

COMMONWEALTH OF PENNSYLVANIA  
PUBLIC UTILITY COMMISSION

**ORIGINAL**

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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 102 through 206 Auditorium  
Philadelphia Senior Center  
509 South Broad Street  
Philadelphia, Pennsylvania

Thursday, June 30, 2005

**DOCUMENT  
FOLDER**

Met, pursuant to notice, at 10:06 a.m.

BEFORE:

MARLANE R. CHESTNUT, Administrative Law Judge

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

2 ADMINISTRATIVE LAW JUDGE MARLANE CHESTNUT:

3 This is the public input hearing scheduled at Docket  
4 A-110550F0160.

5 Can everybody hear me?

6 MEMBER OF AUDIENCE: No.

7 JUDGE CHESTNUT: Good morning to you all.

8 Thank you for coming.

9 This is the public input hearing scheduled  
10 at Docket A-110550F0160, joint application of PECO Energy  
11 Company and Public Service Electric & Gas Company.

12 My name is Marlane Chestnut. I am the  
13 Administrative Law Judge who has been assigned by the  
14 Commission to hear this case --

15 MEMBER OF AUDIENCE: It's not working.

16 JUDGE CHESTNUT: Can you hear me now? It  
17 seems to be on. I don't know if I'm using it right.

18 Can everybody hear me now?

19 MEMBER OF AUDIENCE: Yes.

20 JUDGE CHESTNUT: I'm very sorry for that.

21 As you know, we are here for the public  
22 input hearing in the proposed merger at Docket  
23 A-110550F0160.

24 My name is Marlane Chestnut. I am the  
25 Administrative Law Judge that has been assigned by

1 the Commission to hear this case and to render a  
2 recommendation.

3 I will briefly explain the nature of this  
4 process to you and I will introduce you to some of the  
5 people involved in this case. Then we will hear from you,  
6 which is why we are here.

7 In February, 2005, PECO and PSE&G filed an  
8 application with the Commission requesting approval of the  
9 merger of PSE&G's parent with and into PECO's parent,  
10 Exelon Corporation. The Commission needs to determine  
11 whether the proposed merger is in the public interest.  
12 Specifically, the Commission will consider whether the  
13 proposed merger will, quote, affirmatively promote the  
14 service, accommodation, convenience or safety of the  
15 public in some substantial way, and whether the proposed  
16 merger will impair competition.

17 Numerous parties representing almost every  
18 segment of the community have intervened. These include  
19 the Commission's Office of Trial Staff, or OTS, the  
20 Office of Consumer Advocate, or OCA, the Office of Small  
21 Business Advocate, OSBA, the Philadelphia Gas Works, the  
22 City of Philadelphia and various individuals and consumer  
23 groups represented by Community Legal Services. They and  
24 the company have representatives here today and in a  
25 minute I will let these folks introduce themselves to you.

1 Other parties include the Pennsylvania Department of  
2 Environmental Protection, several labor unions, industrial  
3 customers and other utilities and energy marketers.

4 Let me briefly outline what has happened  
5 in the case so far and what the schedule is for the  
6 future.

7 A prehearing conference was held on March  
8 29, 2005. Attorneys representing the parties and I worked  
9 out a schedule and addressed various procedural issues.  
10 According to the schedule, the Applicants have presented  
11 their testimony in support of the proposed merger.  
12 Yesterday the other parties each presented their testimony  
13 explaining what the Commission should do with the  
14 application based on their review of the company's  
15 documents and testimony. Every party also will have an  
16 opportunity to comment on the positions taken by the other  
17 parties.

18 Often in these kinds of cases the parties  
19 are able to reach a settlement of all or some of the  
20 issues. Because this often produces a result that is in  
21 the best interests of PECO as the company and you as the  
22 customers I have urged the parties to see if they can do  
23 this. While I will not be involved in these discussions I  
24 do believe the parties have attempted to do so. If a  
25 settlement is reached I will prepare a recommended

1 decision as to whether the settlement should be accepted  
2 or rejected by the Commission and then the Commission will  
3 decide whether to accept or reject that recommendation.

4           If the parties aren't able to agree on a  
5 settlement then hearings will be held in Philadelphia  
6 August 23rd through September 1st so that the witnesses  
7 who presented written testimony can testify under oath and  
8 be subject to cross-examination. These hearings will be  
9 held at the State Office Building. They are open to the  
10 public and you are welcome to attend and observe. Because  
11 hearings sometimes are cancelled or changed you should  
12 call the scheduling office at (717) 787-1399 the day  
13 before you plan to attend to ensure that the hearing will  
14 be held as scheduled.

15           When the hearings have been completed the  
16 parties will prepare and submit to me written briefs  
17 describing the facts as they see them and the law that  
18 they believe should be applied. Main briefs and  
19 responsive reply briefs are due in September and my  
20 recommended decision hopefully will be issued in early  
21 November. The Commission then will decide if my  
22 recommendation concerning the proposed merger should be  
23 adopted, rejected or modified.

24           Now, with this background I will introduce  
25 the party representatives here today to you and I will let

1 them make a brief statement.

2 Mr. Bonney.

3 MR. BONNEY: Thank you, Your Honor.

4 My name is Paul Bonney, Counsel for PECO  
5 Energy in this matter.

6 As the Judge explained, we filed in  
7 February with the Public Utility Commission for approval  
8 of the merger between Exelon Corporation, our holding  
9 company, and PSE&G. PSE&G owns a natural gas distribution  
10 and electric company in New Jersey headquartered in  
11 Newark, New Jersey.

12 We are happy that you have joined us here  
13 today and we look forward to your comments.

14 Thank you.

15 JUDGE CHESTNUT: Thank you, Mr. Bonney.

16 Ms. Curtin.

17 MS. CURTIN: Good morning. My name is  
18 Allison Curtin. I am a prosecutor in the Commission's  
19 Office of Trial Staff.

20 The Office of Trial Staff was created in  
21 1986 with the purpose of representing the public interest  
22 in proceedings before the Commission. The Office of Trial  
23 Staff has a team of attorneys, engineers, accountants and  
24 economists who are assigned to cases for the purpose of  
25 examining utilities' filings with the Commission.

1 In the instant case there are currently  
2 two attorneys assigned to handle the case and there are  
3 also a team of expert witnesses. The recommendation of  
4 our office is that the merger is not in the public  
5 interest.

6 Today is an opportunity for you to express  
7 your opinion regarding the merger application. I would  
8 urge each of you to testify under oath for the record so  
9 that your testimony can assist my office and the  
10 Administrative Law Judge and the Commission in rendering a  
11 final order regarding the company's filing.

12 If you have any questions or if my office  
13 can be of assistance please do not hesitate to see me  
14 after the hearing.

15 I look forward to your testimony and the  
16 Office of Trial Staff thanks you for your attendance.

17 JUDGE CHESTNUT: Thank you, Ms. Curtin.  
18 Ms. Pennington.

19 MS. PENNINGTON: Good morning. My name is  
20 Carol Pennington. I am an Assistant Small Business  
21 Advocate.

22 My office was created by the Legislature  
23 in order to represent small businesses before the Public  
24 Utility Commission. We have hired the services of an  
25 expert witness and he has provided testimony in this case.

1 My office believes that the merger filing as filed does  
2 not provide enough affirmative benefits in order to be  
3 approved and we have provided testimony giving our  
4 opinion, our expert opinion, about what benefits we feel  
5 should be flowed back to ratepayers in order for this  
6 merger to be approved.

7 In the meantime you are the customers of  
8 PECO, you are the experts here. And if you are the owner  
9 or the manager of a small business I am especially  
10 interested in hearing from you and I encourage you to  
11 testify. And I thank you for coming this morning.

12 JUDGE CHESTNUT: Thank you,  
13 Ms. Pennington.

14 Mr. Beatty.

15 MR. BEATTY: Good morning. My name is  
16 Aron Beatty and I am an attorney with the Pennsylvania  
17 Office of Consumer Advocate.

18 Our office represents utility consumers,  
19 residential consumers in particular, in matters before the  
20 Pennsylvania Public Utility Commission.

21 With me today is Sonny Popowsky, the  
22 Consumer Advocate.

23 JUDGE CHESTNUT: Can everybody hear him  
24 okay?

25 MEMBER OF AUDIENCE: No.

1 JUDGE CHESTNUT: Here.

2 (Microphone handed to Mr. Beatty.)

3 MR. BEATTY: Good morning. My name is  
4 Aron Beatty. I am an attorney with the Pennsylvania  
5 Office of Consumer Advocate.

6 Our office represent consumers,  
7 residential consumers in particular, in matters before the  
8 Pennsylvania Public Utility Commission.

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

11 As the Judge has explained, this public  
12 input hearing is being held in order to receive your  
13 comments regarding the proposed merger between PECO's  
14 parent, Exelon, and PSE&G, New Jersey's largest utility.  
15 Together the proposed merger would create one of the  
16 largest utilities in the country.

17 Our office's position is that this merger  
18 should not be approved unless it provides substantial  
19 affirmative benefits to PECO's ratepayers.

20 Our office is interested in hearing your  
21 concerns regarding the proposed merger and how you feel it  
22 may affect the service you receive from PECO.

23 Thank you for your attendance here today.  
24 Mr. Popowsky and I will be available at the conclusion of  
25 the hearing and we will be happy to answer questions

1 regarding both this proceeding and our office in general.

2 Thank you.

3 JUDGE CHESTNUT: Thank you, Mr. Beatty.

4 Mr. Hersey.

5 MR. HERSHEY: Thank you, Your Honor.

6 My name is Steve Hershey. I work at the  
7 Philadelphia Gas Works.

8 We strongly oppose this merger both as a  
9 utility, as a consumer and on behalf of our own customers.  
10 We believe that not only does the merger not provide  
11 benefit, it has the potential for creating serious harm to  
12 you as consumers, to PGW as a consumer of electricity and  
13 to PGW and its customers because of the impact on gas and  
14 electric markets. We believe that the merger should be  
15 rejected and we hope to hear from you and your colleagues  
16 at today's hearing and other hearings.

17 JUDGE CHESTNUT: Thank you.

18 Mr. Clearfield.

19 MR. CLEARFIELD: Good morning. I am Dan  
20 Clearfield and I am representing PSE&G, the New Jersey  
21 utility with which PECO and Exelon are proposing to merge.

22 MR. ENGELMYER: Good morning, everybody.  
23 My name is Steve Engelmyer from the law firm Kleinbard,  
24 Bell & Brecker. I am representing Senator Anthony  
25 Williams this morning.

1                   Senator Williams will be testifying very  
2 shortly. You will hear his testimony, but the position we  
3 have taken with regard to this merger is that it does not  
4 provide appropriate benefits to consumers. In particular  
5 we are focused on low income and people who really are in  
6 special need of programs in order to pay their utility  
7 bills. In particular we have focused on promises that  
8 PECO made in their last merger, which some of you may  
9 remember from a couple years ago, which in our view have  
10 not been kept. It is the Senator's view that if you can't  
11 keep prior promises you've got to look somewhat askance at  
12 promises being made today.

13                   We have also expressed some substantial  
14 concern about some of the job losses that are going to  
15 occur in the City of Philadelphia and the devotion or lack  
16 thereof to civic issues if PECO doesn't have a substantial  
17 headquarter presence in Philadelphia, in particular issues  
18 like charitable contributions, et cetera.

19                   We thank you very much for being here  
20 today. We look forward to hearing from you. The Senator  
21 unfortunately is going to have to run back to Harrisburg  
22 after his testimony. We are in the midst of trying to  
23 pass a budget. I don't know if that is ultimately going  
24 to happen or not but they are trying.

25                   We are very grateful for all of you coming

1 today. Thank you.

2 MR. STEIN: Good morning. My name is  
3 Jonathan Stein. I am with Community Legal Services.

4 We are representing at CLS three major  
5 community organizations in the Philadelphia area, Action  
6 Alliance of Senior Citizens of Greater Philadelphia, the  
7 ACORN organization as well the Tenant Action Group.

8 These organizations have intervened in  
9 this proceeding to oppose the merger of Exelon with this  
10 New Jersey utility. And the reasons why are summarized in  
11 terms of the fact that this merger needs to show, to be  
12 approved by the PUC, an affirmative public benefit.

13 In that public are 260,000 low income  
14 households in the PECO service area. They are members of  
15 the public for whom electricity is not simply a privilege  
16 or an excess, it is a necessity of life. Electricity  
17 means essentially life and death for many, many low income  
18 people who have great problems right now in paying their  
19 electric bills in part due to major problems with  
20 universal service programs of PECO that are in existence  
21 now. These problems will just get much worse with a  
22 centralized and more remote company in a merged and larger  
23 company.

24 Part of the public benefit that needs to  
25 be shown by PECO that our client groups feel has not been

1 shown to date is compliance with prior promises that were  
2 made by the company three or four years ago after the last  
3 merger where various commitments were made. There is a  
4 list of areas where various people will set forth evidence  
5 that those programs have not been followed through and  
6 promises made from the last merger. We also join Senator  
7 Williams to say why should a merger go forward again when  
8 they have not fulfilled the commitments of the past  
9 merger.

10 And finally, we think an affirmative  
11 public benefit must show compliance with the public  
12 policies of the Public Utility Commission itself and the  
13 Commonwealth of Pennsylvania, which puts a very high  
14 priority on universal service programs which ensure that  
15 this necessity of life indeed flows to the many people in  
16 this region, particularly low income people.

17 For those reasons the groups we represent  
18 vigorously oppose this merger.

19 We appreciate all of you coming out here  
20 this morning and we look forward to your testimony in  
21 morning as well.

22 Thank you.

23 JUDGE CHESTNUT: Thank you, Mr. Stein.

24 Thank you all.

25 A significant step in the hearing process

1 is the public input hearing. The purpose of this hearing  
2 is to obtain the testimony of you, the people who will be  
3 directly affected if the proposed merger is approved or is  
4 disapproved by the Commission.

