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*Attorneys and Counsellors at Law*

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September 12, 2014

*Via Electronic Filing*

Rosemary Chiavetta, Secretary  
Pennsylvania Public Utility Commission  
Commonwealth Keystone Building  
Post Office Box 3265  
Harrisburg, PA 17105-3265

Re: Joint Application of PPL Interstate Energy Company and PPL Electric  
Utilities Corporation; Docket Nos. A-2014-2435752 & A-2014-2435833

Dear Secretary Chiavetta:

Enclosed for electronic filing on behalf of Allegheny Electric Cooperative, Inc. is its Prehearing Memorandum in the above referenced matter. Copies of the Prehearing Memorandum are being served upon the persons and in the manner set forth on the certificate of service attached to it.

Should you have any questions, please do not hesitate to contact me.

Very truly yours,

THOMAS, NIESEN & THOMAS, LLC

By

Charles E. Thomas, III

Enclosure

cc: Certificate of Service (w/encl.)  
David J. Dulick, Esq. (w/encl.)

**Before the  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

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**Joint Application of PPL Interstate Energy : Docket No. A-2014-2435752  
Company and PPL Electric Utilities : Docket No. A-2014-2435833  
Corporation for All of the Necessary :  
Authority, Approvals, and Certificates of :  
Public Convenience: (1) 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 :**

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**PREHEARING MEMORANDUM OF  
ALLEGHENY ELECTRIC COOPERATIVE, INC.**

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AND NOW, comes Allegheny Electric Cooperative, Inc. (“Allegheny”), individually and on behalf of its 14 rural electric distribution member cooperatives, by its attorneys, and, as required by Ordering Paragraph No. 6 of the Prehearing Order of Administrative Law Judge Susan D. Colwell dated August 29, 2014, submits this Prehearing Memorandum as follows:

**I. INTRODUCTION**

1. PPL Interstate Energy Company (“PPL IEC”) and PPL Electric Utilities Corporation (“PPL EU”) assert that this proceeding concerns their Joint Application for the necessary authority, approvals and certificates of public convenience authorizing: (1) the transfer, through a series of

intermediate steps of all of PPL Corporation's ("PPL Corp.") ownership interests in PPL IEC to Talen Energy Corporation ("Talen Energy"), and certain post-closing transactions associated therewith; (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, PPL Energy Supply and its subsidiaries, including PPL IEC. Joint Applicants also assert that their Joint Application seeks all other approvals and certificates as appropriate, customary, or necessary under the Public Utility Code to carry out the contemplated transactions in a lawful manner.

## **II. COUNSEL FOR ALLEGHENY**

2. The names, business addresses, voice and fax numbers, and email addresses of Allegheny's attorneys are:

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## **III. LIST OF ISSUES AND SUBISSUES THAT ALLEGHENY INTENDS TO ADDRESS**

3. Allegheny is a non-profit electric generation and transmission cooperative organized under The Electric Cooperative Law of 1990, 15 Pa. C.S. § 7301, *et seq.* Allegheny is owned by its distribution cooperative members in Pennsylvania and New Jersey and provides or secures generation supply and transmission service for these members. Its Pennsylvania cooperatives provide

electricity in the Commonwealth of Pennsylvania to more than 200,000 customers representing approximately 600,000 Pennsylvanians.<sup>1</sup>

4. Allegheny owns a 10% undivided interest in the Susquehanna Steam Electric Station (“Susquehanna”), an approximate 2600 MW nuclear power plant located near Berwick, Pennsylvania. Susquehanna is one of the assets that PPL is including as part of its proposed transfer or “spin-off” of unregulated assets to Talen Energy Corporation. Susquehanna directly provides supply for approximately 60% of Allegheny’s member loads, so Susquehanna is a highly important and critical part of Allegheny’s generation supply portfolio.

