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THE PENNSYLVANIA PUBLIC UTILITY COMMISSION

Application of the Scranton Electric  
Company and Abington Electric Company

Application Docket No. 72584

Scranton, Pa., February 18, 1952

ROY S. MOHRBACH  
COURT HOUSE  
M. UCHING PA

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INDEX TO WITNESSES

<u>APPLICANT:</u>	<u>Direct</u>	<u>Cross</u>
C. Floyd Nagle . . . . .	2	-

INDEX TO EXHIBITS

(None)

1 Before

2 THE PENNSYLVANIA PUBLIC UTILITY COMMISSION

3  
4 In re: Application of The Scranton Electric Company and  
5 Abington Electric Company for approval of the acquisition  
6 by the former and the transfer by the latter of all the  
7 property and rights of Abington Electric Company.

8 Initial hearing.

9 - - - - -  
10 Application Docket No. 78384  
11 - - - - -

12 Stenographic report of hearing held  
13 in the Lackawanna County Court House  
14 Scranton, Pa.

15 February 18, 1952  
16 Beginning at 10 A.M.  
17 - - - - -

18 DANIEL H. JENKINS - EXAMINER  
19 - - - - -

20 APPEARANCES:

21 G. P. O'MALLEY, ESQ., Scranton, Pa.  
22 HERMAN J. GOLDBERG, ESQ., Wilkes-Barre, Pa.

23 For the applicant.  
24  
25

1 THE EXAMINER: We are calling the application of  
2 the Scranton Electric Company and Abington Electric Company  
3 at A78384. The appearances are Attorneys C. P. O'Malley and  
4 Herman J. Goldberg for the applicant. Are there any other  
5 appearances?

6 (No response to the Examiner's question.)

7 MR. GOLDBERG: For the purpose of the record we would  
8 like to submit for the files of the Commission the report of  
9 the Scranton Electric Company and the affidavit of service of  
10 the notice of this hearing, in conformity with the instructions  
11 of the Commission.

12 THE EXAMINER: Let them be admitted.

13 C. FLOYD NAGLE, Scranton, Pa., a witness called on  
14 behalf of the applicant, being duly sworn, was examined and  
15 testified as follows on

16 DIRECT EXAMINATION

17 BY MR. GOLDBERG:

18 Q Will you please state your name and address?

19 A C. Floyd Nagle, 930 Clay Avenue, Scranton, Pa.

20 Q Mr. Nagle, you are the president of the Scranton  
21 Electric Company?

22 A Yes, sir.

23 Q In connection with the present application now  
24 being heard, what is the purpose and scope of this particular  
25 application, and the extent of it? Will you please state that

1 for the record?

2           A    The Scranton Electric Company by this application  
3 seeks approval to merge into its facilities the facilities of  
4 its wholly owned subsidiary Abington Electric Company by  
5 surrendering the capital stock of Abington Electric Company for  
6 cancellation and assuming all of Abington Electric Company's  
7 outstanding obligations and liabilities. This transaction  
8 requires no financing by The Scranton Electric Company and will  
9 simplify and streamline the corporate structure.

10           The acquisition of all of the common stock of Abington  
11 Electric Company by The Scranton Electric Company was approved  
12 by the Federal Power Commission of the United States on December  
13 19, 1950, and, likewise was approved by the Pennsylvania Public  
14 Utility Commission on December 11, 1950. The Pennsylvania Public  
15 Utility Commission in its Order of approval directed that The  
16 Scranton Electric Company and Abington Electric Company file  
17 with the Commission, not later than six months after the termi-  
18 nation date of the power purchase contract between Abington  
19 Electric Company and Northern Pennsylvania Power Company, an  
20 application for approval of the merger and consolidation of the  
21 properties and rights of Abington Electric Company with and into  
22 those of The Scranton Electric Company. This present application  
23 has for its purpose the carrying out of the Order of the Penn-  
24 sylvania Public Utility Commission handed down on December 11,  
25 1950, at Application Docket No. 76579.