5 Now, I previously placed outside this  
6 auditorium a witness list for people to print their names,  
7 addresses and telephone numbers. That is only for people  
8 who wish to testify. This is not an attendance sheet.  
9 And specifically the blue sheets are not our witness list.  
10 That is the attendance sheet for the senior center. I  
11 know there is a little confusion about that.

12 Now, there are three ways in which you may  
13 participate in this hearing. First, you may testify  
14 formally, which I strongly urge you to do. When I call  
15 your name come up to the microphone, the podium over  
16 there. I will swear or affirm you. I will ask you to  
17 spell your name for the court reporter and state if you  
18 a customer of PECO. You are required to state your  
19 address, occupation and place of employment for the  
20 record. If you are appearing on behalf of a group or  
21 organization, please state that.

22 You will give your statement which will be  
23 recorded and transcribed by the court reporter. You will  
24 be subject to cross-examination by the parties here. I  
25 also may ask you some questions. To the extent that your

1 testimony is relevant, material and competent, it may be  
2 considered by me and the Commission in making the decision  
3 as to the application.

4 Do not be intimidated by the terms I have  
5 used such as testimony and cross-examination. We all  
6 recognize that you are not lawyers and you are not  
7 professional witnesses. I know that none of the parties  
8 here will try to embarrass you in any way. They may ask  
9 you clarifying questions.

10 Now, the second method of participation is  
11 for you to make an off the record unsworn or unaffirmed  
12 statement. If you chose to do this you will not be sworn  
13 in or affirmed and the court reporter will not record your  
14 remarks. I will make every effort not to listen. In  
15 fact, I may leave the room or turn my back or something  
16 because both I and the Commission as a matter of law  
17 cannot consider evidence which is not part of the official  
18 record.

19 If you choose to make an off the record  
20 statement you will be asked to state your name, your  
21 address, state that you are a customer of PECO and whether  
22 you are representing a group or an organization. You will  
23 not be subject to cross-examination.

24 I strongly urge you not to do that, again,  
25 because then no one can cite to your testimony.

1           The third method of participation is for  
2 you to provide information to the attorneys representing  
3 any of the parties here. Please do this during a break or  
4 at the end of the session.

5           I will call you in the order in which your  
6 names appear on the witness list. People who testify,  
7 because their comments are evidence and can be used by me  
8 and the Commission, will be heard first. People who will  
9 be making an off the record statement will be asked to  
10 wait until all persons testifying under oath have been  
11 heard. If you have not yet signed up to speak you may do  
12 so during a break.

13           Let me make a few observations before I  
14 call the first witness. First, this public input hearing  
15 is your opportunity to present evidence regarding the  
16 proposed merger. If you have questions concerning the  
17 proposed merger I'm sure that the company representatives  
18 will do their best to answer them briefly. I will not  
19 permit you, however, to harangue the company or to get  
20 engaged in argument.

21           Also, please don't bring up any billing  
22 disputes or individual problems that you have that are not  
23 relevant to the scope of this proceeding. You are free to  
24 approach the company representatives during a break or  
25 after the hearing concludes so they can address your

1 individual issues directly.

2 Second, if you are reading from a prepared  
3 statement and you have enough copies please give it to the  
4 court reporter before you testify.

5 Third, I want to remind everybody that  
6 this is an official legal proceeding. I don't want you to  
7 feel intimidated or nervous about getting up and speaking  
8 publicly. It is, however, a serious and official hearing.

9 Finally, there is a time constraint that  
10 we have with this hearing. We have to wrap it up and be  
11 out of here by one o'clock. I will not, at this point  
12 anyway, impose a time limit. However, I would ask each  
13 speaker to be clear, concise and brief and to limit  
14 himself or herself to no more than three to five minutes  
15 if possible because I want to be sure that we are able to  
16 get to everybody to wishes to speak. If you agree with a  
17 prior speaker just say so. Don't repeat it. Depending on  
18 how well this request is honored or the number of  
19 witnesses able to testify, as I said, I may have to impose  
20 a time limit. And if I do I will warn you that it will be  
21 strictly enforced.

22 Before we begin hearing from you, which is  
23 why we are all here, I would like to call -- actually we  
24 have several witnesses that I would like to call. At this  
25 point, Senator Anthony Williams.

1                   Senator Williams, would you raise your  
2 right hand, please?

3 Whereupon,

4                   SENATOR ANTHONY H. WILLIAMS  
5 having been duly sworn, testified as follows:

6                   DIRECT TESTIMONY

7                   JUDGE CHESTNUT: Please give and spell  
8 your name for the record.

9                   THE WITNESS: My name is Anthony Williams,  
10 A-n-t-h-o-n-y, middle initial is H, the last name,  
11 W-i-l-l-i-a-m-s.

12                   My name is State Senator Anthony H.  
13 Williams and I -- well, first, Your Honor, I want to thank  
14 and the organizers for picking this particular place.  
15 A large population of Philadelphia are seniors and a large  
16 population of Philadelphia of seniors are on a fixed  
17 income. So it is significant that our first public  
18 discussion is at a place such as this. So your wisdom as  
19 well as your grace is appreciated by all of us here today.  
20 We want to thank you.

21                   I am a petitioner in the above captioned  
22 proceeding before the Pennsylvania Public Utility  
23 Commission. I am a resident of Philadelphia County and  
24 also PECO is my electricity supplier.

25                   As stated in my petition, in my review of

1 the joint application of PECO Energy Company and Public  
2 Service Electric & Gas Company for the approval of the  
3 merger of the Public Service Enterprise Company,  
4 Incorporated with and into Exelon Corporation, I  
5 determined that in spite of the requirements of the  
6 Pennsylvania Public Utility Code the Applicants do not  
7 specifically detail how the merger will provide  
8 substantial benefits to its ratepayers.

9 I want to be clear that while we have  
10 organized our conversations around low income populations  
11 significantly, we are not intransigent. We are quite  
12 clear that companies operate from a context of generating  
13 bottom lines in their favor. We are not opposed to that.  
14 But we are quite clear that the savings benefit has to be  
15 quite substantial in a merger of this size.

16 As both a ratepayer and a representative  
17 of PECO's customers I am concerned that PECO's customers,  
18 especially its low income customers, will not receive any  
19 benefits from this merger if it is ultimately approved as  
20 it is currently structured. This is particularly  
21 troubling in light of previous transactions in 2000  
22 involving PECO's merger in ConEd, thereby creating Exelon  
23 in 2000 in which PECO enumerated certain benefits that its  
24 low income customers would enjoy in the universal service  
25 program as a result of the merger.

1                   Research shows that those benefits have  
2 not been fully implemented by PECO or realized by its  
3 customers. PECO enumerated those benefits in the  
4 settlement agreement between PECO and the Joint  
5 Petitioners dated March 23rd, 2000, and in its petition to  
6 improve these changes regarding its universal service  
7 program submitted to the PUC on October 1st, 2002.

8                   The details of all the legal harangue I'm  
9 not going to go into. But I want to get to the specifics  
10 because it is going to be talked about several times  
11 today.

12                   In its joint petition ultimately approved  
13 by the PUC PECO committed to the following major  
14 improvements to its universal service program.

15                   One, develop a special needs program for  
16 households whose income is equal to or less than 25  
17 percent of the federal poverty level. The CAP A portion  
18 of the program would provide rate relief for ratepayers  
19 with extenuating circumstances such as health issues,  
20 sudden loss of employment or high non-discretionary  
21 electric usage related to conditions not susceptible to  
22 mitigation through energy reduction programs. Enrollment  
23 in this program was limited to 7,500 customer.

24                   The CAP B portion of the program was for  
25 customers with the same income levels as CAP A but with no

1     extenuating circumstances. Rate relief was provided for  
2     this group but at levels not as generous as the CAP A  
3     program.

4                     The CAP C portion of the special needs  
5     program provided rate relief for ratepayers at 25 to 50 of  
6     FPL. Once again, rates paid by these customers were  
7     higher than those in the CAP A and B programs.

8                     40,000 customers was the target enrollment  
9     for the CAP A, B and C programs with the potential for  
10    increases once this number was reached.

11                    An increase to 125,000 customers for the  
12    entire CAP program subject to revision once this level was  
13    reached.

14                    An extensive outreach program for low  
15    income customer populations designed to effectuate these  
16    enrollment goals and to explain the details of the new  
17    programs.

18                    Increased commitments to the various  
19    relief programs to improve hardship contributions by  
20    ratepayers.

21                    Increased commitment to the CARES program.

22                    These are all items that were a part of  
23    the agreement.

24                    PECo's record on fulfilling these promises  
25    has been woefully inadequate to date. Examples:

1                    Instead of 7,500 people in the CAP A  
2 program PECO has only enrolled nine customers. Nine  
3 customers.

4                    Instead of 40,000 people in CAP A, B and C  
5 programs, PECO has enrolled 15,000 customers.

6                    Instead of 125,000 people in the entire  
7 CAP program PECO has enrolled 100,000 people.

8                    Instead of an increase in hardship  
9 contributions there has been a dramatic decrease.

10                   The PUC recently determined that there was  
11 approximately 260,000 households in PECO's service  
12 territory that are eligible for the CAP program. Nine  
13 people in a population of 260,000 customers.

14                   As noted above, PECO is only servicing  
15 100,000 of these people. Thus it is clear that a vast  
16 number of people who are eligible and in need of these  
17 programs are not being served. Moreover, the PUC found  
18 that the average monthly residential non-heating usage for  
19 a PECO customer is almost twice the level of that for  
20 which the CAP rate discount is provided. As a result, a  
21 CAP ratepayer who is often in desperate need for help to  
22 pay energy bills often gets no discount on any significant  
23 portion of the bill.

24                   In my view, the PUC would not be  
25 fulfilling its obligations to Pennsylvania ratepayers if

1 in assessing the promises of public benefit in this merger  
2 it failed to assess PECO's declaration of public benefit  
3 the 2000 merger.

4 In order to rectify PECO's past failures I  
5 recommed the following: And this is a start. This is not  
6 a conclusion. This is a start.

7 A specific expedited timetable should be  
8 set for PECO to meet the enrollment targets for the  
9 various CAP programs. Contracts should be entered into  
10 with outside advocacy groups to achieve this goal.

11 Outreach efforts including the use of  
12 outside groups should be undertaken to increase the  
13 enrollment in the CAP programs. Particular attention  
14 should be paid to ratepayers who are eligible for the  
15 special needs program.

16 The outreach effort should contain a  
17 significant educational element that explains the CAP  
18 program, provides information on available energy  
19 conservation programs and other assistance types of steps.

20 Affordable rates must be established for  
21 CAP ratepayers. Special attention should be paid to those  
22 households with high energy usage.

23 PECO should make substantial financial  
24 contributions to low income energy hardship funds and  
25 assure that sufficient educational material is provided to

1 its ratepayers to maximum contributions.

2 As CAP program enrollment increases PECO  
3 shareholders should pay a significant portion of these  
4 increased costs.

5 A program for low income arrearage  
6 forgiveness should be implemented for customers as they  
7 move into the CAP program.

8 PECO should be required to submit a  
9 detailed plan within 90 days to implement these various  
10 requirements.

11 In addition to my concerns regarding  
12 PECO's low income customers, I am also concerned about  
13 PECO's commitment towards its workforce and the  
14 communities in which it currently operates. To make it  
15 very clear, a merger of this size and magnitude is  
16 significant. It will be the largest in the history of  
17 this country. Traditionally what follows mergers are  
18 downsizes, accountability and efficiency measures. To my  
19 knowledge there are no guarantees that while PECO, which  
20 represents a very generous demographic population in the  
21 employment pool today would also have that same  
22 representation as it goes forward while still charging  
23 significant rates to customers in Philadelphia County and  
24 in the region. I believe that we have to pay serious  
25 attention to this.

1           The other concern is for those charitable  
2 contributions which were mentioned at the conclusion.  
3 They are of equal concern. They have been a concern for  
4 some time. When we look at the history of corporate  
5 Philadelphia and its contributions there is a pattern and  
6 PECO is a part of that pattern. There are far too many  
7 communities in Philadelphia that are part of this customer  
8 base that don't receive the charitable contributions in  
9 either recreation, arts, crime prevention, economic  
10 development. In neighborhoods across Philadelphia there  
11 is a large pattern of giving to large historically  
12 established institutions such the Art Museum and other  
13 good kinds of charitable places, but they receive a  
14 disproportionate amount of PECO's pool of contributions  
15 while others in those other areas in outlying  
16 neighborhoods don't. And we are concerned about all three  
17 categories, that is, low income, employment population and  
18 also charitable contributions.

19                       With that I conclude my testimony. Thank  
20 you.

21                       JUDGE CHESTNUT: Thank you very much,  
22 Senator.

23                       No one has any questions, do they?

24                       MR. BONNEY: No, Your Honor.

25                       (Witness excused.)

1 JUDGE CHESTNUT: Councilman Kelly.  
2 Would you raise your right hand, please?

3 Whereupon,

4 COUNCILMAN JACK KELLY  
5 having been duly sworn, testified as follows:

6 DIRECT TESTIMONY

7 JUDGE CHESTNUT: Please give and spell  
8 your name for the record.

9 THE WITNESS: It's Jack Kelly, J-a-c-k,  
10 K-e-l-l-y.

11 Good morning, Your Honor. I just want to  
12 thank you for scheduling this hearing this morning because  
13 had it been scheduled tomorrow I think all of us would  
14 probably have had a very difficult time in making this  
15 hearing.

16 But in any case, Your Honor, my name is  
17 Jack Kelly and I am a City Councilman at large in  
18 Philadelphia. I am here today to ask you to recommend to  
19 the Public Utility Commissioners the merger of Exelon with  
20 PSE&G.

