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Exelon's Philadelphia utility fulfills promises to customers, regulators

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Peco Energy and Chicago-based Unicom merged to form Exelon more than a decade ago

October 30, 2011 | By Hanah Cho, The Baltimore Sun

At the time of the merger, Peco had about 2,800 workers in its utility [business](#). Today, the company has 2,400.

Peco spokeswoman Catherine Engel Menendez said the company pledged not to cut linemen and to maintain staffing levels to "ensure efficient and safe operations." Most of the workforce reductions, she said, came from attrition and the consolidation of duplicate positions.

Exelon cut more than 3,000 jobs within a year of the merger, though it's difficult to say how many of those cuts came from Peco's other operations, said Exelon spokeswoman Judith Rader. Some positions were eliminated through consolidation, while many employees moved to different Exelon [businesses](#).

Exelon has promised not to involuntarily lay off workers at BGE, which employs 3,400, for at least two years after the merger is completed. Exelon officials have not said how many Constellation jobs might be affected by the merger, but cuts are expected at the [Baltimore](#) headquarters.

Emil Meyer, president of the [International](#) Brotherhood of Electrical Workers Local 614, the union that represents Peco meter workers, linemen, technicians and others, said the utility's workforce has remained "relatively stable."

"Peco Energy had a family-based business culture when I first entered their employ 40 years ago, and that culture fundamentally still remains intact today, despite the myriad of challenges and changes that the ever-evolving business climate has thrown our way," he said.

Rendell feared that Peco, with its corporate headquarters in Chicago, wouldn't "care very much about us" when it came to [charitable](#), civic and political causes. But that was not the case, the former governor said.

O'Brien said Peco is probably more [engaged](#) in the community now because the utility's growth prospects are tied to economic development in the [Philadelphia](#) region.

"As a utility, you're not successful unless the community and the regions you serve are successful," said O'Brien, who serves on numerous boards of Philadelphia-area nonprofits.

Exelon and Constellation have pledged to maintain \$7 million in charitable contributions in the Baltimore region for the next decade.

In Philadelphia, Peco continued charitable contributions of about \$3.2 million through 2003 as promised and donated at the same level for years after. Peco made \$4.6 million in gifts last year and is projected to donate \$5.5 million this year.

Exelon officials say the corporate [parent's](#) charitable foundation and other businesses have given millions more to Philadelphia-area charities and civic causes, including a welcome center at Valley Forge National Historical Park.

Jill Michal, president and chief executive of United Way of Southeastern Pennsylvania, described Peco and Exelon as the group's "most supportive partners," having donated more than \$1 million a year for more than a decade.

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But Peco came under fire for keeping secret \$17 million in donations to a nonprofit group with ties to once-powerful state Sen. Vincent J. Fumo, who was convicted in 2009 of corruption charges related to the nonprofit as well as other offenses. Federal prosecutors said Fumo used the nonprofit's [money](#) for personal gain.

Peco agreed to make those contributions in 1998 and 2000 as a result of deals with Fumo, who agreed to drop legal challenges opposing the company's deregulation plan and its merger with Unicom. The gifts were revealed in 2003 after an inquiry by The Philadelphia Inquirer.

While a review by a retired federal judge found that the large donation was legal, Exelon CEO John Rowe acknowledged that it was wrong for Peco to keep the gifts a secret. Exelon implemented new rules — still in place — that call for a review of all donations greater than \$50,000 and even greater scrutiny of gifts larger than \$1 million.

Apart from the potential impact on charitable giving, Philadelphians worried about how the merger would affect Peco's service, especially since Exelon's Commonwealth Edison utility had drawn criticism for unreliable service.

Since 1999, Peco has reduced the average number of outages by 19 percent and cut their average duration by 15 percent, according to the most recent data submitted to the Pennsylvania Public Utility Commission.

Peco has met standards for reliability and storm response over the past decade, said Jennifer Kocher, a spokeswoman for the Pennsylvania energy regulator.

For instance, within 72 hours, Peco restored electricity to 99 percent of the 511,000 customers who lost power in the aftermath of Hurricane Irene — better than the statewide average.

In contrast, BGE endured fierce criticism in the aftermath of Irene. The Baltimore utility restored power to more than 95 percent of its 756,000 affected customers within five days, but some were left in the dark for up to eight days.

Outside [consultants](#) hired by the Maryland Public Service Commission said Exelon's Peco and ComEd subsidiaries have demonstrated a higher level of reliability than BGE.

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