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COMMONWEALTH OF PENNSYLVANIA

**ORIGINAL** 207

PUBLIC UTILITY COMMISSION

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 Joint Application of PECO Energy Company : Docket No.  
 and Public Service Electric & Gas Company :  
 for approval of merger of Public Service : A-110550F0160  
 Enterprise Group, Incorporated with and :  
 into Exelon Corporation. :  
 :  
 :  
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Pages 207 through 263

Community Room  
Philadelphia Community College  
West Regional Center  
4725 Chestnut Street  
Philadelphia, Pennsylvania

**DOCUMENT  
FOLDER**

Thursday, June 30, 2005

Met, pursuant to notice, at 3:03 p.m.

BEFORE:

MARLANE R. CHESTNUT, Administrative Law Judge

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	C O N T E N T S				
	WITNESSES	DIRECT	CROSS	REDIRECT	RECROSS
1					
2					
3	Sharmain Matlock-Turner	223			
4	Edward F. Lynch, Jr.	225			
5	By Mr. Stein		233		
6	Peter Lane	235			
7	Varsovia Fernandez	239			
8	John Rowe	244			
9	Martha Abbott	248			
10	Jonathan Riddle	249			
11	Maureen Mulligan	250			
12	Jonathan Pogach	257			
13	By Mr. Clearfield		259		
14	Deborah Hammond	260			
15					
16					
17					
18					
19					
20					
21					
22					
23					
24					
25					

## E X H I B I T S

NUMBER	FOR IDENTIFICATION	IN EVIDENCE
3 ✓ Pack Statement No. 1 (Public input testimony of Andrew Pack)	262	---
5 ✓ Hoskins Statement No. 1 (Public input testimony of Pete Hoskins)	262	---
7 ✓ Hanna Statement No. 1 (Public input testimony of Tomas Hanna)	262	---
9 ✓ Nutter Statement No. 1 (Public input testimony of Lisa J. Nutter)	262	---

10

11

12

13

14

15

16

17

18

19

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21

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23

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## P R O C E E D I N G S

ADMINISTRATIVE LAW JUDGE MARLANE CHESTNUT:

Good afternoon everybody. Let's get started.

This is one of the public input hearings scheduled at Docket No. A-110550F0160, the joint application of PECO Energy Company and Public Service Electric & Gas Company.

My name is Marlane Chestnut and I am the Administrative Law Judge that the Commission has assigned to hear this case.

Can everybody hear me?

MEMBER OF AUDIENCE: The fan doesn't help.

JUDGE CHESTNUT: Because there is no mike here. If people want to move up there is plenty of room here. I'll try to speak louder and I would like everybody to keep that in mind also when they speak.

I will briefly explain the nature of this proceeding to you and introduce you to some of the people involved in this case and then we will hear from you.

In February, 2005, PECO and PSE&G filed an application with the Commission requesting approval of the merger of PSE&G into PECO's parent, which is Exelon Corporation. The Commission needs to determine whether the proposed merger is in the public interest. Specifically, the Commission needs to determine whether

1 the proposed merger will affirmatively promote the  
2 service, accommodation, convenience or safety of the  
3 public in some substantial way and whether the proposed  
4 merger will impair competition.

5 Numerous parties representing almost every  
6 segment of the community have intervened. These include  
7 the Office of Trial Staff, or OTS, the Office of Consumer  
8 Advocate, or OCA, and the Office of Small Business  
9 Advocate, or OSBA, as well the Philadelphia Gas Works, the  
10 City of Philadelphia and various individual and consumer  
11 groups represented by Community Legal Services. They and  
12 the company have representatives here today and in a  
13 minute I will let these folks introduce themselves to you.  
14 Other parties include the Pennsylvania Department of  
15 Environmental Protection, several labor unions, industrial  
16 customers, other utilities and energy marketers.

17 Let me briefly outline what has happened  
18 in the case so far. A prehearing conference was held on  
19 March 29, 2005. Attorneys representing the parties and I  
20 worked out a schedule and addressed various procedural  
21 issues.

22 According to the schedule, the Applicants  
23 have presented their testimony in support of the proposed  
24 merger. Yesterday the other parties each presented their  
25 own testimony explaining what they believe the Commission

1 should do with respect to the company's request. Every  
2 party also will have an opportunity to file testimony  
3 commenting on the positions taken by the other parties.

4 Often in these types of cases the parties  
5 are able to reach a settlement of all or some of the  
6 issues. Because this often produces a result that is in  
7 the best interests of PECO as a company and you as  
8 consumers, I have urged the parties in this proceeding to  
9 see if they can do that. While I have not been involved  
10 in these discussions, I believe the parties have attempted  
11 to do so. If a settlement is reached I will prepare a  
12 recommended decision as to whether the settlement should  
13 be accepted or rejected. The full Commission will then  
14 accept or reject my recommendation.

15 If the parties are unable to agree on a  
16 settlement then hearings will be held August 23rd through  
17 September 1st so that the witnesses who presented written  
18 testimony can testify under oath and be subject to  
19 cross-examination. All hearings will be held here in  
20 Philadelphia at the State Office Building. They are open  
21 to the public and you are welcome to attend and observe.  
22 Because hearings sometimes are cancelled or changed, you  
23 should call the scheduling office at (717) 787-1399 the  
24 day before you plan to attend to ensure that the hearing  
25 will be held as scheduled.

1                   When the hearings have been completed the  
2 parties will prepare and submit to me written briefs  
3 describing the fact as they see them and the law they  
4 believe should be applied to those facts. Main briefs and  
5 responsive reply briefs are due in September and my  
6 recommended decision will be issued in early November.  
7 The Commission will then decide if my recommendation  
8 concerning the proposed merger should be adopted, rejected  
9 or modified.

10                   With this as background I will permit the  
11 party representatives here to introduce themselves to you  
12 and to make a brief statement.

13                   We will start with Ms. Pennington.

14                   MS. PENNINGTON: Thank you, Your Honor.

15                   Good afternoon. My name is Carol  
16 Pennington. I am an attorney with the Office of Small  
17 Business Advocate. My office is charged with representing  
18 small business customers before the Public Utility  
19 Commission.

20                   In this case we have filed a protest with  
21 the Commission against this merger. We have also filed  
22 the testimony of an expert witness. We believe that as  
23 filed the merger application does not have enough  
24 affirmative benefits in order to be approved by the  
25 Commission.

1                   While we have an expert in this case, this  
2                   afternoon you are the experts because you are the ones who  
3                   know what it is like to be a customer of PECO and I would  
4                   urge you to testify. And if you are the owner or the  
5                   manager of a small business I would be especially  
6                   interested in hearing from you on how this merger might  
7                   affect your small business.

8                   Thank you very much.

9                   JUDGE CHESTNUT: Thank you.

10                  Mr. Beatty.

11                  MR. BEATTY: Thank you, Your Honor.

12                  Good afternoon. My name is Aron Beatty  
13                  and I am an attorney with the Pennsylvania Office of  
14                  Consumer Advocate. Our office represents consumers,  
15                  residential consumers in particular, before the  
16                  Pennsylvania Public Utility Commission.

17                  With me today is Sonny Popowsky, the  
18                  Consumer Advocate and the head of our office.

19                  As the Judge has explained, this public  
20                  input hearing is being held in order to receive your  
21                  comments regarding the proposed merger between PECO  
22                  Energy's parent, Exelon Corporation, and PSE&G. PSE&G is  
23                  the largest utility in New Jersey. Together the proposed  
24                  merger would create one of the largest utility companies  
25                  in the United States. Our office's position is that this

1 merger should not be approved unless it provides  
2 substantial and affirmative benefits for PECO's customers.

