may I swear you in?

16 MR. STREET: Sure.

17 JUDGE RAINEY: Please raise your right hand.

18 Whereupon,

19 **SHARIF STREET**

20 **having been duly sworn, testified as follows:**

21 JUDGE RAINEY: Please be seated. Give your full
22 name, spell your first name, and also provide your address.
23 And also state who you are appearing here on behalf of.

24 THE WITNESS: Do you want my home or office address?

25 JUDGE RAINEY: Your office address would be fine.

1 THE WITNESS: My name is Sharif Street. Sharif is
2 spelled S-H-A-R-I-F; Street is S-T-R-E-E-T. I'm
3 representing State Senator Shirley M. Kitchen, who
4 represents the Third District in Pennsylvania, a district
5 which encompasses sections of North Philadelphia and the
6 lower northeast.

7 DIRECT TESTIMONY

8 THE WITNESS: I had a few questions. I was wondering
9 what the short-term projected job loss is.

10 JUDGE RAINEY: Mr. Smith, are you able to answer that
11 question? Or do you have a representative here who may be
12 able to answer those questions?

13 MR. SMITH: The settlement petition contains a
14 commitment by PECO Energy to maintain the employment at its
15 downtown office at almost existing levels. There are
16 currently 1,300 employees, about, and we're promising to
17 keep it at 1,250 employees for at least the next three
18 years.

19 And the study that was done to help us reach the
20 business judgment to enter into this merger, where synergies
21 could be created -- and this has been distributed to the
22 other parties, and they had the opportunity to look at
23 during the course of the discussions and the discovery --
24 does not suggest that there will be any job losses elsewhere
25 in the city amongst the line personnel or any of the

1 personnel who maintain the electric system.

2 So I hope that's enough information. I can provide
3 more.

4 THE WITNESS: That's fine.

5 MR. SMITH: Okay.

6 THE WITNESS: So you're projecting in the short run
7 about 150 jobs lost?

8 MR. SMITH: No, at most 50.

9 THE WITNESS: At most? You said 1,350 --

10 MR. SMITH: 1,300 down to 1,250.

11 THE WITNESS: Oh, I thought you said 1,350 down to
12 1,200. I'm sorry.

13 MR. SMITH: No, I'm sorry. And I want to underscore,
14 that's not that we think we're necessarily going to lose
15 those jobs. That's the most. That's the commitment that it
16 will not be any more than that.

17 THE WITNESS: What about over the long haul, beyond
18 the period for which the agreement --

19 MR. SMITH: These savings that we're talking about
20 are seen in that first three-year period.

21 THE WITNESS: Right.

22 MR. SMITH: I have no idea, and I don't think the
23 company has any idea, what would happen in the years beyond
24 that.

25 THE WITNESS: Like year four or five.

1 MR. SMITH: They're not part of what has been looked
2 at or part of the justification for this savings, the idea
3 of continuing to have changes in the work force.

4 THE WITNESS: Okay. I understand there's \$200
5 million you're talking about? There's this talk, \$200
6 million in savings? We have a list of -- do you have any
7 idea what the median per household savings is?

8 MR. SMITH: I don't. But I can provide that
9 information to you. I can take your name and address and
10 provide that to you later, if that would be helpful to you.

11 THE WITNESS: Okay. Could PECO customers be affected
12 by the blackouts that were caused by Commonwealth Edison
13 distribution problems, or any other subsidiary distribution
14 problems?

15 MR. SMITH: We think not. What the Consumer Advocate
16 has been very certain to negotiate in the settlement
17 document is that -- I have to step back.

18 About a year or so ago the Public Utility Commission
19 required utilities to create measurements, a wide variety of
20 measurements, for their own ability to provide reliable
21 service.

22 And what we have agreed to in this document is to not
23 only continue to meet our own, the standards that had been
24 set to us on a pre-merger basis, but to improve our
25 reliability over what our pre-merger reliability was.

1 So that's the commitment that has been made to
2 enhance the reliability here.

3 THE WITNESS: So the energy produced that's received
4 by Philadelphia customers is still going to be produced
5 here, or will some of that will be produced in Chicago?