21 I have served previously as a District  
22 Councilman in Philadelphia and on the staff of City  
23 Council for several years. In these and my current role I  
24 have come to know PECO Energy as an electric utility  
25 company and a corporate citizen. PECO Energy's service

1 reliability to its customers has been improving for years  
2 and as I found out at a Philadelphia County day function  
3 back on May 12 of this year, in 2004 the company's  
4 reliability was the best in their history, in the top  
5 quartile of all electric utilities in the country. At the  
6 same event I found out that they had been recognized for  
7 their safety record nationally and by our state's Governor  
8 several times for being the safest utility in the  
9 Commonwealth.

10           The merging of PSE&G with PECO makes good  
11 business sense from my perspective as the borders of the  
12 two companies are separated only by the Delaware River.  
13 Being so contiguous can allow them to draw from each  
14 other's strengths. It would also seem that in emergencies  
15 when utilities commonly draw on one another's staffing to  
16 respond to storms and natural disasters being so close and  
17 corporately connected would make these scenarios even more  
18 beneficial from a response standpoint. This would  
19 ultimately help the customers with quicker response.

20           Merging PSE&G with Exelon would reduce  
21 their costs of operating the merged company by improving  
22 their buying power from suppliers and spreading the costs  
23 of operations across more customers in three metropolitan  
24 areas, Chicago, Philadelphia and Newark. Merging these  
25 financially and operationally strong utilities can only

1 serve their customers and our region better.

2                   Since I was recently elected I have had  
3 the opportunity to work with PECO Energy on matters  
4 involving my constituents and found the company to be very  
5 responsive. Additionally, it seems that PECO Energy is  
6 very supportive of our community, which improves the  
7 regiona's quality of life. Through their corporate  
8 philanthropy they support the Philadelphia school system,  
9 the Philadelphia Art Museum and the Franklin Institute.  
10 They led the effort to relight our Philadelphia landmark,  
11 Boathouse Row. They support the arts and education, small  
12 community organizations as well as playing an active role  
13 in organizations such as the Chamber of Commerce and other  
14 business focused associations. PECO has played an active  
15 role in our community for many years and I for one don't  
16 see that changing, only improving.

17                   In closing I would ask again that you  
18 recommend the merger of those good companies, thereby  
19 securing ongoing good utility service and corporate  
20 support for our region.

21                   And that will conclude my testimony.

22 Thank you, Your Honor.

23                   JUDGE CHESTNUT: Thank you, Councilman.

24                   No questions for this witness?

25                   (No audible response.)

1 (Witness excused.)

2 JUDGE CHESTNUT: The next person is  
3 Mr. Mark Schweiker.

4 Mr. Schweiker, I know that you used to be  
5 a politician so it's probably too late, but if you could  
6 keep your remarks brief and to the point I would  
7 appreciate it.

8 MR. SCHWEIKER: Sure. And they will be.

9 I will provide written testimony and I  
10 take to the occasion to reiterate.

11 Whereupon,

12 MARK S. SCHWEIKER

13 having been duly sworn, testified as follows:

14 DIRECT TESTIMONY.

15 JUDGE CHESTNUT: Go ahead.

16 THE WITNESS: Today's hearing gives me the  
17 opportunity to speak in support of the Exelon/PSE&G merger  
18 and to detail my organization's experiences with Exelon  
19 over the years in the next two or three minutes.

20 The Greater Philadelphia Chamber of  
21 Commerce has a long history of serving the regional  
22 business community. Exelon has been a long time member of  
23 the chamber, joining our ranks in 1945 when they were  
24 still the Philadelphia Electric Company. Over the years  
25 and throughout the many changes that the company has

1 experienced they have remained an outstanding corporate  
2 citizen. They have constantly stepped up with support of  
3 programs that have helped to educate and inform businesses  
4 on a host of subjects from quality management to diversity  
5 issues to targeted programming for women and programs  
6 devoted to raise mentoring dollars for underprivileged  
7 children.

8                   This year the chamber began a new program  
9 to help small businesses develop the skills necessary in  
10 order to do procurement business with large companies.  
11 When we asked for corporate participation Exelon once  
12 again stepped up and participated in the course  
13 development, which has made it possible for close to 100  
14 companies to receive training and networking opportunities  
15 and ultimately a relationship that leads to more business  
16 for that small business.

17                   In today's economy the unit of competition  
18 is the region. In order for regions to compete arbitrary  
19 barriers must be eliminated and divergent interests  
20 brought together so that prosperity and a higher standard  
21 of living can be enjoyed by all. PECO Energy understands  
22 the nature of economic development and for many years was  
23 the leading force in southeastern Pennsylvania in  
24 attempting to create new companies and jobs.

25                   In the past few years the recognition has

1 now developed that our region is not merely composed of  
2 the five counties in southeastern Pennsylvania but the 11  
3 counties that include southern New Jersey and northern  
4 Delaware and Wilmington. With this in mind, a business  
5 marketing organization was formed by the chamber known as  
6 Select Greater Philadelphia. Select has been charged with  
7 marketing the region throughout the country and I dare say  
8 throughout the world in order to attract new jobs and  
9 industry to this 11 county region. PECO has been a  
10 stalwart as far as providing crucial support during the  
11 formative days of Select.

12 History therefore demonstrates to our  
13 residents and certainly to me and the organization that I  
14 represent that PECO has indeed lived up to its commitments  
15 and met its promises following the merger of PECO and  
16 Unicom to form what we now know as Exelon.

17 It is also my belief that this forward  
18 thinking company will continue to serve the greater  
19 Philadelphia community well but also not hesitate to  
20 change in institutional ways which will help us address  
21 the changing economic landscape and associated challenges  
22 which our region now faces.

23 Let me also add this final thought. In a  
24 modern marketplace energy is a key component of the  
25 infrastructure which a company must consider in locating

1 facilities here. It is important that our region have a  
2 strong unified market leader who can deliver reliable,  
3 uninterrupted energy to a growing region. We believe that  
4 this merger allows for such a situation.

5 In closing, then, on behalf of the Greater  
6 Philadelphia Chamber of Commerce and its 6,000 members,  
7 3,000 of whom have a city address and the other 3,000  
8 around the region, I am happy to lend my support for the  
9 merger of Exelon and PSE&G.

10 JUDGE CHESTNUT: Thank you.

11 THE WITNESS: Thank you, Your Honor.

12 JUDGE CHESTNUT: Thank you.

13 (Witness excused.)

14 JUDGE CHESTNUT: As I indicated before,  
15 there was a slight mix-up concerning the sign-in sheets  
16 for people who wanted to testify. Before I got there  
17 these blue sheets were out there. These are not the  
18 witness sign-up sheets. These are the senior center's  
19 sign-in sheets. But I think some of these people thought  
20 this was the sign-up sheet for this hearing. So since  
21 these people signed this before I want to take them first.  
22 I think that is only fair because they were here first.

23 If I call your name and you don't want to  
24 testify just say no thanks. But if you did sign up,  
25 signed this blue sheet intending to testify, come up.

1 Now, the first person is Uri Glenn.

2 (No audible response.)

3 JUDGE CHESTNUT: Barbara Moragne. Are you  
4 going to testify?

5 MEMBER OF AUDIENCE: Yes.

6 Whereupon,

7 BARBARA MORAGNE

8 having been duly sworn, testified as follows:

9 DIRECT TESTIMONY

10 JUDGE CHESTNUT: Please state and spell  
11 your name for the record.

12 THE WITNESS: My name is Barbara Moragne,  
13 B-a-r-b-a-r-a, M-o-r-a-g-n-e.

14 JUDGE CHESTNUT: And your address, please?

15 THE WITNESS: 936 Disston Street,  
16 Philadelphia, Pennsylvania 19111.

17 JUDGE CHESTNUT: And you are a customer of  
18 PECO?

19 THE WITNESS: Yes, I am.

20 JUDGE CHESTNUT: And your occupation and  
21 place of employment?

22 THE WITNESS: Internal Revenue Service.

23 JUDGE CHESTNUT: We won't hold that  
24 against you.

25 THE WITNESS: I didn't want to clear the

1 room.

2 JUDGE CHESTNUT: Go ahead.

3 THE WITNESS: As I said, my name is  
4 Barbara Moragne and I am a resident of Philadelphia and a  
5 PECO customer. I am also here speaking today on behalf of  
6 PECO's annuitants.

7 I am here to express my position on PECO  
8 because they have always been there for me as a customer,  
9 an employee and as an annuitant. PECO has always strived  
10 to give its employees good benefits and in today's world  
11 that is a blessing. The company is committed to its  
12 promises to us in keeping our benefits intact, health  
13 plans that have met our needs.

14 Last year I was in the hospital and I had  
15 to have some surgery. And due to the fact that there were  
16 problems in that surgery that rendered me incapable of  
17 holding down a job or anything else or doing anything.  
18 And the one thing I didn't have to worry about was the  
19 fact that the bill was going to be paid. And that was  
20 very important and I didn't have to worry about anyone  
21 putting liens against my property or anything of that  
22 nature.

23 I was also a product of, as I heard  
24 earlier today, downsizing. But PECO still kept its  
25 commitment to our annuitants. It has always kept its

1 promises to its customers as well.

2 PECO has always been a strong company and  
3 has always been a company that strives for quality and  
4 service to its employees, its customers. And I have been  
5 a customer of PECO long before I was an employee. And  
6 also it has always strived to do its best.

7 I think that this merger will make the  
8 company even stronger so that it is able to give even more  
9 quality and service to its customer base on both sides of  
10 that river.

11 Thank you for your time and giving me this  
12 opportunity to speak.

13 JUDGE CHESTNUT: Does anybody have any  
14 questions?

15 (No audible response.)

16 JUDGE CHESTNUT: Thank you very much.

17 (Witness excused.)

18 JUDGE CHESTNUT: The next name on the list  
19 is Robert Fantauzzo.

20 Would you raise your right hand, please?

21 Whereupon,

22 ROBERT FANTAUZZO

23 having been duly sworn, testified as follows:

24 DIRECT TESTIMONY

25 JUDGE CHESTNUT: Please state and spell

1 your name for the record.

2 THE WITNESS: My name is Robert Fantauzzo,  
3 R-o-b-e-r-t, F-a-n-t-a-u-z-z-o.

4 JUDGE CHESTNUT: Are you a customer of  
5 PECO?

6 THE WITNESS: No, I'm not, Your Honor.

7 JUDGE CHESTNUT: Are you here on behalf of  
8 some group?

9 THE WITNESS: I am a consultant to PECO  
10 and was providing findings on the low income usage  
11 reduction program.

12 JUDGE CHESTNUT: Then I'm sorry. I don't  
13 think I am going to permit you to testify.

14 THE WITNESS: Okay.

15 JUDGE CHESTNUT: Thank you.

16 (Witness excused.)

17 JUDGE CHESTNUT: Matthew Walker.

18 Would you raise your right hand, please?

19 Whereupon,

20 MATTHEW WALKER

21 having been duly sworn, testified as follows:

22 DIRECT TESTIMONY

23 JUDGE CHESTNUT: Give and spell your name  
24 for the record, please.

25 THE WITNESS: Matthew Walker,

1 M-a-t-t-h-e-w, W-a-l-k-e-r.

2 JUDGE CHESTNUT: And your address, please?

3 THE WITNESS: Home address, 6325 Lancaster  
4 Avenue, Philadelphia.

5 JUDGE CHESTNUT: And are you a PECO  
6 customer?

7 THE WITNESS: Yes, I am.

8 JUDGE CHESTNUT: And your occupation or  
9 place of employment, please?

10 THE WITNESS: Senior director of the  
11 Partnership CDC.

12 JUDGE CHESTNUT: Go ahead, Mr. Walker.

13 THE WITNESS: Good morning. My name is  
14 Matthew Eric Walker. I am a resident of Philadelphia and  
15 I am a PECO Energy customer. I am speaking on behalf of  
16 the Partnership CDC, a non-profit agency located in west  
17 Philadelphia. In 1992 the Partnership CDC, Community  
18 Development Corporation, grew out the West Philadelphia  
19 Partnership and affiliated social service providers. The  
20 Partnership CDC is committed to the provision of  
21 affordable housing and promotion of economic development  
22 in west and southwest Philadelphia. The CDC develops  
23 affordable for sale and rental housing for low income  
24 families in Philadelphia County and provides ownership  
25 education to first-time homebuyers. Additionally, the CDC

1 works to attract new businesses to west Philadelphia,  
2 creating new jobs and helping to retain existing  
3 businesses. The Partnership CDC also organizes business  
4 associations, provides technical assistance and formulates  
5 revitalization strategies for commercial quarters.

6 PECO has been in partnership with the CDC  
7 since 1994 under the Pennsylvania Neighborhood Assistance  
8 Program, the Comprehensive Service Program. This is a  
9 program that provides tax credits for business that  
10 sponsor a neighborhood organization to develop and  
11 implement a neighborhood revitalization plan by  
12 contributing a substantial amount of cash per year over an  
13 extended period of time. PECO has shown tremendous  
14 generosity and commitment to the community. I am  
15 therefore happy today to express my position on PECO.

16 With major support from PECO the  
17 Partnership CDC has been able to create a strong  
18 organization committed to its mission and has been able to  
19 sustain a track record of success. With their help the  
20 Partnership CDC has had significant impact in the  
21 neighborhoods we serve and we continue to build and  
22 strengthen community assets. Major accomplishments in the  
23 community include providing affordable housing, promoting  
24 homeownership in the inner-city, promoting economic  
25 development, creating new businesses and jobs and retail

1 development.

2                   The CDC has developed or co-developed 340  
3 units of affordable housing in west Philadelphia for both  
4 rental and homeownership. In 2003 the CDC formed West  
5 Market Management, a rental management entity. With a  
6 portofolio of affordable housing properties in an area  
7 that continues to gentrify, the CDC is working  
8 strategically to keep housing affordable for families.  
9 The CDC is also a lead developer on the Sansom Street  
10 project, a \$10 million housing project in the University  
11 of Pennsylvania area.