3 Our office is interested in hearing your  
4 concerns regarding the proposed merger and how you feel it  
5 may impact services you receive from PECO.

6 Thank you for your time here today. Both  
7 Mr. Popowsky and I will be available at the conclusion of  
8 this hearing if you have any questions regarding our  
9 position in this proceeding and our office in general.

10 Thank you.

11 JUDGE CHESTNUT: Thank you, Mr. Beatty.

12 Ms. Curtin.

13 MS. CURTIN: Good afternoon. My name is  
14 Allison Curtin and I am a prosecutor in the Commission's  
15 Office of Trial Staff. The Office of Trial Staff was  
16 created in 1986 with the purpose of representing the  
17 public interest in proceedings before the Commission. The  
18 Office of Trial Staff has a team of attorneys, engineers,  
19 accountants and economists who are assigned to cases for  
20 the purpose of examining utilities' filings.

21 In the instant case there are currently  
22 two attorneys assigned to handle the case and there is  
23 also a team of expert witnesses who are currently  
24 examining the merger application and who are preparing  
25 testimony and exhibits. The recommendation of our office

1 is that the merger is not in the public interest.

2 Today is an opportunity for you to express  
3 your opinion regarding the merger. I would urge each of  
4 you to testify under oath for the record so that your  
5 testimony may assist my office, the Administrative Law  
6 Judge and the Commission in rendering a final order  
7 regarding the company's filing.

8 If you have any questions or if my office  
9 can be of assistance please do not hesitate to seek me out  
10 after the hearing. I look forward to your testimony and  
11 the Office of Trial Staff thanks you for your attendance.

12 JUDGE CHESTNUT: Thank you, Ms. Curtin.

13 Mr. Bonney.

14 MR. BONNEY: Thank you, Your Honor.

15 Good afternoon. My name is Paul Bonney.

16 I am Counsel for PECO Energy in this matter.

17 As you have heard, we have proposed a  
18 merger between our parent, Exelon, and PSE&G in New  
19 Jersey. We are excited about this transaction. We think  
20 that it will provide an opportunity for us to improve  
21 service to our customers and at the same time reduce our  
22 costs.

23 We appreciate your coming out today and  
24 look forward to your comments.

25 Thank you.

1 JUDGE CHESTNUT: Thank you, Mr. Bonney.  
2 Mr. Stein.

3 MR. STEIN: Good afternoon. My name is  
4 Jonathan Stein. I am Counsel for Community Legal Services  
5 and I am representing three organizations in this matter  
6 protesting the merger. One is the Action Alliance of  
7 Senior Citizens of Greater Philadelphia, another is ACORN  
8 and the third is the Tenant Action Group. These  
9 organizations are opposing the merger because they see no  
10 affirmative public benefit coming from this merger.

11 The test that the Commission must use in  
12 applying the law to this merger application is whether  
13 there is an affirmative positive benefit to this area from  
14 this merger. And since this area contains at least  
15 260,000 households with an income of less than 50 percent  
16 of poverty we believe that this merger must show a  
17 positive affirmative benefit to these over quarter of a  
18 million households in this area.

19 We have seen through our experience in the  
20 city and the region that the company has not met its  
21 obligations from the past merger to low income people in  
22 this area and that in the merger application there is  
23 little to no evidence that there will be any positive  
24 benefits to those customers, particularly under the  
25 universal service programs which should be enhanced,

1 should be approved and should be realized in their  
2 potential if there is to be a merger in this case.  
3 Because this potential has not been realized, there is no  
4 expectation that it will be from the application that has  
5 been made, the groups that we represent are in opposition  
6 and are asking the Commission to vote this merger down.

7 So we welcome your testimony this  
8 afternoon for the record and we look forward to it.

9 JUDGE CHESTNUT: Thank you, Mr. Stein.  
10 Mr. Clearfield.

11 MR. CLEARFIELD: Good afternoon,  
12 everybody. My name is Dan Clearfield. I represent Public  
13 Service Electric & Gas. That is the New Jersey utility  
14 with which PECO and Exelon are seeking to merge.

15 JUDGE CHESTNUT: Is there anybody I have  
16 missed?

17 (No audible response.)

18 JUDGE CHESTNUT: A significant step in the  
19 hearing process is the public input hearing. The purpose  
20 of this is to obtain the testimony of you, the people, who  
21 will be directly affected if the proposed merge is  
22 approved by the Commission. As I'm sure you know, outside  
23 is a witness list for people to sign up if they wish to  
24 testify.

25 There are three ways in which you may

1 participate. First, you may testify formally, which I  
2 strongly urge you to do. When I call your name and you  
3 come up to the podium here I will swear or affirm you. I  
4 will ask you to spell your name, give your address and  
5 state that you are a customer of PECO. You are required  
6 to state your occupation and place of employment for the  
7 record. If you are appearing on behalf of a group or  
8 organization please state that. You will give your  
9 statement, which will be recorded and transcribed by the  
10 court reporter. You will be subject to cross-examination  
11 by any of the parties here. I also may ask you some  
12 questions. To the extent that your testimony is relevant,  
13 material and competent it may be considered by me and by  
14 the Commission.

15 Do not be intimidated by the terms that I  
16 have used such as testimony and cross-examination. We all  
17 recognize that you're not lawyers or professional  
18 witnesses and I know that none of the parties here will  
19 try to embarrass you in any way. They may ask you  
20 clarifying questions.

21 The second method of participation is for  
22 you to make an off the record unsworn or unaffirmed  
23 statement. If you choose to do this you will not be sworn  
24 in and the court reporter will not record your remarks. I  
25 will make ever effort not to listen since both I and the

1 Commission as a matter of law cannot consider evidence  
2 which is not part of the official record. If you choose  
3 to make an off the record statement you will be asked to  
4 state your name, your address, whether you are a customer  
5 and if you are representing a group or organization. You  
6 will not be subject to cross-examination.

7 The third method of participation is for  
8 you to provide information to the attorneys representing  
9 any of the parties here. Please do this during a break or  
10 at the end of the session.

11 I will call you in the order in which your  
12 names appear on the witness list. People who testify,  
13 because their comments are evidence and can be used by me  
14 and the Commission in arriving at a decision, will be  
15 taken first. People who are making an off the record  
16 statement will be asked to wait until all persons  
17 testifying under oath have been heard.

18 If you have not yet signed up to speak you  
19 may do so during the break.

20 Let me make a few observations before I  
21 call the first witness. First, this public input hearing  
22 is your opportunity to present evidence regarding the  
23 proposed merger. If you have questions concerning the  
24 proposed merger I'm sure the company representatives will  
25 do their best to answer them. I will not permit you to

1 harangue the companies or get engaged in an argument.  
2 Also, please don't bring up any billing disputes or  
3 individual problems that you may have had that are not  
4 relevant to the scope of this proceeding. You are free to  
5 approach the company representatives during a break or  
6 after the hearing concludes so they can address your  
7 individual issues directly.

8           Second, if you are reading from a prepared  
9 statement and you have an extra copy please give it to the  
10 court reporter before you testify or after you testify.

11           Third, I want to remind everyone that this  
12 is an official legal proceeding. I don't want you to feel  
13 intimidated or nervous about getting up and speaking  
14 publicly. This is, however, a serious and official  
15 proceeding.

16           Finally, I will not at this point impose a  
17 time limit. However, I would ask each speaker to be clear  
18 and concise and to limit himself or herself if possible in  
19 order to ensure that we are able to get to everyone who  
20 wishes to speak. If you agree with the prior speaker,  
21 just say so. Depending on how long this request is  
22 honored and the number of witnesses able to testify, I may  
23 have to impose a time limit. And if I do, you should be  
24 warned that it will be strictly enforced.

