

**BEFORE THE
PUBLIC SERVICE COMMISSION OF MARYLAND**

**IN THE MATTER OF THE MERGER OF
EXELON CORPORATION AND
PEPCO HOLDINGS, INC.**

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CASE NO. 9361

**Surrebuttal Testimony of
Tyler Comings**

**On Behalf of
Maryland Office of People's Counsel**

January 21, 2015

Table of Contents

I. INTRODUCTION AND PURPOSE OF TESTIMONY..... 1

II. ECONOMIC IMPACTS OF THE MERGER REMAIN OVERSTATED..... 2

 A. JOINT APPLICANTS CONTINUE TO TAKE CREDIT FOR ASSUMED
 RELIABILITY IMPROVEMENTS THAT ARE NOT CAUSED BY THE MERGER 2

 B. THE JOINT APPLICANTS’ PROMISE TO MAINTAIN RELIABILITY
 BUDGETS HAS NOT BEEN QUANTIFIED AND MAY NOT EXIST 8

III. ECONOMIC IMPACTS FROM THE MERGER SHOULD BE CLEARLY
 PRESENTED 9

IV. ECONOMIC IMPACTS OF THE MERGER SHOULD INCLUDE GAINS AND
 LOSSES OF EMPLOYMENT AT PHI AND SUBSIDIARIES..... 12

V. FINDINGS AND RECOMMENDATIONS..... 14

1 **I. INTRODUCTION AND PURPOSE OF TESTIMONY**

2 **Q Please state your name, business address, and position.**

3 **A** My name is Tyler Comings. I am a Senior Associate with Synapse Energy
4 Economics, Inc. (Synapse), which is located at 485 Massachusetts Avenue, Suite
5 2, in Cambridge, Massachusetts.

6 **Q Are you the same Tyler Comings who filed testimony in this matter on**
7 **December 8, 2014?**

8 **A** Yes.

9 **Q What is the purpose of your surrebuttal testimony?**

10 **A** My surrebuttal testimony responds to issues raised by the Joint Applicants in
11 rebuttal testimony, primarily by Dr. Tierney. She takes issue with several points
12 in my direct testimony and with several other parties that agree with me on those
13 points. My surrebuttal testimony will address the following:

- 14 1. Dr. Tierney’s response to multiple interveners’ criticism of the economic
15 impacts from reliability, including the selection of a proper baseline.
- 16 2. Dr. Tierney’s response to multiple interveners’ criticism of the portrayal
17 of cumulative job-years as “new jobs”.
- 18 3. Despite the Joint Applicants’ claim that they will make an effort to hire
19 110 new union workers at Pepco and Delmarva, the net job impact at
20 PHI corporate and utilities is still unknown.

21 **Q Are there any exhibits that accompany your testimony?**

22 **A** Yes. I am attaching Data Responses to OPC 20-6, OPC 22-3 and MEA 5-1 as
23 Exhibit TFC-4.

24 **Q Was your testimony prepared by you or under your direct supervision?**

25 **A** Yes.

1 **II. ECONOMIC IMPACTS OF THE MERGER REMAIN OVERSTATED**

2 **A. JOINT APPLICANTS CONTINUE TO TAKE CREDIT FOR ASSUMED**
3 **RELIABILITY IMPROVEMENTS THAT ARE NOT CAUSED BY THE**
4 **MERGER**

5 **Q Please summarize your criticism of the Joint Applicants’ assumed reliability**
6 **improvements.**

7 As I discussed in my direct testimony, in quantifying the benefits of reliability
8 from the Merger, the Joint Applicants compared their proposed reliability goals to
9 the historical average (2011-2013) performance for both Pepco and Delmarva--
10 assuming that the two utilities would not improve on past performance. The Joint
11 Applicants’ assumption ignores the proposed improvements set forth by each
12 utility for the near future, including the proposed RM43 standards for 2016-
13 2020—as presented in Charles Dickerson’s direct testimony.¹ Rather than merely
14 assuming the historical performance levels, the Joint Applicants should have at
15 least assumed that that Pepco and Delmarva would meet the proposed RM43
16 standards in the future, since these would have to be met regardless of the Merger.

