
THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE RESOLUTION

No. 215 Session of
1995

INTRODUCED BY PICCOLA, DENT, JAROLIN, BUXTON, THOMAS, PHILLIPS,
BROWNE, SATHER, DEMPSEY, EGOLF, SCHULER, GORDNER, B. SMITH,
NYCE, CLARK, ROONEY, ZUG, FAIRCHILD, TRELLO, BATTISTO, TIGUE,
CAWLEY, NAILOR, ZIMMERMAN, STISH, MILLER, PESCI, HASAY,
ROBINSON, GRUPPO, TRUE, ARGALL, BLAUM, BELARDI, D. W. SNYDER,
CORPORA, BIRMELIN, BROWN, WALKO, JOSEPHS, D. R. WRIGHT,
BELFANTI, YOUNGBLOOD, MASLAND, VANCE, KAISER, STURLA AND
MUNDY, SEPTEMBER 25, 1995

REFERRED TO COMMITTEE ON RULES, SEPTEMBER 25, 1995

A RESOLUTION

1 Calling for the Pennsylvania Public Utility Commission to
2 conduct an investigation, including public hearings,
3 regarding any threatened hostile takeover attempts involving
4 the electric utility industry in Pennsylvania.

5 WHEREAS, In 1988, Pennsylvania enacted a strict anti-takeover
6 statute and again in 1990, an anti-takeover measure was enacted
7 in the face of a hostile bid to take over a corporation located
8 in this Commonwealth; and

9 WHEREAS, When dealing with hostile takeover attempts, the
10 policy of the General Assembly has been to broaden rather than
11 to narrow consideration of impacts on people who may be affected
12 by the attempted hostile takeover; and

13 WHEREAS, The General Assembly has clearly acted consistent
14 with the view that good public policy regarding hostile
15 takeovers was inclusive rather than exclusive and that good
16 public policy calls for consideration of interests of many

1 groups of people who may be affected by the takeover, including
2 customers, suppliers, communities, employees, as well as
3 shareowners; and

4 WHEREAS, In view of the General Assembly's policy when
5 dealing with privately held corporations in general, the General
6 Assembly should view those types of considerations as being even
7 more appropriate when dealing with public utilities; and

8 WHEREAS, The General Assembly has also established a public
9 policy preference for careful analysis and consideration of both
10 long-term and short-term impacts of hostile takeovers; and

11 WHEREAS, The electric utility industry is experiencing
12 significant change since enactment of the Federal Energy Policy
13 Act of 1992; and

14 WHEREAS, On August 14, 1995, the chairman of PECO Energy,
15 Inc., (PECO) sent a letter to the chairman, chief executive
16 officer and president of PP&L Resources, Inc., (PP&L) proposing
17 a takeover of PP&L by PECO; and

18 WHEREAS, The Board of Directors of PP&L has considered the
19 proposal by PECO and determined that it is not in the best
20 interest of PP&L or its customers, shareowners or employees, or
21 of communities in the area currently served by PP&L; and

22 WHEREAS, PECO has indicated it may proceed to attempt a
23 takeover which has been characterized by business analysts
24 including the Wall Street Journal as "hostile"; and

25 WHEREAS, The communities of this Commonwealth have a great
26 interest in the electric utility which serves them, as evidenced
27 by many recent public statements made by local officials
28 regarding this matter; and

29 WHEREAS, The general public has become interested in and
30 concerned about the potential hostile takeover; and

1 WHEREAS, The potential attempted hostile takeover would have
2 significant impact on economic development in Pennsylvania and
3 on competition in the electric power industry in and outside of
4 this Commonwealth; and

5 WHEREAS, The potential attempted hostile takeover could set
6 precedent for other similar situations involving Commonwealth
7 utilities; and

8 WHEREAS, The Pennsylvania Public Utility Commission was
9 created by an act of the General Assembly and is empowered to
10 regulate the formation, merger and consolidation of public
11 utilities; and

12 WHEREAS, It is the responsibility of the Pennsylvania Public
13 Utility Commission to ensure that safe and adequate public
14 utility services are available at fair and reasonable rates;
15 therefore be it

16 RESOLVED, That the House of Representatives call upon the
17 Pennsylvania Public Utility Commission to conduct a thorough
18 investigation, including, but not limited to, public hearings of
19 any and all threatened hostile takeover attempts involving the
20 electric utility industry in this Commonwealth; and be it
21 further

22 RESOLVED, That the House of Representatives call upon the
23 Pennsylvania Public Utility Commission not to render any
24 decisions with respect to any hostile takeover attempt prior to
25 the completion of the longer time period of either 90 calendar
26 days or 45 legislative days following the conclusion of its
27 investigation of the matter.