

COMMONWEALTH OF PENNSYLVANIA

PUBLIC UTILITY COMMISSION

ORIGINAL

Application of PECO Energy Company

Pursuant to Chapters 11, 19, 21, 22 and 28 of the Public Utility Code, for approval of (1) a Plan of Corporate Restructuring, including the creation of a holding company, and (2) the merger of the newly formed holding company and Unicom Corporation.

Docket No.

A-110550F0147

Public Input Hearing.

DOCKETED

APR 4 2000

Pages 277 through 325

Glenmoore Fire Company
571 Fairview Road
Glenmoore, Pennsylvania

Thursday, March 30, 2000

Met, pursuant to notice, at 7:03 p.m.

DOCUMENT FOLDER

BEFORE:

CHARLES E. RAINEY, JR., Administrative Law Judge

APPEARANCES:

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P R O C E E D I N G S

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

6 This proceeding is docketed at A-00110550F0147.

7 My name is Charles Rainey, and I am the
8 Administrative Law Judge presiding over this case. This
9 public input hearing is being held for the purpose of
10 allowing interested persons an opportunity to provide
11 testimony regarding PECO's application for approval of
12 its merger with Unicom Corporation.

13 I believe that a brief history of this case may be
14 helpful.

15 On November 22, 1999, PECO filed with the
16 Pennsylvania Public Utility Commission an application for
17 the approval of its proposed merger with Unicom
18 Corporation. I note that PECO is required by law to
19 obtain the Commission's approval of this merger with
20 Unicom. By law, in order to obtain the Commission's
21 approval PECO must demonstrate that the merger will
22 affirmatively promote the service, accommodation,
23 convenience or safety of the public in some substantial
24 way. Additionally, the Electricity Generation, Customer
25 Choice and Competition Act requires the Commission to

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1 consider whether PECO's proposed merger with Unicom
2 Corporation will adversely impact retail electric
3 competition.

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

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

15 Evidentiary hearings for the purpose of examining
16 the party's expert witnesses were also scheduled.
17 However, between the time of the public input hearing and
18 these public input hearings the parties engaged in
19 settlement negotiations. These negotiations resulted in
20 a settlement agreement on all of the issues in this case.
21 The settlement document was filed with the Commission on
22 March 23rd, 2000.

23 Shortly I will give a representative of PECO an
24 opportunity to explain the significant terms of the
25 settlement. I will allow the other formal parties to

1 comment as well.

2 In the settlement document, the signatory parties
3 requested a change in the procedural schedule in this
4 case in light of the settlement. During the public input
5 hearing held on Monday, March 27, I rejected the
6 signatory parties' proposed revised schedule. I
7 established another revised schedule instead.

8 The revised schedule which I established provides
9 for the filing of objections or comments to the
10 settlement by April 13, 2000. It also provides for the
11 filing of replies to objections or comments April 18,
12 2000. My revised schedule further provides that
13 evidentiary hearings may be scheduled if necessary.

14 So concludes my brief presentation of the
15 substantive and procedural matters involved in this case.

16 You, the public, may participate in today's hearing
17 in one of three ways. The first way and the one that the
18 Commission finds preferable is that you submit sworn
19 testimony under oath. By giving sworn testimony the
20 Commission may consider your testimony when it decides
21 this case. Sworn testimony may be subject to questions
22 from the formal parties and me.

23 The second way is to provide unsworn testimony.
24 Unsworn testimony will not be considered by the
25 Commission when it makes its decision.

1 The third way is to provide information at the
2 break or at the conclusion of this hearing to either the
3 Office of Trial Staff, the Office of Consumer Advocate,
4 or the Office of Small Business Advocate for its use at
5 its discretion at an evidentiary hearing if one is held
6 or during any additional negotiation sessions if any are
7 held.

8 I would ask that you limit your testimony to PECO's
9 proposed merger with Unicom Corporation. Representatives
10 from PECO are here and they will help you at the break or
11 at the conclusion of this hearing with other matters.

12 I will now ask Mr. Smith, who is Counsel for PECO,
13 to introduce himself and to explain the significant terms
14 of the settlement.

15 MR. SMITH: Thank you, Your Honor.

16 My name is Ward Smith. I am assistant general
17 counsel at PECO Energy Company. I am going to ask for
18 your indulgence. I am going to sit while I speak. I get
19 lightheaded if I stand for too long.

20 The proposed merger between PECO and Unicom
21 Corporation as the Judge indicated requires the approval
22 of the Pennsylvania Public Utility Commission. And when
23 PECO Energy filed its application asking for that
24 approval some 20 or 25 parties intervened, including the
25 three consumer advocacy groups that are here this

1 evening, environmental groups, competitive suppliers of
2 PECO Energy, your local townships, Wallace Township and
3 East Brandywine Township intervened to discuss
4 reliability issues and a broad variety of other parties.

5 Rather than go to litigation of this matter and use
6 resources in that manner, the parties sat down and
7 discussed settlement negotiations to see what benefits of
8 the merger could be passed through to the public and to
9 do that through a negotiated session rather than through
10 litigation.

11 We have additional copies of the settlement
12 document which resulted from those discussions here if
13 anyone wants additional copies. It is rather hefty. And
14 so what I will do in addition to making available copies
15 if anyone wants them is briefly take you through some of
16 the key elements of public benefit that are going to be
17 provided as a result of this merger.

18 I will talk about the global benefits that are
19 going provided to the entire customer base and to the
20 public generally in PECO Energy's service territory and
21 then I would to take a few minutes and focus specifically
22 on the reliability concerns because I know that is a
23 particular interest to the people in this area.

24 The main public benefits that are being passed
25 through to the public from the merger as a result of the

1 settlement negotiations are, first, \$200 million in rate
2 reductions are going to be passed on to the public. We
3 are going to extend a rate cap for an additional 18
4 months out to the end of 2006 for our transmission and
5 distribution rates, meaning that PECO will be constrained
6 and unable to raise its rates until the end of 2006.
7 Dating backwards, the last time that we were able to come
8 in for a rate case was 1990, so that will make a stretch
9 of 16 or 17 years in which we have been unable to raise
10 our rates.

