



**APPEARANCES, (Continued):**

IRWIN POPOWSKY, Esquire  
TANYA J. McCLOSKEY, 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

1-800-334-1063

WITNESS INDEX

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

<u>WITNESSES</u>	<u>DIRECT</u>	<u>CROSS</u>	<u>REDIRECT</u>	<u>RECROSS</u>
Rep. Leanna Washington	75	--	--	--
Sen. Anthony Hardy Williams	82	--	--	--
Charles McPhedran	99	--	--	--
Thomas Williams	102	--	--	--
Ruth Miner	105	--	--	--
John J. O'Connell	110	--	--	--
Marvin Finklestein	112	--	--	--
Maris Menin	114	--	--	--
Al Taubenberger	118	--	--	--
Andrew Pack	121	--	--	--
Robert Saucier	123	--	--	--

Discussion of Procedural Schedule began on page 126

FORM 2

EXHIBIT INDEX

NUMBER

FOR IDENTIFICATION IN EVIDENCE

(None.)

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

Any reproduction of this transcript  
is prohibited without authorization  
by the certifying reporter.

FORM 2

P R O C E E D I N G S

1  
2 ADMINISTRATIVE LAW JUDGE CHARLES E. RAINEY: Good  
3 afternoon, and welcome to this public input hearing on PECO  
4 Energy Company's application for approval of its proposed  
5 merger with Unicom Corporation.

6 My name is Charles Rainey, and I am the  
7 administrative law judge presiding over this case.

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

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

16 I note that PECO is required by law to obtain a  
17 Commission approval of this merger. By law, in order to  
18 obtain the Commission's approval, PECO must demonstrate that  
19 the merger will affirmatively promote the service,  
20 accommodation or safety of the public in some substantial  
21 way.

22 Additionally, the Electricity Generation Customer  
23 Choice and Competition Act requires the Commission to  
24 consider with PECO's proposed merger with Unicom Corporation  
25 will adversely impact retail electric competition.

1 Numerous parties have formally intervened in these  
2 proceedings, including legislators, municipalities,  
3 government agencies, consumer groups, electric generation  
4 suppliers, environmental groups and individuals.

5 A prehearing conference was held in January of this  
6 year. At the prehearing conference a schedule for this  
7 proceeding was established. That schedule includes public  
8 input hearings, which are being held in the counties of  
9 Philadelphia, Bucks, Montgomery, Delaware and Chester this  
10 week. In addition, a public input hearing will be held in  
11 York on April 4, which is next week.

12 Evidentiary hearings for the purpose of examining the  
13 parties' technical witnesses were also scheduled. However,  
14 between the time of the prehearing conference and these  
15 public input hearings, the parties negotiated a settlement  
16 agreement. Those negotiations which resulted in a  
17 settlement agreement settled all the issues in this case.

18 The settlement document was filed with the Commission  
19 on March 23, 2000. Shortly I will give a representative of  
20 PECO an opportunity to explain the significant terms of the  
21 settlement. I would also allow the other parties to  
22 comment.

23 In the settlement document the parties request a  
24 change in the procedure schedule; in this case, in light of  
25 the settlement.

1           After the public has presented testimony this  
2 afternoon, I will ask the formal parties to remain so that  
3 we may discuss the request for a change in the procedural  
4 schedule.

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

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

13           Sworn testimony may be subject to questions from the  
14 parties and me.

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

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

24           I would ask that you limit your testimony to PECO's  
25 proposed merger with Unicom Corporation. Representatives

1 from the Commission -- and I would note Sheri Williams is  
2 here with the Office of Communications.

3 Why don't you stand, Sheri, so everyone can see you.

4 She's here to answer any questions that you might  
5 have, particularly with regard to electric competition.

6 And also Karen Graves is here. She's in the back.  
7 She's from the Bureau of Consumer Services, and she is here  
8 also to answer any individual bill questions which you might  
9 have. And PECO is here as well. They would be more than  
10 willing to help you out with any individual problems as  
11 well.

12 Why don't I at this time ask counsel for PECO to  
13 introduce himself and also explain the significant terms of  
14 the settlement agreement.

15 Mr. Bonney.

16 MR. BONNEY: Thank you, Your Honor.

17 Good afternoon, everyone. I'm Paul Bonney, counsel  
18 for PECO Energy. Thank you for coming out today.

19 As the Judge indicated, we filed back in November for  
20 approval of the merger between PECO and Unicom, a company  
21 based in Chicago, to merge the companies.

22 We've also proposed to restructure the company to  
23 move the generation assets from PECO into a separate company  
24 as part of the new competitive world of electricity.

25 We've gone through months of discovery with over 20

1 parties in the case and have had weeks and weeks of  
2 settlement, and have come up with a settlement document that  
3 we think clearly meets the standards that the Judge  
4 indicated. That is, it's clearly in the public interest,  
5 has substantial benefits for consumers, and also for  
6 competitive suppliers.

7 I won't go into too much detail, but I will just  
8 touch on the highlights of it. We have some copies of it  
9 available if folks are interested in the details.

10 Significantly, the settlement provides \$200 million  
11 in rate discounts over four years, beginning in 2002, \$60  
12 million in each of 2002 and 2003, and \$40 million in 2004  
13 and 2005.

14 The company will also under the settlement extend  
15 it's distribution rate cap for another eighteen months until  
16 the end of December 2006.

17 That means that PECO will have gone without a rate  
18 case since 1990 through 2006, or sixteen years. We think  
19 that's a significant period. We're prepared to manage to  
20 that; but there's a guarantee of no rate increase through  
21 that period.

22 Other concessions involve recovery of nuclear  
23 decommissioning costs, enhancement for low-income customers  
24 in the services that we provide, significant dollar  
25 commitments to foster the development of wind and solar

1 power in a competitive environment, enhancements to  
2 reliability and customer service; and in addition, some  
3 protections of a corporate nature to ensure that with the  
4 division of the company into a generating company and the  
5 merger with Unicom, that the Commission still has regulation  
6 over the distribution company.

7 Perhaps finally, and of significance to folks here,  
8 we've committed to have a strong presence in the community  
9 here in Philadelphia and in Southeastern Pennsylvania.  
10 We've committed to continue charitable and civic giving at  
11 the levels that we've maintained in the past.

12 We've also committed to have headquarters through  
13 2005 here in Philadelphia, and to maintain employment at  
14 1,250 employees at our office building over at Twenty-Third  
15 and Market Streets.

16 So taking the package as a whole, we've satisfied the  
17 needs in our belief of a wide variety of constituencies and  
18 come up with a package that clearly promotes the public  
19 interest.

20 Thank you.

21 JUDGE RAINEY: Thank you, Mr. Bonney.

22 Now I'll give the other formal parties an opportunity  
23 to introduce themselves and make any comments, and also  
24 provide any opening statement which they would like to make.

25 Mr. Popowsky, why don't we start with you.

1 MR. POPOWSKY: Thank you, Your Honor.

2 My name is Sonny Popowsky, I'm the Consumer Advocate  
3 of Pennsylvania. Our job is to represent the consumers of  
4 PECO Energy and consumers throughout Pennsylvania in matters  
5 involving their utility rates and service.

6 As Judge Rainey indicated, we were one of the parties  
7 that originally filed a protest against this merger. That  
8 is, we felt that the merger as originally filed, in our  
9 view, did not contain sufficient benefits for the public,  
10 for the consumers, in order to justify its approval by the  
11 Commission.

12 Nevertheless, we entered into good faith negotiations  
13 with the company and a wide range of other parties who are  
14 also involved in the case.

15 We think that the proposed settlement that resulted  
16 from that is in the public interest and does provide  
17 benefits to consumers.

18 I won't repeat what Mr. Bonney said already as to  
19 what all of those features are. But we think it is  
20 important that consumers will see rate reductions, will see  
21 long-term rate caps, will see benefits for low-income  
22 customers in terms of the company's universal service  
23 program, improvements in reliability, and other features.

24 So with that, let me say that the purpose of today's  
25 hearing really is to hear from you. And I appreciate your

1 coming out here today. I would encourage as many of you as  
2 possible to testify under oath and tell us what you think  
3 about the proposal and the proposed settlement.

4 And we'll be here all afternoon to answer any  
5 questions you might have, and this evening as well. So  
6 thank you for coming, and I'll leave it at that. Thank you.

7 JUDGE RAINEY: Thank you, Mr. Popowsky.

8 Mr. Ryan?

9 MR. RYAN: Thank you, Your Honor.

10 I'm Bernard Ryan. I'm the Small Business Advocate of  
11 Pennsylvania. And I can't really add to what's been said.

12 I think that the settlement, which we are a party to,  
13 does enhance the public interest, and it protects the  
14 interests of the small business customers of PECO, who are  
15 the clients of our office.

16 So with that, I think I'll take a seat and listen to  
17 hear what the public has to say.

18 JUDGE RAINEY: Thank you, Mr. Ryan.

19 Mr. Bertocci?

20 MR. BERTOCCI: I represent four groups of consumers,  
21 particularly low-income consumers; the Action Alliance for  
22 Senior Citizens, Consumers Education and Protective  
23 Association, the Tenants Action Group, and ACORN, the  
24 Association of Community Organizations for Reform Now.

25 All of these organizations represent and are made up

1 of low-income people for whom electricity is a substantial  
2 portion of their monthly budget.

3 And nobody more than these organizations wanted to  
4 see substantial rate reductions come from these  
5 negotiations. And I felt that it was my duty to do my best  
6 to try to make sure that from the point of view of the  
7 savings that were being made from this settlement, from this  
8 merger of two companies, that substantial portions of those  
9 savings flow through to the ratepayers themselves. Because  
10 a small reduction on a ratepayer's bill makes a big  
11 difference for our low-income customers.

12 In addition, we were interested, as we always are, in  
13 pushing PECO, just as we try to push PGW and the city water  
14 department, toward doing more to recognize the situation of  
15 low-income people who just can't afford to pay almost  
16 anything on their bills. And I'm talking particularly now  
17 of people that receive about 50 percent of the poverty level  
18 as a monthly income.

19 And we got from PECO substantial understanding of  
20 those people's situations, and progress in making efforts to  
21 address the situation of people who just can't afford even a  
22 discount of the discounted bills that they receive.

23 A couple of those examples of what we got was a  
24 commitment on the part of PECO to provide more money to the  
25 Utility Emergency Services Fund, for people who are facing

1 shutoff or whose service has been shut off and who are  
2 trying to get it back on, to help them get the amount of  
3 money they need to get their service back on.

4 In addition, PECO agreed to enter into negotiations  
5 with the groups that are particularly interested in low-  
6 income customers to see if a program can't be developed over  
7 time which will more effectively address the needs of the  
8 poorest of the poor.

