

**ORIGINAL**

COMMONWEALTH OF PENNSYLVANIA

PUBLIC UTILITY COMMISSION

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

Docket No. A-110550F0147

**DOCUMENT FOLDER**

Pages 326 through 356

Council Meeting Room  
Delaware County Government  
Center Building  
201 West Front Street  
Media, Pennsylvania

**DOCKETED**

APR 7 2000

Friday, March 31, 2000

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

**BEFORE:**

CHARLES E. RAINEY, Administrative Law Judge

**APPEARANCES:**

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

PAUL R. BONNEY, Esquire  
2301 Market Street  
P.O. Box 8699  
Philadelphia, Pennsylvania 19101-8699  
(For PECO Energy)

*J.S.M.*  
RECEIVED  
00 APR - 5 PM 1:23  
SECRETARY'S BUREAU  
P.A.P.U.C.

Commonwealth Reporting Company, Inc.

700 Lisburn Road  
Camp Hill, Pennsylvania 17011

53

**APPEARANCES, (Continued):**

**DENISE FOSTER, Esquire**  
1425 Strawberry Square  
Harrisburg, Pennsylvania 17120  
(For the 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)

**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>
Leslie Lobb	338	--	--	--
William R. Taylor	341	--	--	--
Kenneth Steven Kolaczyk	343	--	--	--
Ruth Brusstar	349	--	--	--
Henry Conrad	350	--	--	--
John L. Hankins	354	--	--	--

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

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

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

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

23 Additionally, the Electricity Generation Customer  
24 Choice and Competition Act requires the Commission to  
25 consider whether PECO's proposed merger with Unicom will

1 adversely impact retail electric competition.

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

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

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

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

24 In the settlement document the signatory parties  
25 requested a change in the procedural schedule in this case

1 in light of the settlement.

2 During the public input hearing on Monday, March 27,  
3 I rejected the signatory parties' proposed revised schedule.  
4 I established another revised schedule instead.

5 The revised schedule which I established provides for  
6 the filing of objections or comments to the settlement by  
7 April 13, 2000.

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

12 So concludes my brief presentation of the substantive  
13 and procedural matters involved in this case. You, the  
14 public, may participate in today's hearing in one of three  
15 ways.

16 The first way, and the way that the Commission finds  
17 preferable, is that you submit sworn testimony under oath.  
18 By giving sworn testimony the Commission may consider your  
19 testimony when it decides this case. Sworn testimony may be  
20 subject to questions from the parties and me.

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

24 The third way is to provide information at the break  
25 or at the conclusion of this hearing to either the Office of

1 Trial Staff, the Office of Consumer Advocate, or the Office  
2 of Small Business Advocate for its use at its discretion at  
3 an evidentiary hearing, if one is held, or during any  
4 additional negotiation sessions, if any are held.

5 I would ask that you limit your testimony to PECO's  
6 proposed merger with Unicom. Representatives from PECO  
7 Energy Company are here and will help you at the break or at  
8 the conclusion of this hearing with other matters.

9 I will now ask counsel for PECO Energy Company,  
10 Mr. Bonney, to introduce himself, and to also explain the  
11 significant terms of the settlement agreement.

12 Mr. Bonney?

13 MR. BONNEY: Thank you, Your Honor.

14 Good evening, everyone. My name is Paul Bonney, I'm  
15 counsel for PECO Energy. Thank you for coming out tonight.

16 We are pleased to report that we've reached a  
17 settlement with a significant number of the parties who are  
18 proceeding before the Commission. Those parties represent a  
19 very broad range of interests, and we think that the public  
20 interest is well served by this settlement.

21 It has a number of elements; I'll just touch on them  
22 briefly. First, there's a \$200 million rate decrease  
23 starting in 2002. There will be a \$60 million decrease in  
24 that year, another \$60 million in 2003, a \$40 million rate  
25 decrease in 2004, and again in 2005.

1           In addition, we've agreed to extend the distribution  
2 rate cap that we have in place now for another year and a  
3 half, until the end of 2006. That means we'll have had  
4 sixteen years without a rate increase since our last case  
5 was held in 1990.

6           In addition, the settlement provides enhancements for  
7 services for low-income customers, provisions to improve  
8 customer service and reliability.