17 By ignoring the RM43 standards, the Joint Applicants’ analysis takes credit for
18 improvements that Pepco and Delmarva are already planning to achieve. In my
19 direct testimony, I presented an analysis assuming that the Pepco and Delmarva
20 standards as the baseline. This analysis, following Dr. Tierney’s modeling
21 methodology, showed job losses due to reliability.² I also stated that I was
22 dubious that small reliability changes would affect employment.³ The results of
23 my analysis are illustrative of the flawed assumptions made by the Joint
24 Applicants, not a depiction of what will actually occur.

¹ See Direct Testimony of Charles R. Dickerson, page 5, lines 10-16

² See Direct Testimony of Tyler Comings, Tables 1 and 2.

³ Direct Testimony of Tyler Comings, page 18, lines 3-5.

1 **Q How does Dr. Tierney respond to your alternative analysis?**

2 **A** Dr. Tierney states that my analysis and one performed by Staff witnesses Steven
3 Ostrover and Ryan Pfaff are “flawed and produce erroneous results”.⁴ She does
4 not substantiate why she disagrees with this analysis other than to say it is
5 “inappropriate to analyze the reliability impacts of the Merger using the approach
6 adopted by Mr. Comings and Messrs. Ostrover/Mr. Pfaff.”⁵

7 **Q Do assumptions for reliability performance mean that those levels will be met**
8 **exactly?**

9 **A** No. Whether assuming the historical levels or proposed standards as a baseline,
10 the actual, future reliability performance with or without the Merger is what
11 would determine the impact. Since we cannot determine what the actual
12 performance of Pepco and Delmarva will be, the assumption that they will meet
13 their own proposed standards is a reasonable proxy. If the utilities were to
14 outperform those standards with the Merger in-place this could represent a benefit
15 of the Merger -- but only to the extent that the utilities would not have performed
16 as well without the Merger in-place.

17 **Q Does Dr. Tierney defend the comparison of Merger commitments to**
18 **historical Pepco and Delmarva reliability performance?**

19 **A** Yes. Despite opposition from several parties in this proceeding including Staff,
20 OPC, MEA, and AOBA, Dr. Tierney continues to defend the assumption that
21 historical SAIDI and SAIFI performance from 2011-2013 is a proper baseline as a
22 future with which to compare to the Joint Applicants’ proposed commitments.

23 **Q Does Dr. Tierney assume there will be no reliability improvements in the**
24 **future, without the Merger?**

25 **A** Yes, essentially. Dr. Tierney assumes that historical reliability is maintained in the
26 absence of the Merger. She criticizes testimonies from several others (including

⁴ Rebuttal Testimony of Susan F. Tierney, page 33, lines 1-2.

⁵ Rebuttal Testimony of Susan F. Tierney, page 32, lines 16-17.

1 mine) for advocating the use of a baseline where Pepco and Delmarva make
2 improvements in-line with their proposed RM43 standards:

3 Messrs. Comings, Bradford, Lanzalotta, and Oliver, and Dr.
4 Estomin, all explicitly or implicitly assume that in the absence of
5 the Merger, there is no question but that the status quo will be
6 maintained, that Pepco and Delmarva Power will fully meet future
7 reliability metrics in place today.⁶

8 It is unclear why assuming a baseline with planned Pepco and Delmarva's
9 reliability improvements would be referred to as the "status quo".⁷

10 **Q Did Dr. Tierney offer her own alternative analysis of reliability impacts?**

11 **A** Yes. Dr. Tierney offers an alternative "estimate of Merger benefits would have
12 been, had I adopted other assumptions about Pepco's and Delmarva Power's
13 baseline reliability performance in the absence of the Merger."⁸

14 **Q How do Dr. Tierney's alternative analysis results compare to the original**
15 **analysis of reliability impacts?**