11 We have developed enhanced reliability and
12 customer service standards and I will discuss those in a
13 bit more detail later on.

14 We have expanded our universal service programs to
15 provide additional resources for low income customers who
16 have difficulty affording electricity.

17 We have made additional commitments and funding to
18 environmentally sound generation including the
19 development of a wind farm.

20 We have made modifications of the current rules for
21 interaction with our competitors so that they will have
22 greater opportunity to enter the marketplace and gain
23 markets share.

24 We have created limitations on PECO Energy's
25 ability to collect nuclear decommissioning costs. We

1 have made sure there is no way that customers in
2 Pennsylvania will ever have to bear the cost of
3 decommissioning nuclear plants that are currently owned
4 by our merger partner, Unicom Corporation, out in
5 Illinois. And we have also taken on an additional piece
6 of burden for the decommissioning of the plants that
7 already exist in Pennsylvania and taken a piece of that
8 burden on ourselves in this process.

9 And we have made commitments that we will continue
10 to have a strong charitable and civic presence in the
11 Philadelphia area.

12 Reliability is clearly an issue that people in East
13 Brandywine Township and Wallace Township care a great
14 deal about and have expressed strongly to PECO Energy
15 that they are dissatisfied with. There are two aspects
16 of this settlement that go directly to that.

17 The first is the system-wide changes that we are
18 going to be making on reliability. Last year the
19 Pennsylvania Public Utility Commission established a new
20 set of standards for all utilities in the state to
21 measure their reliability and to hold them to certain
22 standards for system-wide reliability. They are kind of
23 technical standards but at the core what they measure is
24 how often customers go off and how long is the duration
25 of the outages should they occur. And they have

1 established methods to measure how utilities are going to
2 do against that on a system-wide basis.

3 PECO Energy has agreed as part of this settlement
4 process to hold ourselves to a higher standard than was
5 required by the Commission in its rulings last year, and
6 in addition we have created new reporting obligations if
7 we fail to meet those standards where we are required to
8 report to the Office of Consumer Advocate if we miss any
9 of our targets, explain why we missed the targets and
10 provide a plan to them for improving our reliability on a
11 system-wide basis.

12 In addition, we have been working with the township
13 officials in Wallace Township and East Brandywine
14 Township to specifically address the reliability issues
15 raised by you and in the interventions that your township
16 officials filed on your behalf. Last fall PECO Energy
17 identified in its new analysis of system reliability that
18 East Brandywine Township and Wallace Township had below
19 average reliability and began to establish an action plan
20 to deal with reliability in the area, an enhanced
21 reliability plan.

22 When we received the intervention filed by your
23 township officials we contacted the officials and asked
24 for the opportunity to meet with the townships and with
25 the local residents to discuss that plan. That occurred

1 on February 23rd at the East Brandywine firehouse. And I
2 think some of you may have been in attendance there.

3 At that meeting about 75 residents appeared and
4 made it very clear that they believed that the
5 reliability, electric service reliability in this area,
6 was not acceptable.

7 On behalf of PECO Energy our vice-president of
8 operation, Dave DeCampi, told you that we agreed, that
9 your reliability was not of an acceptable level and that
10 PECO Energy was making a commitment to you that we would
11 bring reliability up to speed.

12 We provided at that time answers to as many of the
13 questions asked in the meeting as we could and provided
14 afterwards to the township officials, to all attendees of
15 that meeting and to any other resident who had expressed
16 concern to us about reliability issue a written set of
17 questions and answers that attempted to answer all the
18 questions that had been asked that evening.

19 We followed that up with an open house at East
20 Brandywine Township on March 20 in which we set forth a
21 23 point reliability enhancement plan. We have
22 additional copies of that available if anyone was not
23 able to attend the open house. So you can take a look at
24 that. It sets forth the specific steps that we are going
25 to be taking to enhance reliability in this area, whether

1 it has been accomplished to date or not and if not the
2 dates that we anticipate that it will be accomplished.

3 We have already begun work on this plan to
4 implement it and we are going to continue working on this
5 plan. But there is more than that that we are going to
6 be doing.

7 Your township officials made it very clear that
8 they wanted us to be accountable to the township for how
9 we performed on that plan and they wanted the ability to
10 enforce that plan against us. So we have entered into an
11 agreement with both townships in which we have agreed to
12 provide them with periodic updates of how we are
13 performing under the plan and we have agreed that that
14 plan is going to be an enforceable part of our activities
15 in the area that they can go to the Commission and seek
16 enforcement of it if we are not performing up to it.

17 It is also not simply a plan that we have delivered
18 into their hands as a finished product. We have hired an
19 expert who is reviewing the plan now to see if there are
20 additional items that they will suggest that we put into
21 that plan. And if they suggest additional items they
22 will either put them into the plan or the townships will
23 have the ability to go to the Pennsylvania Public Utility
24 Commission and request that we be ordered to put those
25 items in our reliability plan.

1 So that is what has been done with relation to the
2 reliability concerns specifically to East Brandywine
3 Township and Wallace Township.

4 Your Honor, I think that is the summary of where we
5 stand on the settlement to date.

6 JUDGE RAINEY: Thank you, Mr. Smith.

7 I will now give the other formal parties who are
8 here an opportunity to provide comments.

9 We will start with you, Ms. Foster.

10 MS. FOSTER: Good evening everyone. My name is
11 Denise Foster and I am an attorney with the Office of
12 Consumer Advocate. Our office represents the consumers
13 of utility services in matters before the Public Utility
14 Commission. We are here tonight to hear your comments on
15 the proposed merger between PECO and Unicom Corporation.