6 MR. SMITH: It will still be generated on the east
7 coast, the same as it is now.

8 THE WITNESS: Okay.

9 MR. SMITH: I'm sorry, the east coast and into the
10 midwest.

11 THE WITNESS: Right.

12 MR. SMITH: But it won't change -- the way that the
13 electricity is created won't change due to the merger.

14 THE WITNESS: Well, how about the other way, on the
15 other side? If there were a blackout in Chicago, would our
16 power have to be diverted to keep things on up there?

17 MR. SMITH: There's nothing about that that will
18 change due to the merger. What happens is that whenever
19 there is a huge amount of need for electricity anywhere in
20 the eastern United States, the generating plants from all
21 over the eastern United States in some sense act to serve
22 that load.

23 And the choice of how to do that is made by
24 organizations other than the electric utilities, at least in
25 this part of the country.

1 The decision of which generating plants to run and
2 how to make changes to the transmission system is made by an
3 independent organization called the Pennsylvania-Jersey-
4 Maryland interconnection. And they're the ones who make
5 those kinds of decisions about how to run the system to keep
6 it going reliably.

7 So there's not really any way that the two companies
8 becoming owned jointly could affect the ability to respond,
9 or change any way that the system would be run to respond to
10 that kind of blackout or heavy load.

11 THE WITNESS: I understand that some provisions have
12 been made about insulating PECO customers from potential
13 liability associated with all the nuclear power plants held
14 by, I guess it's Unicom. Could you explain a little bit to
15 me what those provisions are?

16 MR. SMITH: In a nutshell, we have guaranteed that
17 the people who live in this area will never have to pay any
18 of the costs of decommissioning those plants, and have made
19 a binding commitment that that would be the case. It's as
20 simple as that.

21 THE WITNESS: Okay. That pretty much does most of
22 them. And the rate reduction guarantees only extend for the
23 first three years, as do the higher -- and they start in the
24 year --

25 MR. SMITH: The rate reductions actually start in the

1 second year and go for four years. The second, third,
2 fourth and fifth years are when rate reductions occur.

3 THE WITNESS: Okay.

4 MR. SMITH: Now, I should say that what the parties
5 did in that negotiation is they tried to look out for ten
6 years, and look at what kind of savings could be achieved in
7 the regulated part of this business in Pennsylvania during
8 that ten-year period, and then capture all of those savings
9 and return them to customers during the first five years.
10 And whether we hit that exactly right or not, that was the
11 structure of what we were aiming to do with the rate
12 reductions.

13 THE WITNESS: So what happens in year six?

14 MR. SMITH: In year six it either goes --

15 THE WITNESS: You have to raise the rates to
16 compensate for the savings that were given in years two
17 through five?

18 MR. SMITH: The rates will -- there won't be any
19 additional discounts given in that year under this
20 settlement.

21 THE WITNESS: But will there be -- are there
22 projected increases?

23 MR. SMITH: We'll be under a rate cap, so we can't
24 raise the rates.

25 THE WITNESS: You can't raise beyond the year five

1 reductions? They must stay from year five reductions all
2 the way through?

3 MR. SMITH: No, that's not how it works. The
4 reductions actually are taken -- we're at a rate cap now.

5 THE WITNESS: Right.

6 MR. SMITH: And the savings are all gotten by the
7 customers in the first five years. And then --

8 THE WITNESS: And then they could go back up?

9 MR. SMITH: Yes, to the levels that we're capped at
10 now, which is the levels from 1990.

11 THE WITNESS: But you can't exceed today's rates
12 later?

13 MR. SMITH: We cannot until the rate cap ends. And
14 we've extended that rate cap by an additional eighteen
15 months as part of this settlement.

16 THE WITNESS: So when does the rate cap end
17 currently?

18 MR. SMITH: The end of 2006 is where it will end
19 under this settlement. That's an extension of an additional
20 eighteen months.