12                   The CDC provides ownership education --  
13                   JUDGE CHESTNUT: Excuse me, Mr. Walker.  
14 Can you be a little bit more concise here? I am very  
15 concerned about the time. It's almost 11 o'clock already.  
16 I think we already know what your origination does.

17                   THE WITNESS: Well, with PECO's help the  
18 CDC is pretty much doing a great job in its mission. We  
19 identify human capital as our greatest resource and  
20 proudly partner with PECO Energy to bring resources into  
21 the neighborhood. We have partnered with PECO Energy as a  
22 major corporate partner through the state's Neighborhood  
23 Partnership Program. Their generosity and commitment to  
24 the community has led the company to extend that  
25 partnership for three years beyond the ten year agreement.

1                   So we state our position on the pending  
2 merger. We support it. Our history with PECO has shown  
3 numerous customer and community benefits. We trust that  
4 the company will maintain their substantial presence in  
5 Philadelphia and will sustain their record of supporting  
6 charitable and civic contributions and promotion of  
7 economic development.

8                   Thank you for your time.

9                   JUDGE CHESTNUT: Does anybody have any  
10 questions?

11                   (No audible response.)

12                   JUDGE CHESTNUT: Thank you very much,  
13 Mr. Walker. You are excused.

14                   (Witness excused.)

15                   JUDGE CHESTNUT: Barbara Clouden.

16                   MEMBER OF AUDIENCE: I am here.

17                   MEMBER OF AUDIENCE: I am speaking on her  
18 behalf later. She is included in my testimony, just in  
19 support of the testimony.

20                   JUDGE CHESTNUT: Okay. Thank you.

21                   Vivien Hasbury.

22                   Would you raise your right hand, please?

23 Whereupon,

24                   VIVIEN HANSBURY

25 having been duly sworn, testified as follows:

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DIRECT TESTIMONY

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

THE WITNESS: My name is Vivien Hansbury, V-i-v-i-e-n, H-a-n-s-b-u-r-y.

JUDGE CHESTNUT: Your address please?

THE WITNESS: 2246 North 52nd Street, Philadelphia, Pennsylvania 19131. And I am a PECO customer.

JUDGE CHESTNUT: And are you employed? If so, please give your occupation and place of employment.

THE WITNESS: I am retired from the School District of Philadelphia. Currently I am an adjunct professor at Cheyney University of Pennsylvania.

JUDGE CHESTNUT: Thank you, Ms. Hansbury. Go ahead.

THE WITNESS: My name is Vivien Hansbury and I have been the vice-president of Action Alliance for Senior Citizens of Greater Philadelphia for one year and a member for three years. Action Alliance is an advocacy organization for seniors and elderly in our area working to better the lives and protect the rights of seniors since 1973.

You have heard from some groups today in support of PECO but remember, this is a big company with a

1 lot of money. And in those testimonies I have not heard  
2 where the money has trickled down to senior citizens,  
3 especially grandparents who are raising their children who  
4 have special needs and health problems. They need some  
5 assistance to pay their electric bill because some of  
6 those health-related problems is dependent upon  
7 electricity.

8 I am also here today to speak on behalf of  
9 the low income senior citizens in the Philadelphia region.  
10 Most are struggling with health problems. Many are  
11 supporting and raising children. Many live in senior  
12 housing where electricity is an energy source for all  
13 things, including heat and hot water. Keeping up with  
14 electric bills at the high prices that PECO charges has  
15 become almost impossible for the large majority.

16 Before 2000, the time of the last merger,  
17 when senior citizens found themselves in these desperate  
18 situations they could find help at their neighborhood  
19 energy centers. Here seniors were able to learn which of  
20 PECO's assistance programs they qualified for, have bills  
21 and forms explained to them and find out about the other  
22 social services available. But the merger and  
23 centralization moves have ended PECO's use of neighborhood  
24 energy centers and the call centers that PECO has now  
25 cannot and do not provide the level of services that the

1 NECs did.

2 Today when our members have a problem  
3 paying and they call PECO about it they are not told about  
4 the different forms of assistance available. If they are  
5 not in the Customer Assistance Program, or CAP, they are  
6 not asked if they have lower income which might qualify  
7 them for a discount rate. If they are in the CAP program  
8 they are not asked if they have medical problems or young  
9 children in the house or other circumstances that might  
10 get them lower rates.

11 And the CAP program does not even assure  
12 that the discounted bills are affordable. This is because  
13 PECO is the only utility company in the state that does  
14 not discount the whole bill in its CAP program. When you  
15 use more than 500 kilowatts in the CAP program, like many  
16 elderly do, you pay the regular rates, which makes the  
17 bill unaffordable. As a result, people are unable to pay  
18 and are losing service.

19 This can have serious consequences for our  
20 senior citizens. They cannot breathe in hot weather  
21 without air conditioning. A simple thing like walking up  
22 the stairs can be an obstacle with the lights off.  
23 Without lights climbing stairs can be life-threatening.  
24 Without a working refrigerator the loss of medications and  
25 foods that need refrigeration also create life-threatening

1 situations.

2           The whole billing and payment process is  
3 confusing and PECO's customer assistance is woefully  
4 lacking. PECO sends letters that don't make sense to our  
5 members. They are unable to reach a live person when they  
6 call for help. Despite the customer's efforts the  
7 paperwork and the late fees pile up until the situation  
8 seems completely hopeless.

9           Exelon/PECo has proved to us that the  
10 bigger it gets through mergers the less seriously they  
11 consider the needs of lower income senior citizens. We  
12 have no reason to believe that they will honor their  
13 commitments to lower income customers in the future. If  
14 they are not required to provide affordable service to as  
15 many people as they can, the health and safety of the  
16 Philadelphia region's senior citizens will be undermined  
17 and lives will be lost.

18           Action Alliance firmly believes that  
19 Exelon/PECo has failed in it's commitments to lower income  
20 customers and there is no sign that they will greatly  
21 improve their programs and services. As a result, we urge  
22 the Public Utility Commission to say no to the merger  
23 application before you.

24           I thank you for your time.

25           JUDGE CHESTNUT: Are there any questions?

1 (No audible response.)

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

4 (Witness excused.)

5 JUDGE CHESTNUT: Lance Haver.

6 MEMBER OF AUDIENCE: Your Honor, do you  
7 want me to wait until after the break to give other people  
8 an opportunity?

9 JUDGE CHESTNUT: That would be fine.  
10 Thank you. Just don't let me forget.

11 MEMBER OF AUDIENCE: I'm sure I won't.

12 JUDGE CHESTNUT: Brady Russell.

13 MEMBER OF AUDIENCE: No thanks.

14 JUDGE CHESTNUT: Thank you.

15 Donald Stokes.

16 Would you raise your right hand, please?

17 Whereupon,

18 DONALD STOKES

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: D-o-n-a-l-d, S-t-o-k-e-s.

24 JUDGE CHESTNUT: And your address?

25 THE WITNESS: 321 North Felton,

1 F-e-l-t-o-n.

2 JUDGE CHESTNUT: And are you a customer of  
3 PECO?

4 THE WITNESS: Yes, I am.

5 JUDGE CHESTNUT: Are you employed?

6 THE WITNESS: No. I am on disability.

7 JUDGE CHESTNUT: Okay. Go ahead, sir.

8 THE WITNESS: I am an ACORN member and my  
9 problems started a while ago when I was working. I was  
10 working two jobs. I didn't have any benefits. And I had  
11 made arrangements with PECO as far as paying the bill  
12 because I was having problems and I was paying child  
13 support. I was separated from my children. I was in and  
14 out of court. I had gotten to a situation where I had got  
15 into an accident. I had hand surgery. I have two disks  
16 in my spine. I have nerve damage.

17 As time went on I couldn't work anymore  
18 and I was on unemployment and I was trying to figure out a  
19 way how can I keep paying them because there was a person  
20 calling my house from PECO telling me that they would cut  
21 my lights off, which they did. So I made arrangements to  
22 come in and I met with them. So I thought that everything  
23 was fine.

24 So then these people called me on the  
25 phone again and said that if I didn't come in on the next

1 seven days that they was going to cut my service off  
2 again. And I said I had just paid the bill to make an  
3 arrangement. And they just kept on calling.

4 I went down there. I told the lady and I  
5 showed her this paper as far as my unemployment and then  
6 she gave me a discount.

7 I didn't know any of this and it is a  
8 hurtful thing to go through something and you want to have  
9 respect for you, your children and your family. It is to  
10 the point where basically I can't afford it. I really  
11 can't. I don't get enough on my disability for gas and  
12 electric. I am waiting for affordable housing for me, for  
13 my situation.

14 My situation is not getting better. I  
15 just found out six months ago that I have a bad liver and  
16 kidney disease. It is just one thing after another.

17 But this is about having respect for  
18 people that doesn't have the ability to function well or  
19 work and I don't think the merger is about people. I  
20 think it is about money. Because when the money started  
21 getting bigger what happens to us that can't pay the bill?  
22 What are you all going to do with us? I don't see nothing  
23 about low income people that work two jobs that have to  
24 pay child support, that have to have insurance because  
25 they don't have benefits. I was in that situation.

1                   There should be a way where you all can  
2 meet with certain groups like ACORN, whatever group it is,  
3 to get people to come out and sign up, to help them with  
4 their situation because you got a lot of people in this  
5 city that were born and raised here, that love this city  
6 as an American citizen and we deserve our rights as an  
7 American citizen, not to be pushed to the side for money.

8                   That hurted me because that took respect  
9 away from me. And when you have grandchildren and you  
10 have children -- I have a mother. I just recently lost  
11 within a year two brothers and my father. Within a year.  
12 And my mother, she was living in an apartment building.  
13 She was on a fixed income like I am now. And when my  
14 father passed she couldn't afford it so the landlord took  
15 her to court for utilities because the electric bill got  
16 so high. And they wanted to put her out. She had to go  
17 to the senior citizen building. And that's not right.

18                   I mean, even though a lot of us can't pay  
19 our bills the way that we should, whether being on  
20 disability or working two jobs with no benefits or on  
21 unemployment or welfare, there should be something that  
22 this company could do. But I just don't see that. I  
23 don't see nothing as far as really helping low income  
24 people, especially us that has serious illness and  
25 problems.

1 I have a lot of respect for PECO Energy  
2 because you are part of Philadelphia. I'm not sure about  
3 the one that is coming from Jersey. I do believe that  
4 they should be a part of the Philadelphia tradition,  
5 people that were born and raised here. That's a problem  
6 now. So many of our investors and whatever is Jersey, New  
7 York, not Philadelphia. That way we know that you are  
8 fighting for us and not dollars.

9 (Pause.)

10 JUDGE CHESTNUT: Are you finished,  
11 Mr. Stokes? I'm sorry but you really do need to kind of  
12 wrap it up there. A lot of people have signed up.

13 THE WITNESS: Okay. I'm sorry, Your  
14 Honor.

15 I just wanted to say that something really  
16 needs to be done about that, about really helping us.  
17 That is all I have to say.

18 JUDGE CHESTNUT: Thank you.

19 Any questions?

20 MR. STEIN: Yes, I have some questions.

21 JUDGE CHESTNUT: Is this  
22 cross-examination? Or friendly cross? Or what?

23 MR. STEIN: Well, this is a question to  
24 illuminate his testimony. I have some questions that  
25 needed some clarification about his testimony.

1 JUDGE CHESTNUT: You'd better keep it  
2 very, very, very brief.

3 CROSS-EXAMINATION

4 BY MR. STEIN:

5 Q. Mr. Stokes, can you tell us where you first learned  
6 about the Customer Assistance Program?

7 A. After I made arrangements I went to the electric  
8 company and they had told me to go to this place and I  
9 went to a community center and they helped me out with the  
10 bill.

11 Q. Did anyone at the electric company during the times  
12 of your two terminations, either before or during those  
13 two terminations, did anyone at the electric company tell  
14 you about the Customer Assistance Program, the CAP  
15 program?

16 A. No.

17 MR. STEIN: Thank you.

18 JUDGE CHESTNUT: Thank you, Mr. Stokes.

19 THE WITNESS: I have testimony papers.

20 JUDGE CHESTNUT: Would you give them to  
21 the attorneys here?

22 (Witness excused.)

23 JUDGE CHESTNUT: I am a little concerned  
24 about the time. I want to hear what everybody has to say  
25 and I want you to feel free to make a statement, but

1 please try to speak a little quicker maybe so that we are  
2 able to accommodate everybody that signed up to speak.

3 I would like to take a break for just a  
4 second here.

5 (Recess.)

6 JUDGE CHESTNUT: Let's resume.

7 Again, I am concerned about the time, only  
8 because I want to make sure we have time to hear from  
9 everybody who wants to say something. So please try to  
10 keep it brief. So far the testimony has been to the point  
11 and relevant. Let's try to keep it that way.

12 The next person that I have on the list is  
13 Randolph Haines.

14 Mr. Haines, would you raise your right  
15 hand, please?

16 Whereupon,

17 RANDOLPH HAINES

18 having been duly sworn, testified as follows:

19 DIRECT TESTIMONY

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

22 THE WITNESS: My name is Randolph Haines,  
23 R-a-n-d-o-l-p-h, H-a-i-n-e-s.

24 JUDGE CHESTNUT: And your address, please?

25 THE WITNESS: 214 South 11th Street,

1 Philadelphia 19107.

2 JUDGE CHESTNUT: Are you a PECO customer?

3 THE WITNESS: Yes.

4 JUDGE CHESTNUT: Okay. Go ahead.

5 THE WITNESS: My employer is Thomas  
6 Jefferson University and my title is an energy manager. A  
7 real brief background, I have been employed at Thomas  
8 Jefferson University since 1994 and I have been in my  
9 present position since 1997. I have an engineering degree  
10 from the University of Pittsburgh and I have spent more  
11 than 27 years in maintenance and operations. I am a  
12 certified energy manager and in 2004 I was awarded the  
13 International Energy Manager of the Year by the  
14 Association of Energy Engineers.