16 Our office, as both Mr. Smith and the Judge have
17 informed you, has been very actively involved in this
18 proceeding. We filed a protest against this merger
19 initially and in our protest we argued that as originally
20 proposed by PECO the merger did not bring sufficient
21 benefits to ratepayers to justify Commission approval.

22 We have participated in the lengthy negotiations
23 with PECO and as a result we entered into the settlement
24 as described by Mr. Smith. We believe now that that
25 settlement provides benefits and protections to PECO's

1 ratepayers.

2 We are here today to hear from you, your thoughts
3 and your concerns. And I also have provided information
4 about our office. I have a pamphlet here and there might
5 be some on the table. And also our offers has put
6 together a shopping guide to help consumers in their
7 efforts to compare prices of marketers and utilities in
8 electric competition. So we have guides specifically
9 tailored for PECO's service territory on the table up
10 front too.

11 If you have any questions or problems that you want
12 talk about afterwards I will be available.

13 Thank you.

14 JUDGE RAINEY: Thank you, Ms. Foster.

15 Ms. Jones.

16 MS. JONES: Good evening, ladies and gentlemen. My
17 name is Angela Jones. I represent the Office of Small
18 Business Advocate. Our office is concerned about the
19 small commercial ratepayers and we litigate in front of
20 the Commission.

21 We are here to address your concerns. If you are a
22 small business I would be happy to entertain any
23 questions that you may have.

24 We have intervened in this proceeding and as
25 Mr. Smith has indicated we do support the settlement

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1 agreement that is pending before the Commission. We
2 believe that it has benefits for small commercial
3 ratepayers, specifically rate reductions and the rate cap
4 that is pending with the settlement agreement.

5 However, we are very interested in your concerns.
6 As the Judge alluded to earlier, we would appreciate it
7 if you would testify under oath as that way we can
8 definitely look at your concerns as well as the
9 Commission.

10 If you should choose not to testify under oath but
11 you still have concerns please see me afterwards and I
12 would be happy to entertain whatever questions you may
13 have.

14 Again, thank you for coming. We are here to hear
15 from you.

16 JUDGE RAINEY: Thank you, Ms. Jones.

17 Mr. Hoffman.

18 MR. HOFFMAN: Good evening, ladies and gentlemen.
19 My name is Charles Hoffman and I am with the Commission's
20 Office of Trial Staff.

21 I don't really have very much to add. My
22 colleagues have already explained everything quite
23 nicely. We too have signed off on the settlement
24 petition and we are here tonight because we are
25 interested in what you have to say about it.

1 So thank you very much for coming.

2 JUDGE RAINEY: Thank you, Mr. Hoffman.

3 Before we take testimony I notice that there were
4 some people who came in after we started. If any of
5 those persons are desirous of providing testimony this
6 evening please come up and sign the sign-in sheet now.

7 (Pause.)

8 JUDGE RAINEY: We are now about to take testimony.
9 Prior to giving your testimony I would ask that you
10 provide your full name and then spell your full name for
11 the record. Also to provide your address and then state
12 whether or not you are appearing on behalf of an
13 organization and then whether or not you are a PECO
14 customer.

15 Mr. Paul Janssen.

16 May I swear you in?

17 MR. JANSSEN: Yes.

18 Whereupon,

19 PAUL JANSSEN

20 having been duly sworn, testified as follows:

21 DIRECT TESTIMONY

22 JUDGE RAINEY: Thank you. Please provide your full
23 name.

24 THE WITNESS: My name is Paul Janssen,
25 J-A-N-S-S-E-N.

1 JUDGE RAINEY: Thank you.

2 THE WITNESS: I am here in two roles. I am the
3 city manager of the City of Coatesville and I also live
4 in West Brandywine Township directly across the street
5 from East Brandywine Township.

6 JUDGE RAINEY: Okay.

7 THE WITNESS: I thank you for the opportunity to be
8 here tonight. I trust not being in East Brandywine or
9 Wallace I have an opportunity to speak here.

10 JUDGE RAINEY: You should do. But would you
11 provide your address?

12 THE WITNESS: 2 Lahalla Drive in West Brandywine
13 Township and also One City Hall Place in Coatesville.

14 JUDGE RAINEY: Thank you.

15 THE WITNESS: I am here to speak on behalf of the
16 city's support for the merger for PECO with Unicom and I
17 base our support in four areas.

18 The first area is the area of reliability. The
19 city suffered through -- and my tenure with the city is
20 approximately two years. We suffered through some
21 tremendous outages. Whole sections of the city were dark
22 in my tenure. I am pleased to say that we have had only
23 one outage, it was the election night outage, in 1999.
24 And that was managed in a period of about three hours.
25 And I don't think we were alone in that evening.

1 On a personal note, I moved into our house in West
2 Brandywine in late October, 1999, and my wife was
3 prepared to pay the electrician and to purchase the
4 generator to support electricity in our house because we
5 lost electricity so much in December. But since December
6 we have had no problems and I am very happy about that.
7 And we have had some difficult weather related issues
8 that we should have lost power in comparison to the first
9 month that we were there. So we are very happy about
10 that, both for the city and also personally.

11 I will move into some areas here that are very
12 effected for the city itself. We believe the rate
13 reductions are going to be good for the residents of the
14 city. Coatesville is not a wealthy community although we
15 do have some very good citizens living there and they
16 deserve to have good access to cost conscious
17 electricity. Some of that is available just by shopping
18 to other companies but we do also believe that PECO is
19 being responsive to that and some of the issues in the
20 settlement that I've heard tonight are very supportive of
21 that for the city and for our residents.

22 Another area is good will and the good corporate
23 neighbor that PECO brings to the city. They support the
24 city in some areas that are very, very important to the
25 city such as donating CO2 detectors for our elderly and

1 aged population and also smoke detectors. Those are
2 things that our residents don't think about potentially
3 and probably can't afford in some case. So our codes
4 department is able to distribute those those along with
5 our fire department.