25           With that I will go to the first witness

1 on the list, who is Sharmain Matlock-Turner.

2 Would you raise your right hand, please?

3 Whereupon,

4 SHARMAIN MATLOCK-TURNER

5 having been duly sworn, testified as follows:

6 DIRECT TESTIMONY

7 JUDGE CHESTNUT: Would you please give and  
8 spell your name for the record?

9 THE WITNESS: Sharmain Matlock-Turner,  
10 S-h-a-r-m-a-i-n, the last name is M-a-t-l-o-c-k - dash -  
11 T-u-r-n-e-r.

12 JUDGE CHESTNUT: And your address, please?

13 THE WITNESS: 1207 Chestnut Street, Suite  
14 700, Philadelphia, Pennsylvania 19119. I am representing  
15 the Greater Philadelphia Urban Affairs Coalition. That is  
16 our address.

17 JUDGE CHESTNUT: Thank you. Go ahead.

18 THE WITNESS: Thank you.

19 I appreciate having an opportunity to  
20 testify this afternoon as it relates to the merger between  
21 PECO/Exelon and PSE&G.

22 I have a full statement so I will not read  
23 the entire statement for the record. I do want to say  
24 that the Greater Philadelphia Urban Affairs Coalition and  
25 PECO have had a longstanding working relationship. They

1 have been a great corporate partner with us. They have  
2 been quite active in our organization for many years.

3           During the last merger between PECO and  
4 Exelon I had personally the opportunity to talk to  
5 representatives from PECO Energy specifically about their  
6 ongoing commitment to the non-profit community and  
7 received assurances that that commitment would continue  
8 and would remain strong. And I believe from my experience  
9 that that commitment has been kept.

10           So with that I support PECO Energy and  
11 Exelon as they continue to move forward as a company and  
12 believe that they will continue to reach out and support  
13 the non-profit community in Philadelphia.

14           JUDGE CHESTNUT: Thank you.

15           Are there any questions for this witness?

16           (No audible response.)

17           JUDGE CHESTNUT: Thank you,

18 Ms. Matlock-Turner. You are excused.

19           (Witness excused.)

20           JUDGE CHESTNUT: Mr. Lynch.

21           Thank you very much for deferring your  
22 testimony to this afternoon.

23           Would you raise your right hand, please?

24

25

1 Whereupon,

2 EDWARD F. LYNCH, JR.

3 having been duly sworn, testified as follows:

4 DIRECT TESTIMONY

5 JUDGE CHESTNUT: Would you give and spell  
6 your name for the record, please?

7 THE WITNESS: Edward F. Lynch, Jr. That  
8 is E-d-w-a-r-d and Lynch is L-y-n-c-h.

9 JUDGE CHESTNUT: Your address, please?

10 THE WITNESS: I am representing the  
11 Utility Emergency Services Fund, which is at 125 South 9th  
12 Street, Philadelphia.

13 JUDGE CHESTNUT: Okay.

14 THE WITNESS: I am Executive Director --  
15 again, my name is Ed Lynch. I am Executive Director of  
16 the Utility Emergency Services Fund of Philadelphia. We  
17 are commonly referred to as a fuel fund or a hardship  
18 fund. There are 200 similar organizations across the  
19 country.

20 We think that we have an outstanding  
21 record in that we have assisted over 120,000 households  
22 since 1983 with over \$53.2 million in assistance. And we  
23 do that by providing grants to households that either have  
24 their gas, electric or water utilities terminated or they  
25 face imminent termination.

1                   We serve as a last resort. We provide  
2 grants of up to \$500, which consist of \$250 in  
3 contributions that we get from a myriad of different  
4 areas, and the other \$250 are utility bill credits.

5                   PECo has been with us since our inception,  
6 1983. They have been a great partner. As I said, we have  
7 been around for 23 years. We have an outstanding record.  
8 We have been audited by the top accounting firms and we  
9 have never had any instance where any of our funds were  
10 misappropriated or every cent wasn't accounted for.

11                   I don't typically testify at proceedings  
12 that involve the utility companies that I am involved  
13 with: PECO, Philadelphia Gas Works and the Philadelphia  
14 Water Department. But we just felt that in this case it  
15 was a necessity to do so. And we believe that the  
16 Pennsylvania Public Utility Commission should not approve  
17 the acquisition of Public Service Enterprise Group by  
18 Exelon unless a substantial public benefit standard is  
19 used to assess the \$12 billion buyout rather than a no  
20 harm standard. This merger will impact rates,  
21 competition, employees and service and, most import for  
22 UESF, the low income payment troubled customer who could  
23 be negatively impacted by this.

24                   Since the last merger in 2000 we have seen  
25 a steady decline in customer service. Contractors now

1 handle many of the customer service duties performed by  
2 longtime PECO employees. We have seen an increase in  
3 shut-offs. Certainly Act 201 has added to the total this  
4 year, but shut-offs have been steadily increasing.

5 We have also seen a shift in the decisions  
6 and the decision makers. More and more the decisions are  
7 being centralized in Illinois. The Philadelphia  
8 connection is fading.

9 One of the things I find most disturbing,  
10 Unicom, PECO's prior merger partner, does not sponsor a  
11 fuel fund. This does not bode well for UESF or for  
12 Philadelphia because decisions are being made in Illinois  
13 where there appears to be a no fuel fund mindset.

14 PECO has not kept earlier merger promises.  
15 Specifically, PECO promised to develop a Special Needs  
16 Program -- and all morning you have heard about that --  
17 which was targeted to include 7,500 customers who were at  
18 or below 25 percent of the federal poverty level and had  
19 some kind of exceptional circumstances like a birth or a  
20 sudden death of, say, the breadwinner of the household.  
21 Right off the bat PECO was supposed to have that program  
22 implemented in January of 2003. Because they didn't meet  
23 that timetable they had to make a \$400,000 contribution to  
24 the fuel funds. Now, we were very appreciative of that  
25 \$400,000 but most people would consider that a penalty for

1 not getting the program up and running.

2 In their most recent filing as late as  
3 January, 2005, it was indicated that there were only nine  
4 people enrolled in that program. So you could say that if  
5 they were supposed to implement it in January of 2003 and  
6 as late as 2005 -- that is a two year time period -- that  
7 they didn't in essence run the program. So how much money  
8 did they save by not doing that, even though they had to  
9 make a \$400,000 payment.

10 As part of the Special Needs Program  
11 design negotiated with the CAP Advisory Committee, which I  
12 am a member of, we helped negotiate that Special Needs  
13 Program, PECO agreed to help its fuel funds increase  
14 donations by giving its customers four opportunities each  
15 year to sign up for its MEAF program. MEAF stands for the  
16 Matching Energy Assistance Fund. This is a customer  
17 solicitation. It's a pledge program that solicits  
18 customers in Bucks, Chester, Delaware, Montgomery,  
19 Philadelphia and York Counties for contributions. You  
20 pledge an amount. If you pledge \$2 and you are billed  
21 \$100, \$2 is automatically added to your bill. So you are  
22 getting a bill for \$102.

23 In addition, they agreed to discuss with  
24 the six member fuel funds the possibilities of developing  
25 some promotional material and specifically a public

1 service announcement. In both instances they did not live  
2 up to those promises.

3 MEAF is a program that PECO has allowed  
4 to wither on the vine. In '95 MEAF collected \$660,000.  
5 But contributions have been allowed to steadily decline.

6 I have a chart here that shows what has  
7 happened since '95. As you can see, nearly \$660,000 in  
8 '95 and as of the most complete year of record, which is  
9 2004, it is \$261,000. That is well over a 60 percent  
10 decline.