9           We have set new ground for development of renewable  
10 energy, including solar and wind power; we have modified the  
11 competitive rules for competitive suppliers to provide  
12 additional information, and also to provide them wholesale  
13 power for a number of years at favorable prices.

14           In addition, we've made a commitment in writing to  
15 Southeastern Pennsylvania and to Philadelphia. Among other  
16 things, we've agreed that we will maintain our level of  
17 civic and charitable contributions, we'll maintain the  
18 headquarters for the distribution business in Philadelphia  
19 for a number of years, and also we've committed to keep a  
20 number of employees here in Philadelphia.

21           So we think that this is a good settlement  
22 representing all of the interests, and we've asked the  
23 Commission to approve it expeditiously.

24           Thank you.

25           JUDGE RAINEY: Thank you, Mr. Bonney.

1 We will now give the other formal parties who are  
2 here an opportunity to comment.

3 And we'll start with you, Ms. Foster.

4 MS. FOSTER: Hello. My name is Denise Foster, and  
5 I'm an attorney with the Office of Consumer Advocate. Our  
6 office represents consumers of utility services in matters  
7 before the Public Utility Commission.

8 We are here tonight to hear your comments and your  
9 questions and concerns about this proposed merger with PECO  
10 and Unicom.

11 Our office has been actively involved in this  
12 proceeding. We initially filed a protest against this  
13 merger. We believed that as originally filed the merger did  
14 not bring sufficient benefits to ratepayers to justify  
15 Commission approval.

16 However, we've participated in lengthy settlement  
17 negotiations with a broad array of parties, as counsel for  
18 PECO just indicated, and we believe that the agreement that  
19 we've reached will bring significant benefits and  
20 protections to the consumers of PECO.

21 We're here today to hear from you, and I will be  
22 available afterwards as well if you have any questions. In  
23 the back, I've brought pamphlets with information about my  
24 office, and also some shopping dockets.

25 Thank you.

1 JUDGE RAINEY: Thank you, Ms. Foster.

2 Mr. Ryan?

3 MR. RYAN: Thank you, Judge Rainey.

4 I'm Bernard Ryan, I'm the state's Small Business  
5 Advocate. My office represents the small business customers  
6 of all Pennsylvania utilities, and that, of course, would  
7 include PECO.

8 We've been involved with this case from the beginning  
9 and we were part of the negotiations. And we were quite  
10 pleased with the settlement that's been enacted,  
11 particularly the rate decreases, the additional rate  
12 stability through the cap that was put on it, and then the  
13 changes that will make it a more attractive bargain to bring  
14 in additional competitors to offer generation service.

15 So with that, we signed it, we're happy to do it, and  
16 we're here to hear what you have to say about the whole  
17 transaction.

18 Thank you.

19 JUDGE RAINEY: Thank you, Mr. Ryan.

20 Ms. Melillo?

21 MS. MELILLO: Thank you, Your Honor.

22 Good evening, everyone. My name is Kandace Melillo,  
23 I'm with the Commission's Office of Trial Staff. We were  
24 created by the legislature to represent the public interests  
25 in these types of proceedings.

1 We also have been very involved in this proceeding.  
2 We've been participating in the negotiations, and we have  
3 signed onto the settlement. We think it provides a wide  
4 array of benefits.

5 One of the important things to realize when you  
6 achieve a settlement is that you achieve certainty. That  
7 way you can be certain that some of the benefits of the  
8 merger will flow through to PECO's ratepayers.

9 And the other benefits, as stated by Mr. Bonney,  
10 include rate reductions. Also, one of the things our office  
11 was concerned about was whether PECO's ratepayers would be  
12 somehow held responsible for Unicom's nuclear plan  
13 decommissioning. And we did achieve protections in the  
14 proposed settlement for that. So that's an important thing  
15 to realize.

16 So we support it, but we're here to hear what you  
17 have to say, and I'm here for answering questions too, and I  
18 hope you testify tonight.

19 Thank you.

20 JUDGE RAINEY: Thank you, Ms. Melillo.

21 We will now begin to take testimony. When I call  
22 your name, I'll ask that you come to the front and stand at  
23 the microphone.

