

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

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

**JOINT APPLICANTS' STATEMENT No. 2**

**Direct Testimony of Dennis A. Urban, Jr.**

August 27, 2014

1 **Introduction**

2 **Q. Please state your full name and business address.**

3 A. My name is Dennis A. Urban, Jr. My business address is Two North Ninth Street,  
4 Allentown, Pennsylvania 18101.

5  
6 **Q. By whom are you employed and in what capacity?**

7 A. I am employed by PPL Electric Utilities Corporation (“PPL EU”), a subsidiary of PPL  
8 Corporation (“PPL Corp.”), as Vice President, Finance and Regulatory Affairs.

9  
10 **Q. What are your duties as Vice President, Finance and Regulatory Affairs?**

11 A. I have overall responsibility for PPL EU’s financial functions as well as Federal Energy  
12 Regulatory Commission (“FERC”) and Pennsylvania Public Utility Commission  
13 (“Commission”) jurisdictional regulatory matters.

14  
15 **Q. What is your educational background?**

16 A. I have an Associate degree in Electrical Technology from the Dean Institute of  
17 Technology, a Bachelor of Science degree in Accounting from Point Park University, and  
18 a Master of Business Administration degree from Robert Morris University.

19  
20 **Q. Please describe your professional experience.**

21 A. In 1982, I began my career with Duquesne Light Company (“Duquesne”), a Pittsburgh,  
22 PA based electric utility. Through 1996, I held various bargaining unit operations and  
23 maintenance positions, including certification as a journeyman lineworker. In 1997, I

1 moved into a management role in the accounting department where I held the position of  
2 Senior Accountant until May 1999. From June 1999 to October 2001, I held the position  
3 of Manager of Financial Reporting where I had responsibility for all internal and external  
4 financial reporting requirements. In November of 2001, I was transferred to Duquesne's  
5 parent company, DQE, Inc., as the Manager of Corporate Development where I had  
6 responsibility for the development and recommendation of strategic alternatives. In May  
7 of 2004, I was promoted to Director of Corporate Development with the additional  
8 responsibility for the development of a strategic energy sourcing strategy to fulfill  
9 Duquesne's default service obligation. In June 2007, after Duquesne was purchased by a  
10 group of private equity investors, I became Manager, Financial Planning and Risk  
11 Analysis where I had responsibility for Duquesne's budgeting, planning and financial  
12 forecasting functions as well as its risk management functions including internal audit  
13 and corporate insurance programs. I joined PPL EU in November 2008 as Manager,  
14 Energy Acquisition where I had responsibility for the development and implementation  
15 of the functional requirements to fulfill its default service obligation. In November 2010,  
16 I assumed the role of Senior Director, Rates and Regulatory Affairs. In January 2013, I  
17 was promoted to my current role as Vice President, Finance and Regulatory Affairs.

18  
19 **Q. What is the purpose of your direct testimony?**

20 A. The purpose of my direct testimony is to support the Joint Application filed by PPL EU  
21 and PPL Interstate Energy Company ("PPL IEC"), requesting certain limited approvals  
22 from the Pennsylvania Public Utility Commission ("PUC" or the "Commission")  
23 associated with PPL Corp.'s proposed separation of its deregulated electric generation

1 and retail electric and gas supply business lines from its regulated electric utility business  
2 lines. Specifically, I will provide the following: (i) a description of the PPL Corp. and  
3 PPL Energy Supply, LLC (“PPL Energy Supply”) entities relevant to the Proposed  
4 Transaction; (ii) a description of the impact that the Proposed Transaction will have on  
5 the existing intercompany affiliate agreements, other than the real estate and certain  
6 license agreements discussed in the direct testimony of Marc Jackson, PPL Electric  
7 Statement No. 4; (iii) a description of the impact that the Proposed Transaction will have  
8 on the interconnection agreements between PPL Energy Supply and its subsidiaries and  
9 PPL EU; and (iv) the benefits that may result from Proposed Transaction.

