

COMMONWEALTH OF PENNSYLVANIA



OFFICE OF CONSUMER ADVOCATE

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September 12, 2014

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17105-3265

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

Dear Secretary Chiavetta:

Enclosed please find the Office of Consumer Advocate's Prehearing
Memorandum in the above-referenced proceeding.

Copies have been served as indicated on the enclosed Certificate of Service.

Sincerely,

A handwritten signature in black ink, appearing to read "Brandon J. Pierce".

Brandon J. Pierce
Assistant Consumer Advocate
PA Attorney I.D. # 307665

Enclosures

cc: Honorable Susan D. Colwell, ALJ
Certificate of Service

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BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

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

PREHEARING MEMORANDUM
OF THE
OFFICE OF CONSUMER ADVOCATE

Pursuant to Section 333 of the Public Utility Code, 66 Pa. C.S. § 333, the Office of Consumer Advocate (OCA) provides the following information:

I. INTRODUCTION

On July 30, 2014, the Applicants filed the Joint Application of PPL Interstate Energy Co. (PPL IEC) and PPL Electric Utilities Corp. (PPL EU) (collectively, the Applicants). The Applicants request approval 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), 2101(a), 2210(a), and 2811(e), for

authorization to transfer assets, amend and/or modify affiliated interest agreements, and obtain any other approvals necessary to effectuate a multi-step transaction.

On August 26, 2014, the International Brotherhood of Electrical Workers, Local 1600 filed a Petition to Intervene.

On September 4, 2014, the OCA filed a Notice of Intervention and Public Statement.

On September 5, 2014 Alleghany Electric Cooperative, Inc. filed a Petition to Intervene. Also on that date, Steven C. Gray entered a Notice of Appearance for the Office of Small Business Advocate (OSBA). On the same date, OSBA also filed a Notice of Intervention, Protest, and Public Statement.

On August 25, 2014, an Initial Prehearing Conference Notice was issued, scheduling the Prehearing Conference for Thursday, September 18, 2014. The OCA files this Prehearing Memorandum in response to that Notice.

II. ISSUES AND SUB-ISSUES

Based upon an analysis of the filings to date, the OCA has compiled a list of issues that it anticipates may be raised in the determination of the Joint Application. The following list sets forth issues the OCA submits are before the Commission:

1. Whether the Joint Application is in compliance with Section 1103 of the Public Utility Code, 66 Pa. C.S. § 1103;
2. Whether the affiliated interest agreements comply with the requirements of Chapter 21 of the Public Utility Code, 66 Pa. C.S. § 2101, *et. seq.*;
3. Whether all ancillary transfers necessary and appropriate to the Transaction require Commission approval;

4. Whether the transfer of PPL IEC to Talen Energy is subject to 66 Pa. C.S. § 1102(a)(3) because it transfers PPL Corp.'s ownership interests in PPL IEC to Talen Energy and because it creates a new controlling interest in PPL IEC.
5. Whether the acquisition of PPL IEC by Riverstone is subject to 66 Pa. C.S. § 1102(a)(3) because it transfers PPL Corp.'s ownership interests in PPL IEC to Talen Energy and because it creates a new controlling interest in PPL IEC.
6. Whether Riverstone's sell down of Talen Energy following the closing of the Transaction is subject to 66 Pa. C.S. § 1102(a)(3) because it would result in the dissipation of the largest voting interest in the utility or parent, regardless of the tier. *See* 52 Pa. Code § 69.901(1);
7. Whether the Commission should give advance approval for RJS entities' internal reorganizations following the close of the Transaction, even though the Applicants do not believe they need approval under 66 Pa. C.S. § 1102(a)(3) because none of the RJS entities will individually hold an interest of 20% or more in Talen Energy.
8. Whether the transfer/clarification of property rights between PPL Energy Supply and/or its subsidiaries and PPL EU under 66 Pa. C.S. § 1102(a)(3) is subject to Commission approval and whether such approval should be granted;
9. Whether various intercompany agreements that are to be terminated or revised between PPL Energy Supply and/or its subsidiaries and PPL EU or PPL IEC are subject to Chapter 21 of the Public Utility Code, or whether they are FERC-jurisdictional. *See* 66 Pa. C.S. § 2102.
10. Whether approval, to the extent it is necessary, should be granted to terminate or revise the various intercompany agreements;

11. Whether all other approvals should be granted under Section 2210(a)(1) of the Public Utility Code, 66 Pa. C.S. § 2210(a)(1),(2), Section 2811(e)(1) of the Public Utility Code, 66 Pa. C.S. § 2811(e)(1);
12. Whether the Transaction is in the public interest; and
13. Whether all other sections of the Public Utility Code and the Commission's regulations are being observed throughout this proceeding.

III. WITNESSES

The OCA has not yet determined whether it will be necessary to call any witnesses in this proceeding. However, the OCA specifically reserves the right to call witnesses, should it become necessary. As soon as the OCA has determined whether a witness or witnesses will be necessary for any portion of its case, the ALJ and all parties of record will be notified.

IV. SERVICE ON THE OCA

The OCA will be represented in this case by Senior Assistant Consumer Advocates Darryl Lawrence and Aron J. Beatty, and Assistant Consumer Advocate Brandon J. Pierce. Two copies of the documents should be served on the OCA as follows:

Darryl Lawrence
Aron J. Beatty
Senior Assistant Consumer Advocates
Brandon J. Pierce
Assistant Consumer Advocate
Office of Consumer Advocate
5th Floor, Forum Place

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Telephone: (717) 783-5048
Fax: (717) 783-7152
E-mail: DLawrence@paoca.org
ABeatty@paoca.org
BPierce@paoca.org

The OCA requests that any documents served electronically also be directed to the OCA's Legal Assistant, Cammie Shoen at CShoen@paoca.org.

V. DISCOVERY MODIFICATIONS

The OCA does not propose any discovery modifications at this time.

VI. PUBLIC INPUT HEARINGS

The OCA is unaware of any specific consumer requests for public input hearings in this matter to date. If the OCA becomes aware of substantial consumer interest, however, the OCA will promptly notify the Administrative Law Judge and parties to request a public input hearing.

VII. PROPOSED SCHEDULE

The OCA is working with the parties to develop a mutually acceptable schedule.

VIII. SETTLEMENT DISCUSSIONS

The OCA is unaware of any settlement discussions to date, but will fully participate in any settlement discussions.

Respectfully Submitted,



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Counsel for:
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Dated: September 12, 2014

00190809

CERTIFICATE OF SERVICE

Joint Application of PPL Interstate Energy :
Company and PPL Electric Utilities :
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; : Docket No. A-2014-2435752
(2) for the Transfer of Certain Property : Docket No. A-2014-2435833
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 :

I hereby certify that I have this day served a true copy of the foregoing document, the Office of Consumer Advocate's Prehearing Memorandum, upon parties of record in this proceeding in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant), in the manner and upon the persons listed below:

Dated this 12th day of September 2014.

SERVICE BY INTER-OFFICE MAIL

Johnnie Simms, Esquire
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SERVICE BY E-MAIL & FIRST CLASS MAIL, POSTAGE PREPAID

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