6 The assistance they provide some of the residents
7 in being able to work their way through paying their
8 bills has been very helpful and we are supportive of that
9 part of the companies program.

10 And also PECO has been a great corporate neighbor
11 for the city, helping a lot of organizations that just
12 can't go out and support their operations the way that
13 they should be. A lot of organizations outside of center
14 city type of situations can't and so we are very
15 appreciative of the corporate support that they provide
16 to organizations such as kids sports, a senior center,
17 those kinds of operations.

18 From a personal level the most important issue that
19 I want to testify to tonight on behalf of the city is the
20 support that PECO has given us in technical areas of
21 economic development. The city has embarked on a
22 comprehensive redevelopment effort and there are a lot of
23 very strong technical support personnel in PECO that have
24 volunteered their time and their support to the city to
25 help us with that process. We believe that the merger is

1 only going to support that ability to help us and we are
2 very appreciative of that.

3 JUDGE RAINEY: Thank you, Mr. Janssen.

4 Any questions from the formal parties for
5 Mr. Janssen?

6 (No audible response.)

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

9 THE WITNESS: Thank you. Do I need to stay?

10 JUDGE RAINEY: No, you don't need to stay, sir.

11 THE WITNESS: Thank you.

12 (Witness excused.)

13 JUDGE RAINEY: Mr. Roger Godfrey.

14 Mr. Godfrey, may I swear you in?

15 MR. GODFREY: Yes.

16 Whereupon,

17 ROGER GODFREY

18 having been duly sworn, testified as follows:

19 DIRECT TESTIMONY

20 JUDGE RAINEY: Would you provide your full name?

21 THE WITNESS: Roger, R-O-G-E-R, Godfrey,
22 G-O-D-F-R-E-Y.

23 JUDGE RAINEY: Would you provide your address?

24 THE WITNESS: 201 West Hilltop Road, West Chester
25 mailing. I live in Westtown.

1 JUDGE RAINEY: Are you a PECO customer?

2 THE WITNESS: Yes.

3 JUDGE RAINEY: Are you appearing here on your
4 behalf behalf this evening?

5 THE WITNESS: Yes.

6 JUDGE RAINEY: Please present your testimony.

7 THE WITNESS: I have lived in Chester County for 33
8 years and I have been a customer of PECO for 33 years and
9 I find them very, very well. And I would like to say
10 that I am all for the merger and it will bring
11 specialists into this section of the country from the
12 Midwest and I think that would be a good thing.

13 Thank you.

14 JUDGE RAINEY: Thank you, Mr. Godfrey.

15 Any questions for Mr. Godfrey?

16 (No audible response.)

17 JUDGE RAINEY: Thank you. You may stand down,
18 Mr. Godfrey.

19 (Witness excused.)

20 JUDGE RAINEY: Mr. Steven Kirtland.

21 MR. S. KIRTLAND: I just wanted to make some
22 statements.

23 JUDGE RAINEY: Do you want to make unsworn
24 statements, Mr. Kirtland?

25 MR. S. KIRTLAND: Yes.

1 JUDGE RAINEY: Do you want to make them from there?
2 Why don't you stand so we can hear you.

3 MR. S. KIRTLAND: I am a homeowner in Wallace
4 Township. My name is Steven Kirtland. I have been
5 experiencing a lot of brownouts for probably the last six
6 months. I have a 15 foot branch hanging from my electric
7 lines where I have called PECO probably six or seven
8 times to have them come and remove it. But they say they
9 are only responsible from, like, one pole beyond a
10 certain fuse link. It is the next pole beyond that. It
11 is a dangerous situation with all the horseback riders
12 and the children in the area. I would like to have it
13 removed for a safety issues and, you know, possibly a
14 fire hazard or anything like that, too. I seem to get no
15 response. I have had six or eight trucks up there and
16 they just won't touch it.

17 JUDGE RAINEY: Thank you, Mr. Kirtland.

18 MR. S. KIRTLAND: That is basically what I would
19 like to say.

20 JUDGE RAINEY: Mr. Edward Kirtland.

21 MR. E. KIRTLAND: I don't have anything to say at
22 this time, Your Honor.

23 JUDGE RAINEY: Thank you.

24 Ms. Helen Forrest.

25 Ms. Forrest, may I swear you in?

1 MS. FORREST: Yes.

2 Whereupon,

3 HELEN FORREST

4 having been duly sworn, testified as follows:

5 DIRECT TESTIMONY

6 JUDGE RAINEY: Would you give your full name,
7 please?

8 THE WITNESS: Helen Forrest, F-O-R-R-E-S-T. my
9 address is 1301 Harness Lane, Chester Springs.

10 JUDGE RAINEY: Are you a PECO customer?

11 THE WITNESS: Yes.

12 JUDGE RAINEY: Are you appearing here this evening
13 on your own behalf?

14 THE WITNESS: Yes.

15 JUDGE RAINEY: Please present your testimony.

16 THE WITNESS: I am just here to say that I agree
17 with the merger between PECO and Unicom. I have been a
18 Chester County resident for 34 years and I have always
19 been pleased with their service and I feel the merger
20 would give us even better high quality service than we
21 have now.

22 JUDGE RAINEY: Thank you, Ms. Forrest.

23 Any questions for Ms. Forrest?

24 (No audible response.)

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

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(Witness excused.)

1

JUDGE RAINEY: Mr. Joseph Lewis.

2

3

Mr. Lewis, may I swear you in.

4

MR. LEWIS: Yes.

5

Whereupon,

6

JOSEPH LEWIS

7

having been duly sworn, testified as follows:

8

DIRECT TESTIMONY

9

JUDGE RAINEY: Please give your full name.

10

THE WITNESS: Joseph P. Lewis, L-E-W-I-S.

11

JUDGE RAINEY: And your address?

12

THE WITNESS: 1504 Creek Road, Glenmoore.

13

JUDGE RAINEY: And are you a customer of PECO

14

Energy Company?

15

THE WITNESS: Yes, I am.

