

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

| | | |
|--|---|------------------------|
| Joint Application of PPL Interstate | : | |
| Energy Company and PPL Electric | : | |
| Utilities Corporation for All of the | : | Docket Nos. |
| Necessary Authority, Approvals, and | : | A-2014-2435752, |
| Certificates of Public Convenience (1) | : | A-2014-2435833 |
| for the Transfer of PPL Corporation's | : | |
| Ownership Interests in PPL Interstate | : | |
| Energy Company to Talen Energy | : | |
| Corporation, and Certain Post-Closing | : | |
| Transactions Associated therewith; (2) | : | |
| for the Transfer of Certain Property | : | |
| Interests Between PPL Electric Utilities | : | |
| Corporation and PPL Energy Supply, | : | |
| LLC and its Subsidiaries in Conjunction | : | |
| with the Transfer of All of the Interests | : | |
| of PPL Energy Supply, LLC and its | : | |
| Subsidiaries to Talen Energy | : | |
| Corporation; (3) for any Modification or | : | |
| Amendment of Associated Affiliated | : | |
| Interest Agreements; and (4) for any | : | |
| Other Approvals Necessary to | : | |
| Complete the Contemplated Transactions | : | |

**PROTEST
OF THE OFFICE OF SMALL BUSINESS ADVOCATE**

The Office of Small Business Advocate (“OSBA”) files this Protest with respect to the above-captioned Joint Application (“*Joint Application*”) pursuant to Sections 5.51(a) of the Rules of Administrative Practice and Procedure of the Pennsylvania Public Utility Commission (“Commission”), 52 Pa. Code §5.51(a), and in accordance with the notice published at 44 *Pennsylvania Bulletin* 5547. In support of this Protest, the OSBA avers as follows:

1. The OSBA is an agency of the Commonwealth of Pennsylvania authorized by the Small Business Advocate Act (Act 181 of 1988, 73 P.S. §§ 399.41 - 399.50) to represent the

interests of small business consumers as a party in proceedings before the Commission. The OSBA filed a Notice of Intervention in this proceeding on September 5, 2014.

2. Representing the OSBA in this proceeding is:

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3. On July 30, 2014, an Application was filed by PPL Interstate Energy Company (“PPL IEC”) and PPL Electric Utilities Corporation (“PPL EU”) (collectively, the “Joint Applicants”), seeking the necessary approvals and certificates of public convenience from the Commission pursuant to Sections 1102(a)(3), 2101(a), 2210(a), and 2811(e) of the Public Utility Code, 66 Pa. C.S. §§ 1102(a)(3), 2102(a), 2210(a), and 2811(e), authorizing: (1) the transfer of all of PPL Corporation’s (“PPL Corp”) ownership interests in PPL IEC to Talen Energy Corporation (“Talen Energy”), and certain post-closing transactions; (2) the transfer of certain property interests between PPL EU and subsidiaries of PPL Energy Supply, LLC (“PPL Energy Supply”) in order to fully separate and define certain property rights among PPL EU and the PPL Energy Supply subsidiaries; and (3) to the extent required, any modifications or amendments to affiliated interest agreements among and between PPL EU and PPL Energy Supply and its subsidiaries, including PPL IEC.

4. Talen Energy is a corporation organized and existing under the laws of the State of Delaware. Talen Energy currently is a wholly owned indirect subsidiary of PPL Corp. Once

the proposed transaction is completed, Talen Energy will become a new stand-alone, publicly traded independent power producer. Joint Applicants' Statement No. 1, at 4-5.

5. The proposed transaction will cause PPL Corp to spin off its deregulated electric generation and retail electric and gas supply businesses to the shareowners of PPL Corp and then immediately combine that business with the competitive generation assets owned by subsidiaries of the RJS Entities, which are ultimately controlled by Riverstone Holdings LLC ("Riverstone"), to form Talen Energy.¹ *Id.*, at 5.

6. Once the proposed transaction is completed, PPL Corp's shareowners will own 65% of Talen Energy and Riverstone will indirectly own 35% of Talen Energy.² *Id.*

7. Riverstone is a limited liability company organized and existing under the laws of the State of Delaware. Riverstone is an energy and power-focused private investment firm founded in 2000, that makes "buyout and growth capital investments" in the energy industry. *Id.*, at 6.