24 I'll also ask you to provide your full name and to  
25 spell your name. I'll ask you to provide your address, also

1 to state whether you are appearing on behalf of anyone or an  
2 organization. I'll also ask you whether or not you are a  
3 PECO customer.

4 The first person is Ms. Leslie Lobb.

5 Ms. Lobb, may I swear you in?

6 MS. LOBB: Yes.

7 Whereupon,

8 LESLIE LOBB

9 having been duly sworn, testified as follows:

10 JUDGE RAINEY: Please provide your full name.

11 THE WITNESS: My full name is Leslie, L-E-S-L-I-E,  
12 L-O-B-B. My address is 237 Mt. Alverno Road; and that's  
13 Media, Pennsylvania.

14 JUDGE RAINEY: And Ms. Lobb, are you appearing here  
15 on behalf of someone this evening?

16 THE WITNESS: Yes, I'm appearing here on behalf of  
17 Senator Clarence D. Bell, Ninth Senatorial District.

18 JUDGE RAINEY: Thank you. Please provide your  
19 testimony.

20 DIRECT TESTIMONY

21 THE WITNESS: The statement of Clarence D. Bell,  
22 Senator, Ninth District.

23 I am making this statement representing one-quarter  
24 million of my neighbors of Delaware and Chester Counties who  
25 are customers and employees of PECO Energy.

1 I am also making this statement as the Chairman of  
2 the Consumer Protection and Professional Licensure Committee  
3 for the Senate of Pennsylvania.

4 This committee has oversight jurisdiction over the  
5 Public Utility Commission and the subjects with PUC  
6 jurisdiction.

7 What are the benefits from this merger to my  
8 neighbors of Southeastern Pennsylvania who are the customers  
9 and employees of PECO Energy?

10 News reports indicate that a large number of the  
11 middle management employees will be retained after the  
12 merger for a short period of time. News reports also  
13 indicate a rate reduction of a large amount of money if the  
14 merger is completed.

15 If the merger is not completed, these same people  
16 will be retained in their jobs. If the merger is not  
17 completed, the cost of distribution of electricity will  
18 remain under the control of the PUC and will be based on the  
19 same standards that presently exist under Pennsylvania law.  
20 In other words, I see no benefits.

21 Already there have been cutbacks in PECO Energy's  
22 staff. This resulted in long delays in the restoration of  
23 electric service in certain parts of the Ninth Senatorial  
24 District during the past two years.

25 It is my understanding that the State of Illinois has

1 legislation known as the Bill of Rights of Public Utility  
2 Employees. This bill protects the Illinois employee of  
3 Commonwealth Edison from being laid off.

4 This could result in many middle management jobs at  
5 PECO Energy presently working in Pennsylvania being replaced  
6 by Illinois job holders.

7 Southeastern Pennsylvania has witnessed the loss of  
8 many jobs due to the removal of Bell of Pennsylvania middle  
9 management folks, first to Virginia and then to New York.

10 Southeastern Pennsylvania has seen the loss of many  
11 middle management employees of our banks when they were  
12 merged with First Union.

13 With a removal of middle management employees after  
14 the period of grace announced in the newspaper will go the  
15 sense of responsibilities to ones neighbors that is  
16 presently enjoyed by Southeastern Pennsylvania with PECO  
17 Energy.

18 The PUC must consider how concerned the middle  
19 management employees living in Illinois would be with the  
20 problems of my neighbors in Chester County and/or Delaware  
21 County.

22 If this merger goes through, I promise the new  
23 utility giant that I will maintain constant vigilance to  
24 insist on reliability and sufficiency of electric  
25 distribution services to Southeastern Pennsylvania.

1 Thank you.

2 JUDGE RAINEY: Thank you, Ms. Lobb.

3 Are there any questions for Ms. Lobb?

4 (No response.)

5 JUDGE RAINEY: If not, you may stand down. Thank you  
6 very much.

7 THE WITNESS: Thank you.

8 (Witness excused.)