16 **A** The results from Dr. Tierney's analysis are significantly lower than those
17 presented in the original analysis: 525 job-years (from 2016 through 2020)
18 compared to the original estimate of 6,021 job-years (from 2015 through 2020).⁹

19 **Q How did the assumptions in the alternative analysis compare to the original**
20 **assumptions made by Dr. Tierney?**

21 **A** In her alternative analysis, Dr. Tierney incorporates the proper baseline that I have
22 described (without the Merger); however, she assumed the reliability assumptions
23 with the Merger have changed. Dr. Tierney used the Joint Applicants' 2018-2020
24 average commitment value for SAIFI and SAIDI and then assumed a linear trend

⁶ Rebuttal Testimony of Susan F. Tierney, page 13, lines 17-20.

⁷ See Direct Testimony of Tyler Comings, Figures 2, 3, 4, and 5 which show baseline assumptions used by Dr. Tierney and the Pepco and Delmarva proposed standards—the suggested baseline by multiple parties.

⁸ Rebuttal Testimony of Susan F. Tierney, page 16, lines 12-14.

⁹ See Exhibits SFT-6 and SFT-7.

1 for the years 2015 through 2019 based, with the 2015 existing standards for Pepco
2 and Delmarva as a starting point (rather than the 2011-2013 average). This leads
3 to lower SAIFI and SAIDI with the Merger in most years compared to the Pepco
4 and Delmarva goals. However, as with the original impacts presented in Dr.
5 Tierney’s direct testimony, the impacts in each year are partially an artifact of the
6 assumed trajectory of SAIFI and SAIDI in each year despite the Joint Applicants
7 not having specific annual goals.

8 **Q Does Dr. Tierney suggest that the alternative analysis should replace the**
9 **original results, which assume 2011-2013 historical reliability performance as**
10 **a baseline?**

11 No. Although Dr. Tierney conducts this alternative analysis described above, she
12 characterizes it as an “illustrative alternative”¹⁰ claims to not agree with the
13 underlying assumptions.¹¹

14 **Q Is it possible to understand the implications of the Merger without making**
15 **assumptions for “what would happen in the absence of the merger”?**

16 **A** No. If the economic impacts of the Merger include aspects that would have
17 occurred absent the Merger, e.g. improvements in reliability, then it is impossible
18 to isolate the implications of the Merger itself unless those aspects are removed.

19 **Q Does Dr. Tierney believe that such a “but-for” comparison is necessary in**
20 **this proceeding?**

21 **A** No. Dr. Tierney defends her methodology as follows (emphasis added):

22 First, I focused on Merger Commitments made by the Joint
23 Applicants, without presupposing other things that they might or
24 might not have included as part of their Merger package. Second, I
25 sought to examine those elements of the Merger Commitments that
26 were amenable to quantitative estimation **without having to**
27 **speculate about what would happen in the absence of the**

¹⁰ Rebuttal Testimony of Susan F. Tierney, page 21, footnote 29.
¹¹ Rebuttal Testimony of Susan F. Tierney, page 16, lines 5-11.

1 **Merger.** Had I done otherwise, I would have had to construct a
2 ‘but-for’ outlook specifying what I imagined Pepco’s and
3 Delmarva Power’s operations, investments, rates, and other aspects
4 of its business would look like in the absence of this specific
5 Merger.¹²

6 She claims—in several different ways in the above passage—that it was not
7 appropriate to develop impacts based on a characterization of what would occur
8 without the Merger.

9 **Q Has Dr. Tierney authored economic impact studies that did use a “but-for”**
10 **comparison?**

11 **A**Yes. For example, in a study co-authored by Dr. Tierney on the economic impacts
12 of the Green Communities Act (GCA) in Massachusetts, the study explicitly uses
13 a “but-for” comparison:

14 The analysis compared the implementation of the GCA with a
15 counter-factual (“but-for”) case where it is assumed the
16 incremental programs, investments and impacts spurred by the
17 GCA had not occurred.¹³

18 **Q Do you agree with the principle described above?**

19 **A**Yes. Economic impact analysis, implicitly or explicitly, should involve a “but-
20 for” comparison or “counter-factual”. The interpretation of the economic impacts
21 of any event (such as the Merger) should be: these are what would occur due to
22 this event. In this proceeding, Dr. Tierney is claiming to not “speculate” on what
23 would occur without the Merger. However, she is actually assuming an unrealistic

¹² Rebuttal Testimony of Susan F. Tierney, page 11, lines 7-14.