8. The Joint Applicants hereby request that the Commission make a finding that Riverstone (directly or indirectly) does not have an actual controlling interest in Talen Energy. *Id.*, at 12.

9. The OSBA opposes the Joint Applicants' request that the Commission make such a finding. Riverstone will have a 35% interest in Talen Energy. That 35% interest is definitively a controlling interest in Talen Energy. The OSBA will recommend that the Commission make a

¹ The Joint Applicants indicate that RJS Entities consist of Raven Power Holdings LLC ("Raven"), C/R Energy Jade LLC and Sapphire Power Holdings LLC. Joint Applicants' Statement No. 1, at 3. The Joint Applicants admit that the RJS Entities are ultimately controlled by Riverstone. *Id.*, at 7.

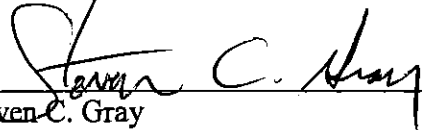
² The Joint Applicants indicate that the 35 percent ownership stake will pass either to the RJS Entities, or to a potential holding company subsidiary of Raven denoted "RJS SPE."

finding that a 35% interest, under the facts of this case, is a controlling interest. This is especially critical since Riverstone is nothing more than a “private investment firm.”

10. The Joint Applications also request pre-approval from the Commission for certain “potential future sell-down transactions” and “potential future internal reorganizations” for Riverstone. Joint Applicants’ Statement No. 1, at 16. The OSBA opposes any such carte blanche pre-approvals. At the time that Riverstone will contemplate such actions, Riverstone can submit the requisite requests for approval to the Commission.

WHEREFORE, the Office of Small Business Advocate respectfully requests that the Commission conduct a full investigation, including evidentiary hearings, regarding the *Joint Application*.

Respectfully submitted,



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Date: September 5, 2014

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**PUBLIC STATEMENT OF
THE OFFICE OF SMALL BUSINESS ADVOCATE**

The Small Business Advocate is authorized and directed to represent the interest of small business consumers of utility services in Pennsylvania under the provisions of the Small Business Advocate Act, Act 181 of 1988, 73 P.S. §§ 399.41 - 399.50 (the "Act"). The Act further provides that the Small Business Advocate is to issue publicly a written statement stating concisely the specific interest of small business consumers to be protected by his initiation of or intervention in any proceeding involving those interests before the Public Utility Commission ("Commission") or any other agency or court. This public statement relates to the filing today by the Small Business Advocate of a Protest and an Intervention in the above-captioned Commission proceeding.

On July 30, 2014, a Joint Application was filed by PPL Interstate Energy Company (“PPL IEC”) and PPL Electric Utilities Corporation (“PPL EU”) (collectively, the “Joint Applicants”), seeking the necessary approvals and certificates of public convenience from the Commission pursuant to Sections 1102(a)(3), 2101(a), 2210(a), and 2811(e) of the Public Utility Code, 66 Pa. C.S. §§ 1102(a)(3), 2102(a), 2210(a), and 2811(e), authorizing: (1) the transfer of all of PPL Corporation’s (“PPL Corp”) ownership interests in PPL IEC to Talen Energy Corporation (“Talen Energy”), and certain post-closing transactions; (2) the transfer of certain property interests between PPL EU and subsidiaries of PPL Energy Supply, LLC (“PPL Energy Supply”) in order to fully separate and define certain property rights among PPL EU and the PPL Energy Supply subsidiaries; and (3) to the extent required, any modifications or amendments to affiliated interest agreements among and between PPL EU and PPL Energy Supply and its subsidiaries, including PPL IEC.

The Small Business Advocate is intervening in this complex proceeding in order to protect the interests of the Joint Applicants’ small business customers. A thorough inquiry by the Commission into all of the elements of the Joint Application is necessary to ascertain whether the proposed transaction is just, reasonable, and lawful.

In view of the foregoing, the Small Business Advocate will participate in the proceeding examining the Joint Application before the Commission. The Small Business Advocate will ask the Commission to deny or modify any aspect of the proposed transaction that is not proven by the Joint Applicants to be in accordance with the Public Utility Code and with the Commission’s regulations.

Dated: September 5, 2014