9 Finally, obviously, the rate reductions, \$200 million  
10 over four years, that's a significant reduction. And you  
11 say to me, well, how do you know. I can say that almost all  
12 the parties in this proceeding had consultants who looked  
13 through PECO's financial reports and who tried to tell us in  
14 advance, how much money do you think we can get out of this  
15 merger, how much is PECO going to save in terms of savings.

16 And once we had a figure in mind from our  
17 consultants, it wasn't just a number pulled out of the hat,  
18 then we sat down to try to negotiate.

19 PECO is a tough negotiator, but a fair negotiator.  
20 And we believe that over the process of a number of weeks,  
21 we achieved a settlement which provides substantial rate  
22 reductions, and also many other things that are an advantage  
23 to Southeastern Pennsylvania.

24 JUDGE RAINEY: Thank you, Mr. Bertocci.

25 I saw that Mr. Charles Hoffman has arrived, from the

1 Office of Trial Staff.

2 Mr. Hoffman, would you like to say anything on behalf  
3 of the Office of Trial Staff?

4 MR. HOFFMAN: Just briefly, Your Honor.  
5 Judge Rainey, good to see you again.

6 JUDGE RAINEY: Thank you. You as well.

7 MR. HOFFMAN: My name is Charles Hoffman. I  
8 represent the Commission's Office of Trial Staff.

9 We have two senior people assigned to this case.  
10 Senior Prosecutor Ken Mickens and Prosecutor  
11 Kandace Melillo, neither of whom could attend here today.  
12 So I'm substituting for them.

13 And as always, we're here to listen to what the  
14 public has to say. And I have nothing further to add.  
15 Thank you very much.

16 JUDGE RAINEY: Thank you, Mr. Hoffman.

17 Are there any other formal parties here for today?

18 (No response.)

19 JUDGE RAINEY: Very well.

20 I would now begin to take testimony. Prior to giving  
21 testimony, I ask that each witness provide and spell their  
22 name, and provide their address.

23 Each witness should also state whether he or she is a  
24 PECO customer. Additionally, each witness should provide a  
25 name of the person or organization they are representing, if

1 any.

2 Let me first call Senator Anthony Hardy Williams to  
3 the witness stand.

4 SENATOR WILLIAMS: Thank you, Your Honor. If you  
5 don't mind, I'd like Representative Washington to go before  
6 me.

7 JUDGE RAINEY: Very well.

8 Representative Washington, may I swear you in?

9 REPRESENTATIVE WASHINGTON: Yes.

10 JUDGE RAINEY: Would you please raise your right  
11 hand?

12 Whereupon,

13 REPRESENTATIVE LEANNA WASHINGTON

14 having been duly sworn, testified as follows:

15 JUDGE RAINEY: Please be seated. Give your full name  
16 for the record and your address, please.

17 THE WITNESS: My name is State Representative  
18 Leanna Washington. I am Chair of Philadelphia Black Elected  
19 Officials, and I represent the 200th District of  
20 Philadelphia County in the House of Representatives. I am  
21 not a PECO customer.

22 JUDGE RAINEY: Okay. Please proceed with your  
23 testimony.

24 DIRECT TESTIMONY

25 THE WITNESS: Good morning. I am State

1 Representative Leanna Washington of the 200th District. My  
2 legislative district comprises significant parts of north  
3 and northwest Philadelphia.

4 I am very proud to say that we are taking great  
5 strides toward improving the quality of life in my district.  
6 The provision of electric utility service is vital to our  
7 efforts.

8 I am testifying today on behalf of my constituents  
9 since mostly all of them are PECO customers. They can be  
10 greatly affected by the proposed merger.

11 I am here as well as a public servant who is  
12 concerned about the general economic well-being of the  
13 greater Philadelphia region. My testimony focuses on two  
14 general areas; namely, the loss of jobs and economic  
15 development programs.

16 At the outset, let me state that my general technical  
17 objection to this proceeding is that the proposed settlement  
18 simply restates PECO's restructuring case. I see no  
19 legitimate reason to re-litigate that matter, particularly  
20 as the effect on rates is unclear and somewhat confusing.

21 I am very confident that the PUC will closely examine  
22 this issue, as well as the other typical merger related  
23 issues.

24 My purpose in testifying today is that I want to make  
25 sure that the Judge and the PUC examine issues which are

1 just as important but which are often ignored in mergers and  
2 acquisition proceedings.

3 Number one, the loss of jobs. I am very concerned  
4 about the loss of jobs that this merger could cause. It  
5 appears from the Inquirer's story of March 24 that  
6 employment is an issue that will be considered by the PUC.

7 I am certainly glad to see that the PUC is taking  
8 employment matters into consideration and that they seem to  
9 be extending their jurisdiction over employment matters for  
10 electric utilities.

11 Pennsylvania law seems to be divided on this issue,  
12 but I will assume for the sake of this proceeding that  
13 employment is a valid issue to examine.

14 Having said that, let me state my case. I want to  
15 make sure that women and minority employees are not  
16 adversely affected by this merger.

17 The news media reports that the company will retain  
18 at least 1,250 jobs at 2301 Market Street through 2003. The  
19 building is the work place for about 1,300.

20 I am particularly concerned about the future of women  
21 and minority employees. Simply stated, I do not want the  
22 transition process of this merger to be an opportunity for  
23 the company to reduce the number of qualified women and  
24 minority workers that it presently employs. It has taken  
25 many years for PECO to get to the level of employment that

1 it presently has with minorities. An argument could be made  
2 that even at today's levels it has a long way to go. I hope  
3 that we do not see any erosion of the progress that it has  
4 made.

5 It is often said that these groups are the last hired  
6 and first fired. PECO Energy's employment history shows  
7 that its employees have raised these issues formally and  
8 informally to management.

9 I am further concerned with the lack of minorities in  
10 senior management positions. Despite the fact that PECO  
11 Energy's service territory serves the City of Philadelphia,  
12 which is nearly 40 percent African American, the company has  
13 virtually no African Americans in senior management. The  
14 company's present profile simply does not reflect the city  
15 that it serves.

16 In light of this, I recommend that the PUC impose as  
17 a condition of the merger a moratorium on involuntary  
18 employee layoffs for a period of eighteen months following  
19 the merger. During this period the company should be  
20 required to demonstrate unprecedented creativity in  
21 resolving my concerns.

22 Two; economic development assistance. If you would  
23 indulge me for a moment while I give a brief background on  
24 the importance of economic development to me personally.

25 The timing of this merger is quite ironic. On

1 Tuesday, March 28, tomorrow, I am sponsoring a small  
2 business round table information forum, in which I have  
3 invited a host of small businesses.

4 There we will be discussing such issues as how to  
5 start business, information on small business plan  
6 development, state certification, how to clean up credit,  
7 business credit, community economic development loan  
8 programs, expansion assistance for mature businesses, and  
9 exporting.

10 It is through these and comparable programs that I  
11 have demonstrated my commitment to women and minority owned  
12 businesses. Hence I am especially concerned over how the  
13 proposed PECO settlement may affect these businesses. As  
14 the economy and the city continue to prosper, it is a must  
15 that all segments benefit from these good times.

16 Throughout my legislative tenure, many people have  
17 made me aware of PECO's record with respect to contracts  
18 with Women and Minority Business Enterprises.

19 For example, I have been informed that PECO's  
20 expenditures for WMBE contracts is much less than four  
21 percent of its total procurement expenditures. I find that  
22 incredible, particularly in a city whose minority population  
23 is 40 percent.

24 The obligation of an urban utility like PECO and its  
25 Chicago based merger partner is great. This obligation is

1 even greater when considered in light of the fact that  
2 PECO's annual revenues are about \$5 billion; that the  
3 revenues of the combined company are estimated to be  
4 \$12.4 billion; and that the company's expenses are hundreds  
5 of millions of dollars.

6 It is logical and generally good business sense for  
7 an urban utility to open itself to qualified minority and  
8 women contractors. Thus, I believe that it is reasonable to  
9 expand services to minority and women vendors in non-  
10 traditional areas.

11 In this vein, I note from the Inquirer article the  
12 other day that the merger contemplates funds to  
13 environmental and community education groups.

14 I believe that that is reasonable for the  
15 environmental groups noted in the settlement to include  
16 women- and minority-owned business.

17 I believe that it is just as reasonable for those  
18 organizations to train women and minorities in those areas,  
19 as non-traditional methods of providing energy will be  
20 important in the future.

21 The opportunities are endless. I am confident that  
22 minority and women vendors could perform these services  
23 competently and efficiently.

24 In summary, I believe that a conscientious corporate  
25 citizen should return an economic development plan to the

1 community as such programs have a direct impact on job  
2 growth, and clearly benefit the ratepayers and shareholders.

3 In conclusion, the issues and proposals that I have  
4 offered are reasonable. They have a direct impact on job  
5 growth and community maintenance, clearly benefit ratepayers  
6 and shareholders, and are within the Commission's purview.

7 I request that the Commission expand the record on  
8 these issues and properly rule on them.

9 JUDGE RAINEY: Thank you, Representative Washington.

10 THE WITNESS: Thank you. And here's a copy of my  
11 testimony.

12 JUDGE RAINEY: Thank you very much.

13 (Copies of Representative Washington's prepared  
14 testimony distributed to parties.)

15 (Witness excused.)

16 JUDGE RAINEY: Please raise your right hand.

17 Whereupon,

18 SENATOR ANTHONY HARDY WILLIAMS

19 having been duly sworn, testified as follows:

20 JUDGE RAINEY: Please be seated. State your full  
21 name, also your address. Please let us know whether you're  
22 a PECO customer.

23 THE WITNESS: My name is State Senator  
24 Anthony Hardy Williams. My office is at 5008 Baltimore  
25 Avenue, Philadelphia, Pennsylvania; and I am a PECO

1 customer, and proud to say that.

2 I have testimony here that I will provide. Do you  
3 want me to provide the copies now or at the conclusion of  
4 the testimony?

5 JUDGE RAINEY: You can do it at the conclusion.

6 THE WITNESS: Okay.

7 DIRECT TESTIMONY

8 THE WITNESS: Before I get into the formal substance  
9 of my comments, I want to make it clear that I recognize  
10 that the settlement frames some of the issues that I'll talk  
11 about today, and I've taken that into account in terms of my  
12 testimony.

13 I also want to make it clear that I did not choose to  
14 intercede as other public officials have in the past,  
15 because there's several bites at this apple. And it's my  
16 hope that the settlement -- which I think is a good  
17 framework for those concerned. It's just that, a framework.  
18 And I hope that the PUC will consider that as such as they  
19 move forward in this process.