¹³ Hibbard, Paul J., Susan F. Tierney and Pavel G. Darling, *The Impacts of the Green Communities Act on the Massachusetts Economy: A Review of the First Six Years of the Act’s Implementation*, Analysis Group, Inc., March 4, 2014, page 3. Available here:
http://www.analysisgroup.com/uploadedfiles/publishing/articles/analysis_group_gca_study.pdf

1 “but-for” case in which reliability does not improve -- despite the PHI companies’
2 own proposed standards.

3 **Q Has Exelon issued a statement that indicates that the asserted job impacts**
4 **are partially due to reliability improvements that were already announced by**
5 **PHI?**

6 **A** Yes. An August 19, 2014 Exelon press release states:

7 Combined with reliability improvement projects already
8 announced by PHI and underway, the merger commitments are
9 expected to produce about 6,300 to 7,000 jobs and result in \$542
10 million to \$623 million in economic benefits to the Maryland
11 economy. These results are anticipated to be achieved within six
12 years after the merger closes.¹⁴

13 This statement implies that Dr. Tierney’s economic impact estimates for the
14 Merger include improvements already planned by Pepco and Delmarva.

15 **Q Has Dr. Tierney been able to provide other studies or analyses that estimated**
16 **job impacts due to improved electric reliability performance?**

17 **A** No. When asked, Dr. Tierney could not provide any examples of studies or
18 analysis that estimated job impacts from avoided electricity costs, improvements
19 in electric reliability using willingness-to-pay survey data, or any changes in
20 electric reliability performance.¹⁵

¹⁴Exelon Press Release, August 19, 2014. Available here:
http://www.exeloncorp.com/newsroom/pr_20140819_EXC_MDFilings.aspx

¹⁵Data Response OPC 22-3. Attached in Exhibit TFC-4.

1 **B. THE JOINT APPLICANTS' PROMISE TO MAINTAIN RELIABILITY**
2 **BUDGETS HAS NOT BEEN QUANTIFIED AND MAY NOT EXIST**

3 **Q Have the Joint Applicants referred to other reliability benefits from the**
4 **Merger, besides performance?**

5 **A** Yes. The Joint Applicants claim that they will achieve improved reliability
6 “without increasing the reliability budget” of PHI utilities, providing what they
7 claim is a “significant benefit for all customers in Maryland.”¹⁶

8 **Q Have the Joint Applicants quantified this “significant benefit”?**

9 **A** No.

10 **Q How would the pledge by the Joint Applicants to not increase the reliability**
11 **budgets translate into a benefit for Maryland?**

12 **A** The Merger would provide benefits if Pepco and Delmarva would have had to
13 spend more on reliability if the Merger did not occur to achieve the same
14 reliability outcome. Mr. Dickerson claims that “PHI cannot, in the absence of the
15 Merger, commit that those budgets will not be increased or exceeded.”¹⁷
16 However, this does not mean that PHI would increase or exceed their planned
17 budget without the Merger. When asked how Exelon could commit to this, Mr.
18 Dickerson only offers a vague justification, claiming that “Exelon’s experience
19 with and confidence in its Management Model allows it to make this
20 commitment.”¹⁸

21 **Q Is there any way to measure the economic impacts from the Joint Applicants**
22 **claim?**

23 **A** No. The Joint Applicants have not determined dollars of cost savings relative to
24 what would have been spent without the Merger. Therefore, it is impossible to
25 determine the value of this asserted benefit based on the information available at
26 this time.

¹⁶ Rebuttal Testimony of Charles R. Dickerson, page 5, lines 13-14.