11 If you look at UESF's part of these  
12 contributions, in 1995 we received almost \$440,000. And  
13 as of the most complete year it has dropped to \$88,550.  
14 So you can see it is a substantial decline.

15 And what has happened also in terms of the  
16 way the money is divided, in '95 we received nearly  
17 two-thirds of the monies that were raised. In 2004 it  
18 dropped to around 34 percent. I have been asking people  
19 for ten years what was the rationale because we easily  
20 have two-thirds of the people who are eligible for the  
21 program in Philadelphia County. No one has ever explained  
22 it to me.

23 This graphically shows you what has  
24 happened. We were really growing and then there was a  
25 steady decline and it has more or less leveled off since

1 about 2000, 2001. So you can see that those contributions  
2 have significantly dwindled. In fact, our portion has  
3 actually dropped almost 80 percent.

4 But actually if you look at the numbers  
5 and the amount of decline, for us the difference in 2004,  
6 between that and 1995, it is a \$351,445 difference of  
7 straight, hard money. But in actuality that has doubled  
8 because PECO would have had to match each one of those  
9 contribution. We have a matching program. So actually  
10 our loss is significantly greater than that.

11 And the loss has affected our ability to  
12 remain open year-round. UESF has been forced to close  
13 early in our fiscal year in 2004 and 2005. If we would  
14 have gotten anywhere near the amounts of money that we  
15 have earlier we wouldn't have had to do that. In fact, we  
16 are currently closed. We are going to open next week as a  
17 result of a grant from the city that takes place the 1st  
18 of July.

19 If the MEAF program had simply collected  
20 the same dollars as collected in '95 over the last ten  
21 years with no growth in the program an additional \$4.8  
22 million would have been collected for the six fuel funds.  
23 UESF would have received an additional 2.2 million. If  
24 the fund had grown at the national average, which is just  
25 around seven percent -- and I want to clarify that. That

1 is just the growth in the overall fund. I have never been  
2 able to isolate the customer contributions specifically at  
3 any level. But through the National Fuel Fund Network  
4 I've gotten this average increase in the amount of funds  
5 that fuel funds have gotten over the last ten years, and  
6 that is roughly seven percent -- an additional 5.02  
7 million would have been collected, with 3.36 million given  
8 to UESF. Thus we request 9.82 million to make up for the  
9 past shortfalls due to the past PECO neglect.

10 The thing you have to keep in mind, people  
11 can say, oh, yeah, you are just looking back. But the  
12 truth of the matter is if we did everything under the sun  
13 to try to improve this program and increase the customer  
14 contributions it would probably take us five years to get  
15 back to the numbers that we had in '95. Easily five  
16 years.

17 PECO once had a viable customer  
18 contributions program which was promoted and steadily  
19 growing until a computer foul-up lost thousands of long  
20 time MEAF contributors. PECO has done nothing to contact  
21 past contributors and no marketing or promotions to the  
22 general public or to its own employees.

23 Therefore, the following remedy is needed:  
24 Restoring the contributions check-off on each of six bills  
25 per year with at least three during the winter months.

1 Contributions tend to be weather driven. We get more  
2 contributions during the colder months.

3 Also, a system needs to be put in place  
4 for direct payment customers to be able to have notice and  
5 access to the check-off. PECO also needs to pay for and  
6 develop in conjunction with the MEAF fuel fund members  
7 materials to market and promote the MEAF program to the  
8 general public and to its employees.

9 After making up for the lost MEAF  
10 revenues, PECO needs to make an ongoing corporate  
11 commitment of \$2 million annually to be divided among its  
12 six fuel funds each year PECO makes a profit. After all,  
13 PECO will eventually be receiving the benefit of these  
14 contributions while helping the low income payment  
15 troubled customers in PECO's service territory.

16 PECO also needs to recognize that  
17 individuals have much higher bills now and the maximum  
18 grant that we give is \$500. Anything over \$500, the  
19 customer has to give a third party or has to dig up the  
20 money. We would like them to increase the maximum grant  
21 to \$1,000 and for us to come up with the first 500 and for  
22 them to match the last 500.

23 I am near the end.

24 PECO currently pays one-third of the UESF  
25 board approved operating budget and it needs to ensure in

1 writing that as a merged company it will continue to do  
2 so. I want to make it clear. PECO has been a great  
3 partner in a lot of instances. They have been with us  
4 since 1983. They have always picked up one-third of our  
5 administration. I just want assurances that that is going  
6 to continue.

7 And in addition, they need to come up with  
8 some administrative monies for the other fuel funds.

9 UESF feels that only with these measures  
10 in place to protect the people we serve can we support the  
11 merger of Exelon and PSE&G.

12 Thank you for the opportunity to speak.

13 JUDGE CHESTNUT: Are there any questions?

14 MR. STEIN: Yes.

15 JUDGE CHESTNUT: Mr. Stein has a question  
16 for you.

17 CROSS-EXAMINATION

18 BY MR. STEIN:

19 Q. Mr. Lynch, good afternoon. Jonathan Stein from  
20 Community Legal Services. Just a couple of quick  
21 clarifications.

22 You said that your fund because of the  
23 neglect you talked about was forced to close early in 2004  
24 and 2005. How long did you have to close down operations?

25 A. Our fiscal year goes July 1 through June 30. Last

1 year we closed the second week in June. And this year we  
2 closed the first week in June.

3 Q. The first week --

4 A. In June of this year.

5 Q. Okay. And how long did that closure last?

6 A. Well, it is going to stay closed until next week.  
7 We begin taking applications next week because we have a  
8 major grant from --

9 Q. So you closed down for four weeks this year. How  
10 many people generally come to you each week? Just an  
11 estimate.

12 A. I would say about 200 folks per week.

13 Q. So can one assume that 800 customers who needed --

14 A. We are not able to help those 200 that come to us  
15 every week. Let me make that clear. Some of them have  
16 such enormous bills that we just can't help. I mean, we  
17 see people come in every day with \$2,000 or \$3,000 utility  
18 bills and one of our requirements is that for us to help  
19 you it has to zero out your bills so you get a completely  
20 fresh start. We don't want to do enough to satisfy the  
21 shut-off notice for this month and then next month you are  
22 in the same situation.

23 Q. Can you estimate the number of people in this  
24 entire month of shutdown that you could have helped and  
25 would have helped but for the shutdown?

1 A. For that four weeks, easily 200 people.

2 Q. And how about last year? A similar number too?

3 A. Last year I would say about the same.

4 Q. And these grants that you said you make are grants  
5 to avoid a shut-off, is that correct?

6 A. Well, typically most of the people that we help we  
7 are able to help them avoid the shut-off.

8 MR. STEIN: Thank you.

9 JUDGE CHESTNUT: Anything further?

10 No. Members of the audience can't ask  
11 questions. I'm sorry.

12 Thank you, Mr. Lynch.

13 (Witness excused.)

14 JUDGE CHESTNUT: The next person on the  
15 list is Peter Lane.

16 Would you raise your right hand, please?

17 Whereupon,

18 PETER LANE

19 having been duly sworn, testified as follows:

20 DIRECT TESTIMONY

21 JUDGE CHESTNUT: Please give and spell  
22 your name for the record.

23 THE WITNESS: Peter Lane, P-e-t-e-r,  
24 L-a-n-e.

25 JUDGE CHESTNUT: And your address, please?

1 THE WITNESS: 123 South Broad Street,  
2 Philadelphia.

3 JUDGE CHESTNUT: Are you a PECO customer?

4 THE WITNESS: Yes.

5 JUDGE CHESTNUT: Are you here on behalf of  
6 any group or organization?

7 THE WITNESS: I'm here on behalf of and as  
8 President and CEO for the Mann Center for the Performing  
9 Arts.

10 JUDGE CHESTNUT: Go ahead, Mr. Lane.

11 THE WITNESS: Thank you.

12 Hello. I'm Peter Lane. I'm a resident of  
13 Villanova and a PECO customer. And I am also speaking  
14 today as President and CEO of the Mann Center for the  
15 Performing Arts.

