

**Written Statement Regarding Senate Bill 471 to the Committee on Community, Economic and  
Recreational Development  
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PECO  
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PECO is the electric distribution company that serves the City of Philadelphia and Bucks, Chester, Delaware, Montgomery and a portion of York Counties. PECO is a leader in promoting economic development across southeastern Pennsylvania, and we work closely with businesses, municipalities, economic development authorities and chambers of commerce to promote the vitality of the region.

We commend the Committee on Community, Economic and Recreational Development for holding this hearing today to discuss Senate Bill 471. As our economy becomes increasingly reliant on the ability to store, retrieve and process data, data centers represent a huge potential growth industry for Pennsylvania. While the expansion of this industry to date has been impressive, emerging technologies such as artificial intelligence and autonomous transportation are expected to drive even greater demand for data center facilities in coming years.

From the perspective of an electric utility, our experience is that data centers provide “win-win” opportunities for both companies seeking to make these investments and utility customers as a whole. Utility rates are established on a cost of service model where the cost of operating the grid are determined by the need to provide reliable service under peak load conditions, resulting in relatively fixed operating costs. These costs are then divided among all customers in a rate class – residential, small commercial, and large commercial and industrial -- based on usage of the system. As a general rule, the greater the volume of usage on the system, the lower the price of each increment of usage.

Data centers are nearly ideal customers from this perspective. Operators of data centers seek out locations with available existing capacity to minimize the need for them to pay for interconnection upgrades. They operate under 24-hours per day, 365 days per year requirements, providing large, smooth and predictable loads that minimize the need for new capacity and drive down the incremental cost of using the grid for other large commercial and industrial customers. These centers, as we have seen in a number of successful projects in our service territory, are excellent candidates for re-use of industrial land for projects that have minimal environmental and neighborhood impacts.

While Pennsylvania possesses significant potential advantages in terms of data center attraction because of its location and workforce, the Commonwealth must compete with other states for these highly desirable investments. Twenty-five states have created new incentives for data centers, and enactment of SB 471 would put Pennsylvania on a more level playing field to compete for these investments.

PECO would be pleased to answer any questions that committee members may have with regard to our experience supporting data center business attraction efforts. Thank you for your consideration of this important legislation.