20 And it's also my hope that the public advocate, which  
21 I think is necessary and quite effectively represented in  
22 Mr. Popowsky's person, begins to address the issues of  
23 diversity that I want to comment on when they deal with this  
24 area.

25 Good day. I am Senator Anthony Hardy Williams of the

1 Eighth Senatorial District. My senatorial district  
2 comprises west, southwest, south Philadelphia, and parts of  
3 Delaware County.

4 In fact, PECO Energy's present headquarters is  
5 located practically in my senatorial district, literally  
6 across the street. Market Street's the dividing line  
7 between myself and, I guess it would be Senator  
8 Shirley Kitchen, would be the other boundary.

9 I recognize that a settlement has been reached, and I  
10 think that it outlines a commitment for the region, which is  
11 good.

12 However, I still would like to submit my comments for  
13 the record to clarify the points that I feel may not have  
14 been clearly stated in the agreement.

15 I'm testifying today on behalf of my constituents as  
16 virtually all of PECO Energy customers and can be greatly  
17 affected by the proposed merger.

18 I'm here as well as a public servant who is concerned  
19 about the general economic well-being of the greater  
20 Philadelphia region.

21 My testimony today thus focuses on four general area.  
22 Namely; one, loss of jobs; two, economic development  
23 program; three, loss of corporate citizen; and four,  
24 corporate diversity.

25 Before I expand on these issues I would like to make

1 it clear that I am very concerned with the typical merger  
2 related issues; namely, reliability, dilution, effect on  
3 earnings and rates, market power, etcetera.

4 However, it is my view that the record will be  
5 thoroughly developed on these issues. Parenthetically, I  
6 note that my constituents are often concerned with two  
7 issues, namely immediate rate impacts and reliability of  
8 service, which has been addressed in the agreement.

9 To address those concerns, it appears from the filing  
10 that a \$200 million rate cut over four years beginning 2002  
11 through 2005.

12 Additionally, the existing cap on PECO Energy's  
13 retail electric delivery charges will now be effective  
14 through December 31, 2006.

15 Likewise it appears as though basic electric service  
16 to our homes, as we know it, will not be affected by the  
17 merger, as PECO's distribution company will remain the same,  
18 and the merged companies should be able to capture the best  
19 of their respective companies.

20 That notwithstanding, with my testimony I wish to  
21 shed light on issues which are just as important, but which  
22 are often ignored in merger and acquisition proceedings.

23 It is entirely proper for a regulatory commission to  
24 take these types of proposals into account in making its  
25 decision.

1           And in fact, I would like to add, which is not in the  
2 written testimony, that the PUC has taken steps in the area  
3 that I will discuss as we move forward. It frequently does  
4 not sanction and does not enforce these areas which I have  
5 taken some legitimate steps on shedding light upon.

6           One, loss of jobs. I am very concerned about the  
7 loss of jobs that this merger could cause. As we all know,  
8 in order to achieve various operational synergies in many  
9 mergers, corporate executives reduce the number of  
10 employees. In some mergers it is not uncommon to reduce the  
11 work force by eliminating hundreds of positions.

12           Although the settlement agreement maintains  
13 employment pool at 1,250 until 2005, I'm still concerned  
14 with the makeup of that pool, and the permanence of that  
15 pool after 2005.

16           Specifically, I am concerned with protecting minority  
17 and female employees. It is often said that these groups  
18 are the last hired and first fired. Not only just said, but  
19 is, in fact, true.

20           PECO Energy's employment history shows that its  
21 employees have raised these issues to management. I am  
22 further concerned that the paucity of minorities in senior  
23 management positions.

24           Despite the fact that PECO Energy's service territory  
25 serves the City of Philadelphia, which is nearly 40 percent

1 African American, the company has virtually no African  
2 Americans in senior management.

3 The company's present profile simply does not reflect  
4 the city that it serves, nor the region that it serves.  
5 Also, what about the other company's profile in this area?

6 It is my expectation that the company will  
7 demonstrate unprecedented creativity in resolving my  
8 concerns. For years the Commission has demonstrated its  
9 concern over issues relative to the treatment of women and  
10 minorities over its jurisdictional utilities.

11 This proposed merger offers the Commission an  
12 opportunity to renew its commitment. And in fact -- and  
13 these comments may appear to be redundant with regard to, I  
14 guess, Representative Leanna Washington and myself. They  
15 are redundant; and they're redundant only in our body, but  
16 certainly within members of the African American Caucus as  
17 well. And frankly, we are testifying here not just for us,  
18 but for other members who could not be here. It will not  
19 stop here with regard to these comments.

20 I believe that the present chairman, Mr. McNeal, is a  
21 good man and a solid citizen of the Philadelphia region.  
22 And we've had several conversations along this line.

23 But notwithstanding those conversations and  
24 commitment to the end, the facts still bear out what we are  
25 continuously and consistently saying, and hopefully will not

1 fall upon deaf ears when the PUC has to have this  
2 conversation.

3 The reason why it is important is because PECO is the  
4 flagship in this commonwealth. If PECO doesn't deal with  
5 these kinds of issues, certainly areas that are not as  
6 metropolitan as Philadelphia and don't have as diverse a  
7 population can certainly turn a deaf ear and no voice to  
8 these kinds of concerns.

9 Two; economic development assistance. As the  
10 economic and the city continue to prosper, it is critical  
11 that all segments benefit from these good times.

12 Toward that end, I feel that it is important that the  
13 newly merged company create a new economic development  
14 assistance program.

15 There are three components to my proposal; namely,  
16 supplier credit, or in parenthesis, credit, assistance,  
17 contracting and outreach.

18 Credit assistance program. I don't claim that this  
19 is a visionary or a revolutionary concept. As a matter of  
20 fact, it's common sense. It's just one that most  
21 institutions don't employ. For whatever reason they don't  
22 employ it, it's one that's very basic and very easy to use.

23 I envision a credit assistance program providing an  
24 accounts receivable financing mechanism for firms doing  
25 business with the newly merged company.

1           The company will develop a relationship with either  
2 any banking entity in Philadelphia. Those I've entered in  
3 my testimony, United Bank, but Berean also is accountable,  
4 and there are a few other institutions which are banks of  
5 color in our community. The Asian community has likewise;  
6 and I'm not sure of the Hispanic community. But those kinds  
7 of banking institutions are what I'm referencing. Or any  
8 other bank of your choice. Preferably a minority one.

9           The company will deposit \$3 million in the bank to  
10 enable the provision of credit to qualified small and  
11 minority businesses providing goods or services to the  
12 company.

13           This potential form of financing is critically  
14 important to women and minority vendors, because when doing  
15 business with a large institution, often a substantial,  
16 indeed almost a debilitating amount of their capital is tied  
17 up for several months in accounts receivable.

18           This program will ease some of the financial stress  
19 for these companies during the interim period. The company  
20 will open an interesting-bearing cash account at the banking  
21 institution that they choose.

22           The bank will administer the program. This program  
23 is beneficial to the small minority and female businesses.  
24 United, Berean, or any other minority bank of your choice  
25 and the newly merged company.

1           The benefits to this are obvious, the contribution is  
2 nil or small. Or it's modest at best in terms of the merged  
3 institution's contribution.

4           The obvious result is that when people come and say,  
5 you know, we'd like to do business with vending  
6 relationships, we always hear the same thing. We can't find  
7 them, just as we say with the employees; or when we find  
8 them, they can't sustain themselves.

9           If you talk to the company, they can't sustain  
10 themselves because their bills aren't paid in a fashion that  
11 you and I, as a large institution, would be able to  
12 reasonably support, and that being cash flow, which is the  
13 operative word.

14           Literally, you know, PECO doesn't have to worry about  
15 turning off its lights, because they have a banking  
16 relationship. Joe Blow small business guy, or in  
17 particular, minority small business guy, literally has to  
18 make a decision does he turn off his personal lights in  
19 order to pay his employees on Friday. So that's the basis  
20 of this contribution.

21           Contracting. To be sure, an electric utility  
22 requires a myriad of business services. Under my economic  
23 development effort, I envision the new company reaffirming  
24 its commitment to do business with certified local minority-  
25 owned businesses, hopefully at levels exceeding historic

1 levels. That is an understatement.

2 If I could just reflect for a moment, minority  
3 contracting is not a new issue for this company, nor the  
4 electric utility industry.

5 As far back as the late seventies the Public Utility  
6 Commission expressed its concern with the lack of  
7 contracting opportunities available to minorities and women  
8 by the states electric utilities. Then Chair of the  
9 Commission, W. Wilson Goode, made it abundantly clear that  
10 the utilities could do a much better job.

11 This concern was renewed during the nineties by the  
12 Commission in various Commission rulings. The obligation of  
13 an urban utility like PECO and its Chicago-based merger  
14 partner is greater.

15 I believe an examination of the record would show  
16 that less than five percent of its out-sourced services are  
17 performed by minorities. This is egregious when it's  
18 considered in light of the fact that, one, PECO's annual  
19 revenues are about \$5 billion. The revenues of the combined  
20 company are estimated to be \$12.4 billion. And the  
21 company's expenses are hundreds of millions of dollars.

22 It is logical and generally -- not generally, but  
23 specifically good business sense for an urban utility to  
24 open itself to qualified minorities and women contractors.

25 Thus, I believe that it is reasonable to expand these

1 services to minority and women vendors in non-traditional  
2 areas such as tree trimming, information services, fuel  
3 supply and procurement, i.e., coal, oil, etcetera, corporate  
4 travel, financial and strategic planning.

5 The opportunities abound. And I am confident that  
6 minority and women vendors could perform these services  
7 competently and efficiently.

8 Three; outreach. In an attempt to re-energize an  
9 existing program, the new company should conduct a quarterly  
10 forum for present and prospective minority businesses for  
11 the purpose of explaining various business opportunities and  
12 discussing how the company interacts with its vendors.

13 These certified businesses will be actively  
14 encouraged to submit competitive bids to the company for the  
15 provision of services and/or products.

16 Four; environmental. As in your previous filings  
17 there is significant contributions to alternative energy  
18 sources, such as wind and solar energy. I would like you to  
19 also consider the environmental impact on our water sources.

20 I am blessed to have a first class environmental  
21 educational center right in my backyard, so to speak, the  
22 Cobbs Creek Community Environmental Educational Center.

23 This center is partnering with the Fairmount Park  
24 Commission, the School District of Philadelphia, the City of  
25 Philadelphia, the Commonwealth of Pennsylvania.

1           What they really need are good corporate partners  
2 that can provide continual support to providing education  
3 that will help clean up our natural streams and creeks.

4           In summary, I believe that a conscientious corporate  
5 citizen should return an economic development plan to the  
6 community, as such programs have direct impact on job  
7 growth, and clearly benefit ratepayers and shareholders.

