



COMMONWEALTH OF PENNSYLVANIA

November 21, 2017

E-FILED

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

Re: Application of PPL Electric Utilities Corporation for Approval of Intercompany Restructuring / Docket No. A-2017-2629534

Dear Secretary Chiavetta:

I am delivering for filing today the Notice of Intervention and Protest, Public Statement, and Verification, on behalf of the Office of Small Business Advocate ("OSBA"), in the above-captioned proceeding.

Copies will be served on all known parties in this proceeding, as indicated on the attached Certificate of Service.

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: The Honorable Charles E. Rainey, Jr.
Robert D. Knecht
Parties of Record

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Application of PPL Electric Utilities :
Corporation for Approval of Intercompany : **Docket No. A-2017-2629534**
Restructuring :

**NOTICE OF INTERVENTION AND PROTEST
OF THE OFFICE OF SMALL BUSINESS ADVOCATE**

The Office of Small Business Advocate (“OSBA”) files this Notice of Intervention and Protest with respect to the above-captioned Application (“*Application*”) pursuant to Sections 5.51(a) and 5.71(a)(1) of the Rules of Practice and Procedure of the Pennsylvania Public Utility Commission (“Commission”), 52 Pa. Code §§ 5.51(a) and 5.71(a)(1). In support of this Notice of Intervention and 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 interest of small business consumers as a party in proceedings before the Commission.

2. Representing the OSBA in this proceeding is:

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3. The *Application* was filed by PPL Electric Utilities Corporation (“PPL” or the “Company”) on October 16, 2017. The *Application* proposes a “corporate restructuring” whereby “Newco 1” and “Newco 2” would be “interjected” between PPL and its “current parent, PPL Corporation.” *Application*, Paragraph 1.

4. PPL is a Commission-certificated operating public utility and provides service to various classes of customers in designated service territories within Pennsylvania. *Application*, Paragraph 6.

5. Section 1102(a) of the Public Utility Code, 66 Pa. C.S. § 1102(a), permits a public utility to undertake certain actions only upon Commission approval evidenced by a certificate of public convenience. Among the activities that require Commission approval is the following:

(3) For any public utility or an affiliated interest of a public utility . . . to acquire from, or to transfer to, any person or corporation . . . by any method or device whatsoever, including the sale or transfer of stock and including a consolidation, merger, sale or lease, the title to, or the possession or use of, any tangible or intangible property used or useful in the public service.

66 Pa. C.S. § 1102(a)(3).

6. When a certificate of public convenience is required under Section 1102, Section 1103(a) of the Public Utility Code, 66 Pa. C.S. § 1103(a), allows the Commission to issue the certificate only upon a finding or determination that the granting of such certificate is “necessary or proper for the service, accommodation, convenience, or safety of the public.” According to the Pennsylvania Supreme Court, satisfying this standard requires the Commission to find that a proposed acquisition would “affirmatively promote the ‘service, accommodation, convenience, or safety of the public’ in some substantial way.” *City of York v. Pennsylvania Public Utility Commission*, 449 Pa. 136, 141, 295 A.2d 825, 828 (Pa. 1972). In addition, Section 1103(a) allows the Commission to impose upon its issuance of a certificate of public convenience “such conditions as it may deem to be just and reasonable.”

7. The *Application* raises a variety of issues that may require the Commission to reject the *Application*, or to approve it only after imposing strict conditions.

8. Specifically, PPL’s assertion that the proposed restructuring will result in “no change in control” is false. *Application*, Paragraph 9. The Company couches the restructuring as one that “involves no change in the ultimate control” of PPL, but concedes that the current parent, PPL Corporation, will only have “indirect” control following the proposed restructuring. *Id.*

9. The *Application* also claims that the proposed restructuring “has no effect on the operations and management” of PPL. *Application*, Paragraph 16. That is also false, as PPL will now answer to “Newco 2.” Furthermore, it is impossible to know how deeply “Newco 2” will control PPL from the language of the *Application* itself.

10. The *Application* asserts that the proposed restructuring will help with the “movement of cash within the group of entities in the corporate structure.” *Application*, Paragraph 17. The *Application* also claims that the proposed restructuring will help both with the “mobilizing” of cash, and with the avoidance of State and Federal Taxes. *Id.* It is unclear how reducing the overall potential tax liability of PPL promotes the public interest.¹ Furthermore, it is also unclear how greater cash mobility within the PPL corporate family promotes the public interest.

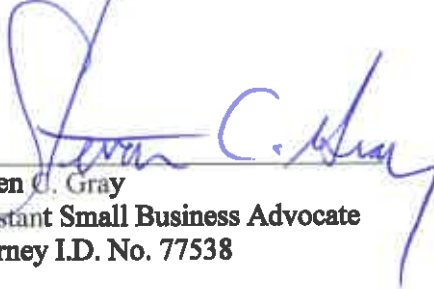
11. The *Application* also states that the 2015 spinoff of PPL’s generation assets (as part of the formation of Talen Energy) represented the “final step of PPL Corporation’s transition to a company solely focused on high-performing regulated facilities.” *Application*, Paragraph 18. The *Application* then appears to contradict itself: apparently there is no “final step.” Specifically, the *Application* asserts that the proposed restructuring will “facilitate future business acquisitions . . . as well as any combination or merger of existing non-regulated corporate entities.” *Id.* Thus, not only is there no “final step,” it is unclear how “facilitating” unspecified acquisitions, combinations, and mergers serves the public interest.

¹ This is especially true since recent legislation allows utilities to include corporate income taxes in rates as if they were stand-alone operations, rather than using a consolidated tax rate.

WHEREFORE, the OSBA respectfully requests that the Commission reject the *Application* as filed.

In the alternative, the OSBA respectfully requests that the Commission conduct a full investigation, including evidentiary hearings, into the *Application*.

Respectfully submitted,



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Date: November 21, 2017

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Application of PPL Electric Utilities :
Corporation for Approval of Intercompany : **Docket No. A-2017-2629534**
Restructuring :

**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 Notice of Intervention in the above-captioned Commission proceeding.

On October 16, 2017, PPL Electric Utilities Corporation ("PPL" or the "Company") filed an Application for Approval of Intercompany Restructuring ("Application").

The Small Business Advocate is intervening in this proceeding in order to protect the interests of the Company's small business customers. A thorough inquiry by the Commission into the elements of the Application is necessary to ascertain whether the Company's proposed corporate restructuring complies with the Public Utility Code and the Commission's regulations.

In view of the foregoing, the Small Business Advocate is requesting that the Application be subject to investigation and evidentiary hearings before the Commission. The Small Business

Advocate will ask the Commission to deny or modify any aspect of the Company's Application that is not proven by PPL to be in accordance with the Public Utility Code and with the Commission's regulations.

Dated: November 21, 2017

VERIFICATION

I, John R. Evans, hereby state that the facts set forth herein above are true and correct to the best of my knowledge, information and belief and that I expect to be able to prove the same at a hearing held in this matter. I understand that the statements herein are made subject to the penalties of 18 Pa. C.S. §4904 (relating to unsworn falsification to authorities).

Date: November 21, 2017



(Signature)

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PENNSYLVANIA PUBLIC UTILITY COMMISSION**

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CERTIFICATE OF SERVICE

I hereby certify that true and correct copies of the foregoing have been served via email and/or First-Class mail (*unless other noted below*) upon the following persons, in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant).

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DATE: November 21, 2017


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