10  
11 **Q. Are you sponsoring any exhibits?**

12 A. Yes. On behalf of PPL Corp. and its subsidiaries, I am sponsoring all or a portion of the  
13 following Appendices attached to the Joint Application:

- 14 • Appendix A – Separation Agreement [**HIGHLY CONFIDENTIAL treatment is**  
15 **required for the Separation Agreement Schedules (ALL FILED UNDER SEAL)**]
- 16 • Appendix B – Transaction Agreement [**HIGHLY CONFIDENTIAL treatment is**  
17 **required for the Parent Disclosure Letter and RJS Disclosure Letter (ALL**  
18 **FILED UNDER SEAL)**]
- 19 • Appendix D – Organizational chart showing PPL Corp. and its relevant domestic  
20 subsidiaries prior to the closing of the Proposed Transaction (June 1, 2014)
- 21 • Appendix F – Organizational chart showing PPL Corp. and its first-tier domestic  
22 subsidiaries following the closing of the Proposed Transaction
- 23 • Appendix M – List of certain of the intercompany affiliate agreements with PPL EU  
24 and PPL IEC that will remain in place unchanged after closing of the Proposed  
25 Transaction
- 26 • Appendix N – List of intercompany affiliate agreements that will remain in place  
27 unchanged after closing, but PPL Energy Supply and its subsidiaries will no longer be  
28 parties

- 1 • Appendix O – List of interconnection agreements between PPL Energy Supply and its  
2 subsidiaries and PPL EU

3  
4 **PPL Related Entities**

5 **Q. Please describe the Applicants**

6 A. PPL EU is a public utility, an electric distribution company, and a default service  
7 provider subject to the regulatory jurisdiction of the Commission. PPL EU furnishes  
8 electric distribution, transmission and default supply services to approximately 1.4  
9 million customers throughout its certificated service territory, which includes all or  
10 portions of twenty-nine counties and encompasses approximately 10,000 square miles in  
11 eastern and central Pennsylvania. PPL EU is a wholly owned direct subsidiary of PPL  
12 Corp.

13 PPL IEC is a wholly owned direct subsidiary of PPL Generation, LLC (“PPL  
14 Generation”), which in turn is a wholly owned direct subsidiary of PPL Energy Supply.  
15 PPL Energy Supply is a wholly owned direct subsidiary of PPL Energy Funding  
16 Corporation, which in turn is a wholly owned direct subsidiary of PPL Corp. A further  
17 description of PPL IEC is provided in the Direct Testimony of Drew Cummings, Joint  
18 Applicants’ Statement No. 3

19  
20 **Q. Please describe PPL Corp.**

21 A. Headquartered in Allentown, Pennsylvania, PPL Corp. is an energy and utility holding  
22 company that, through its subsidiaries, currently: (i) controls or owns about 18,000 MW  
23 of generating capacity in the United States; (ii) markets and sells wholesale and retail

1 energy in key United States markets; and (ii) delivers electricity and natural gas to about  
2 10 million customers in the United States and the United Kingdom.

3 PPL Corp.'s direct domestic subsidiaries include the following: PPL EU, PPL  
4 Services Corporation, PPL Energy Funding Corporation, and LG&E and KU Energy  
5 LLC. Attached to the Joint Application as Appendix "D" is an organizational chart  
6 showing PPL Corp. and its relevant domestic subsidiaries prior to the closing of the  
7 Proposed Transaction (as of June 1, 2014).

8  
9 **Q. Please describe PPL Energy Supply.**

10 A. PPL Energy Supply is a wholly owned direct subsidiary of PPL Energy Funding  
11 Corporation, which in turn is a wholly owned direct subsidiary of PPL Corp. PPL  
12 Energy Supply is the direct parent of and wholly owns PPL EnergyPlus, LLC ("PPL  
13 EnergyPlus") and PPL Generation, LLC (PPL Generation").

14  
15 **Q. Please describe PPL EnergyPlus.**

16 A. PPL EnergyPlus is a wholly owned direct subsidiary of PPL Energy Supply that currently  
17 is licensed by the Commission to provide retail electric and natural gas supplies in the  
18 Commonwealth of Pennsylvania.<sup>1</sup> PPL EnergyPlus is a marketer and supplier of  
19 competitively priced electricity and gas services in the Commonwealth of Pennsylvania.  
20 PPL EnergyPlus also sells wholesale and retail electricity and gas in in the mid-Atlantic  
21 region and other United States markets. PPL EnergyPlus is the direct parent of and  
22 wholly owns PPL Energy Services Group, LLC.

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<sup>1</sup> See Docket Nos. A-125153 and A-110098.