8           Loss of a corporate citizen. PECO Energy has taken  
9 steps to be a good corporate citizen. If I dare say, I  
10 wouldn't just say good, but outstanding.

11           Frankly, they are one of a small handful of corporate  
12 citizens, when times were tough in the City of Philadelphia,  
13 they stepped up and they helped. That should be also noted  
14 for the record.

15           It donates to charities, works with the neighborhoods  
16 it serves and celebrates occasions as Black History Month  
17 and Women's History Month.

18           But I am seriously concerned that the merged  
19 companies commitment will wane once operations of the merged  
20 companies move to Chicago.

21           I am particularly concerned that the move will have a  
22 devastating impact on my constituents.

23           Let me explain that. Chicago is also a large urban  
24 area and has a serious concentration of African Americans  
25 and people of color.

1           The question is not whether they will participate and  
2 serve within this community. They will. But in particular,  
3 there is a unique relationship between PECO and people of  
4 color in this community. That's what I'm underscoring in  
5 terms of this testimony. It's my hope that that will not  
6 change.

7           Many of my constituents are low to moderate income  
8 families. While the state and Federal Government help in  
9 solving problems, it is incumbent that corporate America  
10 help in solving problems that support the communities in  
11 which they do business.

12           Hence, I request that the merged company pledge that  
13 it will promote economic development in the communities of  
14 West and Southwest Philadelphia by the establishment of a  
15 foundation with a financial contribution of no less than  
16 \$3 million amortized over the next five years. This above  
17 the current level of contributions as agreed upon in the  
18 settlement.

19           In addition, it's critical that the newly merged  
20 company foster good community relations. Toward this end, I  
21 envision the company accomplishing this by making  
22 presentations to community groups, sending fliers to local  
23 churches, writing letters to community leaders, advertising  
24 in relevant newspapers, local newspapers, radio and TV  
25 stations. And obviously we have in Philadelphia, we're

1 blessed to have radio stations that relate to the African  
2 American and minority communities. And using other methods  
3 that have proven effective in the past.

4 The last point; corporate diversity. And I alluded  
5 to this when I first opened up. And frankly, corporate  
6 diversity encompasses all the other relevant points and is  
7 summarized in this last area.

8 Often lost in merger negotiations is the concept of  
9 diversity. Analysts and corporate executives are generally  
10 more concerned with the Wall Street and the financial  
11 consequences than with general labor issues. As a  
12 consequence, the opportunity to enhance ones commitment to  
13 diversity is lost.

14 Let's look even deeper at the two companies involved.  
15 PECO Energy serves the city of Philadelphia, which has a  
16 minority community of about 43 percent. And it serves as  
17 well the five-county area, which has a minority community  
18 similar to that of the national average.

19 However, PECO's top management, i.e., the top fifteen  
20 employees of the company, has only one person of color. In  
21 addition, rank and file members of the company filed a  
22 complaint with the EEOC citing major instances of  
23 discrimination.

24 In light of this, it is important that the Public  
25 Utility Commission send a clear signal to electric utilities

1 in this state that diversity is a criteria that will be  
2 considered in all merger applications.

3 In fact, I request that the Commission require the  
4 merger applicants to make an affirmative showing that this  
5 merger will not have an adverse impact on minorities, and  
6 that the new merged company will significantly improve its  
7 diversity effort within eighteen months of the Commission's  
8 approval of this merger.

9 Conclusion. The issues and proposals that I have  
10 offered are reasonable. They have a direct impact on job  
11 growth and community maintenance, clearly benefit ratepayers  
12 and shareholders, and are within the Commission's purview.  
13 I request that the Commission expand the record on these  
14 issues and properly rule upon them.

15 I would only add that while I spent almost 100  
16 percent of my testimony relating to issues of the African  
17 American, that is not to say that other members of my  
18 district that are not of that community I am not concerned  
19 about.

20 But clearly, those issues that I'm relating to today  
21 are not ones that I see dealt within the settlement. And I  
22 want to make it very clear that PECO, while I've had great  
23 relations with them, and hopefully I will continue to in our  
24 new neighbor, this systemic problem of people of color not  
25 being hired -- and not for traditional reasons that we can't

1 find them, I mean I'm tired of hearing that -- is a problem.

2 This is an opportunity for the PUC to recognize it as  
3 such and establish not an affirmative action program, but an  
4 American program.

5 As I've described to many people, when this country  
6 went through troubled times, the San Francisco Golden Gate  
7 Bridge is a testimony to what government does. And that is  
8 they put people to work, they allow people in those  
9 communities to work.

10 Philadelphia in these times is no different. PECO  
11 has to recognize this. I described them as minorities.  
12 They really are not minorities in these communities.  
13 They're overwhelming citizens of the communities.

14 They deserve and have a first right, first tier, and  
15 have an obligation to be a part of the PECO community inside  
16 the walls of PECO; and at every level. I mean at every  
17 major level. And to have that vision imparted to  
18 Philadelphians, so that children who come through the  
19 Philadelphia public school system see that there is a  
20 logical in within the corporate circle.

21 And I can't stress that enough. I'm not saying it as  
22 a plea. I say it because it is a reality; and I say it not  
23 as a demand, but it is a consequence of anybody doing  
24 business.

25 When people do actually look at Wall Street and the

1 findings of late, they find that the numbers of dollars that  
2 are turned over to the minority community are frankly more  
3 than the average American community.

4 We have to recognize what those dollars mean and how  
5 to capture those dollars. And if we're not capturing these  
6 young people, these young talented people who are coming out  
7 of these schools, and not putting them in places such as  
8 PECO, then frankly, we're not only doing a disservice to  
9 PECO and to the customers, we're doing a disservice to the  
10 economy of Philadelphia.

11 And so it's my hope that the PUC will recognize that  
12 and take seriously for the first time that they will rule in  
13 this matter. Because they have had that ability in the  
14 past.

15 They've given a lot of lip service to that end.  
16 Rulings and sanctions have not been the norm. I don't want  
17 sanctions to be the norm. But I do want a ruling that says,  
18 that recognizes as something that PECO and the Chicago-based  
19 company has responsibility in and will take it into  
20 consideration and put it there.

21 There are many, many more bites at this apple. The  
22 PUC is one. And I want to say that we from the elected  
23 minority community are watching patiently. We want to be a  
24 part, a cooperative part, in terms of working out these  
25 kinds of things.

1 Now, the settlement did indeed have a diverse group,  
2 but it was not the complete group. And it does not  
3 represent the end to any possible agreements that can be  
4 developed.

5 The PUC has one standard, the Federal Government has  
6 another standard. We have elected officials who have  
7 responsibilities to these constituents at all levels, and we  
8 will be in an organized, cooperative dialog. Not an  
9 agitated one, but an organized, cooperative dialog.

10 So with that, I'll conclude my testimony. And I  
11 thank everybody who is participating here today.

12 JUDGE RAINEY: Thank you, Senator Williams.

13 Before you depart, and also Representative  
14 Washington, I'm sorry, I was remiss in not asking the  
15 parties if they had any questions for Representative  
16 Washington.

17 I'll ask them if they have any questions for either  
18 Representative Washington or for Senator Williams at this  
19 particular time.

20 MR. BONNEY: No, Your Honor.

21 MR. POPOWSKY: No, Your Honor.

22 MR. RYAN: No, Your Honor.

23 MR. BERTOCCI: No, Your Honor.

24 JUDGE RAINEY: Representative Washington,  
25 Senator Williams, thank you very much.

1 THE WITNESS: Thank you very much.

2 (Copies of Senator Williams's prepared testimony  
3 distributed to parties.)

4 (Witness excused.)

5 JUDGE RAINEY: Charles McPhedran.

6 Whereupon,

7 CHARLES MCPHEDRAN

8 having duly AFFIRMED to testify truthfully, testified as  
9 follows:

10 JUDGE RAINEY: Please be seated. Give your full  
11 name, spelling your last name. And also provide your  
12 address for the record.

13 THE WITNESS: My name is Charles McPhedran; last  
14 name, M-C-P-H-E-D-R-A-N. My address is 117 South  
15 Seventeenth Street, Philadelphia 19103.

16 JUDGE RAINEY: Are you a PECO customer?

17 THE WITNESS: No, I'm not.

18 JUDGE RAINEY: And are you representing an  
19 organization here today?

20 THE WITNESS: Yes, I am. I'm representing  
21 Pennfuture, Citizens for Pennsylvania's Future.

22 JUDGE RAINEY: Please proceed.

23 DIRECT TESTIMONY

24 THE WITNESS: Your Honor, Pennfuture supports this  
25 agreement, especially those aspects of the agreement deal

1 with renewable energy and the environment, which we believe  
2 are in the public interest.

3 Specifically, the agreement will provide \$32 million  
4 of funding in support of renewable energy. This includes  
5 \$24 million in new funds and \$8 million in accelerated  
6 payment --

7 JUDGE RAINEY: I'm sorry, they cannot hear you in the  
8 back. If you could just project your voice so that you can  
9 be heard in the back. Or if you want, maybe swing your  
10 chair around a bit.

11 Why don't you begin again.

12 THE WITNESS: Sure.

13 My name is Charlie McPhedran, and I work with  
14 Citizens for Pennsylvania's Future, or Pennfuture.

15 Pennfuture supports this agreement, especially those  
16 aspects of the agreement that deal with renewable energy and  
17 the environment.

18 The agreement will provide \$24 million in new funds  
19 and will accelerate \$8 million in funds already obligated to  
20 sustainable development fund.

21 Some examples of how this funding will be used.  
22 \$15.5 million of the \$24 million will be used to build new  
23 wind generation capacity. This is enough to build turbines  
24 that will produce 30 megawatts of wind power. And that's  
25 enough to power 7,500 homes for a year.

1           This new energy generation capacity in wind power,  
2 renewable power, would remove 51,000 tons of carbon dioxide  
3 from the air each year, and reduce global warming.

4           The renewable energy funding also provides \$4 million  
5 for the installation of rooftop solar energy panels, and  
6 \$2.5 million for public education about the environment and  
7 about renewable energy.

8           I expect that some of this grant money will go to  
9 community based organizations such as the one that  
10 Senator Williams was talking about at Cobbs Creek.

11           The funding will be administered by a sustainable  
12 development fund through a combination of grants, loans,  
13 purchases and other financing.

14           In addition to the funds, other improvements to  
15 renewable energy are included in this agreement.  
16 Specifically, PECO's agreements on interconnection and net  
17 metering will encourage the use of renewables by allowing  
18 those building renewable capacity, like solar panels, to  
19 keep connection costs low and to sell excess electricity  
20 back to suppliers.