15 Thomas Jefferson University and Thomas  
16 Jefferson University Hospital are located in center city.  
17 We are a teaching hospital with approximately four million  
18 square feet of property consisting of clinical hospital  
19 space, research, teaching, medical office buildings and  
20 apartments for students. We have more than 10,000  
21 employees. Jefferson purchased \$6.7 million and 112  
22 million kilowatt hours last year for our center city  
23 location. Back in 2001 we used 121 million kilowatt hours  
24 and at that time we started an aggressive energy savings  
25 program.

1                   Using a mixture of technology and  
2 financing arrangements, including low interest loans from  
3 the Sustainable Development Fund, we are now saving more  
4 than nine million kilowatt hours per year. We replaced  
5 73,000 lamps with energy efficient light bulbs, 1,360 exit  
6 signs, 580 lighting controls, ten air handling moters and  
7 other items.

8                   The reduction of nine million kilowatt  
9 hours a year is equivalent to removing 1,800 cars off the  
10 road year after year. This is especially important in the  
11 Philadelphia area because we are in an ozone  
12 non-attainment region, that is, we have high ozone  
13 pollution during the summer.

14                   Also not only has Jefferson reduced the  
15 amount of electricity used, thereby reducing the pollution  
16 created by the manufacture of electricity, but we have  
17 saved money, helping increase of the growth of  
18 technological jobs and to further our clinical and  
19 research mission.

20                   The Sustainable Development Fund has been  
21 a good partner for Jefferson. We learned of SDF with a  
22 call from their development office. They worked with us  
23 to develop a financial approach that worked for the  
24 Jefferson budget, using the energy services company model  
25 to finance a lease deal. Jefferson has done two deals

1 with SDF and we find them to be creative and effective.

2 There are two main recommendations I would  
3 like to make today.

4 First, the Commission should consider the  
5 importance of improving energy efficiency, supporting  
6 renewable energy and growing clean energy businesses as  
7 part of the merger issues. These developments are  
8 important to all people in Philadelphia because it cleans  
9 up the air and saves money, thereby preserving jobs.  
10 Clean energy, including energy efficiency and renewables,  
11 should be part of the public benefit that is supported by  
12 this merger.

13 Second, the Commission should consider how  
14 this merger can provide additional funding to the  
15 Sustainable Development Fund to help companies finance new  
16 energy technology through grants and low interest loans.  
17 SDF is an effective vehicle for supporting these issues.  
18 I have worked with SDF and they run a very tight ship and  
19 evaluate each and every project with much scrutiny.

20 Bottom line. The Pennsylvania PUC should  
21 invest a portion of the savings of this merger in SDF and  
22 its work.

23 JUDGE CHESTNUT: Thank you.

24 Any questions for this witness?

25 (No audible response.)

1 JUDGE CHESTNUT: Thank you very much,  
2 Mr. Haines.

3 (Witness excused.)

4 JUDGE CHESTNUT: If anybody has a prepared  
5 statement, if they want to just hand it in it will be made  
6 part of the record and you don't have to read it. If I  
7 want to read it, that's fine. Don't get me wrong. But if  
8 you want to just provide your statement I can assure you  
9 that it will be made part of the record and will be  
10 reviewed by me and the Commission.

11 The next person, then, to be called is  
12 Diane Grimes.

13 Would you raise your right hand, please?  
14 Whereupon,

15 DIANE B. GRIMES  
16 having been duly sworn, testified as follows:

17 DIRECT TESTIMONY

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

20 THE WITNESS: Diane B. Grimes, D-i-a-n-e,  
21 G-r-i-m-e-s.

22 I am a resident of Philadelphia and I am a  
23 PECO customer.

24 JUDGE CHESTNUT: Your address?

25 THE WITNESS: 1522 Dickinson Street.

1 JUDGE CHESTNUT: Go ahead, Ms. Grimes.

2 THE WITNESS: My name is Diane Grimes. I  
3 am the center director at Diversified Community Services'  
4 Dixon House site located in south Philadelphia. Our  
5 agency's mission is to enable children, youth and families  
6 to realize their fullest potential and achieve  
7 self-sufficiency in safe neighborhoods. I have been with  
8 the agency for over 20 years and I have learned the  
9 importance of educating our clients about resources, how  
10 to use them effectively and their responsibility in  
11 becoming self-sufficient.

12 Our agency has a long history of working  
13 with PECO. We were part of the original CAP program as  
14 well as the High Users Program. Both of these programs as  
15 provided through PECO proved to be a benefit for our  
16 clients and there were reasons why.

17 We are part of the neighborhood energy  
18 centers, one of the neighborhood energy centers that  
19 served as one-stop shops regarding energy and utility  
20 services. The neighborhood energy centers have linked  
21 clients with federal and private resources. The  
22 face-to-face contacts of counseling provide a linkage to a  
23 menu of other energy assistance and grant programs, thus  
24 connecting them to short and long-term solutions.

25 Through education, conservation,

1 weatherization and other home repairs, many of these low  
2 income households became stablized. This came about  
3 because we used and coordinated a variety of resources.

4                   Unfortunately, since this merger PECO has  
5 severed its contracting with the neighborhood energy  
6 centers and PECO's customers have lost out on accessing  
7 this unique community resource.

8                   I have just recently learned about this  
9 new program that is available through PECO. It certainly  
10 would have been helpful if PECO had informed agencies like  
11 ours about the program and engaged us into helping our  
12 clients because each year we see over 3,000 low income  
13 people with energy problems, some because of loss of jobs,  
14 others because of sickness. But being made aware of this  
15 program could have helped us to educate these people plus  
16 helping them to qualify and provide other areas for low  
17 income people to take better control of energy usage and  
18 reduce costs through knowledge and understanding.

19                   Today, especially after this last merger,  
20 things are different. Although many of our clients are  
21 enrolled in PECO's low assistance program, they are not  
22 provided affordable bills that they can actually pay.  
23 Further, they have not been educated about how the various  
24 programs such as weatherization and conservation could  
25 assist them. These programs would certainly help in the

1 reduction of energy costs.

2 PECO truly needs to look at developing a  
3 program for the neighborhood energy centers similar to  
4 that that we had years ago such as CAP and the High Users  
5 Program. Through face-to-face contact and meetings with  
6 these individuals we were able to establish a budget, we  
7 were able to help them to see the importance of paying  
8 their bills on time, we connected them to other  
9 conversation resources and we helped them to see how  
10 behavior modification could lead to reduced usage and cost  
11 savings. This personal relationship with the client  
12 helped in empowering them with regard to becoming  
13 responsible for their own household expenses.

14 Unlike then, today many people have become  
15 frustrated with de-personalized modes of communication  
16 like centralized call centers and other streamlining  
17 efforts. Some don't have access to such things as  
18 computers or even a simple pushbutton phone.

19 PECO really needs to think about creating  
20 a program similar to that of CAP and the High Users which  
21 is more user friendly. And they could do this by having a  
22 face-to-face contact using such centers as the  
23 neighborhood energy centers. This would help to gain a  
24 clear understanding of the agreements that the clients are  
25 entering into, recognizing that they too as a utility

1 customer have to pay their bills on time and engaging them  
2 in implementing behavior modification, making changes in  
3 their thinking as a way to reduce usage and their utility  
4 costs, and then learning how to access other significant  
5 and timely resources. All such efforts can help to bring  
6 about the stability of many households and such efforts  
7 would certainly be a benefit to PECO as well as to utility  
8 customers.

9 I thank you for allowing me to give this  
10 testimony.

11 JUDGE CHESTNUT: Any questions?

12 MR. STEIN: I have one question.

13 CROSS-EXAMINATION

14 BY MR. STEIN:

15 Q. Ms. Grimes, thank you for your fine testimony. I  
16 am Jonathan Stein from Community Legal Services.

17 In your speedy delivery you may not have  
18 mentioned the special program or the program that you said  
19 or made reference to, I believe, Ms. Grimes, that you had  
20 just recently been informed of and a program that PECO has  
21 not informed groups like your own about. What is that  
22 program?

23 A. This is the Special Needs Program that I just found  
24 out about about a week ago. And certainly this would have  
25 probably helped many of our constituents because, like I

1 said, we see over 3,000 people a year. And it is my  
2 understanding that PECO does not have a lot of people  
3 enrolled in this program.

4 Q. How did you finally find out about this Special  
5 Needs Program for the lowest income customers of PECO?

6 A. A colleague told me about it.

7 Q. But it was not PECO, is that right?

8 A. No.

9 MR. STEIN: Thank you.

10 JUDGE CHESTNUT: Thank you very much,  
11 Ms. Grimes. You are excused.

12 (Witness excused.)

13 JUDGE CHESTNUT: Let's take a break for  
14 just a second.

15 (Recess.)

16 JUDGE CHESTNUT: Back on the record.

17 What the Counsel have done is reviewed the  
18 written statements of Andrew Pack, Pete Hoskins,  
19 Tomas Hanna and Lisa Nutter and Les Kremer and at this  
20 point I guess have agreed that rather than have them come  
21 up and read them they will be admitted into the record  
22 later. So that way we can proceed to hear from you.

23 Now, the next person on the list is  
24 Beverly Williams.

25 Ms. Williams, can you raise your hand,

1 please?

2 Whereupon,

3 BEVERLY WILLIAMS

4 having been duly sworn, testified as follows:

5 DIRECT TESTIMONY

6 JUDGE CHESTNUT: Please give and spell  
7 your name for the record.

8 THE WITNESS: My name is Beverly Williams,  
9 3850 North Gratz Street.

10 JUDGE CHESTNUT: The rest of it?

11 THE WITNESS: Pardon?

12 JUDGE CHESTNUT: The rest of it?

13 THE WITNESS: I did.

14 JUDGE CHESTNUT: I'm sorry. Did you say  
15 Philadelphia?

16 THE WITNESS: Yes, Philadelphia,  
17 Pennsylvania. And I am a customer.

18 JUDGE CHESTNUT: And your employment and  
19 occupation, please?

20 THE WITNESS: Yes. I am employed at  
21 Community Legal Services as a paralegal in the energy  
22 unit.

23 JUDGE CHESTNUT: Okay. Go ahead.

24 THE WITNESS: As I said, I am a paralegal  
25 in the energy unit at Community Legal Services and I

1 interview many low income utility customers every week.  
2 From my experience with these clients, PECO has not made  
3 its Customer Assistance Program accessible to or  
4 affordable for low income customers.

5 I have one of my clients here, Lucinda  
6 Holland. If you would stand. Thank you.

7 Her story exemplifies PECO's failure to  
8 provide for its CAP customers. Ms. Holland is a 43 year  
9 old woman with several life threatening medical problems  
10 including lupus, osteoporosis, rheumatoid arthritis and  
11 neuropathy. She survives on an income of just \$579 a  
12 month. Although she is in the CAP program her monthly  
13 PECO payments are unaffordable in that they exceed the  
14 PUC's CAP rate guidelines.

15 In April of this year PECO shut off her  
16 service. Shortly before the termination Ms. Holland  
17 informed PECO that she was very ill and needed electricity  
18 to refrigerate the 12 medications that she must take every  
19 day. She explained that her disabilities make it very  
20 easy for her to fall while walking through the house and  
21 that she would be even more susceptible to injury without  
22 light. PECO refused to reconnect her service or work out  
23 a new payment arrangement with Ms. Holland.

24 Now Ms. Holland is forced to use candles  
25 for light, adding the risk of fire death or injury to her

1 already fragile life. The food in her refrigerator and  
2 freezer spoiled. She lost nearly \$200 worth of food.  
3 Because her arthritis is so severe she cannot cook food on  
4 the stove. She relies on the precooked meals she had  
5 delivered by Wheels from Aids for Friends. She can no  
6 longer use the food provided by Aids for Friends because  
7 it must be kept frozen. As a result, in less than three  
8 months Ms. Holland has lost ten pounds due to the lack of  
9 regular meals. Because she suffers from lupus living  
10 without air conditioning is particularly dangerous to her  
11 health. Ms. Holland was going to enter a hospital for  
12 food and safety if our office could not help her. She is  
13 depressed and doesn't know how she will come up with the  
14 amount of money PECO demands of her.

15 PECO does not take into account the  
16 specifics and unique needs of low income customers. The  
17 purpose of the CAP program is to assist low income  
18 customers to afford and maintain service. Yet PECO,  
19 unlike any other utility company in the state, has a CAP  
20 program that doesn't apply the discount to the entire  
21 bill, only the first 500 kilowatts of usage, well below  
22 the usage of the clients I see. As a result, I see people  
23 who come into Community Legal Services every week who  
24 despite their very best and sincere efforts and their  
25 being in the CAP program cannot afford PECO's bills.

1           PECo's CAP program is so problematic and  
2           unfair that it can easily force an already struggling CAP  
3           customer into an even more desperate situation.

4           I have another client here today,  
5           Barbara Clouden. She is the head of a four person  
6           household who had a monthly income of \$1,232 before she  
7           stopped receiving her child support check. Now the  
8           household income is just \$960 per month, just over 50  
9           percent of the poverty level. She cannot afford an  
10          affordable monthly PECO bill of \$109, over ten percent of  
11          her income. PECO also insisted that she make a bankruptcy  
12          deposit to avoid a shut-off, even though other utilities  
13          like PGW in their CAP program waive this deposit to allow  
14          continued service. Now, with even less money in her  
15          pocket it seems impossible that she will be able to  
16          continue to pay what PECO bills her and avoid a  
17          termination for herself and her four children.

18          CAP customers often find themselves  
19          unable to pay their bills because PECO has not designed  
20          its CAP program according to the Public Utility  
21          Commission's guidelines. The PUC has stated that CAP  
22          payments that amount to more than seven percent of the CAP  
23          customer's income are not affordable for the customer.