16 The Mann Center for the Performing Arts is  
17 a non-profit organization dedicated to the presentation of  
18 live performance and education and outreach. As an  
19 overview, we generally serve about a quarter of a million  
20 people each summer. We have about 25,000 to 30,000 of  
21 those people being children with one of the largest  
22 education and outreach programs in the United States,  
23 probably considered one of the top ten for an outdoor  
24 cultural arts center.

25 As a corporate sponsor, PECO has greatly

1 increased their efforts in recent years with the Mann.  
2 Prior to their merger with Exelon in the fall of 2000,  
3 PECO signed on to an one year sponsorship of the the PECO  
4 Pops series. After the merger PECO then demonstrated a  
5 longer term commitment with a three year sponsorship.  
6 This year they have renewed that commitment for an  
7 additional three years through 2008.

8 In 2005 they also become a corporate  
9 leader in our campaign to revitalize our home in West  
10 Fairmount Park by funding a new entrance lobby, the PECO  
11 Plaza. This improvement to our facilities will bring  
12 long-term enjoyment to thousands of citizens of the  
13 Philadelphia region.

14 I also want to mention that the Mann has  
15 seen much improvement in the services offered by PECO as a  
16 utility provider. Two years ago several service  
17 interruptions resulted in the cancellation of events while  
18 they were in progress. I recall one particular instance  
19 when just prior to the Philadelphia Orchestra performing  
20 Beethoven's 9th concert, with 150 people on stage, another  
21 100 chorus members and an absolutely full house, the  
22 lights went out due to lightning strikes in the region and  
23 the power went out. Unfortunately, the show was cancelled  
24 as a result and several thousand patrons, artists and  
25 staff had to evacuate the building.

1 In response we meet with PECO and they  
2 spent numerous thousands of dollars to install  
3 auto-section reclosures and the end result is that the  
4 service interruptions over the last year have ceased.

5 PECO has also worked closely with the Mann  
6 during our recent construction project by relocating  
7 utility poles and powerlines in Fairmount Park in an  
8 efficient and timely manner.

9 It is our opinion that over the last few  
10 years PECO has really made an impact at the Mann through  
11 their involvement with events, our capital renovations and  
12 as a corporate leader. Their ever expanding role in our  
13 activities exemplifies that they are a great corporate  
14 citizen. We are proud of our relationship with PECO.

15 JUDGE CHESTNUT: Are there any questions  
16 for Mr. Lane?

17 (No audible response.)

18 JUDGE CHESTNUT: Thank you very much,  
19 Mr. Lane. You are excused.

20 (Witness excused.)

21 JUDGE CHESTNUT: Ms. Fernandez.

22 Would you raise your right hand?

23 Whereupon,

24 VARSOVIA FERNANDEZ

25 having been duly sworn, testified as follows:

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DIRECT TESTIMONY

JUDGE CHESTNUT: Would you give and spell your name for the record?

THE WITNESS: Varsovia Fernandez,  
V-a-r-s-o-v-i-a, F-e-r-n-a-n-d-e-z.

JUDGE CHESTNUT: And your address?

THE WITNESS: I am a resident of 34 Chatham Road in Ardmore, Pennsylvania. And I am also here to represent Congreso de Latinos Unidos in North Philadelphia, 216 West Somerset Street.

Congreso de Latinos Unidos is not here today to support or to oppose PECO/Exelon's merger with PSE&G. Instead, we are here to tell Your Honor about our experience with PECO programs, the need of our customer base and some ideas for improving the programs. We hope to turn this proceeding into a positive opportunity for the people that we serve.

Congreso de Latinos Unidos is here today to be the voice of those the organization serves day to day and who cannot be here to speak for themselves. Congreso serves customers whose average annual income is about \$14,000 a year and have received little or no education. Many are dependent on some sort of welfare benefits.

For over five years now Congreso has

1        successfully helped to provide energy services to the  
2        eastern north Philadelphia community through LIHEAP, CAP,  
3        ECA and other low income programs supported by utility  
4        companies.  Congreso is a neighborhood energy center and  
5        out of its 22,000 customers it serves 520 customers with  
6        energy services.

7                        People in our community in eastern north  
8        Philadelphia depend on Congreso's energy services.  These  
9        services are much needed by our low income customers,  
10       particularly during critical times or during the winter  
11       months.

12                      PECO's low income energy services are  
13       critical to the quality of life of the community striving  
14       to reach self-sustainability.  In advance of this  
15       testimony we met with our staff to discuss PECO's  
16       performance and the PECO programs.  We are glad that  
17       Congreso's overall experience with PECO/Exelon low income  
18       services has been positive.  Our staff is able to move  
19       through PECO's customer service and low income program  
20       systems effectively.  Having said that, Congreso's staff  
21       believes that there is room for improvement in a few areas  
22       and we would welcome the opportunity to discuss this with  
23       PECO and on others.

24                      First, we believe that the system can be  
25       streamlined to limit the time that neighborhood energy

1 center representatives spend on the phone while navigating  
2 the low income systems.

3                   Second, we would like to see more program  
4 flexibility when there are situations customers face that  
5 fall outside the scope of the existing services  
6 guidelines. For example, we had a single mother of three  
7 last year who was abandoned by her husband and was left to  
8 live in a house with very poor insulation and it was  
9 highly deteriorated. This woman was unable to work during  
10 her pregnancy and was not able to pay her bills. Upon  
11 learning of the low income utility programs through  
12 Congreso services -- she came to us for something else and  
13 learned about this program -- we tried to help her catch  
14 up with her bills. And despite our efforts, in the end we  
15 really were not able to help her as we wished we could  
16 have because to restore the services she had to pay the  
17 full balance and the grants only went to \$600. It was not  
18 enough no cover her bills.

19                   One of the issues that made it difficult  
20 is that PECO's system does not recognize a previous  
21 payment arrangement for these customers. So when a  
22 customer goes for a second default it does not allow the  
23 customer service rep to extend his grant or to do a  
24 pre-arrangement again so that the customer can go home and  
25 provide proper heating or electricity to the children.

1 The system treats customers as delinquent and does not  
2 acknowledge the previous situation and the good faith of  
3 the customers. In this case the system was requesting  
4 full payment. Flexibility in rearranging payments could  
5 have made a difference on this family's life in meeting  
6 the bare necessities.

7 Third, Congreso thinks that outreach and  
8 education services could be improved. We acknowledge the  
9 good work that has been done to advertise these programs.  
10 But despite all of this work, many customers still do not  
11 know that these services exist until they walk into a  
12 place looking for help or hear it from someone else. Many  
13 don't speak or read English. Many don't read well at all.  
14 It is difficult to reach many of these individuals who  
15 often are not well informed and who sometimes are  
16 misinformed by others. More outreach and education would  
17 enable low income electricity and gas customers prepare  
18 for the winter season by signing on to programs sooner and  
19 avoiding shut-off of service or health risk situations.

20 I want to close by saying that Congreso  
21 came here today in good faith. It came to represent the  
22 eastern north Philadelphia community and to ask Your Honor  
23 and the Public Utility Commission, PECO Energy, Exelon,  
24 PSE&G, government officials and all influencing this  
25 process to seriously explore how we might use this merger

1 to meet the special needs of our mutual low income  
2 customers. The PECO programs have done a lot of good in  
3 the community. As always, however, there is room for  
4 improvement. Moreover, there always is a need for more  
5 funding by the government and private utilities to address  
6 the needs of the community.