9 JUDGE RAINEY: Mr. William Taylor.

10 Mr. Taylor, may I swear you in?

11 MR. TAYLOR: Certainly.

12 Whereupon,

13 WILLIAM R. TAYLOR

14 having been duly sworn, testified as follows:

15 JUDGE RAINEY: Please provide your name.

16 THE WITNESS: William R. Taylor, T-A-Y-L-O-R. My  
17 office address is 204 East Chester Pike, Riddley Park.

18 DIRECT TESTIMONY

19 THE WITNESS: I am here as a small business person,  
20 retired once, started a new career. And I thank the Small  
21 Business Advocate for sticking up for those of us who have  
22 electric bills to pay besides our residence. And it's nice  
23 to know that there will be no increase, in fact a decrease;  
24 and that allows us to plan in the future.

25 I'm a member of the Delaware County Chamber of

1 Commerce and the National Federation of Independent  
2 Businesses, and small business seems to make the world go  
3 round these days. And I think that the merger proposals, as  
4 they are now with the settlement, is good for small  
5 business.

6 I've lived in Delaware County all my life. And one  
7 of the things that I've noticed through the years is not  
8 much of significance happens in Southeastern Pennsylvania  
9 without what used to be Pennsylvania Electric, now PECO,  
10 being involved and supporting it.

11 That type of commitment seems to still be there. I  
12 believe it's going to be there long after the agreement  
13 ends, because of the fact that the company will not go away,  
14 it must supply service.

15 And another nice thing is a commitment that is not  
16 part of the settlement, is the fact that there are going to  
17 be significant employment in an adjoining county, in Kennett  
18 Square, with the new generation facility there that will  
19 have several hundred employees, and certainly make an easier  
20 commute for people from this region instead of going into  
21 the City of Philadelphia.

22 So from the looks of the settlement, from what I've  
23 seen, what I've read and what I've heard at two of the other  
24 meetings, how soon can we start?

25 Thank you.

1 JUDGE RAINEY: Thank you, Mr. Taylor.

2 Any questions for Mr. Taylor?

3 (No response.)

4 JUDGE RAINEY: If not, you may stand down. Thank  
5 you.

6 (Witness excused.)

7 JUDGE RAINEY: Mr. Kenneth Kolaczyk.

8 Mr. Kolaczyk, may I swear you in?

9 MR. KOLACZYK: Yes.

10 Whereupon,

11 KENNETH STEVEN KOLACZYK

12 having been duly sworn, testified as follows:

13 JUDGE RAINEY: Please provide your full name.

14 THE WITNESS: My name's Kenneth Steven Kolaczyk. I  
15 live at 109 Cloverleaf Lane, in West Chester, Pennsylvania.  
16 And I'm speaking as a private citizen, and my views do not  
17 represent my employer.

18 JUDGE RAINEY: Mr. Kolaczyk, would you spell your  
19 last name, please?

20 THE WITNESS: K-O-L-A-C-Z-Y-K.

21 DIRECT TESTIMONY

22 THE WITNESS: I have seventeen years of experience in  
23 the power generation industry. And after reviewing the  
24 proposed merger between Commonwealth Edison and PECO Energy,  
25 I believe it's a bad deal for the people of Pennsylvania.

1           The people of the Public Utility Commission have a  
2 difficult job to have to determine if this merger is in the  
3 public interest. But what is the public interest? It's a  
4 difficult thing to determine.

5           Well, I can help them by providing three things that  
6 they need to look into. One, does this merger improve  
7 reliability of service in the Southeastern Pennsylvania  
8 area; two, will it create jobs in the Southeastern  
9 Pennsylvania area; and three, will it promote competition  
10 and result in lower rates.

11           I believe if this merger is looked at closely, you'll  
12 determine it doesn't meet any three of those criteria.  
13 Let's look at one of the first things I mentioned was  
14 reliability.

15           It's no secret that Commonwealth Edison has  
16 significant reliability concerns in the Chicago area.  
17 Mayor Daley, over the last two summers, has even threatened  
18 to remove the franchise from Commonwealth Edison.

19           That's a very significant step, to remove the  
20 franchise for distribution of electricity. Commonwealth  
21 Edison has had significant power blackouts in the central  
22 business district of its local area. They have had poor  
23 service.

24           And I believe if this merger goes through, funds will  
25 be diverted from the Philadelphia area service territory top

1 the Commonwealth area in Chicago.

2 I know there are certain safeguards already being  
3 proposed to ensure that doesn't happen. But I have an MBA  
4 in finance and I also have a masters in government  
5 administration, and I'm well aware how the companies have a  
6 lot of flexibility on how resources are allocated.