1 PPL Energy Services Group, LLC is a limited liability company organized and  
2 existing under the laws of Delaware. PPL Energy Services Group, LLC is a wholly  
3 owned direct subsidiary of PPL EnergyPlus. Through its subsidiaries, PPL Energy  
4 Services Group, LLC provides comprehensive energy solutions for clients throughout the  
5 Northeast and Mid-Atlantic, renewable energy facilities to meet customers' energy needs,  
6 and engineering and mechanical contracting services for commercial, industrial, and  
7 institutional customers.

8  
9 **Q. Please describe PPL Generation.**

10 A. PPL Generation is a limited liability company organized and existing under the laws of  
11 Delaware. PPL Generation is a wholly owned direct subsidiary of PPL Energy Supply.  
12 PPL Generation, through its subsidiaries, controls or owns about 10,000 MW of  
13 competitive generating capacity in the northeastern and western United States.<sup>2</sup>

14  
15 **Q. Please provide a summary of the Proposed Transaction.**

16 A. PPL Corp. and the RJS Entities,<sup>3</sup> which are ultimately controlled by Riverstone Holdings  
17 LLC ("Riverstone"), have agreed to combine their competitive power generation business  
18 lines into a new stand-alone, publicly traded Independent Power Producer, Talen Energy  
19 Corporation ("Talen Energy"). Under the terms of the agreement, at closing, PPL Corp.

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<sup>2</sup> PPL Montana, LLC, a wholly owned indirect subsidiary of PPL Generation, owns 11 hydroelectric power plants and one storage reservoir that are being sold to NorthWestern Corporation d/b/a NorthWestern Energy pursuant to a purchase and sale agreement dated September 26, 2013. These facilities are not part of the Proposed Transaction.

<sup>3</sup> The RJS Entities are Raven Power Holdings LLC ("Raven"), C/R Energy Jade LLC ("Jade"), and Sapphire Power Holdings LLC ("Sapphire"). The RJS Entities are further described in the Direct Testimony of Jeremy McGuire, Joint Applicants' Statement No. 1.

1 will spin off its deregulated electric generation and retail electric and gas supply business  
2 lines to the shareowners of PPL Corp. and then immediately combine that business with  
3 the RJS Entities' competitive power generation business to form Talen Energy.

4  
5 **Q. What current PPL Corp. subsidiaries will be transferred to Talen Energy as part of**  
6 **the Proposed Transaction?**

7 A. PPL Corp. will spin off its deregulated electric generation and retail electric and gas  
8 supply business lines, which are held under PPL Energy Supply, including PPL  
9 EnergyPlus, PPL Generation (which owns PPL IEC), and their respective subsidiaries.  
10 Attached to the Joint Application as Appendix "F" is an organizational chart showing  
11 PPL Corp. and its first-tier domestic subsidiaries following the closing of the Proposed  
12 Transaction.

13  
14 **Q. Are the Applicants seeking Commission approval to transfer any of PPL Corp.'s**  
15 **subsidiaries to Talen Energy?**

16 A. The Applicants are seeking certain limited approvals from the Commission associated  
17 with PPL Corp.'s proposed separation of its deregulated electric generation and retail  
18 electric and gas supply business lines from its regulated electric utility business lines. I  
19 have been advised by legal counsel that the spinoff of the deregulated generation and  
20 retail electric and gas supply businesses does not require Commission approval.  
21 Therefore, the Applicants are not seeking Commission approval to transfer these  
22 deregulated electric generation and retail electric and gas supply business lines from PPL  
23 Corp. to Talen Energy.

1           As explained in the Direct Testimony of Drew Cummings, Joint Applicants'  
2           Statement No. 3, PPL IEC is a natural gas distribution company certificated by the  
3           Commission. As a result of the Proposed Transaction, ownership of PPL IEC will be  
4           transferred from PPL Corp. to Talen Energy. I am advised by counsel that the transfer of  
5           PPL Corp.'s indirect ownership interests in PPL IEC to Talen Energy requires  
6           Commission approval pursuant to Section 1102(a)(3) of the Public Utility Code.

7  
8           **Intercompany Affiliate Agreements**

9           **Q.     Are PPL Energy Supply and/or its subsidiaries parties to contracts with PPL EU or**  
10           **PPL IEC?**

11          A.     Yes. PPL Energy Supply subsidiaries currently are parties to various intercompany  
12           affiliate agreements to which PPL EU or PPL IEC are also parties. These agreements fall  
13           into four general categories: (1) agreements that will remain in place after closing, but  
14           PPL Energy Supply and its subsidiaries will no longer be affiliates of PPL EU; (2)  
15           agreements that will remain in place after closing, but relevant PPL Energy Supply  
16           subsidiaries will no longer be parties to the agreements; (3) agreements between PPL IEC  
17           and PPL Energy Supply subsidiaries that will remain in place after closing; and (4)  
18           agreements that will terminate and be replaced at closing.<sup>4</sup>

19  

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<sup>4</sup> There also are certain real estate and license agreements that are further discussed in the direct testimony of Marc Jackson, PPL Electric Statement No. 4.