24          I recently interviewed a PECO customer,  
25          Donna Regaolo, who is raising five children alone and

1 whose sole source of income for the family is \$606 a month  
2 from SSI disability benefits, which is 29 percent of the  
3 poverty level for her household. She contacted PECO about  
4 her situation and requested different payment  
5 arrangements. PECO did not offer her any information  
6 about CAP or specifically the Special Needs Program, which  
7 was designed precisely for her family, offering a 75  
8 percent discount on the 500 kilowatts used. Ms. Regaolo's  
9 PECO bill accounts for 19 percent of her limited monthly  
10 income, four times the maximum that the PUC has  
11 established for CAP customers like her.

12           The Special Needs Program was developed  
13 following PECO's last merger in 2000 especially for  
14 customers like Ms. Regaolo. The program was to be  
15 implemented to provide more affordable service to  
16 customers with incomes below 50 percent of the federal  
17 poverty level, the most vulnerable of PECO's customers.  
18 Yet we see almost no one coming to our offices who has  
19 been even told about the program by PECO.

20           Following the last merger it was decided  
21 that PECO's Special Needs Program would have a maximum  
22 enrollment of 40,000 customers. Considering the large  
23 amount of people who we see could qualify, this number  
24 seems very small. The Special Needs Program should have  
25 easily reached its maximum capacity instead of being at

1 about one-quarter of its intended enrollment.

2           If PECO both itself began enrolling  
3 customers it knows or should know are eligible for the  
4 Special Needs Program and provided information to  
5 customers about the Special Needs Program the program  
6 probably would reach its maximum capacity. But PECO  
7 continues to make it as difficult as possible for low  
8 income customers to receive information about assistance  
9 programs. I regularly call the PECO call centers on  
10 behalf of clients and have never once been offered any  
11 information about special needs or other CAP programs that  
12 I haven't specifically asked about. It is no surprise to  
13 me that there are so few people enrolled in PECO's Special  
14 Needs Program. No one knows about it and PECO makes very  
15 little effort to inform anyone about it. As a result,  
16 people who could benefit from PECO's assistance programs  
17 never even attempt to enroll. Instead, they fall behind  
18 and their service is shut off.

19           Of course, a CAP application will delay a  
20 shut-off. But PECO provides just one fax number to one  
21 CAP office on the other side of the state for customers  
22 using the applications. It is almost impossible to fax a  
23 CAP application and have it arrive at the CAP office in a  
24 timely fashion. I recently had a client who had mailed a  
25 CAP recertification application on May 30, 2005, which

1 PECO claimed later they did not receive. That  
2 recertification was not received by the CAP office until  
3 just yesterday, June 29, one month later, when Community  
4 Legal Service faxed a second certification in. I was told  
5 by PECO that it takes a couple months for a mailed CAP  
6 application to arrive and be processed in Pittsburgh. Not  
7 only is PECO not informing people about the CAP program  
8 but its own centralization and efficiency schemes  
9 following the last merger are keeping those who do not  
10 know about CAP from receiving the full benefits of the  
11 program.

12                   The purpose of CAP and the Special Needs  
13 Program, created during the last merger, was to provide  
14 affordable service to low income customers. PECO has not  
15 made this goal a reality. If PECO claims that this merger  
16 will bring further benefit to low income customers we have  
17 no reason to believe them. If this merger goes forward  
18 Exelon will have a whole new group of low income customers  
19 to keep in the dark about different forms of assistance  
20 available to them. Further centralization and integration  
21 of call centers and customer service offices will result  
22 in fewer CAP applications received in time to avoid  
23 shut-offs and thus more low income customers risking their  
24 lives without electricity. This can only bring harm and  
25 should not be permitted.

1 Thank you so much for this opportunity to  
2 speak to you today.

3 JUDGE CHESTNUT: Any questions from  
4 anyone?

5 (No audible response.)

6 JUDGE CHESTNUT: Okay. Thank you very  
7 much, Ms. Williams.

8 (Witness excused.)

9 JUDGE CHESTNUT: That takes us to  
10 Eddie Battle.

11 Let me tell you that there is another  
12 session scheduled this afternoon at the Philadelphia  
13 Community College of Philadelphia, West Regional Center,  
14 4725 Chestnut Street. So if you would rather testify  
15 there and take more time that would be okay.

16 So that takes us to Eddie Battle.

17 MEMBER OF AUDIENCE: No thanks.

18 JUDGE CHESTNUT: Oh, great -- I didn't  
19 mean it that way.

20 MEMBER OF AUDIENCE: Your Honor asked me  
21 not to let you forget me.

22 JUDGE CHESTNUT: Mr. Haver, you are  
23 absolutely right. I beg your pardon. You are the next  
24 one and I just skipped you. So thank you for reminding  
25 me.

1 MR. HAVER: I told you I wouldn't be shy.  
2 Whereupon,

3 LANCE HAVER  
4 having been duly sworn, testified as follows:

5 DIRECT TESTIMONY

6 JUDGE CHESTNUT: Please state and spell  
7 your name for the record.

8 THE WITNESS: Lance Haver, L-a-n-c-e,  
9 H-a-v-e-r. I am a PECO customer. My address is 6803  
10 Lawton Avenue, Philadelphia.

11 I am a city employee. I am the Director  
12 of Consumer Affairs for the City of Philadelphia. And as  
13 further disclosure, I have worked with PECO and supported  
14 PECO petitions during the restructuring and in a past  
15 project PECO help me establish it and was an investor in  
16 that. I am no longer a partner in that project since I  
17 have come to work for the city. I also want to say that I  
18 know Mr. Bonney and I think very highly of him.

19 With that being said, I also want to make  
20 sure that Your Honor knows I am not testifying on behalf  
21 of the city. That testimony, as you know, was submitted  
22 by Mr. Kent R. Miller.

23 With all those disclosures, the question  
24 before the Commission still is will this merger benefit  
25 the public. Will ratepayers benefit from allowing Exelon

1 to become the largest utility in the nation.

2 Thousands and thousands of pages of  
3 testimony will be written and reviewed. Hundreds of  
4 thousands of dollars will be paid to lawyers to argue both  
5 the great and the small, and yet the question is simple:  
6 Will this merger benefit the public. Not is PECO a good  
7 corporate citizen, not will the stockholders get richer,  
8 not will Exelon be better able to complete in the future,  
9 not a public policy question of shouldn't corporations be  
10 allowed to do whatever they want whenever they want to.  
11 The question before you, Madam Hearing Examiner, is  
12 straightforward. When you weigh the consequences of the  
13 merger as it has been proposed, is it in the public  
14 interest.

15 The answer based not on the settlement  
16 negotiations, not on theories, not on promises, not on how  
17 kind PECO has been to the community, but on the facts, the  
18 answer is no. The public will lose. We will lose jobs  
19 and tax revenues. We will lose service and corporate  
20 focus. We will lose accountability and we will be at the  
21 greater mercy of market powers that through vertical and  
22 horizontal integration will not only be able to manipulate  
23 electric prices but also natural gas prices. And  
24 consumers will gain nothing.

25 So why should you approve this merger?

1 Exelon admits that there will be jobs lost. At least 250  
2 will be lost in Pennsylvania and 1,500 overall. Exelon  
3 does not commit to keeping a set number of employees to  
4 provide basic services going forward. Job loss and lost  
5 tax revenues to the city, state and federal government are  
6 part of Exelon's proposal. No one denies that.

7 Exelon, if allowed to buy PSE&G, will cut  
8 the number of employees in their call centers and switch  
9 to Commonwealth Edison's billing system. There will be  
10 fewer company representative per thousand customers and a  
11 new type of bill that would, of course, cause problems.  
12 Consumers will suffer. But in many ways what is worse is  
13 that the company's focuse will be diluted. When it was  
14 just PECO its CEO had to worry about the Delaware Valley.  
15 The health and wellbeing of the company was inextricably  
16 linked to the health and wellbeing of our region. If we  
17 lost jobs, if poverty grew, it would have a direct impact  
18 on the company. PECO executives were fighting for  
19 economic development in our region and were part of the  
20 fabric of our community.

21 Every time the company grows the CEO's  
22 focus becomes more diffuse. It doesn't matter to Exelon's  
23 CEO if the growth is in Pennsylvania or Illinois. His  
24 company benefits either way. If Exelon is allowed to buy  
25 PSE&G it will be even more diffuse. As it stands now,

1 Exelon may be willing to help the City of Philadelphia  
2 keep or bring a business to the Delaware Valley. If they  
3 are allowed to buy a utility that goes all the way to  
4 north Jersey it will not matter to them if the business  
5 locates in the New York area or the Philadelphia area.  
6 But it certainly matters to Philadelphians.

7 Many of the parties in the case have  
8 pointed out that Exelon has not yet or has failed to live  
9 up to the agreements they made when they first merged with  
10 Commonwealth Edison. In the spirit of keeping it short I  
11 won't go through the list. If they are allowed to merge  
12 again after violating the terms of the first merger there  
13 will be no accountability. If it didn't matter that they  
14 failed to comply with agreements in the first merger why  
15 would anyone expect them to live up to any agreements or  
16 promises made in this merger? If there is no  
17 accountability to the public how can the merger possibly  
18 be in the public interest?

19 Nor is there any question that the merger  
20 if allowed would give Exelon the greatest market power in  
21 the region. It will constitute an unregulated monopoly  
22 able to price fix and price rig at will.

23 Again, I have no doubts that Mr. Bonney  
24 would not engage in this. I just have no doubt that  
25 Mr. Bonney's tenure is not forever. Fifty years from now,

1 100 years from now, there will be someone else in  
2 Mr. Bonney's position.

3 As explained in Dr. Carpenter's testimony,  
4 the buyout of PSE&G will give Exelon a way to not only set  
5 electric prices but also natural gas prices. Much like  
6 the citizens of California, if this new world is allowed  
7 to be created consumers, businesses and the states  
8 themselves will be at the mercy of Exelon's ability,  
9 exercised or not, to price fix.

10 The negative impact of these problems one  
11 might argue are outweighed by the benefit the merger will  
12 bring to consumers. That is if there were any benefits  
13 proposed.

14 Unbelievably there are none. No rate cut,  
15 no specific improvements. No economic development plan.  
16 Nothing. In the restructuring case and in the original  
17 merger there was a trade-off: The public was offered  
18 something in return for granting Exelon's motion. This  
19 time the public is being offered as a sacrifice to  
20 Exelon's bankers and stockholders.

21 So I ask again, how can you find the  
22 proposed merger is in the public interest? Jobs will be  
23 lost as will tax revenue, service will get worse, economic  
24 development in our region will suffer, we will be at the  
25 mercy of an unregulated utility and consumers will receive

1 no benefits.

2 Your Honor, in one's lifetime there are  
3 few opportunities to do what is right and have it count.  
4 For you, Judge, this is one of them. The only reason to  
5 approve the merger proposal is because Exelon is asking  
6 you to do so. And that should not be reason enough.

7 Thank you.

8 JUDGE CHESTNUT: Any questions?

9 (No audible response.)

10 JUDGE CHESTNUT: Thank you, Mr. Haver.

11 (Witness excused.)

12 JUDGE CHESTNUT: Elizabeth Signil.

13 Would you raise your right hand, please?

14 Whereupon,

15 ELIZABETH SIGNIL

16 having been duly sworn, testified as follows:

17 DIRECT TESTIMONY

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

20 THE WITNESS: Elizabeth,

21 E-l-i-z-a-b-e-t-h, Signil, S-i-g-n-i-l. I live at 2328  
22 Dickinson Street, Philadelphia, Pennsylvania 19146. And I  
23 am a PECO user.

24 JUDGE CHESTNUT: Okay. And are you  
25 employed and your place of employment?

1 THE WITNESS: No. I am retired.

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

4 THE WITNESS: My name is Elizabeth Signil.  
5 I am here today as a member of the Philadelphia Workers  
6 Benefit Council, a delegate body representing low income  
7 workers in Philadelphia. And I am also here as a PECO  
8 customer who has paid bills on the same house on Dickinson  
9 Street in south Philadelphia for more than 40 years.

10 A year ago I stood before another  
11 Administrative Law Judge of the same Commission and said  
12 that the Public Utility Commission, PUC, was at a  
13 crossroads. At that time gas customers faced a \$47  
14 million surcharge. I said that federal policies are  
15 giving utilities more and more leverage to charge us  
16 higher prices and to shut us off when they can't collect.  
17 I asked the PUC to align itself with the lowest paid  
18 Philadelphians and together with us to resist policies  
19 that treat the poorest customers as expendable. And I  
20 warned that if you failed to take a stand you would  
21 endanger your own ability to ensure reliable services at  
22 affordable rates in the future.

23 Since then we have all watched as Exelon,  
24 the company created out of PECO's merger five years ago,  
25 has used the size and wealth that it acquired from the

1 merger to threaten and cajole legislators in Harrisburg.  
2 Last year they cooperated with other executives to get a  
3 utility company wish list submitted as a bill before the  
4 Legislature. They worked in conjunction with leaders at  
5 the Philadelphia Gas Works, whose ratepayer financed \$2.8  
6 million marketing budget created a media hysteria,  
7 scapegoating so-called deadbeats. They waited until the  
8 November elections were over, attached their bill as an  
9 amendment onto unrelated legislation, shuttled it through  
10 the Legislature with no public debate and passed it late  
11 on a cold winters night while most Pennsylvanians were  
12 distracted by the Christmas holiday. The press did not  
13 report the story until all was said and done and they got  
14 exactly what they wanted: A law that shuts off more  
15 customers, cuts utility company costs and expands their  
16 profit.

17                   This law passed in this undemocratic  
18 process is now called Act 201 and it allows PECO and other  
19 utilities to shut off families in the middle of the winter  
20 without PUC approval, the first time that this has been  
21 legal in 30 years.

22                   One of my roles as a delegate in the  
23 Philadelphia Workers Benefit Council is to advocate on  
24 behalf of low income families faced with shut-offs. In  
25 that capacity I often call the PUC for help. I have

1 noticed now that Act 201 is on the books that the PUC  
2 workers respond differently than they did before. Our  
3 hands are tied they tell me. There is not much that we  
4 can do.