21 THE WITNESS: So the rate cap in year -- what is the
22 first year savings?

23 MR. SMITH: 2002.

24 THE WITNESS: 2002. So by the end of that point then
25 you're not under a rate cap?

1 MR. SMITH: No, we'll have --

2 THE WITNESS: There is no rate cap.

3 MR. SMITH: -- savings at 2002, '03, '04 and '05.

4 THE WITNESS: Right.

5 MR. SMITH: Then there will be a rate cap for another
6 year beyond that.

7 THE WITNESS: '02, '03, '04 and '05. And then
8 there's a rate cap for a year?

9 MR. SMITH: For another year.

10 THE WITNESS: Then after that year we will experience
11 -- we could potentially for the last four years of the
12 agreement have to experience increases to make up for the
13 savings that we got up front?

14 MR. SMITH: That's not how the -- what you just said
15 is partially correct. And that is that it is possible that
16 at the end of 2006 PECO Energy will be able to -- will be
17 able if economics call for it to file a transmission or
18 rather a distribution company rate case at that point in
19 time. We're not required to, but we may.

20 THE WITNESS: Right.

21 MR. SMITH: Then that will be based upon the question
22 of what is our cost of service at that point in time. And
23 there will be plenty of people in the room who will stop us
24 from looking backwards and trying to say we need to make up
25 the savings that we had before. That's not a part of what

1 that kind of rate case looks like, instead of just simply,
2 what does it cost to provide service at that point in time.
3 You can't look back and try to make up the discounts that
4 you gave.

5 So those go to customers and they stay with
6 customers.

7 THE WITNESS: So if you were to incur potential
8 deficits because of your rate decreases based on projected
9 savings, those deficits can't be made up later?

10 MR. SMITH: That's correct.

11 THE WITNESS: So how does the company pay off its
12 debt?

13 MR. SMITH: That -- I'm not following.

14 THE WITNESS: Let me explain. You said that the
15 savings, the projected savings are an attempted capture --
16 and maybe I'm misunderstanding. You say the projected
17 savings are an attempt to capture ten years of savings in
18 four years. Five years.

19 MR. SMITH: Yes.

20 THE WITNESS: Four years, really.

21 MR. SMITH: Yes.

22 THE WITNESS: Okay. So you are going to give
23 reductions based on projected savings that you don't yet
24 have --

25 MR. SMITH: Right.

1 THE WITNESS: -- in years one through four. Now, if
2 in some -- you will have -- some of that savings, some of
3 those reductions will be based on now, the current savings
4 for that four years, some of that will be based on projected
5 savings. At the end of the fifth year, which is after the
6 four years of savings plus the one year deferment on the
7 savings, you have five years after the merger, in year six
8 you can come up to current 1990 rates, which I'm assuming
9 will be below because of the savings plan, the \$200 million
10 savings.

11 At the beginning of year seven, I guess we're now in,
12 you are now operating at a deficit, and you are hoping to
13 make up your operating debt, your deficit, based on these
14 projected savings, which will put you at break-even at the
15 end of ten years. But if your projections are off, we
16 experience rate increases. And perhaps a cap rate increase,
17 as I understand it, because the cap is over at the end of
18 year six.

19 So I'm just wondering how risky -- I mean, what is
20 the likelihood that we're going to, on the back end --

21 MR. SMITH: All I can say, I think, is this, to give
22 you comfort on this issue, that when we file a rate case,
23 the question that is asked is, what is our cost of service
24 to provide the actual service that we're providing. And
25 there are these numerous parties whose job it is to watchdog

1 us. And they do it very, very carefully at that point in
2 time.

3 And I think if we'd try shenanigans, so that we're
4 trying to recapture something that we're not supposed to be
5 recapturing, then we would be carefully watched by these
6 other public interest parties.

7 So I'm not sure I exactly follow the detail of which
8 concern you're raising. But if it would involve an attempt
9 by PECO to incorrectly recapture any of these savings, I
10 don't think that we would be desirous of doing that, and I
11 don't think that anybody would allow us to do it. It's a
12 very public and carefully examined process at the time that
13 it happens.

14 THE WITNESS: Okay. All right. Well, I don't have
15 any further comments other than to state for the record that
16 we do have some concerns regarding the limited protections
17 on the job losses.

18 And I would hope that the charitable contributions
19 would be maintained in the future beyond the period for
20 which the agreement, the settlement agreement, calls for
21 statutorily.