21           In sum, the agreement's promotion of renewable energy  
22 will benefit all Pennsylvanians. Our move towards  
23 renewables through this agreement, and in other ways, will  
24 reduce air pollution that causes global warming, acid rain  
25 and smog.

1 Thank you.

2 JUDGE RAINEY: Thank you, Mr. McPhedran.

3 Are there any questions from any of the parties for  
4 Mr. McPhedran?

5 (No response.)

6 JUDGE RAINEY: If not, you may stand down. Thank  
7 you.

8 THE WITNESS: Thank you.

9 (Witness excused.)

10 JUDGE RAINEY: Thomas Williams.

11 Mr. Williams, would you raise your right hand,  
12 please?

13 Whereupon,

14 THOMAS WILLIAMS  
15 having been duly sworn, testified as follows:

16 JUDGE RAINEY: Please be seated. Give your full  
17 name; also provide your address, state whether you're a PECO  
18 customer or not; and also if you are representing an  
19 organization for today.

20 THE WITNESS: My name is Thomas Williams. I'm with  
21 the Action Alliance of Senior Citizens, and I am a PECO  
22 user.

23 JUDGE RAINEY: All right. Proceed.

24 DIRECT TESTIMONY

25 THE WITNESS: Action Alliance of Senior Citizens

FORM 2

1 urges the Public Utility Commission to approve the  
2 settlement agreement and PECO Energy Company's application  
3 for restructuring and merger.

4 Electricity is a fundamental necessity of life. It  
5 has to be made available to everyone regardless of income.  
6 This is known as the universal service obligation.

7 In this settlement, PECO, which has the highest rates  
8 in the state, agrees to do substantially more than in the  
9 past to meet that obligation.

10 As a result of the settlement, PECO agrees to ensure  
11 that the CAP rate program, which provides discounts to low-  
12 income people, will be an open enrollment program for the  
13 foreseeable future; to develop with low-income  
14 representatives a program which improves the affordability  
15 of electricity for persons at 50 percent or less of federal  
16 poverty level; to make an additional \$1.3 million available  
17 each year for 2001 and '02 to fuel fund agencies in PECO's  
18 service territory.

19 For Philadelphia this would result in an additional  
20 \$1 million in energy utility relief for people whose service  
21 has been terminated or about to be terminated.

22 Also it would provide \$200 million in rate cuts over  
23 four years effectively reducing residential rates by almost  
24 three percent in the years 2002 and '03, and by two percent  
25 in 2004 and '05. These rate cuts increase the affordability

1 of electricity for all users.

2 The Action Alliance of Senior Citizens of Greater  
3 Philadelphia, through its counsel, Community Legal Services,  
4 Inc. has worked hard to make sure that this proposed merger  
5 benefits PECO's customers in general and the city's elderly  
6 in particular.

7 We are now satisfied that significant savings  
8 resulting from this proposed merger will flow through to the  
9 ratepayers instead of stockholders.

10 Action Alliance, as a party to this settlement  
11 agreement, urges the Commission to approve it and PECO  
12 Energy's application for restructuring and merger.

13 Thank you.

14 JUDGE RAINEY: Thank you, Mr. Williams.

15 Are there any questions for Mr. Williams?

16 (No response.)

17 JUDGE RAINEY: Thank you, Mr. Williams.

18 (Witness excused.)

19 JUDGE RAINEY: The next person on the list is  
20 Ruth Allan Miner.

21 MS. MINER: I'm sorry, I have an ear infection and  
22 can't hear a thing.

23 JUDGE RAINEY: No problem. I'll speak louder. May I  
24 swear you in? Would you raise your right hand, please?

25

1 Whereupon,

2 RUTH MINER

3 having been duly sworn, testified as follows:

4 JUDGE RAINEY: Please give your name and address for  
5 the record.

6 THE WITNESS: Yes. My name is Ruth Miner; I live at  
7 48 West Highland Avenue, in Philadelphia 19118.

8 JUDGE RAINEY: All right.

9 DIRECT TESTIMONY

10 THE WITNESS: I'm a native Philadelphian, a PECO  
11 ratepayer, with no connections to either company, hoping to  
12 serve the public interest by opposing the latest effort by  
13 PECO to maintain its hold on nuclear power.

14 For reliable testimony on the perils of the so-called  
15 peaceful atom, I recommend the following documents. And  
16 this is for people who are not as familiar as I am with the  
17 history and literature on nuclear power.

18 There are three things here that I've recommended.  
19 One is the "The Nuclear Power Deception: U.S. Nuclear  
20 Mythology, from Electricity 'Too Cheap to Meter' to  
21 "Inherently Safe Reactors,'" by Arjun Makhigani and  
22 Scott Saleska, April 1996.

23 The next one is "Nuclear Power: No Solution to Global  
24 Climate Change," published by Science for Democratic Action.  
25 Both of them from the Institute for Energy and Environmental

1 Research, in Takoma Park, Maryland.

2 The third is "Asleep at the Wheel: The Special Menace  
3 of Inherited Afflictions from Ionizing Radiation," Fall  
4 1998, by John W. Gofman, Professor Emeritus of Molecular and  
5 Cell Biology at Berkeley, and Egan O'Connor, Executive  
6 Director of the Committee for Nuclear Responsibility, in  
7 San Francisco.

8 In 1996, PECO, without consulting its ratepayers,  
9 joined a consortium formed by Washington Public Power Supply  
10 System, in Richland, Washington, asking the Energy  
11 Department to consider it as a possible user of mixed oxide  
12 nuclear fuel, MOX, combining depleted uranium and plutonium  
13 from U.S. and Russian bomb programs, which would entail  
14 expensive reconstruction of utilities selected, and the  
15 added risk of plutonium transfer and use in public areas.  
16 Eventually three southern utilities were selected for this  
17 purpose.

18 Next, when other public electric utilities facing  
19 deregulation opted to restrict their business to power  
20 transmission, PECO recklessly opted for a contrary route.

21 Incidentally, I'm a member of CEPA, and I am taking,  
22 like Mr. McNeal, a contrarian position.

23 PECO opted to buying up reactors offered for sale at  
24 bargain basement prices in collaboration with its scandal-  
25 ridden new partner, British Nuclear, which you probably read

1 about in the New York Times.

2 As New York Times energy reporter Matthew Wald says  
3 in the February 22 issue, experts are ambivalent about the  
4 attempt of a small minority of institutions, including  
5 Amergen, the PECO combine, Entergy of New Orleans, and  
6 Dominion Resources of Richmond, Virginia to buy and manage  
7 reactors offered for sale. Quote: It could be management  
8 with more experience, or it could be management with a  
9 stronger drive to make money, which some people think may  
10 not be consistent with safety; unquote.

11 And Shirley Ann Jackson, a physicist who resigned  
12 last year as chairwoman of the Nuclear Regulatory Commission  
13 to become president of Rensselaer Polytechnic Institute,  
14 acknowledging the projected advantage of expertise and  
15 economic performance, added, quote: You can't argue that  
16 size in and of itself gives you good performance.

17 And she noted that the TVA and Commonwealth Edison,  
18 both larger, had some of the worst operating experiences.  
19 That's the New York Times of February 22, this year.

20 Jonathan Becker, energy policy analyst for  
21 Ralph Nader's Public Citizen, long ago, in a  
22 November/December 1992 report, pointed out the NRC's  
23 piecemeal erosion of safety regulation using standards not  
24 to protect public health, but to assess how many people  
25 could suffer cancers, birth defects and other radiation-

1 related health problems under its proposed regulation. Its  
2 lax policies have not changed.

3 According to the February issue of "In the Watch,"  
4 from the New England Coalition on Nuclear Power, commenting  
5 on Amergen's bid to manage New England reactors, Amergen,  
6 quote, is a limited liability company with very small  
7 assets, about \$100 million, to back up its obligations as  
8 owner of almost ten nuclear plants; unquote.

9 And then Amergen formed Amergen Vermont, another  
10 limited liability company, to run Vermont Yankee.  
11 Ratepayers there believed that operation by Amergen would  
12 cost them more than if the sale were rejected and the  
13 facility retired at once.

14 Now PECO wants to form another alliance, this time  
15 with Unicom of Illinois, which runs ten reactors. The  
16 arrangement would be for Unicom to attend to the business of  
17 distribution from Chicago, where the main headquarters would  
18 be centered in a few years' time under the eventual name  
19 Exelon, while PECO would manage all the reactors, thereby  
20 extending its maintenance load eventually to some 20  
21 reactors.

22 Ratepayers of Illinois, like the people of New  
23 England, oppose the deal. And so should we. In the end,  
24 the shaky operation of so many aging reactors, with  
25 weakening irradiated metal parts that can spring perilous

1 steam-pipe leaks, like the most recent one at Indian Point  
2 in New York, and suffer other accidents bound to happen  
3 because of generic flaws in design materials and  
4 construction, and the fast costs of parts replacements, the  
5 certain costs of health protection for workers and public,  
6 the astronomical costs of unpredicted accidents, some \$10  
7 million a year for seven years per accident per plant, and  
8 burgeoning costs of decommissioning, cleanup and unsolved  
9 waste disposal, all will eventually redound upon the  
10 ratepayers, we can be sure, or the merger planners wouldn't  
11 dare to take such chances.

12 Such business alliances are gambles for big bucks for  
13 the combined nuclear power czars. They are gambling on the  
14 health and safety and the catastrophic expenses that can  
15 weigh on us ratepayers wherever we live. PECO is stretching  
16 itself too thin for safety.

17 Please don't permit PECO to multiply our risks,  
18 physical and financial. Aging reactors need to be shut down  
19 and decommissioned as rapidly as possible.

20 For the sake of future generations, if not just for  
21 ourselves, let's stop the frightening daily production of  
22 deadly plutonium. Fuel cells, hydrogen and wind power and  
23 the solar age are before us.

24 JUDGE RAINEY: Thank you, Ms. Miner.

25 Are there any questions for Ms. Miner?

1 (No response.)

2 JUDGE RAINEY: If not, thank you. You may stand  
3 down.

4 (Copies of Ms. Miner's prepared testimony distributed  
5 to parties.)

6 (Witness excused.)

7 JUDGE RAINEY: Mr. Warren English.

8 (No response.)

9 JUDGE RAINEY: Mr. English; Warren English?

10 (No response.)

11 JUDGE RAINEY: Mr. John O'Connell.

12 Mr. O'Connell, may I swear you in?

13 MR. O'CONNELL: Yes.

14 Whereupon,

15 JOHN J. O'CONNELL

16 having been duly sworn, testified as follows:

17 JUDGE RAINEY: Please be seated. Give your full  
18 name, spelling your last name. Also give your address; and  
19 please state whether you are a PECO customer or not.