5                   So far this spring PECO has shut off 24  
6 percent more customers than last year. Overall in  
7 Pennsylvania utility shut-offs are 14 percent. So let's  
8 make one thing clear from the start: We do not need to  
9 speculate what a merged Exelon worth \$28 billion instead  
10 of just \$15 billion will do with its added size and  
11 wealth. It will do more of what it has already done, use  
12 its power to influence the utility decision-making process  
13 in the state and make that decision-making process conform  
14 more to Exelon's sole reason for exiting, maximizing  
15 shareholders wealth.

16                   One year later I am back at a hearing of  
17 the PUC. Again, we are at a crossroads but this time the  
18 stakes are higher. The question is not just whether you  
19 will approve this merger. The question is whether you  
20 will retain the ability to regulate utility services in  
21 Pennsylvania in anything but a symbolic sense. If Exelon  
22 at its current size can weaken the PUC to this extent, a  
23 company even larger will make the PUC impotent.

24                   Your own documentation says that the PUC  
25 has a responsibility to ensure safe and adequate service

1 for customers at fair and reasonable rates. If you  
2 approve this merger, whether or not the PUC has the desire  
3 to fulfill that role, it will lack the ability to do so.

4 The question from the 20,000 service  
5 workers I speak for is this: If that happens who then  
6 will represent us? Who will be on our side? I hope the  
7 members of the Commission consider that question carefully  
8 before making your decision because your decisions up to  
9 this point have already had lethal results.

10 A 12 year old girl burned to death in my  
11 neighborhood this month. She was the 12th child in the  
12 city to die in a fire this year. The city is suffering  
13 twice as many fires as last year. More children have  
14 already died from fire than in all of 2004. The fire  
15 department says it has no explanation.

16 Well, I have an explanation. I am a block  
17 captain and I see many people in my neighborhood resorting  
18 to more and more extreme measures in a losing effort to  
19 keep up with their bills. Parents are out late working  
20 and their children are unattended more of the time.  
21 Families that used to afford air conditioners are trying  
22 to conserve and switching to fans instead. One of this  
23 months fires was triggered by a portable fan.

24 It is a myth that poor families are  
25 protected from shut-offs. The Utility Emergency Services

1 Fund has seen the number of requests for assistance  
2 increase four-fold this year. When it ran out of money in  
3 early June it was turning people away at the rate of 50 to  
4 100 a week. The fund assists families whose average  
5 annual income is less than \$10,000. The combined amount  
6 of their gas, water and electricity bills equals 30  
7 percent of their annual income. These are the people that  
8 Exelon is shutting off. This is the impact its policies  
9 are having on my community. This is what the state has  
10 fostered by giving the utility companies carte blanche to  
11 shut off their customers when they desire.

12 The question for the Commission, are you  
13 for that or against it? The question is not whether this  
14 merger will be good for the working people of southeastern  
15 Pennsylvania. Judging from Exelon's treatment of low paid  
16 service workers so far, the answer is obviously no. The  
17 question is whether the PUC will have the foresight and  
18 fortitude to stand up for the interests of the majority of  
19 Pennsylvanians, those of us who struggle to get by on our  
20 limited earnings, who are forced to choose between paying  
21 for electricity or for food. We refuse to make that  
22 choice. You should refuse to condone policies that force  
23 us to.

24 Ultimately the question facing the members  
25 of the PUC is whether you will have the foresight to stand

1 up for yourselves because, as I said in this forum a  
2 little more than a year ago, you pay utility bills too.

3 Do you know when Exelon took over daily  
4 operations of the Hope Creek nuclear power plant in south  
5 Jersey? Last year. They are acting as if they already  
6 own parts of PSE&G. In other words, they are treating the  
7 entire process of government approval that we are engaged  
8 in here today as a mere formality. Exelon's profitmaking  
9 policies have the potential eventually to negatively  
10 affect many more than just the poorest paid. If you make  
11 no effort to reestablish some measure of control over  
12 investor owned companies like Exelon, who is going to  
13 stand up for the interests of ratepayers? Certainly not  
14 the company. Its only loyalty is to its shareholders, to  
15 whom it is mandated to earn a profit. Certainly not an  
16 abstract concept like competitive forces. That kind of  
17 competition which these huge companies engage in is a kind  
18 from which residential customers with limited income never  
19 benefit in the long run.

20 So I'm asking you to do more than to say  
21 no to this merger. I am asking you to join with the  
22 lowest paid hardest working members of your community.  
23 Our pensions are being raided. Our hospitals are being  
24 shut down. Our kids and grandkids are being soaked with  
25 \$35,000 in college debts before they have even had a

1 chance to live.

2                   Former Commissioner Nora Brownell once  
3 said that she had to pass a look in the mirror test at the  
4 end of every day. Make sure you can pass that test too.  
5 Do your job. Go to the Federal Energy Regulatory  
6 Commission and tell them the plight of your real  
7 constituents. Tell them to stop forcing on 100 million  
8 low paid workers in this nation policies that concentrate  
9 energy ownership while simultaneously deregulating utility  
10 prices.

11                   I thank you.

12                   (Applause.)

13                   JUDGE CHESTNUT: Any questions?

14                   (No audible response.)

15                   JUDGE CHESTNUT: Thank you.

16                   (Witness excused.)

17                   JUDGE CHESTNUT: The next person on the  
18 list -- and I am going to have to ask you to -- the  
19 testimony is very compelling and I don't want to limit  
20 anybody but we are getting close here to the time we have  
21 to leave. But there is another session this afternoon.  
22 So keep that in mind, please.

23                   The next person on the list is Martha  
24 Abbott.

25                   MEMBER OF AUDIENCE: I will wait for the

1 afternoon.

2 JUDGE CHESTNUT: Thank you very much.

3 Anne Czajka.

4 Would you raise your right hand?

5 MEMBER OF AUDIENCE: I would like to say  
6 good afternoon to everybody.

7 JUDGE CHESTNUT: Wait, wait, wait. Stop.  
8 You need to be sworn in first. Would you raise your hand,  
9 please?

10 THE WITNESS: My name is Anne Czajka --

11 JUDGE CHESTNUT: Raise your right hand,  
12 please.

13 THE WITNESS: I'm sorry.

14 Whereupon,

15 ANNE CZAJKA

16 having been duly sworn, testified as follows:

17 DIRECT TESTIMONY

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

20 THE WITNESS: Okay. My name is Anne  
21 Czajka, and that's A-n-n-e, C-z-a-j-k-a.

22 JUDGE CHESTNUT: Your address?

23 THE WITNESS: 2205 East Haggard,  
24 Philadelphia, Pennsylvania 19125. My employer is New  
25 Kensington CDC and I will be doing testimony for them.

1 I am the housing service director at New  
2 Kensington CDC. New Kensington CDC is a non-profit in the  
3 City of Philadelphia that was founded in 1986. New  
4 Kensington is part of a network of 11 neighborhood energy  
5 centers in Philadelphia. The mission of New Kensington is  
6 to assist community residents with various housing and  
7 entering needs. New Kensington serves about 1,000 low  
8 income clients a year. We provide a one-stop shop for  
9 housing needs and grants. I have worked there for 20  
10 years.

11 My experience and history with PECO and  
12 the low income consumer is about 20 years. New Kensington  
13 was originally part of the pilot program establishing the  
14 CAP program for PECO. Although it has changed over the  
15 years nevertheless it was the beginning of the low income  
16 assistance program for PECO.

17 In the past PECO partnered with community  
18 agencies like New Kensington where case managers reviewed  
19 clients' budget and usage, educated the client on behavior  
20 modification and could assist them in keeping their  
21 electric costs down. We also at the same time reviewed  
22 client information to determine if they were eligible for  
23 any other grants such as LIHEAP, Crisis, UESF or CRP. We  
24 reinforced the concept of self-sufficiency through various  
25 approaches. If a client had an unusual housing issue we

1 would be able to refer them to the city programs to help  
2 address them. Anyone who showed high usage would be  
3 referred to the PECO LIURP program. I feel that the  
4 counseling sessions were very helpful in assisting low  
5 income households with suggestions that could help promote  
6 a self-sufficient household. Some of the ways we  
7 accomplished this was by establishing a budget promoting  
8 regular payments, reducing usage and keeping things  
9 affordable with conservation and behavior modification.

10 Although today's CAP rate program is quite  
11 different from the pilot it still provides reduction in  
12 cost of energy to the low income consumer. I think one of  
13 the major drawbacks that I see with the program now is the  
14 lack of meaningful communication between the company and  
15 the client. PECO needs to do a better job of educating  
16 the community and the low income consumer of CAP rate  
17 programs and usage reduction availability. This would  
18 help clients to lower their entering cost, reduce default  
19 payments to the company and encourage and promote a health  
20 environment. I strongly encourage PECO to extend its hand  
21 and provide the personal touch that some of these  
22 households need to become more empowered and  
23 knowledgeable.

24 My experience has been that when a  
25 customer has a problem it is very hard to get a

1 face-to-face person to help them resolve this issue. It  
2 is frustrating to someone who has the lack of experience  
3 in the modern technology of computers and the many  
4 different levels of pushing buttons. For example, when a  
5 mistake is made in the long process of telephone selection  
6 you may need to go through the whole process again. Not a  
7 very friendly system.

8                   What does that mean for the future if this  
9 merger is approved? It means central locations  
10 possibility in another state or even in another country,  
11 trying to get them to see your point. From state to state  
12 things are so different. How will a customer service  
13 representative in Ohio or even in Canada know how to refer  
14 somebody to PECO's low income programs?

15                   It is the responsibility of the PUC to  
16 make sure that they protect and ensure good customer  
17 service for the low income community person. It has been  
18 brought to our attention that the anticipated CAP rate  
19 customer enrollment numbers have not been met and I can  
20 assure you it was not because of the lack of need. I  
21 believe that there are many more low income customers who  
22 are eligible for this program. At New Kensington we often  
23 see people who have been on CAP -- could have been on CAP  
24 but were not. In order to service the low income resident  
25 PECO must be present in their communities so that they can

1 access PECO services. Otherwise PECO's best programs for  
2 low income communities will not be available or will be  
3 their biggest secret ever.

4 I, myself, who have been working with the  
5 utility consumers for 20 years have never called PECO on  
6 behalf of a customer and received information about the  
7 Special Needs Program. The Special Needs Program provides  
8 special discounts and services for low income people at  
9 the below 50 percent poverty level. Why doesn't PECO tell  
10 the public or at least its own low income customers about  
11 this program?

12 The merger should not go forward if PECO  
13 will still keep the Special Needs Programs a secret and  
14 fail to increase the CAP enrollment.

15 Thank you for giving me the opportunity.

16 JUDGE CHESTNUT: Any questions?

17 (No audible response.)

18 JUDGE CHESTNUT: Thank you, Ms. Czajka.

19 You are excused.

20 (Witness excused.)

21 JUDGE CHESTNUT: Maria Adames

22 Whereupon,

23 MARIA ADAMES

24 having been duly sworn, testified as follows:

25 DIRECT TESTIMONY

1 JUDGE CHESTNUT: Please give and spell  
2 your name for the record.

3 THE WITNESS: It is Maria Adames,  
4 M-a-r-i-a, A-d-a-m-e-s.

5 JUDGE CHESTNUT: And your address, please?

6 THE WITNESS: 719 North Uker Street,  
7 Philadelphia, Pennsylvania.

8 JUDGE CHESTNUT: Are you a PECO customer?

9 THE WITNESS: Yes, I am a PECO customer.

10 JUDGE CHESTNUT: Your occupation and place  
11 of employment?

12 THE WITNESS: I am also a paralegal with  
13 Community Legal Services but at another location. We have  
14 two locations.

15 My name is Maria Adames and I live in the  
16 Fairmount area of the City of Philadelphia.

17 I have been employed for 26 years with  
18 Community Legal Services and I have been a paralegal in  
19 the energy unit for 19 years.

20 We interview daily at our north  
21 Philadelphia, North Broad and Erie Avenue office over half  
22 a dozen low income clients with utility problems either by  
23 telephone, through walk-ins or by referrals from other  
24 social service agencies. Overall we have seen great  
25 problems with low income people being able to pay their

1 PECO bills at the same time that we see that the company  
2 provides inadequate assistance for low income customers  
3 through its so-called universal services program.

4 For example, PECO has had a Special Needs  
5 Program for its poorest customers, those below 50 percent  
6 of the poverty, yet few people are in it and the company  
7 does almost nothing to inform the community or customers  
8 about it. None of my clients are in the Special Needs  
9 Program, even though they are eligible, which means that  
10 PECO has failed to enroll them in the very program  
11 designed for the poorest of customers.

12 My job is to help these clients. But  
13 until a few weeks ago I had not even been aware of the  
14 Special Needs Program. I could have been referring  
15 clients into it if PECO had only publicized it among  
16 social agencies and community groups. It has never done  
17 so to my knowledge.

18 We have also seen many more terminations  
19 of electricity services by PECO since the winter  
20 moratorium, either clients with shut-offs coming or  
21 service already off by the time they come to see us. I am  
22 told that PECO has reported to the PUC a 25 percent  
23 increase in terminations in the first four months of this  
24 year compared to last year. Virtually all our low income  
25 poverty level clients are not able to pay their entire

1 bill, yet most of the clients are already in the CAP or  
2 Customer Assistant Program. This means to me that despite  
3 CAP, which is supposed to ensure universal service and  
4 affordable bills, those in CAP are being forced to pay a  
5 bill that they cannot in fact afford to pay.

6           The CAP program only provides a discount  
7 bill up to the usage of 500 kilowatts a month. But most  
8 people must use more than that. When these clients do  
9 they are billed without any discount for usage over 500  
10 kilowatts. We are recently seeing more clients where  
11 their entire property is electric and their current  
12 charges are very high -- despite the fact that they are  
13 supposed to get help through the CAP program.