¹⁷ Rebuttal Testimony of Charles R. Dickerson, page 6, lines 15-16.

¹⁸ Rebuttal Testimony of Charles R. Dickerson, page 7, lines 1-2.

1 **III. ECONOMIC IMPACTS FROM THE MERGER SHOULD BE CLEARLY**
2 **PRESENTED**

3 **Q Please summarize your concerns regarding the Joint Applicants’**
4 **presentation of job impacts.**

5 **A** As I discuss in my direct testimony, the Joint Applicants initially presented
6 cumulative job-years as “new jobs.”¹⁹ Along with both Staff’s witnesses Steven
7 Ostrover and Ryan Pfaff, and AOBA’s witness Bruce Oliver, I found this
8 presentation of job impacts to be misleading. To reiterate why this distinction is
9 important: 10 new jobs lasting over a 10 year period would equal 100 job-years—
10 not 100 “new jobs”.

11 **Q Did Dr. Tierney agree that job impacts presented by the Joint Applicants**
12 **were actually in job-years?**

13 **A** Yes. Dr. Tierney agrees that the impacts are in terms of job years and has added
14 footnotes in her rebuttal testimony to provide clarity, such as: “I note that the job
15 estimates are in job years”.²⁰

16 **Q Did Dr. Tierney criticize your estimates of “average job impacts”?**

17 **A** Yes. Dr. Tierney claims that it is ironic that I criticize her for presenting job years
18 as “new jobs” while I present average job impacts over the 10-year analysis
19 period.²¹

20 **Q Is this a fair criticism?**

21 **A** I do not believe so. Dr. Tierney and I can quibble with the language used to
22 present economic impacts. However, it is more important to be clear what metrics
23 are being shown. When I am presenting average jobs, I explicitly say so. When I
24 am presenting cumulative job-years, I explicitly note the fact in my presentation.
25 In addition, I present the annual job impacts in Figures 1, 7, 8, 9, 10 and 11 in my
26 direct testimony. In contrast, the Joint Applicants originally presented cumulative

¹⁹ See Joint Application, Case No. 9361, page 10.

²⁰ Rebuttal Testimony of Susan F. Tierney, page 16, footnote 21.

²¹ Rebuttal Testimony of Susan F. Tierney, page 20, footnote 27.

1 job-years as “new jobs”. As I mentioned earlier, Dr. Tierney has modified her
2 presentation to note job-years in her rebuttal testimony.

3 **Q Did Dr. Tierney offer an example of another author presenting job-years as**
4 **jobs?**

5 **A** Yes. In response to a data request on this issue, Dr. Tierney offered an example of
6 testimony by Dr. David Dismukes. Dr. Tierney claims that:

7 Dr. Dismukes represents his IMPLAN output as “jobs” in the title
8 of the schedule, and sums the cumulative impacts across years at
9 the bottom in the “Total”.²²

10 This response implies that Dr. Tierney is not the only analyst whom does not
11 distinguish between jobs and job-years. While I do not dispute that other entities
12 conflate the concepts of jobs and job-years—that does not make it appropriate.
13 Again, it is important to be clear about what job concept is being presented.

14 I also noted, in reviewing Dr. Dismukes’ testimony referred to in Dr. Tierney’s
15 data response, Dr. Dismukes makes it clear that his impact estimates are in job-
16 years and also advocates for presenting average impacts (as I have done in my
17 direct testimony). Dr. Dismukes explains below:

18 Second, the cumulative employment impacts are represented in
19 terms of “job-years” which is simply the number of jobs times the
20 number of impact years in the study. So, a 100 job-year impact
21 could be interpreted as 100 jobs for 1 one year, or a one job impact
22 over 100 years. The use of job-years is an attempt to put some
23 temporal perspective on the overall employment impact, and a
24 simple estimate of the average annual employment impact can be
25 developed using these impacts by dividing total job-year impacts
26 by the total number of years to get an annual average employment
27 impact. While the specific impact in any given year may differ

²² Data Response OPC 20-6. Attached in Exhibit TFC-4.