1 **Q. Please describe the intercompany agreements with PPL EU that will remain in place**  
2 **unchanged after closing of the Proposed Transaction.**

3 A. The intercompany agreements with PPL EU that will remain in place unchanged after  
4 closing of the Proposed Transaction include: (i) Retail Electricity Master Agreement  
5 with PPL EnergyPlus; (ii) contracts with PPL EnergyPlus pursuant to PPL EU's Supplier  
6 Tariff in connection with PPL EnergyPlus' retail electric business; (iii) load following  
7 agreements associated with PPL EU's Commission-approved default service plan; (iv) a  
8 power sales agreement with PPL EnergyPlus for the resale of NUG output; (v)  
9 agreements with mechanical contractor subsidiaries of PPL Energy Supply; and (vi)  
10 commitments regarding pollution control facilities at certain electric generation plants  
11 owned by subsidiaries of PPL Generation. A list of the intercompany affiliate  
12 agreements with PPL EU that will remain in place unchanged after closing of the  
13 Proposed Transaction are identified in Appendix "M" to the Joint Application.

14  
15 **Q. Are the Applicants seeking Commission approval of the intercompany agreements**  
16 **that will remain in place unchanged after closing of the Proposed Transaction?**

17 A. No. I am advised by counsel that, under Chapter 21 of the Public Utility Code,  
18 agreements between a public utility and its affiliates require Commission approval to be  
19 effective, and that the Commission has continuing supervision and jurisdiction over  
20 affiliated interest contracts, including the modification or amendment of such contracts or  
21 agreements. Certain of the intercompany agreements will remain in place unchanged  
22 after closing of the Proposed Transaction. Because there will be no modification to these  
23 agreements and PPL Energy Supply and its subsidiaries will no longer be affiliates of

1 PPL EU after closing, PPL EU seeks a finding by the Commission that Chapter 21 will  
2 not apply to these continuing intercompany agreements. However, to the extent that the  
3 Commission concludes that approval is required for these intercompany agreements that  
4 will remain in place unchanged after closing of the Proposed Transaction, PPL EU  
5 requests such Commission approval pursuant to Chapter 21.

6  
7 **Q. Please describe the intercompany agreements that will remain in place unchanged**  
8 **after closing, but PPL Energy Supply and its subsidiaries will no longer be parties to**  
9 **these agreements.**

10 A. These agreements include a services agreement and a consolidated income tax agreement.  
11 These agreements are identified in Appendix “N” to the Joint Application.

12  
13 **Q. Are the Applicants seeking Commission approval of the intercompany agreements**  
14 **that will remain in place unchanged after closing, but PPL Energy Supply and its**  
15 **subsidiaries will no longer be parties to these agreements.**

16 A. No. Based on the advice of counsel, PPL EU submits that Chapter 21 will not apply to  
17 these agreements because the removal of PPL Energy Supply and its subsidiaries as  
18 parties to these agreements is not a modification or amendment of such agreements.  
19 Therefore, PPL EU seeks a finding by the Commission that Chapter 21 does not apply to  
20 these intercompany agreements. However, to the extent that the Commission considers  
21 the removal of the PPL Energy Supply and its subsidiaries as parties to be modifications  
22 or amendments of these agreements, PPL EU requests approval of the changes to these  
23 agreements under Section 2103 of the Public Utility Code, 66 Pa.C.S. § 2103.

1 **Interconnection Agreements**

2 **Q. Please describe the interconnection agreements between certain of PPL Energy**  
3 **Supply’s subsidiaries and PPL EU.**

4 A. PPL Energy Supply’s subsidiaries and PPL EU have various agreements to interconnect  
5 generating stations with facilities of PPL EU. These agreements are for the  
6 interconnection of generating facilities with the transmission facilities of PPL EU.