7 One last thing that I want to add to this  
8 statement that we made is that last year approaching the  
9 winter months there was a power outage in what we call the  
10 Badlands neighborhood in Philadelphia. And PECO was  
11 instrumental when we placed a call to say if this power is  
12 not restored in the next couple of hours we are going to  
13 have to release our 400 staff to go home, which is an  
14 extraordinary expense for Congreso as a not-for-profit.  
15 Moreover, if we go into the night without power we are  
16 looking at much crime and lots of broken windows in our  
17 neighborhood. And I must say that PECO got on the phone  
18 with Chicago, conferenced us in, we explained everything  
19 and they restored the power within two hours. To our  
20 community that makes a huge difference, again, because of  
21 the crime and delinquency.

22 On behalf of Congreso, its board, staff  
23 and stakeholders we thank you for the opportunity you've  
24 given us to voice our concerns. We would be happy to meet  
25 with PECO, PSE&G and anyone else who has any questions and

1 help us develop recommendations.

2 JUDGE CHESTNUT: Thank you.

3 Any questions for Ms. Fernandez?

4 (No audible response.)

5 JUDGE CHESTNUT: Thank you very much,  
6 Ms. Fernandez.

7 (Witness excused.)

8 JUDGE CHESTNUT: Mr. Rowe. John Rowe.

9 Would you raise your right hand, please.

10 Whereupon,

11 JOHN ROWE

12 having been duly sworn, testified as follows:

13 DIRECT TESTIMONY

14 JUDGE CHESTNUT: Please give and spell  
15 your name for the record.

16 THE WITNESS: It's John Rowe, spelled  
17 J-o-h-n, R-o-w-e.

18 JUDGE CHESTNUT: And your address, please?

19 THE WITNESS: 8400 Chipewa Road,  
20 Philadelphia, Pennsylvania 19128.

21 JUDGE CHESTNUT: Are you a PECO customer?

22 THE WITNESS: Yes, I am.

23 JUDGE CHESTNUT: Are you appearing on  
24 behalf of any organization or group?

25 THE WITNESS: Yes, I am. I am appearing

1 on behalf of the Coalition of Neighborhood Energy Centers  
2 which represent the following organizations which contain  
3 neighborhood energy centers: Congreso, Diversified  
4 Community Services, Friends Neighborhood Guild, Germantown  
5 Settlement, Greater Philadelphia Asian Social Services  
6 Center, New Kensington Community Development Corporation  
7 and United Communities of Southeast Philadelphia.

8 Thank you for providing me with this  
9 opportunity to give testimony.

10 The NECs, the neighborhood energy centers,  
11 are concerned about the impact of this merger on the  
12 delivery of energy services to low income customers. If  
13 the Coalition is not to object to such a merger binding  
14 assurances must be made to ensure and expand the delivery  
15 of quality energy services to all low income residents.

16 As the Philadelphia Inquirer recently  
17 stated in its editorial addressing concerns with this  
18 merger, and I quote, customers need to see substantial  
19 benefits that will reduce their utility costs. Unless the  
20 current outlook changes utility regulators at both the  
21 state and federal level have a clear choice: Order that  
22 the merger do more -- much more -- for customers or reject  
23 it.

24 The spirit of past agreements and  
25 arrangements have not lived up to expectations and low

1 income customers have suffered for it. Ed Lynch talked a  
2 while ago about the enrollment in CAP A of 7,500 and as of  
3 January the current enrollment is nine customers.

4 Now is the time to produce guarantees for  
5 low income customers. The NECs offer quality energy  
6 service that are available only at experienced  
7 neighborhood organizations. The NECs deliver an thorough  
8 analysis of energy problems and provide well crafted  
9 solutions, including conservation workshops, budget  
10 counseling and energy counseling. The solutions are based  
11 upon empowering the family to understand what must be done  
12 to resolve their problems. The NECs are also able to  
13 leverage other services so that families can be  
14 stabilized. This is possible only because the NECs are  
15 located within a full service experienced organization.

16 Unfortunately for the NECs 30 to 40  
17 percent more clients receive energy services than are paid  
18 for. The organizations which run the NECs must subsidize  
19 the direct administrative and overhead costs of the NECs.  
20 Each NEC runs at a severe deficit. The organizations do  
21 this because of their commitment to the community.

22 This proposed merger would tend to  
23 increase the centralization of services and decrease the  
24 community presence. This merger must expand the role of  
25 the community based NECs so that the community presence

1 can be increased. This merger must guarantee that PECO  
2 will contract with community based NECs to assist at the  
3 community level the delivery of energy services for low  
4 income customers.

5 For example, the Low Income Usage  
6 Reduction Program, LIURP, should be contracted to  
7 community based NECs so that other services can be  
8 leveraged such as other conservation programs, budget  
9 counseling, financial literacy and even homelessness  
10 prevention programs.

11 For example, a program providing overall  
12 case management, social service referrals and networking  
13 and training should be contracted to community based  
14 neighborhood energy centers to assist low income customers  
15 to be financially stable. This would produce a win-win  
16 situation: A win for the customer and a win for PECO.

17 For example, education and outreach  
18 programs should be contracted to community based NECs so  
19 that low income customers can be made adequately aware of  
20 existing programs.

21 The mission of the Coalition of  
22 Neighborhood Energy Centers is to ensure and expand the  
23 delivery of quality energy services necessary for low  
24 income residents. The merger could very well produce a  
25 stronghold on the community. The Coalition firmly asserts

1 that the merger must provide for the safety of all  
2 customers. A solid approach must include an expanded role  
3 of community based NECs. If not, the merger must be  
4 rejected.

5 JUDGE CHESTNUT: Does anybody have any  
6 questions for Mr. Rowe?

7 (No audible response.)

8 JUDGE CHESTNUT: Thank you very much,  
9 Mr. Rowe. You are excused.

10 (Witness excused.)

11 JUDGE CHESTNUT: Martha Abbott.

12 Whereupon,

13 MARTHA ABBOTT

14 having been duly sworn, testified as follows:

15 DIRECT TESTIMONY

16 JUDGE CHESTNUT: Please give and spell  
17 your name for the record.

18 THE WITNESS: Martha Abbott, M-a-r-t-h-a,  
19 A-b-b-o-t-t.

20 JUDGE CHESTNUT: Your address, please?

21 THE WITNESS: 1929 Sansom Street, 19143.

22 JUDGE CHESTNUT: Are you a PECO customer?

23 THE WITNESS: Yes, I am. And I am  
24 speaking on behalf of friends and neighbors.

25 All we want is an affordable rate. And I

1 have neighbors and friends who are having problems with  
2 the utility company. They have been having them for years  
3 and they don't know how to go about getting help to fix  
4 the problems that they have with the utility company.  
5 They just started going finally in the neighborhood where  
6 they could get help as far as LIHEAP and weatherization  
7 programs and stuff like that.

8 I just want to bring it to here and let  
9 them know in southwest Philadelphia that they do have  
10 problems getting help.

11 JUDGE CHESTNUT: Thank you.

12 Are there any questions for Ms. Abbott?

13 (No audible response.)

14 JUDGE CHESTNUT: Thank you very much,  
15 Ms. Abbott.

16 (Witness excused.)