1 from this number, it can be used as a general approximation of the
2 impact in any given year, on average, across the study period under
3 investigation.²³

4 **Q Does the study co-authored by Dr. Tierney to which you previously referred**
5 **clearly present job impacts?**

6 **A** Yes. The study on the economic impacts of the GCA presents impacts of “more
7 than 16,000 jobs” with an associated footnote explaining that “job numbers equal
8 ‘job-years,’ reflecting both the number of jobs created and the length of those
9 jobs.”²⁴

10 **Q Were the Joint Applicants clear on this distinction when announcing the**
11 **Merger, outside of this proceeding?**

12 **A** No. The August 19, 2014 press release on the Merger application from the Exelon
13 website contains the following headline:

14 Filing highlights merger-driven reliability commitments and
15 expected economic benefits of \$542 million to \$623 million and
16 about 6,300 to 7,000 new jobs in Maryland.²⁵

17 As I mentioned in my direct testimony, this characterization of “new jobs” is
18 misleading. Unfortunately, those not reviewing this proceeding will not be privy
19 to the actual meaning of “new jobs” stated above.

²³ Data Response OPC 20-6 Attachment A (Direct Testimony of David E. Dismukes, BPU Docket Nos. EO13020155 and GO13020156, page 22, line 21 through page 23, line 7).

²⁴ Hibbard, Paul J., Susan F. Tierney and Pavel G. Darling, *The Impacts of the Green Communities Act on the Massachusetts Economy: A Review of the First Six Years of the Act's Implementation*, Analysis Group, Inc., March 4, 2014, page 3. Available here:

http://www.analysisgroup.com/uploadedfiles/publishing/articles/analysis_group_gca_study.pdf

²⁵ Exelon Press Release, August 19, 2014. Available here:

http://www.exeloncorp.com/newsroom/pr_20140819_EXC_MDFilings.aspx

1 **IV. ECONOMIC IMPACTS OF THE MERGER SHOULD INCLUDE GAINS**
2 **AND LOSSES OF EMPLOYMENT AT PHI AND SUBSIDIARIES**

3 **Q Please summarize your criticism regarding job losses due the merger.**

4 **A** As I discussed in my direct testimony, the Joint Applicants neglected to account
5 for job losses that would occur with the Merger in the economic impact analysis.
6 The Joint Applicants had referred to synergies at the corporate level that will
7 occur though have not offered an estimate of associated job losses. The Joint
8 Applicants also agreed to no involuntary job reductions at the utility-level
9 (including Pepco and Delmarva) in the first two years following the Merger but
10 this did not preclude job reductions at the utilities after the two year period or
11 immediate cuts at the PHI corporate level.

12 **Q How does Dr. Tierney respond to this criticism?**

13 **A** Dr. Tierney contends that even if there were losses, the economic impacts of the
14 Merger would be likely be net positive:

15 Even in the event that the Merger ends up leading to reductions in
16 PHI, Pepco and Delmarva Power employment in Maryland (which
17 it now appears will not occur), it seems unlikely that such changes
18 – however unfortunate for the actual people affected – would in
19 aggregate exceed the number of job additions I estimated to occur
20 in Maryland’s overall economy as a result of the Merger.

21 Directionally, the Merger can reasonably be seen as leading to
22 positive economic benefits to Pepco’s and Delmarva Power’s
23 customers and positive value and job creation for Maryland’s
24 economy, and consistent with the public interest.²⁶

²⁶ Rebuttal Testimony of Susan F. Tierney, page 16, footnote 21.