16

JUDGE RAINEY: And are you appearing here on behalf

17

of an organization?

18

THE WITNESS: Myself and partly the fire company.

19

I didn't officially do that through them but I have been

20

a member for 20 years so I would like to add a few things

21

on their aspect.

22

JUDGE RAINEY: Please proceed with your testimony.

23

THE WITNESS: The last 20 years I have run with the

24

fire company it is an unique situation. Two-thirds of

25

our area is covered by PECO and one-third is covered by

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1 PP&L and the response time to emergencies is drastically
2 different. PP&L is a pleasure to deal with. They
3 respond promptly.

4 On a personal note, I was out of electric for three
5 days during Hurricane Floyd. I called five times. Four
6 out of those five times I was given a repair time which
7 came and went. It was never taken care of. And it was
8 obvious what it was. It was a wire broke in half and
9 probably a 20 minute job to put it back together.

10 If they are going to merge, I would rather see them
11 merge with a company, PP&L, instead of a Chicago based
12 company. They would be better. They are closer. I
13 don't see how they are going to have better service with
14 a company based out of Chicago when you have somebody
15 closer by that would do a heck of a lot better job.

16 I know the township had a problem. They had a
17 tree down into the wires heading back to their sewer
18 plant and they couldn't get to the sewer plant and it was
19 down for two to three days. That took forever to get
20 that taken care of. They sent people out and every time
21 they would send someone out they were in a pickup truck
22 when they needed a bigger truck.

23 I just think if they are going to do it they should
24 merge with somebody local. I think it is going to be
25 just something for the shareholders or stockholders, it

1 is going to benefit them and not the customers out here.

2 I don't know if it would be legal, but I would like
3 to see the township petition PECO or the Public Utility
4 Commission to let our township and maybe East Brandywine
5 if they are interested sell their lines to PP&L and let
6 them take care of us and we would be totally out of PECO
7 if possible. I don't know if it is a reality or a
8 possibility. I don't know who to talk to a find out, but
9 I would like to.

10 That is all I have to say.

11 JUDGE RAINEY: Thank you, Mr. Lewis.

12 Any questions for Mr. Lewis?

13 MS. HALSENA: I understand the fire company is
14 considering buying a generator to alleviate some of these
15 problems. Have you made up your mind on that?

16 THE WITNESS: They have not proceeded any further.
17 At this time, no, we have not done any more.

18 JUDGE RAINEY: Was that Ms. Halsena? Is that your
19 name? Just for the record we need to identify who was
20 asking the question.

21 MS. HALSENA: Yes.

22 JUDGE RAINEY: Thank you very much.

23 Thank you, Mr. Lewis. You may stand down.

24 (Witness excused.)

25 JUDGE RAINEY: Mr. Albert Greenfield.

1 Mr. Greenfield, may I swear you in?

2 Whereupon,

3 ALBERT GREENFIELD

4 having been duly sworn, testified as follows:

5 DIRECT TESTIMONY

6 JUDGE RAINEY: Would you give your full name,
7 please?

8 THE WITNESS: My name is Albert Greenfield. I have
9 been a homeowner here for nearly 44 years.

10 JUDGE RAINEY: Mr. Greenfield, would you spell your
11 last name?

12 THE WITNESS: G-R-E-E-N-F-I-E-L-D.

13 JUDGE RAINEY: And your address?

14 THE WITNESS: 801 Marshall Road, Glenmoore.

15 JUDGE RAINEY: Are you a PECO customer?

16 THE WITNESS: I am a PECO customer. I have been
17 all this time.

18 JUDGE RAINEY: Please provide your testimony.

19 THE WITNESS: I am here this evening because I
20 attended the meeting on February 23rd -- I believe that
21 was the date -- in East Brandywine Township. And I heard
22 a lot of testimony, most of which I agreed with. And I
23 offered some myself at the end of the meeting concerning
24 the feeling -- more than a feeling -- concerning some
25 rationale as to the need to go underground with electric

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1 wires.

2 When I read the report there was not one word about
3 everything that was said about that. Not one. It was
4 like it never happened.

5 The bottom line of the suggestions that were
6 offered was that we would be greatly -- all of us would
7 be greatly -- we would feel a great deal better about
8 undergoing the vicissitudes of maybe sometimes unreliable
9 service and what have you if there was a plan set forth,
10 maybe long-term, maybe in terms of 20 years, to bury
11 these wires ultimately because that is the ultimate
12 solution.

13 Certainly there are problems. We recognize them.
14 We discussed some of them. But I think they are
15 infinitesimally small compared to what could be
16 accomplished if the wires were buried underground.

17 I would urge both companies if there is to be a
18 merger to undertake that statement. I think whatever
19 utility does that is going to be rewarded, maybe not in
20 the short run, by their shareholders because they are up
21 front and they will get a jump on everybody else. This
22 is the answer in this country to the reliability
23 problems.

24 I know you've got trees and people want to protect
25 them and if you want to bury them right here maybe you

1 will have to move across the street or do certain things.

2 Over the years I have had mixed experiences with
3 Philadelphia Electric. I have a lot of trees. I own a
4 lot of frontage, maybe a half-mile of road frontage
5 literally. And people come to me and say, well, they
6 want to know what you want done. And I tell them. And
7 they say we are going to be here such and such a day.
8 Well, they are either not there that day or they have
9 been there before and it is very unsatisfactory.

10 Sometimes when we go through the whole thing and I
11 meet with the people and go over what trees they are
12 going to cut and how they are going to cut them, I would
13 not call myself an expert but I know a lot about how to
14 prune these trees and they go ahead and do what they want
15 anyhow for the most part. Every once in a while we can
16 agree and it gets down properly. That has not always
17 been universally true that every situation has been bad.
18 There has been good ones.

19 I can be specific but it would be hard at this
20 point in time to come up with specifics. But I will sit
21 down with anybody at any time to discuss this whole
22 problem.