7  
8 **Q. Are any of these interconnection agreements changing as a result of the Proposed**  
9 **Transaction?**

10 A. As part of the Proposed Transaction, certain of these interconnection agreements will  
11 remain in place unchanged after closing of the Proposed Transaction, and certain  
12 interconnection agreements will be replaced with FERC-jurisdictional *pro forma*  
13 interconnection agreements. The relevant interconnection agreements are identified in  
14 Appendix “O” to the Joint Application.

15  
16 **Q. Please explain why some of the interconnection agreements will remain in place**  
17 **unchanged after closing of the Proposed Transaction, and certain interconnection**  
18 **agreements will be replaced.**

19 A. Certain of the existing interconnection agreements currently are consistent with FERC-  
20 jurisdictional *pro forma* interconnection agreements and, therefore, these agreements will  
21 remain in place unchanged after closing of the Proposed Transaction. Certain other  
22 interconnection agreements are no longer consistent with the terms and conditions of the  
23 FERC-jurisdictional *pro forma* interconnection agreements. Upon closing of the

1 Proposed Transaction, these limited non-conforming interconnection agreements will be  
2 replaced with FERC-jurisdictional *pro forma* interconnection agreements.

3  
4 **Q. Are the Applicants seeking Commission approval of the interconnection agreements**  
5 **between certain of PPL Energy Supply's subsidiaries and PPL EU?**

6 A. No. I am advised by counsel that these agreements are subject to FERC jurisdiction  
7 because they are agreements for the interconnection of generating facilities with the  
8 transmission facilities of PPL EU. Further, I am advised by counsel that the  
9 interconnection agreements that will remain in place after closing of the Proposed  
10 Transaction are not subject to Chapter 21 because the PPL Energy Supply subsidiaries  
11 and PPL EU will no longer be affiliates upon closing, and because they will not be  
12 amended or modified. I am also advised by counsel that the interconnection agreements  
13 to be replaced are not subject to Chapter 21 because they will be replaced with FERC-  
14 jurisdictional *pro forma* interconnection agreements, and because the PPL Energy Supply  
15 subsidiaries and PPL EU will no longer be affiliates upon closing. For these reasons,  
16 PPL EU seeks a finding by the Commission that these interconnection agreements do not  
17 require Commission approval. However, to the extent that the Commission concludes  
18 that approval is required for these interconnection agreements, PPL EU requests  
19 Commission approval pursuant to Chapter 21.

20

1 **Benefits of the Proposed Transaction**

2 **Q. Do you believe the Proposed Transaction will have public benefits?**

3 A. Yes. Before addressing the public benefits of the Proposed Transaction, I think it is  
4 important to note the standard required by the Commission to demonstrate a public  
5 benefit in the context of a transfer/acquisition of a public utility. I have been advised by  
6 counsel that the Applicants are required to demonstrate that the Proposed Transaction has  
7 a likelihood or probability of public benefits that need not be quantified or guaranteed,  
8 and that not every customer receive a benefit from the Proposed Transaction. In my  
9 opinion, the Proposed Transaction has the following key benefits: (i) the realignment of  
10 deregulated and regulated business lines; (ii) allowing PPL Corp. to focus on the core  
11 function of providing utility service through EU; (iii) access to capital with a “pure play”  
12 risk profile; (iv) clarification of certain property interests to ensure that PPL EU has the  
13 property rights necessary to continue to provide safe and reliable service to customers;  
14 and (v) retail competition. I also note that the Commission has previously found the  
15 transfer of deregulated assets of Duquesne Light Company, Metropolitan Edison  
16 Company, and Pennsylvania Electric Company to third-parties to be in the public interest.

17  
18 **Q. Please explain how the realignment of deregulated and regulated business lines will  
19 provide a public benefit.**

20 A. The primary purpose of the Proposed Transaction is to separate PPL Corp.’s existing  
21 deregulated electric generation and retail electric and gas supply business lines from its  
22 regulated electric utility business lines. As a result, PPL Corp. will no longer be in the  
23 generation or retail business in the Commonwealth. The PPL IEC and PPL EnergyPlus

1 assets are closely aligned with the generation portion of the business and are not aligned  
2 in any material way with the regulated electric transmission and distribution businesses of  
3 PPL EU. The spin off its deregulated electric generation and retail electric and gas  
4 supply business lines will allow PPL Corp. to focus its activities in the Commonwealth  
5 on the core function of providing electric transmission and distribution services through  
6 PPL EU.