5. Joint Applicants state that their proposed transaction includes “transfers and clarifications of property interests between PPL EU and PPL Energy Supply and its subsidiaries.”<sup>2</sup> As specifically noted in the Appendices to the Joint Application, Allegheny has interests in a number of the properties which Joint Applicants intend to transfer and clarify.<sup>3</sup> Despite this clear and express recognition of Allegheny’s interests in properties subject to the Joint Application, the Joint Applicants did not serve Allegheny with the filing, nor discuss the matter with Allegheny. The Joint Application also presents no detail or explanation as to what Joint Applicants intend in regard to their proposed transfer and clarification of property interests. Proposed language for the proposed

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<sup>1</sup> There are 13 Pennsylvania member cooperatives of Allegheny: Adams Electric Cooperative, Inc., Bedford Rural Electric Cooperative, Inc., Central Electric Cooperative, Inc., Claverack Rural Electric Cooperative, Inc., New Enterprise Rural Electric Cooperative, Inc., Northwestern Rural Electric Cooperative Association, Inc., Somerset Rural Electric Cooperative, Inc., REA Energy Cooperative, Inc., Sullivan County Rural Electric Cooperative, Inc., Tri-County Rural Electric Cooperative, Inc., United Electric Cooperative, Inc., Valley Rural Electric Cooperative, Inc. and Warren Electric Cooperative, Inc. Sussex Rural Electric Cooperative, Inc., a New Jersey rural electric distribution cooperative, is also a member of Allegheny.

<sup>2</sup> Joint Application at Paragraph 6 and Section VI.

<sup>3</sup> As presented in Allegheny’s petition to intervene, Allegheny is specifically mentioned several times in the Joint Application:

- Paragraph 5 of Appendix H lists Allegheny as a co-owner of forty-one tracts of land that are the subject of the Joint Application.
- Paragraph 5 of Appendix J lists Allegheny as a co-owner of four tracts of land where PPL substations are located.

transfers or clarifications is not part of the Joint Application. This type of information is addressed in the testimony filed on August 27, 2014. The Joint Applicants provided the testimony to Allegheny on the afternoon of September 11, 2014, and Allegheny is in the process of reviewing the testimony and the Joint Application to determine its positions and issues in this proceeding.

6. Allegheny intends to actively participate in this proceeding to receive a complete understanding of the transaction and its impacts on Allegheny and its member cooperatives, and to adequately address any such impacts. Allegheny's issues include whether Joint Applicants' proposed transfer and clarification of property interests are in any way detrimental to the interests of Allegheny.

#### **IV. WITNESS**

7. If testimony is necessary, Allegheny intends to call at least one witness to address any matters affecting Allegheny. As of the submission of this Prehearing Memorandum, Allegheny has not determined the identity of its witness(es) because Allegheny just received the testimony from the Joint Applicants and had brief discussion with counsel for Joint Applicants on the afternoon of September 11, 2014. Allegheny is reviewing and analyzing the testimony and the Joint Application to determine an analysis of the effects of the proposed transfers and clarifications upon Allegheny and its member cooperatives.

#### **V. SUBJECT OF WITNESS'S TESTIMONY**

8. Allegheny's witness(es) will address whether and the extent to which the proposed transfers and clarifications of property interests are detrimental to the interests of Allegheny and its member cooperatives.

**VI. JOINT APPLICANTS' REQUEST FOR AN EXPEDITED SCHEDULE**

9. Judge Colwell's Prehearing Order advises that Joint Applicants have requested an expedited schedule. Allegheny submits that, from its perspective, the best way for Joint Applicants to expedite this proceeding would be for them to provide all additional relevant information and to explain their proposed transfers and clarifications for property in which Allegheny has an interest.

Respectfully submitted,



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Allegheny Electric Cooperative, Inc.*

DATED: September 12, 2014

Before the  
PENNSYLVANIA PUBLIC UTILITY COMMISSION

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Joint Application of PPL Interstate Energy : Docket No. A-2014-2435752  
Company and PPL Electric Utilities Corporation : Docket No. A-2014-2435833

**CERTIFICATE OF SERVICE**

I hereby certify that I am this 12<sup>th</sup> day of September, 2014, serving a true and correct copy of the foregoing Prehearing Memorandum of Allegheny Electric Cooperative, Inc. upon the persons and in the manner indicated below:


**VIA FIRST CLASS AND ELECTRONIC MAIL**

Honorable Susan D. Colwell,  
Administrative Law Judge  
Pennsylvania Public Utility Commission  
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