14           Most low income customers don't have an  
15 advocate and call or visit PECO and just rely on their  
16 customer service representatives for all their information  
17 and help. The information or help they get is often very  
18 bad. Low income clients tell us that when they call PECO  
19 and explain that they are not able to pay on an utility  
20 bills for different reasons they are not being told about  
21 CAP or the Special Needs Program. It's as if PECO wants  
22 to hide these programs and keep eligible clients from  
23 getting into them.

24           Very low income clients are being placed  
25 on payment agreements that they are not able to afford and

1 they are blamed when they cannot follow them. The PUC has  
2 found that in 84 percent of PECO's payment arrangement  
3 requests for CAP customers reviewed by Commission staff  
4 PECO was demanding unreasonable payments arrangements in  
5 violation of the PUC CAP policy. Some clients just agree  
6 with whatever they are offered, however unfair and  
7 unreasonable, just to be able to keep their electrical  
8 services on.

9 I also work closely with the elderly law  
10 unit. We visit senior centers and also the senior  
11 apartment complexes. Just about all the units that the  
12 senior live in use electricity for services, cooking, air  
13 conditioning, heat and hot water. They are all on low or  
14 fixed incomes. This is enough for them to pay the high  
15 electric bill, rent and in some cases their own medication  
16 and foods for special diets. Yet PECO does not enroll  
17 these seniors into their CAP or Special Needs Program to  
18 help reduce their bills.

19 Despite high usage especially among these  
20 elderly customers, almost no clients I know received  
21 energy conservation and weatherization assistance from  
22 PECO through the LIURP program. I can only conclude that  
23 PECO gives a very low priority in the support of LIURP  
24 despite this being a very important part of an utility  
25 company's universal service program.

1                   At this time I know of only two clients  
2 that receive LIURP assistance and they have never  
3 mentioned anything about their usage being less. What is  
4 even worse is that despite getting some LIURP services  
5 these two clients were not placed by PECO into their CAP  
6 or Special Needs Program to help them pay their bills.

7                   Since the prior PECO and Unicom merger in  
8 2000 I have not seen any improvement of servicing low  
9 income clients and making the Universal Services Program  
10 work as intended. The collection process problem has  
11 stayed the same. The bad telephone customer service for  
12 low income customers has stayed the same.

13                   I don't believe that the customer services  
14 telephone people know much about the low income programs  
15 or the Special Needs Program so they are almost useless in  
16 helping low income customers. I believe they have the  
17 same answers for everyone who calls PECO whether low  
18 income or not.

19                   I have repeatedly seen clients, friends  
20 and colleagues call PECO on behalf of a poor person asking  
21 for more time or a payment agreement and no mention has  
22 ever been made of any low income CAP or Special Needs  
23 Program.

24                   In conclusion, PECO has not met its  
25 obligation to its low income customers. For these

1 customers electricity is a true necessity of life. Just  
2 last month in western Pennsylvania, when a low income  
3 family was cut off from their electricity and they began  
4 using candles, a fire broke out killing three children and  
5 a mother. That could have been a family here.

6           Greatly improving assistance to low income  
7 families should be PECO's highest priority. Because it is  
8 not now their priority and because the proposed merger  
9 will not benefit these customers, I think the merger  
10 should not be approved by the Commission.

11           Thank you for hearing my statement.

12           JUDGE CHESTNUT: Any questions?

13           MR. BONNEY: Yes, Your Honor.

14           JUDGE CHESTNUT: Mr. Bonney.

15                           CROSS-EXAMINATION

16                           BY MR. BONNEY:

17           Q.        Good afternoon. I'm Paul Bonney with PECO Energy.

18           A.        Good afternoon.

19           Q.        Two quick questions. Did I understand your  
20 testimony correctly that as a paralegal with CLS you were  
21 not aware of PECO's Special Needs Program?

22           A.        I actually found out about this like maybe last  
23 week, about their Special Needs Program.

24           Q.        And is it your position that PECO conducts no  
25 public outreach for its CAP program?

1 A. As far as I know, no. Not as much as they should  
2 be doing. And unless a neighborhood energy center -- at  
3 Community Legal Services we inform our clients of the  
4 Special Needs -- I'm sorry -- about the CAP program.

5 MR. BONNEY: Thank you, Your Honor.  
6 That's all I have.

7 JUDGE CHESTNUT: Thank you.

8 (Witness excused.)

9 JUDGE CHESTNUT: The next person on the  
10 list is Ed Lynch.

11 MEMBER OF AUDIENCE: He said he would  
12 speak in the afternoon.

13 JUDGE CHESTNUT: Great. That is what I  
14 was going to ask him.

15 We are going to have to start imposing a  
16 time limit here. I'm sorry to have to do that, so if you  
17 could keep it to five minutes we would very much  
18 appreciate that. Or come this afternoon where there won't  
19 be any kind of time constraint and hopefully the  
20 microphone situation will be a little better.

21 Elizabeth Gee.

22 (No audible response.)

23 JUDGE CHESTNUT: Joyce Ferris.  
24  
25

1 Whereupon,

2 JOYCE M. FERRIS

3 having been duly sworn, testified as follows:

4 DIRECT TESTIMONY

5 JUDGE CHESTNUT: Please give and spell  
6 your name for the record.

7 THE WITNESS: Joyce Ferris, J-o-y-c-e,  
8 F-e-r-r-i-s.

9 JUDGE CHESTNUT: Your address, please?

10 THE WITNESS: My home address is 27 West  
11 Gravers Lane, Philadelphia 19118.

12 JUDGE CHESTNUT: Are you a PECO customer?

13 THE WITNESS: Yes, I am.

14 JUDGE CHESTNUT: And your occupation or  
15 place of employment?

16 THE WITNESS: I am a founder and managing  
17 partner of Blue Hill Partners. We are an investment firm  
18 that focuses in building companies and deploying  
19 technologies using clean energy technologies and services.

20 JUDGE CHESTNUT: Okay. Go ahead.

21 THE WITNESS: As I said, I am managing  
22 partner of Blue Hill Partners, which is also located in  
23 the City of Philadelphia, 40 West Evergreen Avenue. Both  
24 my business and my home are PECO service customers.

25 I have over 20 years of experience

1 building Pennsylvania based businesses that focus in the  
2 management, development and financing of energy and  
3 industrial technology companies and renewable energy  
4 projects. I have a bachelors degree from Reed College and  
5 a masters degree from the University of Pennsylvania in  
6 energy management and policy.

7 I am here in support of building a  
8 business focus and continuing to build the business of  
9 building clean energy companies, technologies and  
10 deploying those technologies in Pennsylvania and PECO's  
11 service territory. I am also here to testify in support  
12 of the Sustainable Development Fund.

13 I have known the Sustainable Development  
14 Fund and its work for approximately four years. Over the  
15 past three years Blue Hill Partners has been the general  
16 partner of a venture capital investment fund, the  
17 Pennsylvania Advanced Industrial Technologies Fund, that  
18 the Sustainable Development Fund is a limited partner in.  
19 Our focus of that fund is to build companies, services and  
20 deploy technologies in the PECO service territory using  
21 clean energy technologies.

22 In addition to our work with the  
23 Sustainable Development Fund in our fund, I am aware of  
24 some of the SDF's other activities, including grants,  
25 funding wind energy and energy efficiency projects. I am

1 also familiar with the clean energy funds in multiple  
2 other states and based on my understanding of all the  
3 various funds in the country I believe the Sustainable  
4 Development Fund is one of the best in the country.

5           There are many issues before the  
6 Pennsylvania PUC to consider in this merger and among the  
7 most important I believe are improving energy efficiency,  
8 promoting environmentally friendly technologies and  
9 business practices, promoting the development of clean  
10 energy businesses, supporting renewable energy and working  
11 to create a regional economy that is less sensitive to the  
12 volatility of commodity prices.

13           Pennsylvania currently has the opportunity  
14 to become a national lead in the clean energy sector. The  
15 Commonwealth has an excellent foundation for building  
16 companies and deploying technologies. There is now a  
17 great opportunity to capture further benefits by building  
18 on that strong foundation.

19           The activities to date of my company, Blue  
20 Hill Partners, and the Pennsylvania Advanced Industrial  
21 Technology Fund make the region a leader in using early  
22 stage venture capital investments to build clean energy  
23 companies. The Sustainable Development Fund has had a  
24 tremendous impact on the growth of my business as well as  
25 five of our portfolio companies that we have invested in

1 that are Philadelphia based. Over the past three years  
2 Blue Hill Partners has invested a total of over \$3 million  
3 of which a million-and-a-half of that was from the  
4 Sustainable Development Fund. We have created over 13  
5 high paying jobs in the Philadelphia area and expect that  
6 number to grow to over 100 by 2009. Regarding revenues,  
7 we currently expect our portfolio companies to generate  
8 approximately \$6 million in revenues in 2005 and we expect  
9 that to grow to over 100 million project revenues by 2009.

10 The Sustainable Development Fund has  
11 played an integral critical role in our achieving this  
12 level of growth, and our portfolio companies started with  
13 revenues of zero just a few years ago.

14 Based upon my knowledge of and familiarity  
15 with the clean energy sector and the overall energy  
16 economy of Pennsylvania it is my recommendation that clean  
17 energy, energy efficiency and other advanced energy  
18 technologies should be part of the public benefit that is  
19 supported by this merger. I further endorse the  
20 Sustainable Development Fund as a highly effective vehicle  
21 for supporting these issues. Given their impressive track  
22 record of highly successful projects, I believe that the  
23 Sustainable Development Fund is capable of promoting,  
24 guiding and leading initiatives that aim to meet the  
25 aforementioned goals of improving the energy economy,

1 infrastructure and usage practices in Pennsylvania. It is  
2 my recommendation that the PUC should invest a portion of  
3 the savings of this merger in the Sustainable Development  
4 Fund and its work.

5 Thank you for the opportunity to speak.

6 JUDGE CHESTNUT: Any questions?

7 (No audible response.)

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

10 (Witness excused.)

11 JUDGE CHESTNUT: The Reverend Johnson.

12 (No audible response.)

13 JUDGE CHESTNUT: That takes us to the end  
14 of the speaker list.

15 MEMBER OF AUDIENCE: Excuse me. I  
16 actually signed up on that list.

17 JUDGE CHESTNUT: I'm sorry. Who are you?

18 MEMBER OF AUDIENCE: My name is  
19 Al Taubenberger.

20 JUDGE CHESTNUT: I beg your pardon. I  
21 missed you on here. Yours is the only name on that final  
22 sheet. Would you come up please?

23 Would you raise your right hand, please?

24

25

1 Whereupon,

2 AL TAUBENBERGER

3 having been duly sworn, testified as follows:

4 DIRECT TESTIMONY

5 JUDGE CHESTNUT: Please give and spell  
6 your name for the record.

7 THE WITNESS: My name is Al Taubenberger,  
8 T-a-u-b-e-n-b-e-r-g-e-r. I reside at 1213 Maloney Street.  
9 I am a PECO customer. I am president of the Northeast  
10 Philadelphia Chamber of Commerce.

11 Since March of 1922, which was founding of  
12 the Greater Northeast Philadelphia Chamber of Commerce,  
13 Philadelphia Electric, along with Kingsbury Manufacturing,  
14 Frankford Trust Company, NAO, Sear Roebuck & Company were  
15 the original five founding members of the chamber. Today  
16 the chamber is made up of nearly 1,000 members from Augusta  
17 Aerospace to Zaps Dollar Outlet. Most of these members  
18 are in northeast Philadelphia but a surprising number are  
19 in the surrounding suburbs, with 13 being in New Jersey.  
20 We are dedicated to the success of our community, our  
21 members and the free enterprise system.

22 The success of any community greatly  
23 depends on economic development, something that has always  
24 been on the forefront of PECO's mission. Eighty-five  
25 percent of Northeast Philadelphia Chamber of Commerce

1 members are small businesses, from one to ten employees.  
2 PECO's support for these northeast Philadelphia businesses  
3 has helped these small companies prosper and grow. The  
4 programs of support include education, leadership  
5 development programs, networking and forging alliances  
6 between local schools and business.

7 As PECO continued to grow, its support of  
8 small business suppliers to become vendors has increased  
9 with the supplier diversity program. A good job at a good  
10 wage is better than any government program Harrisburg or  
11 Washington could ever devise. Job creation is the  
12 cornerstone of economic development. PECO has done more  
13 than its share for economic development and the members of  
14 the Northeast Philadelphia Chamber of Commerce believe  
15 this will only get stronger with the merger of PECO and  
16 PSE&G. Successful economic development programs are led  
17 by successful companies.

18 We enthusiastically support the merger.

19 Thank you very much. Al Taubenberger.

20 JUDGE CHESTNUT: Are there any questions?

21 (No audible response.)

22 JUDGE CHESTNUT: Thank you very much.

23 (Witness excused.)

24 JUDGE CHESTNUT: Is there anybody else who  
25 has not testified who wishes to make a brief statement?

1 (No audible response.)

2 JUDGE CHESTNUT: Okay. Well, then, since  
3 we have come to the end of the witness list and no one has  
4 indicated that they want to make a brief statement this  
5 hearing will be adjourned.

6 I do want to say that I heard a lot of  
7 good suggestions that I hope the company will keep in mind  
8 and follow up on. Really it was very useful to have this  
9 session here and I appreciate everybody who either came or  
10 came and testified. Again, if you haven't testified or if  
11 you just want to come, the public input session this  
12 afternoon is at the Philadelphia Community College West  
13 Regional Center at 4725 Chestnut Street.

14 Thank you all very much. This hearing is  
15 adjourned.

16 (Whereupon, at 12:30 p.m., the hearing was  
17 adjourned, to be reconvened at 3:00 p.m., this same day.)

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C E R T I F I C A T E

I hereby certify, as the stenographic reporter, that the foregoing proceedings were taken stenographically by me and 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

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