23 But I firmly believe that you must report what is
24 being said about putting these wires underground. Maybe
25 you have but not in this meeting. I want to see that. I

1 Whereupon,

2 K E L L Y C I F O N E

3 having been duly sworn, testified as follows:

4 D I R E C T T E S T I M O N Y

5 JUDGE RAINEY: Please provide your full name.

6 THE WITNESS: Kelly Cifone, C-I-F-O-N-E.

7 JUDGE RAINEY: And your address?

8 THE WITNESS: 1025 Paoli Pike, West Goshen, West
9 Chester, Pennsylvania.

10 JUDGE RAINEY: Are you appearing here this evening
11 on behalf of an organization?

12 THE WITNESS: I am appearing here as a private
13 satisfied customer as well as the president of the West
14 Goshen Friends of the Park.

15 JUDGE RAINEY: Thank you. Please present your
16 testimony.

17 THE WITNESS: I would just like to say that PECO
18 Energy has been a good corporate citizen who cares and
19 participates with our community and I anticipate that the
20 merger will only enhance our service as well as our
21 supporting efforts.

22 JUDGE RAINEY: Thank you, Ms. Cifone.

23 Any questions for Ms. Cifone?

24 (No audible response.)

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

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(Witness excused.)

1

JUDGE RAINEY: Ms. Alice Halsena.

2

May I swear you in, Ms. Halsena?

3

MS. HALSENA: Yes.

4

Whereupon,

5

ALICE HALSENA

6

having been duly sworn, testified as follows:

7

DIRECT TESTIMONY

8

JUDGE RAINEY: Please provide your full name.

9

THE WITNESS: Alice Halsena, H-A-L-S-E-N-A.

10

JUDGE RAINEY: And your address?

11

THE WITNESS: 48 Walnut Bank Road.

12

JUDGE RAINEY: Are you a PECO customer?

13

THE WITNESS: Yes.

14

JUDGE RAINEY: Is that in Glenmoore?

15

THE WITNESS: Glenmoore, 19343.

16

JUDGE RAINEY: Thank you. Please provide your

17

testimony.

18

THE WITNESS: I had written a letter in response to
a letter that I got. I am a supervisor in the township.

19

However, at this evening I am testifying on my own behalf
and on the behalf of our neighbors as a private citizen.

20

It has nothing to do with the township. The township,
East Brandywine Township and Wallace Township, have

21

worked very hard to work out an agreement that may be

22

worked very hard to work out an agreement that may be

23

worked very hard to work out an agreement that may be

24

worked very hard to work out an agreement that may be

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1 useful. We will have to wait and see.

2 I believe one of the major criteria of approval of
3 the PECO merger with its Chicago counterpart part is how
4 the juncture will benefit the consumers in each
5 constituency. To date I have not been convinced of any
6 stated benefit.

7 There are 23 items on the PECO's, quote, PECO plan
8 to enhance service quality and reliability in Wallace
9 Township and East Brandywine Township. For Wallace
10 Township and East Brandywine Township customers they are
11 all items which should have been addressed as regular
12 service and maintenance long ago. PECO has been remiss
13 over the years in providing Wallace Township even basic
14 service.

15 I have been a PECO customer for 51 years. Wallace
16 Township has been our legal residence even through we
17 have been in the foreign service and have lived all over
18 the world. Our six children consider it home. We bought
19 our property in 1949 and noted at that time that the
20 poles coming in the tenth of a mile from Walnut Bank to
21 our property were put in by the Chester Valley Electric
22 Authority or Electric Company. And those poles are still
23 there. And that is from 1949, and they were not new in
24 that time.

25 In the late '80s when the Shieler and Housen

1 properties -- these were two large farms on Little
2 Conestoga Road and Fairview Road -- were developed with
3 23 very large what I call all-electric statement homes --
4 they really are huge in the vicinity -- a lot of them
5 sell for over half a million dollars. PECO failed to
6 heavy-up the lines to that part of the system and in that
7 area PECO's line ends and PP&L picks up, oh, maybe a
8 half-mile beyond. This low power caused loss of several
9 oil burner motors and other electric equipment during the
10 early December cold snap. We lost the motor on our oil
11 burner in our tenant house. We live in the barn which we
12 remodeled into a house when we retired from the foreign
13 service.

14 More recently in the mid-90's there was a large ice
15 storm, if you will recall, and one of our neighbors lost
16 one of the three wires that come in to provide power to
17 the house. The wire sort of swung in the wind for three
18 full days and nobody could be brought to do anything
19 about it. Many fruitless calls to PECO and finally an
20 appeal to 911 -- and 911 was fairly young in those days,
21 but they came out right away. And the person they sent
22 was appalled. He said, you know, this house, you are
23 very lucky, it could have burned right down to the
24 ground. The surge of that wire tearing loose fried the
25 household range, the refrigerator, the microwave, three

1 or four TVs, computers, a fax machine, because the
2 husband worked from home. Everything plugged in at that
3 time was a total loss by that wire cutting loose.

4 In 1998 my husband, James Halsena, wrote PECO to
5 complain about extended power outages and surges. I have
6 a copy of the letter attached to this one. 1999 was not
7 much better than the following outages that we can
8 remember. January 18-19 we most power for 11 hours. On
9 the 23rd and 24th for 22 hours. And on March 14, 15 and
10 16 we were without power for 39 hours.

11 The March outage was particularly infuriating since
12 after 24 hours of outage lights came on all around us.
13 When I noted this to PECO trouble number I was told that
14 the whole street was out. Finally, after I enumerated
15 the addresses and the names of the homeowners on Walnut
16 Bank Road individually, the operator acknowledged that
17 each of those residentss were indeed back in service.
18 And our two residences, our house and our tenant house,
19 were the only ones without power. And it took quite a
20 while to get somebody to come and do something about it.