1           The proposed transfer will have no effect on the  
2 service, nor on the rates for service to the consumers, parti-  
3 cularly the present consumers of Abington Electric Company to  
4 be transferred. The electric chartered territory of Abington  
5 Electric Company adjoins that of The Scranton Electric Company  
6 and forms a natural part of the territory presently served by  
7 The Scranton Electric Company, and the facilities of both  
8 companies are contiguous although not presently inter-connected.  
9 The acquisition of all of the capital stock of Abington  
10 Electric Company, which acquisition was previously approved  
11 by the Federal Power Commission and the Pennsylvania Public  
12 Utility Commission, was a preliminary step to the ultimate  
13 merger. The acquisition and completion of the merger of the  
14 property and franchises of Abington Electric Company with and  
15 into those of The Scranton Electric Company eventually will  
16 result in the adoption of comparable rates of The Scranton  
17 Electric Company for the consumers of Abington Electric Company  
18 upon the termination of the power purchase contract between  
19 the Abington Electric Company and Northern Pennsylvania Power  
20 Company, and the complete integration of the two systems.

21           The reasons for the proposed merger might be summar-  
22 ized by stating them: (1) the chartered territory of Abington  
23 Electric Company adjoins that of The Scranton Electric Company  
24 and forms a natural part of the territory presently served by  
25 The Scranton Electric Company; (2) The acquisition of all of

1 the capital stock of Abington Electric Company was a preliminary  
2 step to the merger of Abington Electric Company into The  
3 Scranton Electric Company so as to make the property of  
4 Abington Electric Company a part of the electric public utility  
5 system now operated by The Scranton Electric Company in the  
6 northeastern part of Pennsylvania; (3) The proposed merger will  
7 be in the public interest in that it will eliminate Abington  
8 Electric Company as a subsidiary of The Scranton Electric  
9 Company, will eliminate unnecessary duplication of corporate  
10 organizations, and eventually will effect certain economies  
11 and improvements in service to the consumers of Abington  
12 Electric Company; and (4) The proposed merger will simplify  
13 the corporate structures and among the economies to be  
14 eventually effected will be (a) elimination of the duplication  
15 of effort and expense in providing an annual audit for two  
16 separate companies, (b) elimination of the preparation of one  
17 set of reports to all regulatory bodies and governmental agencies  
18 and the necessary follow-through work requiring technically  
19 trained personnel, (c) elimination of one set of forms,  
20 letterheads and other similar matters, and (d) any future  
21 needed additions and betterments to the property of Abington  
22 Electric Company can be more advantageously financed by The  
23 Scranton Electric Company.

24 A detailed description of the territories now served  
25 by The Scranton Electric Company and Abington Electric Company,

1 the statements of the fixed capital or electric utility plant  
2 of each company, the pro forma balance sheet giving effect to  
3 the merger, the pro forma consolidated income account, with  
4 intercompany items eliminated and the tentative journal entries,  
5 are all attached to the application as separate exhibits.

6 It is our considered and best judgment that the  
7 approval of this application is and will be in the public  
8 interest and we respectfully request approval of it.

9 MR. GOLDBERG: In view of the fact that there has been  
10 no request for any additional data by the Commission or any  
11 other person in interest, we have nothing further to present  
12 at this time.

13 THE EXAMINER: Did you receive any protests of any  
14 kind whatsoever?

15 MR. GOLDBERG: None, sir. I have nothing further.

16 THE EXAMINER: Let the record also show that no one  
17 appeared at the hearing other than those immediately connected  
18 with the applicant. Briefs, gentlemen?

19 MR. GOLDBERG: No, sir.

20 THE EXAMINER: Oral argument?

21 MR. GOLDBERG: No.

22 THE EXAMINER: Submitted on the record?

23 MR. GOLDBERG: Yes, sir.

24 (Whereupon the hearing was concluded at 10:30 A.M.)  
25

1 I hereby certify that the proceedings and evidence  
2 are contained fully and accurately in the notes taken by me  
3 during the hearing on the above cause before the Pennsylvania  
4 Public Utility Commission of the Commonwealth of Pennsylvania,  
5 and that this copy is a true and correct transcript of the  
6 same.

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9 Mary F. Moser  
10 Official Reporter  
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20 Reported by:

21 Mary F. Moser  
22 1106 Richmond St.  
23 Scranton 9, Pa.  
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