1 **Q Do Dr. Tierney’s economic impact results account for job losses or gains at**
2 **PHI corporate or subsidiaries?**

3 **A** No. Dr. Tierney never quantifies impacts from job losses or gains at the PHI
4 corporate and utility subsidiaries. She simply concludes that “directionally” the
5 Merger impacts will be positive while neglecting to account for employment at
6 the companies at issue in this proceeding.²⁷

7 **Q Has any new information on job losses been presented by the Joint**
8 **Applicants since you filed your direct testimony?**

9 **A** Yes. The Joint Applicants claim that the synergies (i.e. cost savings) from the
10 Merger will be lower and have put forth a “good faith efforts” to hire an
11 additional 110 union workers.²⁸

12 **Q Have your original conclusions regarding job losses from the Merger**
13 **changed given this information?**

14 **A** No. The Joint Applicants’ “good faith efforts to hire an additional 110 union
15 employees in Maryland within the first two years of the Merger” is not a firm
16 commitment and does not preclude Exelon from cutting employees.²⁹ Unless the
17 110 employees represent an incremental addition to the utilities workforce, it is
18 unclear what the net impact will be on utility employment. Moreover, the Joint
19 Applicants still have not estimated PHI corporate job losses due to the Merger.
20 Without any estimates of these losses, the net impact of the Merger on PHI
21 corporate and subsidiary jobs in Maryland still remains unclear.

22 **Q Does the claim that the Joint Applicants would hire an additional 110**
23 **employees contradict their commitment to not increase reliability budgets?**

24 **A** Possibly. According to a data response, the additional 110 employees would all be
25 “field employees.”³⁰ Given the increased salaries required to support these
26 workers, it is unclear how the Joint Applicants could hire additional field workers

²⁷ *Ibid*

²⁸ Rebuttal Testimony of Carim V. Khouzami, page 2, lines 13-14.

²⁹ *Ibid*

³⁰ Data Response to MEA 5-1. Attached in Exhibit TFC-4.

1 without increasing reliability budgets – unless the Joint Applicants are planning
2 on making cuts elsewhere in terms of expenses or staff. The Joint Applicants
3 should clarify how they expect to maintain the reliability budgets while also
4 claiming to hire additional “field employees”.

5 **V. FINDINGS AND RECOMMENDATIONS**

6 **Q What are your findings?**

7 **A** In my surrebuttal testimony, I discuss how the economic impact analysis put forth
8 by the Joint Applicants continues to be incomplete for the following reasons:

- 9 1. The reliability impacts continue to be overstated by assuming Pepco and
10 Delmarva will maintain historical reliability performance in the future.
- 11 2. It is still unclear how PHI corporate and utility jobs will be affected by the
12 Merger. The Joint Applicants have put forth a “good faith effort” to hire
13 additional union workers but have not estimated how many jobs will be
14 lost. Therefore, the net impact of the Merger on PHI employment is still
15 unclear.

16 My findings from direct testimony have not changed with the exception of the
17 presentation of job-years. Dr. Tierney has updated her rebuttal testimony to reflect
18 this distinction though, along with multiple interveners, I disagree with her that
19 reporting job-years as “new jobs” is appropriate.³¹

20 **Q Have your recommendations from your direct testimony changed?**

21 **A** No. I recommend, for the reasons explained in my direct and surrebuttal
22 testimony, that the Commission reject the economic impacts presented by the
23 Joint Applicants mainly because the analysis continues to attribute benefits to the
24 Merger for assumed reliability improvements that are not caused by the Merger
25 and fails to consider PHI corporate and utility job impacts due to the Merger. The

³¹ Rebuttal Testimony of Susan F. Tierney, page 16, footnote 21.

1 Joint Applicants have still failed to adequately show that the Merger will have a
2 positive impact on Maryland's economy.

3 **Q Does this conclude your testimony?**

4 **A** It does.

Response of the Applicants
Maryland Public Service Commission – Case No. 9361
In the Matter of the Merger of Exelon Corporation and Pepco Holdings, Inc.

Discovery request submitted by: Office of People’s Counsel

Discovery request set number: Twentieth Set

Response prepared by or under the direction of: Dr. Susan F. Tierney

Response date: January 14, 2015

OPC 20-6:

Please refer to Rebuttal Testimony of Susan Tierney, page 20, lines 5-7. “In today’s economy, governmental agencies that track jobs (and typical press accounts that report them) tend to refer to an increase or a decrease in employment as a change in the number of jobs.”

