



COMMONWEALTH OF PENNSYLVANIA

September 12, 2014

**E-FILED**

Rosemary Chiavetta, Secretary  
Pennsylvania Public Utility Commission  
Commonwealth Keystone Building  
400 North Street  
Harrisburg, PA 17120

**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 (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 Nos. A-2014-2435752 and A-2014-2435833**

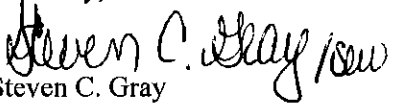
Dear Secretary Chiavetta:

I am delivering for filing today the Prehearing Memorandum, on behalf of the Office of Small Business Advocate in the above-captioned proceedings.

Two copies have been served today on all known parties in this proceeding. A Certificate of Service to that effect is enclosed.

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

Sincerely,

  
Steven C. Gray  
Assistant Small Business Advocate  
Attorney ID No. 77538

Enclosures

cc: Parties of Record

Office of Small Business Advocate

Suite 1102, Commerce Tower | 300 North Second Street | Harrisburg, PA 17101 | 717.783.2525 | F 717.783.2831 | www.osba.state.pa.us

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

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

**PREHEARING MEMORANDUM  
OF THE OFFICE OF SMALL BUSINESS ADVOCATE**

**I. INTRODUCTION**

The Office of Small Business Advocate (“OSBA”) is authorized to represent the interests of small business customers of utility services before the Pennsylvania Public Utility Commission (“Commission”) pursuant to the provisions of the Small Business Advocate Act, Act 181 of 1988, 73 P.S. §§ 399.41 – 399.50 (“the Act”). In order to discharge this statutory duty, the Small Business Advocate deems it necessary to participate as a party to this proceeding. Representing the OSBA in the above-referenced matter is Assistant Small Business Advocate Steven C. Gray. Please address all correspondence in that matter as follows:

Steven C. Gray, Esq.  
Assistant Small Business Advocate  
Office of Small Business Advocate  
300 North Second Street, Suite 1102  
Harrisburg, PA 17101  
(717) 783-2525  
(717) 783-2831 (fax)  
[sgray@pa.gov](mailto:sgray@pa.gov)

## **II. FILING BACKGROUND**

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.

The OSBA filed a Protest and Notice of Intervention on September 5, 2014.

## **III. IDENTIFICATION OF WITNESS AND TENTATIVE ISSUES**

Assisting in the development and presentation of the OSBA’s case in this proceeding will be:

Mr. Robert D. Knecht  
Industrial Economics Incorporated  
2067 Massachusetts Avenue  
Cambridge, MA 02140  
(617) 354-0074  
(617) 354-0463 – Fax  
rdk@indecon.com

The OSBA will participate in this proceeding to assure that the interests of small business customers are adequately represented and protected.

After an initial review of the materials submitted by the Joint Applicants, the OSBA has identified the following list of issues that it will evaluate in this proceeding:

1. The proposed transaction will cause PPL Corporation to spin off its deregulated electric generation and retail electric and gas supply businesses to the shareowners of PPL Corporation 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. 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. The PPL Corporation assets being transferred to Talen Energy include certain oil and gas pipeline assets that are regulated by the Commission. The OSBA will recommend that the Commission make a finding that a 35% interest owned by Riverstone, under both the facts of this case and Commission policy, is a controlling interest. (See 52 Pa. Code § 69.901(b) Utility Stock Transfer Under 66 Pa. C.S. § 1102(a)(3).)

2. The Joint Applicants also request pre-approval from the Commission for certain “potential future sell-down transactions” and “potential future internal reorganizations” for Riverstone. The OSBA opposes any such carte blanche pre-approvals. The OSBA will recommend that the Commission make a finding that, at the time when Riverstone will

contemplate such actions, Riverstone can submit the requisite requests for approval to the Commission.

3. The Joint Applicants also request various approvals for modification of a variety of agreements between the entities being divested and the regulated businesses remaining with PPL Corporation. While OSBA has not identified any specific objections at this time, it will review these modifications and the proposed approvals to ensure that the requests are consistent with Commission policy and do not result in any unjust or unreasonable treatment of small business customers.

OSBA reserves the right to pursue additional issues as they arise throughout the proceeding.

#### **IV. SERVICE OF DOCUMENTS**

The OSBA requests that all parties serve a hard copy of any document filed upon the OSBA and the OSBA witness identified above. In addition to hard copies of pleadings and briefs, the OSBA requests hard copies of responses to discovery propounded by the OSBA or any other party.

#### **V. SETTLEMENT**

The OSBA notes its willingness to enter into settlement discussions at the appropriate phase of this proceeding.

#### **VI. DISCOVERY**

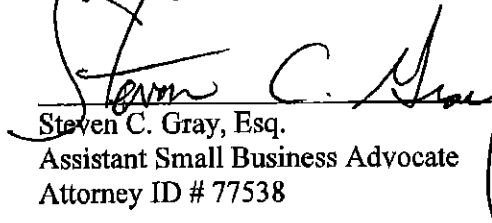
The OSBA does not anticipate asking for any modifications to the normal discovery

times in this proceeding.

**VII. HEARING AND BRIEFING SCHEDULE**

At the time of this writing, the OSBA understands that the parties have agreed to a procedural schedule. The OSBA respectfully requests that the evidentiary hearings take place in Harrisburg.

Respectfully submitted,

  
Steven C. Gray, Esq.  
Assistant Small Business Advocate  
Attorney ID # 77538

Office of Small Business Advocate  
300 North Second Street, Suite 1102  
Harrisburg, PA 17101  
(717) 783-2525  
(717) 783-2831 (fax)

Dated: September 12, 2014

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**Joint Application of PPL Interstate Energy :  
Company and PPL Electric Utilities :  
Corporation for All of the Necessary Authority, : Docket Nos. A-2014-2435752  
Approvals, and Certificates of Public : A-2014-2435833  
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 :**

**CERTIFICATE OF SERVICE**

I certify that I am serving two copies of the Prehearing Memorandum, on behalf of the Office of Small Business Advocate, by e-filing, e-mail, and/or first-class mail (unless otherwise noted) upon the persons addressed below:

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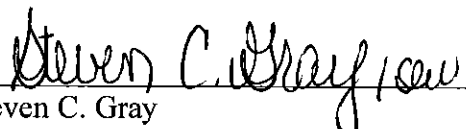
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Dated: September 12, 2014

  
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