22 I know there were some concerns in the First
23 Union/CoreStates merger is we lose Philadelphia
24 institutions, that the top folks at these new institutions
25 are not going to be as desirous to make charitable

1 contributions to entities in Philadelphia, in and around
2 Philadelphia and the Commonwealth of Pennsylvania.

3 And finally, I think that I would have some concern
4 that PECO is merging with the only company to actually have
5 more nuclear holdings, despite the stated firewall, as I've
6 heard it called, that's supposed to exist to PECO customers.
7 Because I think that that probably is going to result in an
8 increase in joint acquisitions after the merger, which have
9 proven to be costly, i.e., Three-Mile Island, to PECO in the
10 past.

11 MR. SMITH: Thank you.

12 JUDGE RAINEY: Thank you, Mr. Street.

13 Are there any questions for Mr. Street?

14 (No response.)

15 JUDGE RAINEY: If not, you may stand down. Thank you
16 very much.

17 (Witness excused.)

18 JUDGE RAINEY: Mr. Blane Stoddart.

19 Mr. Stoddart, may I swear you in?

20 MR. STODDART: Yes, sir.

21 JUDGE RAINEY: Would you raise your right hand,
22 please?

1 Whereupon,

2 BLANE STODDART

3 having duly AFFIRMED to testify truthfully, testified as
4 follows:

5 JUDGE RAINEY: Please be seated. Give your full
6 name, spelling both names. Also give your address, and
7 please state who you are representing here today.

8 THE WITNESS: My name is Blane Stoddart, S-T-O-D-
9 D-A-R-T. I'm the executive director of The Partnership CDC.
10 CDC stands for Community Development Corporation. And
11 that's in West Philadelphia. Our address is 3901 Market
12 Street.

13 Your Honor, I have written testimony. Can I give
14 these out?

15 JUDGE RAINEY: We will pass those out at the end of
16 your testimony, if you just want to present your testimony
17 now.

18 THE WITNESS: Okay.

19 DIRECT TESTIMONY

20 THE WITNESS: My name is Blane Stoddart, and I am the
21 executive director of The Partnership CDC. The CDC is
22 dedicated to housing and economic development in West and
23 Southwest Philadelphia.

24 To date we have rehabilitated 116 units of affordable
25 housing and created 86 new jobs within our organization

1 alone. Our total investment over the last seven years
2 exceeds \$18 million in West Philadelphia.

3 PECO Energy has played a critical role in our growth
4 and development. The announcement of PECO Energy merging
5 with the Chicago-based utility Unicom gave me pause for
6 great concern.

7 PECO has been a part of our community for my entire
8 life, and longer. I was concerned as a business person that
9 another company was leaving the city, an organization with
10 significant investments in West Philadelphia.

11 I was happy to come to the knowledge that PECO has
12 entered into an agreement with a number of parties, and that
13 PECO has made assurances that they are remaining in the
14 city, and that we all will be guaranteed savings of \$200
15 million as a result of this merger.

16 I've also read today, I think, in the Philadelphia
17 Inquirer that a document has been filed with the Public
18 Utility Commission -- I've just been given a copy --
19 regarding this proceeding.

20 Additionally, this written agreement provides for
21 continued aid to low-income households who may have trouble
22 paying their bills. And again, West Philadelphia has a 30-
23 percent poverty rate in some census tracts in West
24 Philadelphia. This is critical to a large segment of our
25 community.

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(No response.)

JUDGE RAINEY: Is there anything any of the parties want to bring to my attention before we adjourn?

(No response.)

JUDGE RAINEY: If not, I want to thank everyone for their attendance here this evening; also the witnesses for their participation. And this hearing is adjourned.

(Whereupon, at 7:45 p.m., the hearing was adjourned, to reconvene at 7:00 p.m. on Tuesday, March 28, 2000, in Trevose, Pennsylvania.)

FORM 2

C E R T I F I C A T E

I hereby certify, as the stenographic reporter,
that the foregoing proceedings were taken stenographically
by me, and thereafter reduced to typewriting by me, or under
my direction; and that this transcript is a true and accu-
rate record to the best of my ability.

COMMONWEALTH REPORTING COMPANY, INC.

By: William J. Horst
William J. Horst

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FORM 2