17 JUDGE CHESTNUT: Mr. Riddle.

18 Would you raise your right hand, please?

19 Whereupon,

20 JONATHAN RIDDLE

21 having been duly sworn, testified as follows:

22 DIRECT TESTIMONY

23 JUDGE CHESTNUT: Please give and spell  
24 your name for the record.

25 THE WITNESS: I name is Jonathan Riddle,

1 J-o-n-a-t-h-a-n, R-i-d-d-l-e.

2 JUDGE CHESTNUT: And your address?

3 THE WITNESS: I am speaking on behalf of a  
4 resident of Philadelphia. My address is actually in New  
5 Jersey.

6 JUDGE CHESTNUT: I'm sorry?

7 THE WITNESS: I am speaking on behalf of a  
8 PECO customer who lives in Philadelphia.

9 JUDGE CHESTNUT: I'm sorry. I can't let  
10 you do that. Thank you.

11 THE WITNESS: Okay.

12 (Witness excused.)

13 JUDGE CHESTNUT: Maureen Mulligan.

14 Would you raise your right hand, please?

15 Whereupon,

16 MAUREEN MULLIGAN

17 having been duly sworn, testified as follows:

18 DIRECT TESTIMONY

19 JUDGE CHESTNUT: Please give and spell  
20 your name for the record.

21 THE WITNESS: Maureen Mulligan,  
22 M-a-u-r-e-e-n, M-u-l-l-i-g-a-n.

23 And, Judge, I am not a PECO customer. I  
24 am here on behalf of the Energy Coordinating Agency. I  
25 chair the policy committee for the Energy Coordinating

1 Agency at 1924 Arch Street.

2 JUDGE CHESTNUT: Okay. Go ahead,  
3 Ms. Mulligan.

4 THE WITNESS: My name is Maureen Mulligan.  
5 I am a board member of the Energy Coordinating Agency on  
6 whose behalf I am testifying today.

7 The Energy Coordinating Agency is a  
8 private non-profit corporation dedicated to ensuring  
9 households have access to safe, affordable, reliable  
10 sources of energy and water. Every since 1985 ECA has  
11 provided thousands of Pennsylvanians with conservation,  
12 home repair, energy education and bill payment assistance  
13 services and has taken a leadership role in policies to  
14 develop a sustainable energy future for the region. Low  
15 income customers are directly served through our  
16 partnership with the neighborhood energy associations and  
17 centers.

18 This merger request occurs at a time of  
19 rising energy prices, increased utility service  
20 terminations and considerable uncertainty as to the future  
21 affordability of energy. Dr. Jeremy Leggett's "The Coming  
22 Global Energy Crisis" in his papers remarks that the last  
23 time we discovered more oil in a year than we used was a  
24 quarter of a century ago. Oil demand has been growing at  
25 3.5 percent per year for the last two years while the rate

1 of discovery of large new oilfields went from 16 in 2000  
2 to none in 2003. Supply and demand theory tells us energy  
3 prices are not going down. Fourteen years of working at  
4 the Public Utility Commission also tells me that when  
5 energy prices increase for one type of energy service  
6 costs for other energy services often increase as well.

7 Public policy makers are forced to choose  
8 between stockholder and competitive pressures on utilities  
9 and the people who can't afford their bills. In the  
10 Philadelphia area, and I won't go into a lot of numbers on  
11 this but Ed Lynch mentioned that utilities reported a 50  
12 percent increase in terminations from 8,420 households in  
13 2004 to 12,690 so far this year. We can't solve all of  
14 the problems in this merger but ECA views this merger as  
15 an opportunity to address some of them through energy  
16 conversation, energy efficiency and enhances education.

17 It is critically important that this  
18 merger truly represents public interest and in ECA's view  
19 much will depend on how fairly customers are treated.  
20 This means customers must receive some of the real  
21 benefits. It also means PECO's fundamental  
22 responsibilities to their customers are realized, namely,  
23 adequate quality of service, reliability, affordability  
24 and environmental benefits.

25 The ECA Board of Directors has not taken a

1 position on whether the merger is in the public interest.  
2 Issues such as market power, jobs impact, long-term rate  
3 impacts and nuclear safety among other issues are best  
4 addressed by the parties with the greatest expertise in  
5 those areas. ECA is focused on the issues we work with  
6 every day. They are utility payment problems, energy  
7 conservation, energy efficiency and renewable energy.

8 As energy prices continue to climb ECA  
9 requests that PECO use some of the \$40 million they site  
10 as savings to Pennsylvania due to the merger on actions to  
11 assist low income households and promote environmental  
12 investments. Whether PECO's \$40 million is the right  
13 number is being contested by many of the parties to the  
14 case, but the point is still the same: The benefits  
15 should go back to the customers in a way that best  
16 supports the region.

17 When thinking about how merger benefits  
18 can be shared, we need to remember that PECO will be  
19 getting \$40 million next year in distribution rate  
20 increases. In 2007 they will get a 6.6 percent overall  
21 increase and in 2008 a 4.8 increase according to the  
22 analysis of the Pennsylvania Small Business Advocate.  
23 This brings the total rates collected through 2010 to \$1.5  
24 billion above the current rates. There appears to be a  
25 high burden for PECO to prove that they can't find more

1 than \$40 million in benefits to Pennsylvanians from the  
2 merger.

3           As part of the evidentiary hearing  
4 discovery process the City of Philadelphia asked PECO to  
5 identify best practices -- question number 61 -- that  
6 would be carried forward if the merger is approved.  
7 Mr. Dennis O'Brien, President of PECO, responded as  
8 follows: There are no specific materials that list or  
9 describe the best practices in any area. Identification  
10 of the best practices requires extensive detailed analysis  
11 and effort over an extended period to identify and  
12 implement those practices that will yield the best  
13 results. The merger will facilitate that process since  
14 there are three operating utilities that will be sharing  
15 ideas and analysis to the extent that otherwise would not  
16 be possible.

17           This response makes it clear to ECA that  
18 specific direction and accompanying financial commitment  
19 has to be clearly quantified and negotiated with PECO.  
20 Mr. O'Brien's response is vague, making it difficult to  
21 determine if best practices will actually prevail.

22           ECA offers the following: PECO should  
23 invest locally in energy conservation and efficiency and  
24 education. They should come up with programatic changes  
25 to the universal service programs and the low income usage

1 reduction programs and they should provide greater support  
2 to environmental initiatives.

3 Certainly ECA supports direct financial  
4 support to low income customers, but ECA's proposal is to  
5 dedicate financial resources to approaches such as  
6 conservation efficiency that will have long-term positive  
7 impacts on PECO's low income customers. For example, cool  
8 roofs using white reflective roofing systems to reduce the  
9 temperature inside homes on days like today should be  
10 included as an acceptable measure in PECO's Low Income  
11 Usage Reduction Program. The same is true with inclusion  
12 of solar hot water heating. In addition, another way to  
13 get water heating costs under control would be to reopen  
14 the off-peak rate for water heating.

15 While our suggestions are narrow and  
16 modest, we think they will produce very significant  
17 economic and environmental benefits for PECO customers and  
18 for shareholders. Energy conservation programs increase  
19 reliability by shaving peak load and reduce greenhouse gas  
20 emissions. PECO set a voluntary goal of eight percent  
21 greenhouse gas reduction. ECA encourages PECO to set up a  
22 local stakeholder process to help meet that goal, and ECA  
23 volunteers to be a member.

24 LIURP rules should be amended to ensure  
25 coordination with the weatherization assistance program.

1 Increasing the energy savings of the LIURP will reduce  
2 PECO's arrears, uncollectibles and collection costs. This  
3 will greatly reduce the cost of serving the CAP customers.  
4 To the extent PECO can reduce CAP costs it reduces upward  
5 pressure on rates and provides value to both customers and  
6 shareholders.