7 So I would submit that even though you have certain  
8 safeguards in place, you will see a reduction in maintenance  
9 as funds and reliability in the Philadelphia area as funds  
10 are transferred to ameliorate reliability issues that are in  
11 Chicago.

12 And the central business district, called the loop,  
13 was out of power for three hours during July. Imagine  
14 Philadelphia shutting down in Philadelphia for three hours,  
15 what a problem it would be.

16 And the second thing I'm talking about is jobs. In  
17 order to achieve efficiencies and make this merger go, you  
18 have to reduce jobs. The headquarters will be transferred  
19 from Philadelphia to Chicago. There will be a significant  
20 job loss in the Southeastern Pennsylvania area.

21 I know there's been some agreements already to  
22 maintain jobs for three years. That's a bad saw. I mean,  
23 it's really, it's not exactly three years -- those jobs will  
24 be taken back and brought into the Chicago area.

25 Because in order to make this work for shareholders,

1 you have to reduce costs. And how you reduce costs is to  
2 lay off people.

3 So it's bad because it won't create jobs for the  
4 people of Southeastern Pennsylvania.

5 The third thing that I was talking about is  
6 efficiency. By Commonwealth Edison merging with PECO  
7 Energy, you will lose a potential competitor for this area.

8 Now, it's true that Commonwealth Edison has not yet  
9 begun to compete in this area. But they are a large  
10 utility, and they could possibly offer services in this  
11 area.

12 But with this merger, you're taking a potential  
13 customer out of the -- potential competitor that can compete  
14 with PECO Energy to lower the very high rates. And make no  
15 mistake, you pay high rates in Southeastern Pennsylvania. I  
16 think our rates are the fifth highest in the country. Very  
17 high rates. And you'll be removing a potential competitor.

18 Another issue with regards to efficiencies, PECO has  
19 indicated that they can transfer some of their nuclear  
20 expertise to Commonwealth Edison and therefore increase the  
21 reliability of their nuclear facilities and have a decrease  
22 in overall costs.

23 Well, the Commonwealth Edison plants are running  
24 already at 90 percent capacity factors. You can't really  
25 improve upon that. So there won't be any inefficiencies

1 there.

2 Also, as I said, I have significant experience in the  
3 power generation sector. There's very little synergies you  
4 can get with these nuclear facilities. They're very unique.  
5 You can't take parts from, say, the Braidwood station and  
6 transfer them into the Limerick station. There's just very  
7 little synergies that you can achieve with these facilities.

8 A lot of them -- also, a lot of these, their  
9 suppliers, a sole source of suppliers, you either buy the  
10 component from General Electric or you don't get it at all.  
11 So there's very little efficiencies that can be gained.

12 So in closing, I think this is a bad deal for the  
13 people of Southeastern Pennsylvania. It will most likely  
14 result in a loss of reliability; two, it will definitely  
15 result in a loss of jobs, despite the safeguards that have  
16 been promised for the first -- installed for the first three  
17 years.

18 And efficiencies and competitiveness, you're removing  
19 a competitor, and I don't see how you can result in lower  
20 rates, because there is no synergies in these nuclear power  
21 installations.

22 Does anyone have any questions for me?

23 JUDGE RAINEY: Any questions for Mr. Kolaczyk?

24 (No response.)

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

1 THE WITNESS: Thank you.

2 (Witness excused.)

3 JUDGE RAINEY: The next person will have to help me a  
4 little bit. Is it Mr. Julio?

5 MR. JULIO: Yes. Your Honor, I misunderstood. I  
6 thought it was for all the utilities, not exactly for PECO.  
7 So I decline to say anything, because I don't know much  
8 about it or the things that happened.

9 JUDGE RAINEY: Very well, sir. That's fine.

10 MR. JULIO: Thank you.

11 JUDGE RAINEY: Ms. Ruth Brusstar. Would you please  
12 come to the microphone, please?

13 Ms. Brusstar, may I swear you in?

14 MS. BRUSSTAR: Yes.

15 **Whereupon,**

16 **RUTH BRUSSTAR**

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

18 JUDGE RAINEY: Please provide your full name.

19 THE WITNESS: Ruth Brusstar, B-R-U-S-S-T-A-R. I live  
20 at 3040 Moser Road, Astin, Pennsylvania.

21 JUDGE RAINEY: And are you a PECO customer,  
22 Ms. Brusstar?

23 THE WITNESS: Yes, I am.

24 JUDGE RAINEY: Please provide your testimony.

25

## DIRECT TESTIMONY

1  
2 THE WITNESS: I'm here to oppose this merger. I  
3 don't feel that we need to have a company in Chicago that's  
4 running our electric.