21 We always keep emergency supplies of water,
22 lighting, heating and canned food to preclude
23 refrigerator freezer meltdown in our home because living
24 in underdeveloped countries as we have all of our lives
25 we understand that you need to have at least a week or

1 more supply of these things at hand. But not many people
2 in the United States think in this stupid way.

3 Another friend of ours at a distance from where we
4 live in Wallace Township was without power over five days
5 at a time when PECO was providing dry ice. Her schedule
6 precluded her managing to find ice at the designated
7 locations when they said they would have some and after
8 several days in desperation she bought dry ice. Later
9 her request for that small reimbursement fell on deaf
10 PECO ears. I call that cavalier to say the least.

11 A number of years ago after the problem with PECO's
12 Peach Bottom nuclear plant PECO mounted an open house in
13 their Coatesville offices to which I was invited.
14 Discussion emphasized the turnaround in PECO's approach
15 to nuclear plants. I personally found that meeting
16 unconvincing and to a large extent, quote, smoke and
17 mirrors, unquote. I was not in the least reassured.

18 The global argument strikes me as a steamroller
19 that will brook no delay and the, quote, township
20 reliability issues, unquote, and their solution are
21 better late than never but they speak not a word about
22 the merger benefit to either set of corporate customers.
23 To my mind it speaks only to the advantage, if there is
24 any, to the corporate stockholder.

25 I thank you for this opportunity to respond and I

1 do feel that at last and for now Wallace Township has
2 gotten PECO's attention despite the fact that I see no
3 stated benefits to PECO customers in the merger
4 documentation.

5 And I know Chicago's electric company well and I
6 think it is a marriage of two losers.

7 JUDGE RAINEY: Thank you, Ms. Halsena.

8 Any questions for Ms. Halsena?

9 MR. LEWIS: I was wondering if the township would
10 entertain the idea to petition the PUC or whoever to try
11 and switch to PP&L. Would the township favor that or put
12 it out in a newsletter so that people could see that?

13 THE WITNESS: Me might do that. The trouble is,
14 you see, that no matter from whom you buy your
15 electricity you are still stuck with PECO's distribution.

16 MR. LEWIS: I know we are right on the edge of
17 PP&L. Maybe there is some way they could buy those lines
18 out and provide power from a different direction from
19 PP&L.

20 THE WITNESS: Well, that might be something.

21 MR. LEWIS: It sounds like the people from
22 Coatesville West Chester are happy with their service and
23 I know we are not. So if there is any way the township
24 could entertain that --

25 THE WITNESS: I know the systems are very close by.

1 MR. LEWIS: It's a mile up the street.

2 THE WITNESS: And of course the system is split in
3 two in this township. It is a completely different
4 system on the other side of the creek. After you go
5 through the S curve on Fairview you get into the other
6 part of the system. And quite often you have electricity
7 when we don't.

8 I would like to leave this with you.

9 JUDGE RAINEY: Please present your written
10 statement, Ms. Halsena.

11 Just for the record, I note that was Mr. Joseph
12 Lewis who asked the questions and also provided further
13 comment.

14 THE WITNESS: Do you have further questions?

15 JUDGE RAINEY: No. He did. I just noted that for
16 the record.

17 THE WITNESS: Thank you.

18 JUDGE RAINEY: Thank you.

19 (Witness excused.)

20 JUDGE RAINEY: I do not have anyone else on my list
21 of speakers. Is there anyone else here this evening who
22 would like to speak?

23 I would ask that you sign the sign-in sheet, sir.

24 (Pause.)

25 Mr. Shapanka, may I swear you in?

1 MR. SHAPANKA: Sure.

2 Whereupon,

3 MARVIN SHAPANKA

4 having been duly sworn, testified as follows:

5 DIRECT TESTIMONY

6 JUDGE RAINEY: Would you please give your full
7 name?

8 THE WITNESS: Marvin Shapanka.

9 JUDGE RAINEY: You would spell your name, please?

10 THE WITNESS: S-H-A-P-A-N-K-A.

11 JUDGE RAINEY: Would you provide your address?

12 THE WITNESS: 91 Hausen Lane, Glenmoore.

13 JUDGE RAINEY: Are you a PECO customer?

14 THE WITNESS: I am.

15 JUDGE RAINEY: Please proceed.

16 THE WITNESS: I kind of came to the meeting -- I
17 didn't know that there would be testimony here so I
18 didn't prepare any notes. But I would kind of like to
19 echo the sentiments of the last couple of speakers.

20 I have not been a resident of Wallace Township for
21 30 or 40 years. I have only had that pleasure in many
22 ways for about seven years. And I have lived in a number
23 of other places, but I have never lived anywhere where as
24 this nice lady pointed out that one has to prepare
25 themselves like they lived in a third world country with

1 water that we keep in the garage so that we can flush the
2 toilets and water that we keep so that our children will
3 have something to drink if we are out of power for
4 extended periods of time.

5 My experience has been over the last four or five
6 years I think we have averaged possibly double digits in
7 the number of times that we have had power outages
8 during a given year. I don't have them all documented.
9 But certainly they have been more than a few in each of
10 the last several years.

11 PECO's responses when I have called them have
12 ranked from, well, most of the time you get a recording
13 and you leave a message and you don't talk to anybody.
14 But their estimates of when the power will be back on are
15 usually less than accurate. Sometimes they won't give
16 you an estimate at all. They just tell you they don't
17 know.

18 It seems to me that Wallace Township has been
19 treated as a kind of secondary citizen because we are at
20 the end of the line and because fixing our power does not
21 affect a tremendous number of people. We always get
22 treated at the bottom of the list in terms of when they
23 will repair our power. And it happens over and over
24 again and I am sure a lot of it has to do with tree
25 pruning. And the wires to be put underground that would

1 be a great long-term solution. But it just seems to me
2 that even though we are a small number of customers that
3 we should not have to live in mortal fear of the wind and
4 a little rain.

5 Basically in my house once the wind starts blowing
6 my wife changes the strategy for the evening. Kids have
7 to take baths quickly. We make dinner quickly. It
8 changes your entire life because you don't know whether
9 you will have any power.