- a. Does Witness Tierney assert that government agencies report cumulative job-years as “jobs”?
 - i. If so, please provide examples of government agencies reporting cumulative job-years as “jobs”.

Response:

Some government agencies report cumulative job-years as “jobs,” and some do not.

As an example, please see the Direct Testimony of David E. Dismukes on Behalf of the Division of Rate Counsel, I/M/O The Petition of Public Service Electric and Gas Company for Approval of the Energy Storage Program, BPU Docket Nos. EO13020155 and GO13020156, dated October 28, 2013, which is attached as OPC 20-6 Attachment A. Specifically, see Schedule DED-4, Page 2 of 4, where Dr. Dismukes represents his IMPLAN output as “jobs” in the title of the schedule, and sums the cumulative impacts across years at the bottom in the “Total”.

Response of the Applicants
Maryland Public Service Commission – Case No. 9361
In the Matter of the Merger of Exelon Corporation and Pepco Holdings, Inc.

Discovery request submitted by: Office of People’s Counsel

Discovery request set number: Twenty-Second Set

Response prepared by or under the direction of: Dr. Susan F. Tierney

Response date: January 20, 2015

OPC-22-3:

Please refer to the Direct and Rebuttal Testimony of Susan Tierney:

- a. Please state whether Dr. Tierney is aware of any studies or analysis that estimate job impacts caused by changes to avoided electricity outage costs and identify and provide any such studies or analysis.
- b. Please state whether Dr. Tierney is aware of any studies or analysis that estimate job impacts caused by changes in electric reliability using willingness-to-pay survey data and identify and provide any such studies or analysis.
- c. Please state whether Dr. Tierney is aware of any studies or analysis that estimated job impacts caused by changes in electric reliability and identify and provide any such studies or analysis.

Response:

- a. No.
- b. No.
- c. No.

Response of the Applicants
Maryland Public Service Commission – Case No. 9361
In the Matter of the Merger of Exelon Corporation and Pepco Holdings, Inc.

Discovery request submitted by: Maryland Energy Administration

Discovery request set number: Fifth Set

Response prepared by or under the direction of: Kevin M. McGowan

Response date: January 14, 2015

MEA 5-1:

With respect to Commitment 4(a) and the Rebuttal Testimony of witness Crane at page 7 line 21 through page 8 line 3 that Exelon “commit[s] to make good efforts to, within two years, hire an additional 110 union employees in Maryland. These new employees are expected to fill utility field operations positions at Pepco and Delmarva Power,” please provide:

- (a) the reason and basis for this new commitment;
- (b) an explanation of the need for these employees;
- (c) the breakdown of these additional 110 employees by specific job positions;
- (d) the anticipated annual cost of these additional 110 employees;
- (e) all studies, analyses, reports or communications discussing the subject of these anticipated additional new employees, including those that address the need to hire them; and
- (f) the date on which Exelon concluded that it would add this Commitment

Response:

- (a)-(b) PHI and Exelon analyzed the workforce requirements and determined, that with the additional requirements from the merger commitments, the identified commitment is necessary and appropriate.
- (c) The title and positions of the employees to be hired has not been determined. However, the Company intends that all of the positions will be field employees.
- (d) The title and positions of the employees to be hired has not been determined, therefore projected costs cannot be calculated at this time.
- (e) See MEA 5-1 Attachment 1 (Confidential).
- (f) On June 9, 2014, Pepco and Delmarva Power agreed to use good faith efforts to hire new union employees. See the documents produced in response to OPC 4-28. On December 10, 2014, the Joint Applicants filed rebuttal testimony with the New Jersey Board of Public Utilities in BPU Docket No. EM14060581. In that rebuttal testimony, the Joint Applicants decided to add a new regulatory commitment regarding the hiring of union jobs in New

Jersey. Thereafter, the Joint Applicants decided to add a similar regulatory commitment in the Maryland proceeding, which resulted in the addition of Commitment No. 4(a).