5 Look what happened with Bell Telephone. And now when  
6 you call the Bell Telephone Company, you wind up talking to  
7 somebody in Virginia or some other place they don't have a  
8 clue as to what's going on up in Pennsylvania.

9 Many customers have stayed with PECO because it is a  
10 local company. And I feel that if it winds up in Chicago,  
11 that they're going to lose a lot of customers that way.

12 And I've seen what happens in a nonprofit  
13 organization that I'm connected with when they went through  
14 a merger, and it's been a total disaster.

15 And I don't want to see anybody put out of work  
16 because of a merger. And even if it would mean me getting  
17 less dividends -- I happen to also be a stockholder in PECO.  
18 And, you know, put your money where your mouth is. And I  
19 really would much rather get a little less dividend than I  
20 would to see a bunch of people get out of work. And I wish  
21 all the other stockholders felt that same way, including the  
22 big CEOs and that already get the big bucks.

23 Thank you.

24 JUDGE RAINEY: Thank you, Ms. Brusstar.

25 Any questions for Ms. Brusstar?

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

(No response.)

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

(Witness excused.)

JUDGE RAINEY: Mr. Henry Conrad.

Mr. Conrad, may I swear you in?

MR. CONRAD: Yes.

Whereupon,

**HENRY CONRAD**

having been duly sworn, testified as follows:

JUDGE RAINEY: Please provide your full name.

THE WITNESS: My name is Henry Conrad, C-O-N-R-A-D, and I reside at 411 North Middletown Road, Lima, PA.

JUDGE RAINEY: And are you a PECO customer, Mr. Conrad?

THE WITNESS: Indirectly.

JUDGE RAINEY: Indirectly, okay. Please provide your testimony.

**DIRECT TESTIMONY**

THE WITNESS: In any agreement between two parties, the parties that signs those agreements are the most important people to think about, not the details of the agreement. Are they honest and reliable people, and can you trust those people who signed those agreements?

PECO has been in business in this area for over 100

FORM 2

1 years. And they have provided good service to the customers  
2 of this area. They have been a reliable company that can be  
3 trusted.

4 They had to make big decisions in the course of their  
5 long history. They had to make big decisions. Very often  
6 those decisions were opposed, they were questioned. But  
7 eventually it turned out to be that the company was correct.

8 70 years ago PECO made a decision to build Conawingo,  
9 a dam in Conawingo. They borrowed \$10 million to do that.  
10 That was a staggering sum of money for those years.

11 Everybody said PECO will be bankrupt. They will  
12 never be able to repay that loan. But what turned out to  
13 be, Conawingo is still being used and producing electricity.

14 The management of the PECO Company is getting the  
15 highest rating as a reliable company. I do not know if you  
16 watch Brookheiser's (phonetic) program. But two weeks ago  
17 the expert of an electric utility was interviewed. And she  
18 was asked what company would you recommend we invest our  
19 money in.

20 Without hesitation she said PECO. And asked why, she  
21 said because they've got a good, reliable and capable  
22 management.

23 So any decision that's made -- and I don't want to go  
24 into the detail. If you deal with a company that has been  
25 in business here over 100 years -- and there aren't many

1 companies in Delaware County, in Delaware Valley who have  
2 been in business such a long time -- who has provided good  
3 and reliable service to the satisfaction of most of the  
4 customers, I think we should trust the management in their  
5 decision to do what they are doing.

6 Thank you.

7 JUDGE RAINEY: Thank you, Mr. Conrad.

8 THE WITNESS: Any questions?

9 JUDGE RAINEY: Any questions for Mr. Conrad?

10 (No response.)

11 JUDGE RAINEY: If not, Mr. Conrad, you may stand  
12 down.

13 (Witness excused.)