20 THE WITNESS: My name's John J. O'Connell. I live at  
21 2213 Jameson Way, in Bucks County. And I'm down here today  
22 because I can't make tomorrow night's meeting.

23 DIRECT TESTIMONY

24 THE WITNESS: I represent a bank that has its  
25 headquarters in Bucks County, and we serve in small branches

1 throughout the five-county area.

2 And this settlement, much -- I'm amazed at the fact  
3 that this settlement has been able to be put together with  
4 all the people involved in the settlement. I had  
5 experienced lobbying in the past, and this is a very unusual  
6 day, from my meetings in the PUC in the past.

7 So I want to add to it though as now that I am a  
8 banker, I want to say that nothing is consistent in the  
9 banking industry, as you might be reading in the papers  
10 about interest rates and everything else. It would be  
11 wonderful to have an electric settlement that allows me to  
12 assure what my rates will be going forward for a long period  
13 of time. And to that end, I wish that the PUC would just  
14 get on with it.

15 Thank you.

16 JUDGE RAINEY: Thank you, Mr. O'Connell.

17 Any questions for Mr. O'Connell?

18 (No response.)

19 JUDGE RAINEY: Just to be clear, the spelling of your  
20 last name, is that O-C-O-N-N-E-L-L?

21 THE WITNESS: Correct.

22 JUDGE RAINEY: Thank you.

23 (Witness excused.)

24 JUDGE RAINEY: Ms. Jenny Robinson.

25 MS. ROBINSON: Oh, I'm sorry, I just signed in, I'm

1 not testifying tonight.

2 JUDGE RAINEY: Marvin Finklestein.

3 May I swear you in?

4 MR. FINKLESTEIN: Yes.

5 Whereupon,

6 MARVIN FINKLESTEIN

7 having been duly sworn, testified as follows:

8 JUDGE RAINEY: Please be seated. Give your full name  
9 for the record.

10 DIRECT TESTIMONY

11 THE WITNESS: My name is Marvin Finklestein. I  
12 reside at 319 Cross Street, in Philadelphia. I also own a  
13 business at 410-412 South Street in Philadelphia. I'm a  
14 PECO user at both addresses.

15 I'd like to thank you for the chance to offer  
16 comments today about the proposed PECO Energy merger. My  
17 name is Marvin Finklestein, I am the Chairperson of the  
18 South Street Penthouse Special Service District.

19 We are a quasi-government agency that provides  
20 enhanced services such as street and sidewalk cleaning,  
21 marketing and general community events and coordination  
22 planning to businesses and residents in the nationally  
23 recognized South Street corridor, not far from here.

24 We provide these services by assessing property-  
25 owners in our area a fee per year.

1 PECO Energy has been a partner in our district since  
2 its inception in 1992. At that time we had a vision of what  
3 South Street area could be, but we needed support from many  
4 areas to make that vision a reality. PECO Energy was one of  
5 those partners.

6 The local businesses had energy service concerns.  
7 The company did an analysis of the problems, rebuilt the  
8 system service of our area, thereby improving the service  
9 reliability.

10 And they didn't stop there. One of our goals was  
11 improving lighting in the area. In a partnership with the  
12 city, PECO Energy provided technical support and funds to  
13 install new lighting fixtures. They continue that support  
14 and vision today.

15 It is my understanding that a merger agreement was  
16 designed to provide additional service reliability  
17 improvements and measurements.

18 As a businessperson who relies heavily on electric,  
19 and who has seen what the company has done in our area  
20 improving reliability, I am very encouraged by this planned  
21 merger and hope you will allow it to be completed so that  
22 more businesses and residents can benefit.

23 I am pleased that PECO Energy will remain here in  
24 Philadelphia and maintain a high level of community support  
25 that we in the district have been recipients of.

1 Thank you.

2 JUDGE RAINEY: Thank you, Mr. Finklestein.

3 Are there any questions for Mr. Finklestein from any  
4 of the parties?

5 (No response.)

6 JUDGE RAINEY: If not, you may stand down.

7 THE WITNESS: Thank you.

8 (Witness excused.)

9 JUDGE RAINEY: Maris Menin.

10 Did I pronounce your last name correctly?

11 MS. MENIN: Yes, you did. You pronounced my first  
12 name correctly.

13 JUDGE RAINEY: Ms. Menin, may I swear you in?

14 MS. MENIN: Yes.

15 Whereupon,

16 **MARIS MENIN**

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

18 JUDGE RAINEY: Please be seated. Would you give your  
19 full name, and also spell both names? Give your address and  
20 state who you are representing here today.

21 **DIRECT TESTIMONY**

22 THE WITNESS: My name is Maris Menin; that's  
23 M-A-R-I-S, M-E-N-I-N. I live at 10 Springfield Avenue, in  
24 Flowertown, and I'm a PECO customer. And I'm speaking on  
25 behalf of CEPA, the Consumers Education and Protective

1 Association. It's a 34-year-old grassroots consumer group  
2 founded by the late Max Weiner.

3 The question before the Commission today is whether  
4 consumer, workers, the region and the environment will be  
5 better off if the settlement is accepted or if the  
6 settlement is rejected.

7 After weighing the alternatives, we urge the  
8 Commission to accept the settlement without modifications.  
9 CEPA comes to that conclusion after losing a fight to stop  
10 the merger of CoreStates and First Union, and watching the  
11 Federal Trade Commission and the Federal Government approve  
12 the merger of Mobil and Exxon.

13 In both cases, the merger had a much greater effect  
14 on job losses, concentration of capital and market share  
15 than the proposed merger before the Commission.

16 Had our elected officials in Washington actually  
17 represented the interests of the public, and not the  
18 corporate interests, then both the First Union/CoreStates  
19 merger and Exxon/Mobil merger would have been prevented.

20 If the people we elected to office were not  
21 controlled by the campaign contributions, soft money, and  
22 the corporate elite, than CEPA might have taken a different  
23 position on this merger. But we can read the handwriting on  
24 the wall.

25 Consumer protests by CEPA and others did not stop the

1 Federal Government from approving mergers that were much  
2 more damaging than this.

3           Until we elect people who understand the dangers of  
4 allowing the concentration of capital into fewer and fewer  
5 hands, the government will approve smaller, less damaging  
6 mergers as well.

7           What was left for CEPA and other groups was to try  
8 and mitigate the damage that a non-negotiated merger would  
9 cause.

10           CEPA believes that PECO and the parties involved have  
11 reached the best terms possible for consumers, workers, the  
12 region and the environment under these adverse conditions.

13           We believe that as part of the settlement the public  
14 will receive benefits that neither the PUC, the  
15 commonwealth, nor the Federal Government could ever order  
16 PECO to deliver.

17           Consumers will see meaningful rate reductions and  
18 protections against rising rates in the future. The region  
19 will see electric rates cut by \$200 million, and the rate  
20 cap on transmission and distribution extended for another  
21 eighteen months.

22           The program to help seniors and low-income families  
23 pay their bills will be improved. Jobs in Philadelphia will  
24 be protected for at least the next three years.  
25 Contributions to civic groups will also continue. And there

1 is money set aside to develop renewable energy, which should  
2 produce jobs for the region.

3 Even if the PUC were inclined to reject the merger,  
4 which we do not believe to be the case, the courts, FERC and  
5 the FTC will eventually allow the merger to take place.

6 If Enron was allowed to buy gas and electric  
7 utilities across the nation, PECO and Unicom will be allowed  
8 to merge.

9 The low burden that the government sets to allow  
10 mergers could be met by PECO and Unicom without providing  
11 all of the benefits included in the settlement.

12 If the PUC does not accept the settlement without  
13 modifications, consumers will lose benefits. And at some  
14 time in the future PECO and Unicom will be allowed to  
15 merger.

16 We urge the Commission to accept the settlement  
17 without modification, but for consumers not to give up the  
18 fight for a more democratic economy.

19 CEPA urges consumers who continue to be hurt and  
20 outraged by the mega mergers that place too much power in  
21 too few hands to join us in making this a campaign issue for  
22 the presidential elections.

23 Thank you.

24 JUDGE RAINEY: Thank you, Ms. Menin.

25 Are there any questions for Ms. Menin from any of the

1 formal parties?

2 (No response.)

3 JUDGE RAINEY: If not, Ms. Menin, you may stand down.

4 (Witness excused.)

5 JUDGE RAINEY: A. Taubenberger.

6 Did I pronounce your name correctly?

7 MR. TAUBENBERGER: Yes, you did.

8 JUDGE RAINEY: Mr. Taubenberger, may I swear you in?

9 MR. TAUBENBERGER: Yes, you may, sir.

10 Whereupon,

11 AL TAUBENBERGER

12 having been duly sworn, testified as follows:

13 JUDGE RAINEY: Please be seated. Provide your full  
14 name, spell your last name.

15 THE WITNESS: Certainly.

16 JUDGE RAINEY: Give your address, who you're  
17 representing, and also whether you're a PECO customer.

18 THE WITNESS: Okay.

19 DIRECT TESTIMONY

20 THE WITNESS: My name is Al Taubenberger; that's  
21 T-A-U-B-E-N-B-E-R-G-E-R. I'm the president of the Greater  
22 Northeast Philadelphia Chamber of Commerce, with offices at  
23 8601 Roosevelt Boulevard. And I am a PECO customer.

24 Our chamber of commerce represents nearly 1,000  
25 members. I appreciate the opportunity to express my support

1 for the proposed merger of PECO Energy and Unicom. PECO is  
2 a founding member of our chamber of commerce dating back  
3 over 75 years of service.

4 From the original announcement of the merger, I must  
5 confess that I was concerned; concerned about change and the  
6 uncertainty that it brings.

7 The press reported that PECO planned to remain in  
8 Philadelphia with its distribution headquarters and maintain  
9 their commitment to the region.

10 Now I read that these points and others have been  
11 submitted as part of a deal in the form of a settlement  
12 document. The reduction of these pronouncements to writing  
13 is wonderful.

14 Further, the settlement agreement contains rate  
15 reductions of \$200 million. This is great news to the  
16 businesses that make up our chamber of commerce, 80 percent  
17 of which are businesses with employees of one to 20.

18 The Philadelphia Inquirer reported that PECO Energy  
19 Company has committed to a measurement criteria for service  
20 reliability. This can only be a good component for all  
21 customers served by PECO Energy.

22 As someone who is intimately knowledgeable of the  
23 City of Philadelphia, I know what PECO Energy means to the  
24 region over and above the core responsibility.

25 The company and their employees support many

1 worthwhile organizations and events in this region. They  
2 give back and support neighborhood and community programs  
3 which help keep Philadelphia a great place to live and work.