7 PECO should contract with the neighborhood  
8 energy centers. That was already talked about for the  
9 reasons that were articulated before.

10 PECO has not met its own enrollment goals  
11 for CAP. We have also stated that. To address this PECO  
12 should contract with community based organizations  
13 currently taking Crisis, MEAF and WAP applications to  
14 support LIURP outreach and intake. This approach enables  
15 organizations to also serve as intake specialists for PECO  
16 CAP and LIURP programs. The direct financial support to  
17 low income customers through increased LIURP participation  
18 will help PECO make its enrollment goals for those low  
19 income programs.

20 I have one more point here.

21 PECO should financially support the  
22 Philadelphia Million Solar Roofs Partnership by providing  
23 an operating grant for public education and training.  
24 This will focus merger savings directly on job creation in  
25 the growing solar industry at the same time as jobs are

1 being lost through the merger. This will bring PECO into  
2 early compliance with its required solar purchase under  
3 the alternative portfolio legislation. Also, PECO should  
4 recognize as best practices the New Jersey net metering  
5 and interconnection rules that are already in place for  
6 PSE&G.

7 While the level of investment ECA is  
8 seeking from Exelon is modest, the benefits to PECO,  
9 Exelon and ratepayers and the general public is  
10 significant.

11 Thank you for holding this public hearing.

12 JUDGE CHESTNUT: Are there any questions  
13 for Ms. Mulligan?

14 (No audible response.)

15 JUDGE CHESTNUT: Thank you very much,  
16 Ms. Mulligan.

17 (Witness excused.)

18 JUDGE CHESTNUT: Jonathan Pogach.

19 Whereupon,

20 JONATHAN POGACH

21 having been duly sworn, testified as follows:

22 DIRECT TESTIMONY

23 JUDGE CHESTNUT: Will you please give and  
24 spell your name for the record?

25 THE WITNESS: Jonathan Pogach,

1 J-o-n-a-t-h-a-n, Pogach, P-o-g-a-c-h.

2 JUDGE CHESTNUT: Your address, please?

3 THE WITNESS: 308 South 24th Street,  
4 Apartment 3-A, Philadelphia, Pa. 19103.

5 JUDGE CHESTNUT: You are a PECO customer?

6 THE WITNESS: Yes, I am.

7 JUDGE CHESTNUT: Are you appearing on  
8 behalf of any group or organization?

9 THE WITNESS: I am here with a group of  
10 volunteers. And I am presenting on behalf of Mr. Bob  
11 Ilers of 1514 Pine Street.

12 JUDGE CHESTNUT: I'm sorry. You can't do  
13 that.

14 THE WITNESS: Okay. Can I present on  
15 behalf of myself?

16 JUDGE CHESTNUT: Absolutely.

17 THE WITNESS: I am a student and I  
18 personally have not had issues with PECO. I haven't had  
19 any problems. However, as I have walked around today and  
20 heard both here and earlier today, I do have concerns that  
21 there doesn't seem to be any added benefit of the merger.  
22 I haven't really seen any signs that there is any  
23 additional contribution that merging those two companies  
24 will have. People have had positive experiences in the  
25 past, some people have had negative experiences. But it

1 certainly does not seem as though it is in the public  
2 interest.

3 A lot of people have come up here and said  
4 that there is no evidence within the proposal itself that  
5 includes anything with regards to helping the low income  
6 people who have struggled since the last merger. On  
7 behalf of those people, I think it is necessary that  
8 before a merger is approved there is some accountability  
9 of the failed promises of the past.

10 Again, like I said, I personally have not  
11 had any problems with PECO in the past. But there are  
12 plenty of people in the city who have and I feel like on  
13 behalf of the working people who couldn't make it here  
14 today because it is during working hours it is necessary  
15 that their concerns are addressed.

16 JUDGE CHESTNUT: Any questions?

17 Mr. Clearfield?

18 CROSS-EXAMINATION

19 BY MR. CLEARFIELD:

20 A. What group are you affiliated with?

21 A. The Eastern Service Workers Association.

22 MR. CLEARFIELD: Thank you.

23 JUDGE CHESTNUT: Any other questions?

24 (No audible response.)

25 JUDGE CHESTNUT: Thank you very much,

1 Mr. Pogach. You are excused.

2 THE WITNESS: Thank you.

3 (Witness excused.)

4 JUDGE CHESTNUT: That is the end of the  
5 witnesses who have signed up on the list. Is there  
6 anybody else who wants to give relative, probative  
7 testimony?

8 MEMBER OF AUDIENCE: I signed up.

9 JUDGE CHESTNUT: You signed up?

10 MEMBER OF AUDIENCE: Number 37, I think.

11 JUDGE CHESTNUT: Okay. You were the only  
12 one on that sheet, so I missed it.

13 Are you Deborah Hammond?

14 MEMBER OF AUDIENCE: Yes.

15 JUDGE CHESTNUT: Raise your right hand,  
16 please.

17 Whereupon,

18 DEBORAH HAMMOND

19 having been duly sworn, testified as follows:

20 DIRECT TESTIMONY

21 JUDGE CHESTNUT: Please give and spell  
22 your name for the record.

23 THE WITNESS: Deborah, D-e-b-o-r-a-h,  
24 Hammond, H-a-m-m-o-n-d.

25 JUDGE CHESTNUT: Your address?

1 THE WITNESS: 1929 Sansom Street,  
2 Apartment 413, in Philadelphia, Pennsylvania.

3 JUDGE CHESTNUT: Are you a PECO customer?

4 THE WITNESS: Yes.

5 JUDGE CHESTNUT: Are you appearing on  
6 behalf of any group or organization?

7 THE WITNESS: Self.

8 JUDGE CHESTNUT: I'm sorry?

9 THE WITNESS: Myself.

10 JUDGE CHESTNUT: Okay. Go ahead,  
11 Ms. Hammond.

12 THE WITNESS: My thrust is really aimed at  
13 the PUC. My greatest concern is that it represents the  
14 interests of the consumers, the paying public like myself.  
15 The rates will escalate and all that and it will rise and  
16 all like that, and it will rise above my ability to pay.  
17 So I am appealing to the PUC to honor my ability to pay  
18 the high rates and that the rates be kept within -- you  
19 know, kept separate from corroding my surviveability.  
20 Because, I mean, you know, if you can't pay then you are  
21 losing right off. And I think the PUC, as it is, it is a  
22 public entity and its interests should really be parallel  
23 to that of the paying public.

24 JUDGE CHESTNUT: Any questions for  
25 Ms. Hammond?

1 (No audible response.)

2 JUDGE CHESTNUT: Thank you very much,  
3 Ms. Hammond.

4 (Witness excused.)

5 JUDGE CHESTNUT: Okay. We are done. I  
6 would like to make a few comments, though, before we  
7 adjourn.

8 First, I would like to thank my husband,  
9 Terry Johnson, for supervising the sign-in process. It  
10 went very smoothly.

11 Second, I would like to say that I thank  
12 you all for coming out and for sharing your thoughts with  
13 us. I thought there were a number of constructive  
14 suggestions that I would certainly hope the company would  
15 consider regardless of how the Commission decides its  
16 application for the merger. Thank you again. I  
17 appreciate it. And have a good day.

18 Counsel, I do want to talk to you for a  
19 moment.

20 (Discussion off the record.)

21 (Whereupon, the documents were marked as Pack  
22 Statement No. 1, Hoskins Statement No. 1, Hanna  
23 Statement No. 1 and Nutter Statement No. 1 for  
24 identification.)

25 (Whereupon, at 4:10 p.m., the hearing was concluded.)

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 were 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  
Robert J. Stonaker *RF*

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