7 The spinoff of PPL Corp.'s deregulated electric generation and retail electric and  
8 gas supply business lines also will allow PPL Corp. to access to capital with a "pure  
9 play" risk profile. A "pure play" company is a publicly traded company that is focused  
10 on only one industry or product line. Following closing, PPL Corp. will be focused on  
11 only its regulated businesses and will present a clearer investment profile to capital  
12 markets. This should provide better and more efficient access to capital.

13 In addition, the Proposed Transaction will reaffirm certain property interests. As  
14 explained in greater detail in the direct testimony of Marc Jackson, Joint Applicants'  
15 Statement No. 4, this clarification of property interests will ensure that PPL EU has the  
16 property rights necessary to continue to provide safe and reliable service to customers;

17 For these reasons, I believe that the realignment of deregulated and regulated  
18 business lines will provide a public benefit.

19  
20 **Q. Please explain how the Proposed Transaction will affect retail electric competition.**

21 A. I am advised by counsel that under Section 2811(e)(1) of the Public Utility Code, the  
22 Commission, to the extent it otherwise has jurisdiction over a transaction, is required to  
23 consider whether a proposed merger or consolidation of an electric distribution company

1 or an electric generation supplier is likely to result in anticompetitive or discriminatory  
2 conduct. 66 Pa.C.S. § 2811(e)(1). As I previously explained, PPL EnergyPlus is an  
3 electric generation supplier licensed by the Commission. As part of the Proposed  
4 Transaction, PPL Corp. proposes to transfer its indirect ownership of PPL EnergyPlus to  
5 Talen Energy. However, I am advised by counsel that the Commission does not  
6 otherwise have jurisdiction over the transfer of the indirect ownership of PPL  
7 EnergyPlus, and this provision therefore should not apply.

8 To the extent the Commission does wish to review this issue, the PPL EnergyPlus  
9 assets are closely aligned with the generation portion of the business and are not aligned  
10 in any way with the regulated electric transmission and distribution businesses of PPL  
11 EU. The transfer of PPL EnergyPlus will help disassociate the deregulated generation  
12 and retail supply businesses from the PPL brand. Further, it will reduce the costs  
13 required by PPL EU, the Commission, and FERC to review and ensure regulatory  
14 compliance with mandatory separation and codes of conduct standards for entities  
15 affiliated with the regulated utility.

16 Finally, I note that the Proposed Transaction provides for the phase out of the use  
17 of the “PPL” name by PPL EnergyPlus after the closing. Some competing electric  
18 generation suppliers have contended that use of an electric distribution company’s  
19 “family” name may confuse customers and provide a benefit to an affiliated electric  
20 generation supplier. While PPL EU does not agree with these contentions, the Proposed  
21 Transaction will put this issue to rest, at least for PPL EU, as PPL EnergyPlus will no  
22 longer be using the “PPL” name.

23

1 **Q. Please explain how the Proposed Transaction will affect retail natural gas**  
2 **competition.**

3 A. I am advised by counsel that under Section 2210(a)(1) of the Public Utility Code, the  
4 Commission, to the extent it otherwise has jurisdiction over a transaction, is required to  
5 consider whether a proposed merger or consolidation of an natural gas distribution  
6 company or an natural gas supplier is likely to result in anticompetitive or discriminatory  
7 conduct.<sup>5</sup> PPL IEC is a natural gas distribution company certificated by the Commission  
8 and PPL EnergyPlus is a natural gas supplier licensed by the Commission. As part of the  
9 Proposed Transaction, PPL Corp. proposes to transfer its indirect interests in PPL IEC  
10 and PPL EnergyPlus to Talen Energy. The PPL IEC and PPL EnergyPlus assets are  
11 closely aligned with the generation portion of the business and are not aligned in any way  
12 with the regulated electric transmission and distribution business of PPL EU. The  
13 transfer of PPL Corp.'s indirect ownership of PPL IEC and PPL EnergyPlus will not  
14 result in any harm to retail competition.

15  
16 **Q. Does this conclude your direct testimony?**

17 A. Yes, it does. However, I reserve the right to supplement my testimony as additional  
18 issues arise during the course of this proceeding.

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<sup>5</sup> Section 2210 of the Public Utility Code also requires the Commission to consider the impact that a proposed merger or consolidation of a natural gas company may have on the employees of the natural gas company. *See* 66 Pa.C.S. § 2210(a)(2). As explained in the direct testimony of Drew Cummings, Joint Applicants' Statement No. 3, the Proposed Transaction will have no substantial adverse impact to the employees of PPL IEC.