10 I don't understand how this merger that they talk
11 about that is being proposed with a company from Chicago
12 -- Chicago, right?

13 JUDGE RAINEY: Yes, it is.

14 THE WITNESS: I fail to understand how that will
15 have any benefit whatsoever to the customers, to PECO's
16 customers. I have worked in a lot of different
17 corporations and the further you travel from the home of
18 management the less control, the less impact, the less
19 service one tends to get from a centrally run company.
20 So here we have a case -- and I don't know anything about
21 the Chicago electric company -- but here we have a case
22 of PECO which is erratic in their service -- I have heard
23 people testify that they have good service but clearly
24 lots of us have not had good service -- where you have a
25 company that is erratic merging with another company at a

1 great distance. I fail to see how that will benefit
2 PECO's customers, certainly those of us who have not had
3 very good service.

4 So I for one -- Mr. Lewis' suggestion if there is
5 a viability to having PP&L buy this end of the line
6 service from PECO and switch over, it would certainly get
7 my vote as well as anything else that would -- if there
8 are other solutions, putting the wires underground,
9 whatever it be. I think PECO owes its customers
10 reasonably reliable service and I for one would say that
11 the residents of Wallace Township have not had that.

12 JUDGE RAINEY: Thank you, Mr. Shapanka.

13 Are there any questions for Mr. Shapanka?

14 (No audible response.)

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

16 THE WITNESS: Thank you.

17 (Witness excused.)

18 JUDGE RAINEY: Is there anyone else here who would
19 like to testify this evening or who has a question for
20 PECO's representatives?

21 (No audible response.)

22 JUDGE RAINEY: If not, I would like to thank you
23 all for being here this evening. This concludes the
24 public input session of this particular meeting.

25 I would ask the formal parties to remain. We are

1 going to take up an administrative matter before we leave
2 here this evening.

3 You are otherwise invited to stay or otherwise you
4 may leave. But we will take up another matter here.

5 It is my understanding, Mr. Smith, that you have a
6 document which you would like to have introduced as an
7 exhibit, that document being publications in various
8 newspapers of notices for these public input hearings.
9 Is that correct?

10 MR. SMITH: Yes, Your Honor.

11 JUDGE RAINEY: How would you like to have that
12 document marked?

13 MR. SMITH: I would like that marked as PECO
14 Hearing Exhibit No. 1. And I have so marked it and
15 provided copies to yourself, the other parties and the
16 court reporter.

17 JUDGE RAINEY: Thank you very much.

18 Do you want to proceed and describe this document
19 to us?

20 MR. SMITH: Yes, Your Honor.

21 This is a four page document. And I apologize
22 because I am going to take it a little bit out of order.

23 Generally what this is is it answers Your Honor's
24 questions from a previous public input session about what
25 the notice was for the various public input sessions that

1 were involved in this merger.

2 The last page of this document is the public input
3 hearing notice that was published by PECO Energy in a
4 variety of newspapers and it contains a statement of all
5 of the various public input sessions, including the York
6 County sessions that are being held next week.

7 On the first page of PECO Hearing Exhibit No. 1 is
8 a list of the newspapers in which this appeared and the
9 dates on which it appeared. Generally speaking this was
10 published on Friday, the 24th of March, with one
11 exception, the Philadelphia Sun, it was published on
12 March 26. This was published in the Philadelphia
13 Inquirer and Daily News as well as nearly a dozen
14 newspapers of general circulation in the PECO Energy
15 service territory. The indication here of the
16 publication on the 24th would have been prior to any of
17 the public input hearings that were scheduled.

18 JUDGE RAINEY: Thank you, Mr. Smith.

19 MR. SMITH: The remaining two documents that I have
20 provided are not notice that were provided by PECO Energy
21 but they are newspaper articles from the Philadelphia
22 Inquirer that provided additional public notice. The
23 first one, which is the second page of PECO Hearing
24 Exhibit No. 1, is from the March 27 Philadelphia
25 Inquirer. The article on the merger which the first part

1 of this was front page of the Philadelphia Inquirer above
2 the fold. This is the follow-up portion of it. And it
3 indicates all the hearings except the York County
4 hearing. We did not provide that information to the
5 Inquirer.

6 The last page here, which is page three of PECO
7 Hearing Exhibit No. 1, is an article from the Inquirer
8 the next day, March 28, which indicates the remaining
9 public hearings, including the hearings for this evening.

10 So that, Your Honor, is the public notice that was
11 provided of the public input sessions with relationship
12 to the settlement

13 JUDGE RAINEY: Are there any questions from the
14 formal parties with regard to PECO Hearing Exhibit No. 1?
15 (No audible response.)

16 JUDGE RAINEY: Are there any objections to the
17 admission into evidence of PECO Hearing Exhibit No. 1?
18 (No audible response.)

19 JUDGE RAINEY: Hearing none, no objection. So it
20 is admitted into evidence.

21 (Whereupon, the document was marked as PECO
22 Hearing Exhibit No. 1 for identification, and was
23 received in evidence.)

24 JUDGE RAINEY: Are there any other matters to be
25 taken up here this evening?

1 (No audible response.)

2 JUDGE RAINEY: If not, thank you all very much.

3 This hearing is adjourned.

4 (Whereupon, at 8:02 p.m., the public input hearing
5 was adjourned, to be reconvened at 7:00 p.m. on Friday,
6 March 31, 2000, in Media, Pennsylvania.)

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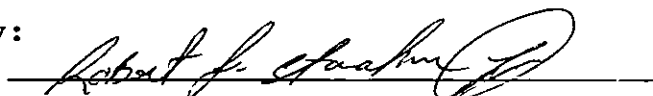
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C E R T I F I C A T E

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 accurate record to the best of
my ability.

COMMONWEALTH REPORTING COMPANY, INC.

By:



Robert J. Stonaker