4 I wholeheartedly and enthusiastically support this  
5 merger, and I believe the result will be great for our  
6 region.

7 And I thank you for your time and your consideration.

8 JUDGE RAINEY: Thank you, Mr. Taubenberger.

9 Are there any questions for Mr. Taubenberger?

10 (No response.)

11 JUDGE RAINEY: Thank you. You may stand down.

12 THE WITNESS: Thank you.

13 (Witness excused.)

14 JUDGE RAINEY: Mr. Andrew Pack.

15 Mr. Pack, may I swear you in?

16 MR. PACK: Sure.

17 Whereupon,

18 ANDREW PACK

19 having been duly sworn, testified as follows:

20 JUDGE RAINEY: Please be seated. Give your full  
21 name, spelling your last name.

22 THE WITNESS: Sure.

23 JUDGE RAINEY: Also provide your address and who  
24 you're representing here today.

25 THE WITNESS: My name is Andrew Pack. I'm the

FORM 2

1 executive director of the Variety Club of the Delaware  
2 Valley. Our address is 1520 Locust Street.

3 JUDGE RAINEY: Mr. Pack, how do you spell your last  
4 name?

5 THE WITNESS: P-A-C-K.

6 JUDGE RAINEY: Thank you.

7 DIRECT TESTIMONY

8 THE WITNESS: First of all, thank you for giving me  
9 the opportunity to testify here today.

10 PECO Energy has been an integral part of our  
11 organization for over three decades. I have more than a  
12 passing interest in this company's future. I have watched  
13 as mergers and acquisitions have reduced the number of  
14 companies in our region.

15 When a company leaves the area, we lose a partner in  
16 our mission to help disabled children and their families.  
17 Competition for the corporate dollar among charitable  
18 organizations has increased in proportion to reduction in  
19 funding sources.

20 When a Philadelphia-based company is acquired by one  
21 in Texas, we nonprofits many times lose our local  
22 relationship. We must write proposals to faceless entities  
23 thousands of miles from here.

24 PECO Energy has committed to keeping their  
25 headquarters here on Market Street. They go anywhere in

1 this region, and they're committed to staying here in  
2 Philadelphia.

3 The settlement also confirms the company's commitment  
4 to continue to support the area with a corporate  
5 contribution program. This is a relief to the many  
6 organizations that are funded by these dollars.

7 I ask that you look favorably on this merger. This  
8 is a company that has a history of community responsibility,  
9 and I am grateful to them for the continued commitment to  
10 the region and to Variety Club, who serves thousands of  
11 disabled children in the Delaware Valley.

12 JUDGE RAINEY: Thank you, Mr. Pack.

13 Are there any questions for Mr. Pack?

14 (No response.)

15 JUDGE RAINEY: If not, you may stand down.

16 (Witness excused.)

17 JUDGE RAINEY: Mr. Pack is the last person on the  
18 list that I have. Is there anyone else here who would like  
19 to present testimony?

20 Sir, would you please come forward? And would you  
21 raise your right hand?

22 Whereupon,

23 ROBERT SAUCIER

24 having been duly sworn, testified as follows:

25 JUDGE RAINEY: Please be seated. State your full

1 name, spelling your full name; also your address, for the  
2 record.

3 THE WITNESS: Robert Saucier, S-A-U-C-I-E-R;  
4 Coatesville, Pennsylvania.

5 JUDGE RAINEY: Are you a PECO customer?

6 THE WITNESS: Yes, I'm a PECO customer.

7 JUDGE RAINEY: Are you here representing yourself or  
8 an organization?

9 THE WITNESS: Just myself.

10 JUDGE RAINEY: Please proceed with your testimony.

11 DIRECT TESTIMONY

12 THE WITNESS: The things I would like the PUC to look  
13 at is how will the merger make PECO more efficient.  
14 Electricity doesn't travel over 1,000 miles unless it's up  
15 in the sky. Lightning.

16 There's a lot of other companies in between the two.  
17 So how is it going to be more efficient to take one company  
18 here, one 1,000 miles away, and put them together for  
19 electricity which runs through wires? It's not.

20 Everything that's been said about \$200-million cuts,  
21 all the monies being doted out to all these little entities  
22 is a smoke screen.

23 Everybody remembers years ago when they built  
24 Limerick, or before they built Limerick. Electricity's  
25 going to be so cheap we're not going to need a meter.

1 Remember?

2 VOICE: I do.

3 THE WITNESS: Well, let me tell you what happened.  
4 Limerick was supposed to cost about \$2 billion for two  
5 plants. It cost \$7 billion. \$5 billion more than it was  
6 supposed to.

7 Where do you think the \$5 billion came from? They  
8 ratepayers. Why do you think we're up around twelve to  
9 fourteen cents a kilowatt hour? Because of Limerick. Why  
10 was Limerick so bad? \$5 billion overrun; bad management.

11 Well, now we're talking about a merger, ten nuclear  
12 power plants over near the big lakes, got four over on the  
13 east coast, and we're going to put them together, and that's  
14 good for PECO ratepayers. I'll guarantee you it's the worst  
15 mistake PECO ever made.

16 Let's look at Exelon. That's the phony company that  
17 PECO made up to they could go over into PP&L territory and  
18 sell electricity for eight cents a kilowatt hour while we're  
19 back here paying twelve cents a kilowatt hour.

20 Now, why is it the people over in Lancaster County  
21 get the benefit of eight cents a kilowatt hour, but the  
22 people who have paid for Limerick don't get anything but  
23 four cents a kilowatt higher, one third the cost up yours.  
24 Okay?

25 So is the merger going to be a mistake or not going

1 to be a mistake? It depends on how much money's doled out  
2 to the politicians and the lawyers, and how good the PR is.

3 I'm a former nuclear power plant operator. I know a  
4 lot about the industry. And what that elderly lady came up  
5 and said about the fuel, that's just the tip of the iceberg.  
6 And she knows you're talking about.

7 Are the benefits temporary or permanent? Well, first  
8 off, you've got to realize there's really no benefits here.  
9 It's a smoke screen. You've been paying fourteen to sixteen  
10 cents a kilowatt hour for so long that it feels good when  
11 PECO's jumping down to twelve cents a kilowatt hour. You  
12 think you're getting something. You got it all right.

13 You guys are unbelievable. I know what I'm talking  
14 about. Sixteen years in the nuclear power industry. I  
15 spent six years out on the U.S.S. Enterprise, sailing around  
16 the ocean, making eight reactors run. So did Gorby  
17 (phonetic). But he was on a sub.

18 This don't go far enough. Everybody in PECO  
19 territory should be paying less than the cheapest supplier  
20 surrounding PECO, that PECO's so almighty and good that  
21 eight cents a kilowatt hour is the most expensive  
22 competitor's rate, and we should not be paying any more than  
23 that. If PECO's so good. But you got to follow the trail  
24 of hands into the pockets.

25 I'm for nuclear power. That's the one thing I

1 disagree with on what the elderly woman said. I am for  
2 nuclear power. But bad management of nuclear power plants  
3 is the worst thing that could happen to this country.

4 JUDGE RAINEY: Thank you, Mr. Saucier.

5 Are there any questions for Mr. Saucier?

6 (No response.)

7 JUDGE RAINEY: If not, you may stand down.

8 THE WITNESS: Thank you for the time.

9 JUDGE RAINEY: You're welcome.

10 (Witness excused.)

11 JUDGE RAINEY: Is there anyone else who would like to  
12 testify here this afternoon?

13 (No response.)

14 JUDGE RAINEY: If not, why don't we take a ten-minute  
15 break, and then I would like all the formal parties to come  
16 back so that we can discuss the request for the change in  
17 the procedural schedule.

18 (Recess.)

19 JUDGE RAINEY: Why don't we go back on the record in  
20 this case.

21 I wanted to talk about the parties' request for a  
22 modification of the procedural schedule in light of the  
23 settlement. But I have some other questions as well. And  
24 why don't I take care of them.

25 With respect to statements in support of the

1 settlement, I have statements from the Office of Small  
2 Business Advocate, Pennfuture and the Office of Trial Staff.

3 Have any other parties submitted statements in  
4 support of the settlement that are here, or that you're  
5 aware of?

6 Ms. McCloskey.

7 MS. MCCLOSKEY: The Office of Consumer Advocate will  
8 be filing one shortly.

9 MR. BONNEY: Your Honor, we filed a copy.

10 JUDGE RAINEY: Okay. And I do have PECO's today.

11 MR. BERTOCCI: Your Honor, we also would be filing  
12 one on behalf of the low-income consumers, on behalf of  
13 CEPA, TAG, ACORN and Action Alliance by the end of the week.

14 JUDGE RAINEY: Okay.

15 Mr. Bonney, maybe you can help me out. There appears  
16 to be some discrepancy with respect to those parties who are  
17 signatories to the settlement and those who are not as  
18 between the text in Volume 1 of the settlement, as well as  
19 the signatory pages following the conclusion of that  
20 document.

21 What I'd like you to do is to identify for me the  
22 names of the parties who have signed off on the settlement,  
23 and then also give me the positions of those parties with  
24 regard to the settlement who have not signed off on the  
25 settlement.

1 MR. BONNEY: Okay. Why don't I go page by page on  
2 the signature lines, if that's the best way.

3 JUDGE RAINEY: Okay, sure.

4 MR. BONNEY: At page 45, PECO and the Consumer  
5 Advocate's Office have both signed; all of the parties on  
6 page 46 have signed the settlement.

7 JUDGE RAINEY: Why don't you go through them by name.

8 MR. BONNEY: Okay. The Office of Trial Staff, Office  
9 of Small Business Advocate, Citizens for Pennsylvania's  
10 Future, Pennfuture, Senator Fumo, Enron Energy Services,  
11 Connectiv Energy, Eric Epstein, and the Clean Air Council.

12 All of the parties on page 47 have likewise signed;  
13 that is, Philip Bertocci for CEPA, ACORN, TAG and Action  
14 Alliance; the Philadelphia Area Industrial Energy Users  
15 Group; Patricia McNamara; the Industrial Energy Consumers of  
16 Pennsylvania; the National Railroad Passenger Corporation,  
17 Amtrak; and the Mid-Atlantic Power Supply Association.

18 JUDGE RAINEY: So that's a total of how many,  
19 Mr. Bonney?

20 MR. BONNEY: I don't know the precise number.

21 (Pause.)

22 MR. BONNEY: Twenty-four, I believe, including PECO.

23 JUDGE RAINEY: Twenty-four parties who have signed  
24 off on this?

25 MR. BONNEY: If my addition is correct.

1 (Pause.)

2 MR. BONNEY: It depends on how you count. Some of  
3 the parties have multiple representation. But I think there  
4 may be some sixteen signatures there.