14 JUDGE RAINEY: Mr. Conrad was the last person  
15 appearing on the list. Is there anyone else here who would  
16 like to present testimony this evening, or who has a  
17 question for a revenue of PECO Energy Company?

18 Yes, Ms. Lobb.

19 WITNESS LOBB: Judge, I just have a comment, that we  
20 do have written testimony that I'll leave in the back. And  
21 I'll also give you one after the meeting.

22 JUDGE RAINEY: Thank you very much, Ms. Lobb.

23 Sir, do you want to identify yourself?

24 MR. HANKINS: My name is Hankins.

25 JUDGE RAINEY: Yes. Do you want to present

1 testimony, or do you have a question?

2 MR. HANKINS: A comment, I guess.

3 JUDGE RAINEY: Do you want to put that in the form of  
4 sworn testimony, or do you just want to make an unsworn  
5 comment?

6 MR. HANKINS: Well, I'll swear.

7 JUDGE RAINEY: Come to the front, to the microphone.

8 **Whereupon,**

9 **JOHN L. HANKINS**

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

11 JUDGE RAINEY: Please provide your full name.

12 THE WITNESS: John L. Hankins.

13 JUDGE RAINEY: Mr. Hankins, would you provide your  
14 address?

15 THE WITNESS: 411 North Middletown Road, in Media,  
16 Pennsylvania.

17 JUDGE RAINEY: And are you a PECO customer,  
18 Mr. Hankins?

19 THE WITNESS: Not directly.

20 JUDGE RAINEY: Okay.

21 THE WITNESS: I live in an apartment house.

22 JUDGE RAINEY: Okay, very good. And you're appearing  
23 on your own behalf this evening?

24 THE WITNESS: Yes. I'm a shareholder of Philadelphia  
25 Electric.

1 JUDGE RAINEY: Please provide your testimony.

2 DIRECT TESTIMONY

3 THE WITNESS: The reason I didn't sign up for  
4 comments, because my comments are based on comments which I  
5 have heard.

6 And one of the things that concerns me about this,  
7 management and loss of jobs. And one of the things that's  
8 most important today is productivity. And this is one of  
9 the reasons why we have all these mergers and things.

10 And so there's a glut of middle, management, I guess,  
11 if you want to put it that way. And so when these mergers  
12 take place, that's the place that gets cut most. You can't  
13 stop the production workers so much, but you can cut out a  
14 lot of the middle man, if you will.

15 That was one of the things that Clarence Bell, I  
16 believe, talked about, is the loss of jobs. I think that's  
17 a sign of the times. We see this going on all the time.

18 So the job loss is something that I basically really  
19 wanted to talk about, because I feel that the power industry  
20 is going under a change. And PECO is not the only place.  
21 The number of individual utilities are going to change.  
22 People were worried there about reliability.

23 PECO, as it is today, it has a separate company,  
24 practically, set up to take care of, to see that all of the  
25 distribution and service arrangements are going to be just

1 as good as they were before. They have a separate  
2 president, so that all the wires and meters and all that,  
3 the customer service end of it, they will still maintain the  
4 same standards that they always have.

5 JUDGE RAINEY: Mr. Hankins, would you please sign the  
6 sign-in sheet?

7 Are there any questions for Mr. Hankins?

8 MR. RYAN: No, Your Honor.

9 (Witness excused.)

10 JUDGE RAINEY: While Mr. Hankins is doing that, is  
11 there anyone else who would like to present testimony, who  
12 had comments to make or any questions to ask?

13 (No response.)

14 JUDGE RAINEY: If not, I would like to thank everyone  
15 for their attendance here this evening. And this hearing is  
16 adjourned.

17 (Whereupon, at 7:40 p.m., the hearing was adjourned,  
18 to reconvene at 7:00 p.m. on Tuesday, April 4, 2000, in  
19 York, Pennsylvania.)

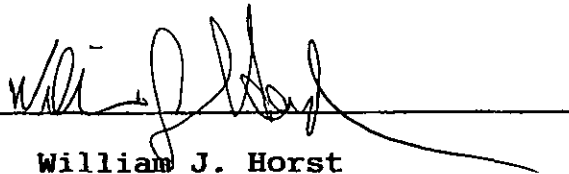
20 \*\*\*

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

\*\*\*

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