



COMMONWEALTH OF PENNSYLVANIA

January 12, 2018

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 Prehearing Memorandum, 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 Joel Cheskis
The Honorable Benjamin Myers
Mr. 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 :

**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 202
Harrisburg, PA 17101
(717) 783-2525
(717) 783-2831 (fax)
sgray@state.pa.us

II. FILING BACKGROUND

PPL Electric Utilities Corporation (“PPL” or the “Company”) filed an Application for Approval of Intercompany Restructuring (“*Application*”) on October 16, 2017. The *Application* proposes a “corporate restructuring” which would “interject” “Newco 1” and “Newco 2” between PPL and its “current parent, PPL Corporation.”

The OSBA filed a Notice of Intervention and Protest in response to the *Application* on November 21, 2017.

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 PPL, the OSBA has identified the following list of issues that it will evaluate in this proceeding:

1. Whether a certificate of public convenience (required under Section 1102 of the Public Utility Code) should be issued as requested by the *Application*. Section 1103(a) of the Public Utility Code, 66 Pa. C.S. § 1103(a), allows the Commission to issue a 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.”

2. Whether the *Application* meets the requirements set forth by the Pennsylvania Supreme Court, whereby satisfying the Section 1103(a) standard requires the Commission to find that a proposed restructuring 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).

3. Whether the *Application’s* assertion that the proposed restructuring will result in “no change in control” is true or false.

4. Whether the *Application’s* assertion that the proposed restructuring “has no effect on the operations and management of PPL” is true or false.

5. Whether the *Application’s* claim that the proposed restructuring will help with the “movement of cash within the group of entities in the corporate structure” is in the public interest.

6. Whether the *Application’s* claim that the proposed restructuring will “facilitate any future business acquisitions it may undertake, as well as any combination or merger of existing non-regulated corporate entities” is in the public interest.

6. Whether the *Application’s* claim that the proposed restructuring will help with the avoidance of “negative Federal and State income tax consequences,” without any benefit to PPL ratepayers, is in the public interest.

The 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. HEARING AND BRIEFING SCHEDULE

At the time of this writing, the parties have not reached an agreement regarding a procedural schedule. Therefore, the OSBA proposes the following:

Company Direct Testimony: March 22nd

Non-Company Direct Testimony: April 23rd

All Party Rebuttal Testimony: May 14th

All Party Surrebuttal Testimony: May 17th

Evidentiary Hearings in Harrisburg: Tuesday & Wednesday, May 22nd & 23rd

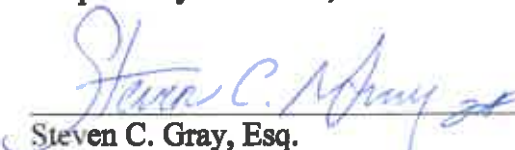
Main Briefs: June 15th

Reply Briefs: June 29th

VII. DISCOVERY MODIFICATIONS

The OSBA has submitted one set of Interrogatories to PPL as of the time of this writing. The OSBA recommends that the discovery response period be shortened to 10 calendar days in this proceeding.

Respectfully submitted,


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

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Harrisburg, PA 17101
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Dated: January 12, 2018

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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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The Honorable Benjamin Myers
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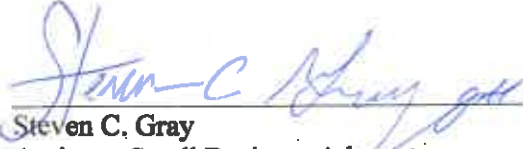
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DATE: January 12, 2018


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