5 JUDGE RAINEY: I beg your pardon?

6 MR. BONNEY: I believe there's some sixteen  
7 signatures.

8 JUDGE RAINEY: How many parties have been identified  
9 for this case? Is it 24 or 25, the exact number?

10 (Pause.)

11 JUDGE RAINEY: Why don't we do it this way,  
12 Mr. Bonney. With respect to those parties who have not  
13 signed off on the settlement, why don't you give me their  
14 positions with regard to the settlement as you know it.

15 MR. BONNEY: Okay. I hesitate to speak for them,  
16 Your Honor.

17 JUDGE RAINEY: Okay.

18 MR. BONNEY: And I'm not entirely clear where some of  
19 them stand.

20 JUDGE RAINEY: Oh. Why don't we then identify who  
21 they are.

22 MR. BONNEY: Okay. And I'll just add that we would  
23 like all of them to sign the document, and are continuing  
24 discussions with them to have them sign the settlement.

25 The parties that I understand have not signed are

1 City of Philadelphia, Councilman Cohen, Philadelphia City  
2 Council; Gregory Pastore, Shell, New Energy, PP&L, Wallace  
3 Township, and East Brandywine Township.

4 In some instances the parties have indicated that  
5 they will not object. And that includes Allegheny, the two  
6 Allegheny entities. I believe in their case they intend to  
7 send a letter to you and to the Commission indicating that  
8 they do not object, but do not join in settling.

9 JUDGE RAINEY: That's Allegheny Power and Allegheny  
10 Energy Supply Company?

11 MR. BONNEY: Yes.

12 JUDGE RAINEY: And do you know the positions of the  
13 other parties who have not signed off on the settlement?  
14 Are you still negotiating with them?

15 MR. BONNEY: In some cases, yes, and in others, I'm  
16 not sure what their position is going to be. As I say, I  
17 hesitate to speak for them.

18 Some of the parties have indicated they're still  
19 deciding what their position is going to be.

20 JUDGE RAINEY: Which are the parties which are still  
21 deciding what their position is going to be?

22 MR. BONNEY: The others. I'd say all of the others.  
23 Councilman Cohen, City of Philadelphia, PP&L, Shell and New  
24 Energy.

25 In the case of Wallace Township and East Brandywine,

1 we've been working with them on their reliability concerns,  
2 have a plan in place to address those, and I believe have  
3 agreement with them that that would be satisfactory to  
4 proceed with another track to resolve their concerns. So  
5 that it's my understanding they will not be opposing the  
6 settlement, but will not be joining it.

7 JUDGE RAINEY: And will they be filing a letter to  
8 that effect, are you aware?

9 MR. BONNEY: I believe so, but I'm not certain.

10 JUDGE RAINEY: Now, with respect to those parties  
11 that you're still negotiating with, do you have any  
12 timetable with regard to completion of those negotiations?

13 MR. BONNEY: No, other than as soon as possible.

14 JUDGE RAINEY: Now, will those negotiations then end  
15 in an addendum to the settlement that you've already filed?

16 MR. BONNEY: They may, yes.

17 JUDGE RAINEY: What effect, if any, do your  
18 continuing negotiations with parties have on the proposed  
19 revised schedule of the settlement parties?

20 MR. BONNEY: I think none, Your Honor. I haven't  
21 heard any of the parties that we're talking about object to  
22 the proposed schedule. And we've brought it to everyone's  
23 attention.

24 I think the parties that have not yet signed would  
25 like to know if the schedule's been suspended or not,

1 because otherwise testimony is due tomorrow. I think it's  
2 their assumption that they would not have to file testimony  
3 tomorrow.

4 (Pause.)

5 JUDGE RAINEY: Why don't we go off the record for a  
6 minute.

7 (Discussion off the record.)

8 JUDGE RAINEY: Back on the record.

9 There was a discussion that took place off the record  
10 with regard to the proposal of the settlement parties for a  
11 revision to the schedule which was arrived at that the first  
12 prehearing conference in this case. And I have rejected the  
13 schedule as proposed by the settlement parties, and have  
14 established the following schedule.

15 There will be a suspension of the intervenor direct  
16 testimony which was due, or is due tomorrow. The public  
17 input hearings will proceed as scheduled

18 Objections or comments to the settlement which was  
19 filed will be due in hand on April 13, 2000. Replies to  
20 objections or comments will be due in hand on April 18,  
21 2000.

22 After the filing of replies to objections or  
23 comments, I will determine whether it is necessary to hold  
24 evidentiary hearings.

25 A second prehearing conference may be held if

1 necessary for the purpose of establishing a new schedule for  
2 the filing of written testimony and holding evidentiary  
3 hearings.

4 Let me also note, if an objecting party desires to  
5 continue to litigate the case, that party must make a  
6 specific request in its filed objections to continue to  
7 litigate.

8 I will not provide a date when my recommended  
9 decision would be due. And of course, I cannot bind the  
10 Commission to any date for its final decision.

11 Are there any questions with regard to the modified  
12 procedural schedule?

13 MR. BONNEY: Just one point, Your Honor.

14 JUDGE RAINEY: Yes, Mr. Bonney.

15 MR. BONNEY: If the remaining intervenors sign either  
16 the settlement or send a letter to you saying they don't  
17 object, or taking a position in advance of this, would you  
18 hold open the possibility of moving the schedule forward if  
19 all of the parties have been accounted for before the 13th?

20 The reason I say that is I'm going to encourage them  
21 to move quickly, in an effort to try to advance the  
22 schedule, if that would be acceptable to you.

23 JUDGE RAINEY: I would hold open that possibility.

24 MR. BONNEY: Thank you, Your Honor.

25 JUDGE RAINEY: And let me state that also with

1 respect to any further modification of this schedule, I  
2 would expect that in your making that request that you would  
3 have all the parties on board in an agreement with any  
4 further modification of the schedule. And then I would make  
5 a determination at that time as to whether to change the  
6 modified schedule which I've provided here today.

7 There was also a discussion which took place off the  
8 record with regard to the status of this matter with other  
9 agencies before other forums.

10 And I think it would be good for the record,  
11 Mr. Bonney, if you would just provide that information to us  
12 now.

13 MR. BONNEY: Certainly, Your Honor.

14 Before FERC, the FERC has approved PECO's  
15 restructuring. We expect that they'll vote sometime within  
16 the next month on the merger application.

17 The filing with the FCC has been made. It was made  
18 earlier in March, in connection with the holding company  
19 structure. I believe all the parties to this case have  
20 received copies of that.

21 Filing of the Hartscott Review (phonetic), filing was  
22 made with the Federal Trade Commission and Department of  
23 Justice. We expect that they will act on that; and their  
24 action takes the form of a termination of their waiting  
25 period sometime this month.

1           There are certain filings that need to be made with  
2 the Internal Revenue Service in connection with the  
3 restructuring. They have not yet been made.

4           Filing was made in December in connection with a  
5 merger with the -- and the restructuring, with the Nuclear  
6 Regulatory Commission. It recently set the matter for  
7 hearings. I don't know what the projected date is for the  
8 conclusion of that proceeding.

9           I should say they didn't set it for hearings, they  
10 noticed the file to allow comments on it, including requests  
11 for hearings.

12           Unicom has filed with the Illinois Commerce  
13 Commission a notice of the merger. They did that in  
14 November. And there's a 30-day period within which the  
15 commission will examine that. That period passed without  
16 action by the ICC.

17           JUDGE RAINEY: And what does their non-action mean?

18           MR. BONNEY: I believe statutorily they don't have an  
19 action to take. So their action or non-action was of no  
20 consequence, as I understand it.

21           JUDGE RAINEY: So they will not be acting on this  
22 matter at all?

23           MR. BONNEY: Not further, yes, that's correct.

24           I think that's it, unless I'm missing something that  
25 the other parties can remember.

1 JUDGE RAINEY: I'll just ask you to update the  
2 parties and myself as to further occurrences with respect to  
3 the filings before the other agencies.

4 MR. BONNEY: Very well.

5 I should say, Your Honor, and I'm sure you saw it,  
6 but in the settlement agreement there's a provision that the  
7 parties that sign it will withdraw whatever actions they  
8 filed upon Commission approval here of the settlement. With  
9 their actions in other jurisdictions.

10 JUDGE RAINEY: Now, with respect to the settlement  
11 document that has been filed, is there going to be any need  
12 for the admission into evidence in support of that document  
13 any of the application materials, specifically with regard  
14 to the statements and exhibits that appeared in the  
15 application that was filed on November 26, 1999, Mr. Bonney?

16 MR. BONNEY: Your Honor, we weren't sure if that was  
17 going to be necessary. We were going to wait to see whether  
18 there were hearings or not. But if it's your pleasure, we  
19 could so move at this time.

20 We thought at this point that the statements in  
21 support would suffice along with the settlement itself.

22 JUDGE RAINEY: That's fine. That's just an inquiry.

23 MR. BONNEY: Thank you. I understand in that regard,  
24 Your Honor, that the application itself is part of the  
25 record.

1 JUDGE RAINEY: I guess I'm just distinguishing  
2 between the actual admission into evidence of any of those  
3 documents, in terms of witness statements and exhibits.  
4 Which if you wanted to do that, I guess the preferable way  
5 would be to do that by stipulation with the parties.

6 Do any of the other parties have anything that they  
7 want to state at this juncture?

8 MR. RYAN: No, Your Honor.

9 MR. POPOWSKY: No, Your Honor.

10 MS. McCLOSKEY: No, Your Honor.

11 MR. BERTOCCI: No, Your Honor.

12 MR. HOFFMAN: No, Your Honor.

13 JUDGE RAINEY: Mr. Bonney, do you have anything  
14 further?

15 MR. BONNEY: Nothing further. Thank you, Your Honor.

16 JUDGE RAINEY: I don't believe that I have anything  
17 further at this time.

18 MR. BONNEY: Your Honor, at the 7:00 public input  
19 session we'll have for you a listing of the parties that we  
20 went through earlier.

21 JUDGE RAINEY: Thank you.

22 MR. BONNEY: And there should be copies of that so  
23 that everyone has that.

24 JUDGE RAINEY: Thank you, that would be appreciated.

25 Okay. I believe then we can adjourn for now. Those

1 parties who are going to stay around, we will have a 7:00  
2 p.m. public input hearing.

3 Thank you very much. We are adjourned for the time  
4 being.

5 (Whereupon, at 3:15 p.m., the hearing was adjourned,  
6 to reconvene at 7:00 p.m. this same day, in Philadelphia,  
7 Pennsylvania.)

8 \*\*\*

9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

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

\*\*\*

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

FORM 2