COMMONWEALTH OF PENNSYLVANIA

June 29, 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:

Enclosed please find the **NON-CONFIDENTIAL/NON-PROPRIETARY** Main Brief, 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. **This version is being provided to parties that have not signed the Protective Order, dated January 24, 2018.**

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 and 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	**:**	

MAIN BRIEF
ON BEHALF OF THE
OFFICE OF SMALL BUSINESS ADVOCATE

NON-CONFIDENTIAL/NON-PROPRIETARY VERSION

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

For: John R. Evans
Small Business Advocate

Office of Small Business Advocate
300 North Second Street, Suite 202
Harrisburg, PA 17101

Date: June 29, 2018

I. Introduction

On October 16, 2017, PPL Electric Utilities Corporation ("PPL Electric," "PPL EU" or the "Company") filed an Application of PPL Electric Utilities Corporation for Approval of Intercompany Restructuring ("*Application*") with the Pennsylvania Public Utility Commission ("Commission").

On October 28, 2017, notice of the Application was published in the Pennsylvania Bulletin in accordance with 52 Pa. Code Section 5.14.

On November 21, 2017, the Office of Small Business Advocate ("OSBA") filed a Protest and Notice of Intervention in opposition to the Application.

On January 22, 2018, a prehearing conference was held before Administrative Law Judges ("ALJs") Benjamin A. Myers and Joel H. Cheskis.

On January 24, 2018, the ALJs issued their Scheduling Order.

On March 23, 2018, PPL Electric served the Direct Testimony of Alexander J. Torok.

On April 23, 2018, the OSBA served the Direct Testimony of Robert D. Knecht.

On May 9, 2018, PPL Electric served the Rebuttal Testimony of Mr. Torok.

On May 29, 2018, Counsel for PPL Electric informed the ALJs that the parties had agreed to waive cross examination of all witnesses and to admit evidence into the record by written stipulation.

On May 29, 2018, the ALJs granted the Company's request and canceled the evidentiary hearing via email message sent at 8:49 am EDT.

On June 13, 2018, the Company filed a Stipulation for the Admission of Evidence. The Stipulation requested the admission into the record of: PPL Electric Direct Testimony; PPL

Electric Rebuttal Testimony; OSBA Direct Testimony; OSBA Exhibits IEc-1 and IEc-2; the *Application*; and PPL Electric Exhibit No. 1-A.

The OSBA submits this Main Brief in accordance with the ALJs' January 24th Scheduling Order.

II. Summary of Argument

PPL Electric filed the *Application* with the Commission proposing an intercompany restructuring.

The *Application* involves a utility stock transfer and results in a change of control of PPL Electric. 52 Pa. Code Section 69.901.

The *Application* is therefore jurisdictional under 66 Pa. C.S. Section 1102(a)(3) and requires the Commission to issue a certificate of public convenience.

In accordance with 66 Pa. C.S. Section 1103(a), the Commission may issue a certificate of public convenience 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."

In *City of York*, the Pennsylvania Supreme Court decided that a public utility could only meet the Section 1103(a) standard if the proposed transaction produced affirmative public benefits.

The *Application* produces no affirmative public benefits. Only PPL Corporation and its shareholders are benefited by the proposed intercompany restructuring.

The ALJs and the Commission should reject the *Application* in its entirety.

III. Argument

A. Summary of the Proposed Intercompany Restructuring

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

OSBA witness Robert D. Knecht summarized the proposed intercompany restructuring, as follows:

> At present, PPL Corporation ('PPL') is a utility holding company incorporated in Pennsylvania, with a number of direct subsidiary companies, including PPL Electric, PPL Energy Funding Corporation ('PPL EF'), PPL Capital Funding, Inc., and various other direct subsidiaries as shown in Exhibit A to the *Application*.
>
> Of note for the proposed restructuring, PPL EF is a holding company that owns PPL's interest in the electricity distribution business in the United Kingdom.
>
> PPL EF also owned PPL's generation businesses prior to the 2015 spinoff of the generation assets into Talen Energy Corporation (see Docket Nos. A-2014-2435752 and A-2014-2435833).

OSBA Statement No. 1, at 1-2 (formatting added).

Mr. Knecht continued:

> As shown in *Application* Exhibit B, the Company proposes that after the restructuring, PPL Capital Funding, Inc. will remain a direct subsidiary of PPL, but two additional entities (Newco1 and Newco2) incorporated in Delaware will be established between PPL and the other current direct subsidiaries.
>
> From the perspective of PPL Electric, it will go from being a wholly-owned direct subsidiary of PPL to being a wholly-owned subsidiary of Newco2, which will be a wholly-owned subsidiary of Newco1, which will be a wholly-owned subsidiary of PPL.

OSBA Statement No. 1, at 2 (formatting added).

The *Application* stated the various reasons for the proposed intercompany restructuring. For example, the *Application* stated that the proposed restructuring will help with the "movement of cash within the group of entities in the corporate structure." *Application*, at Paragraph 17.

The *Application* also stated that the proposed restructuring will help both with the "mobilizing" of cash, and with the avoidance of State and Federal Taxes. *Id.*

Additionally, the *Application* observed that the 2015 spinoff of PPL Corporation'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 utilities in both the United States and internationally." *Application*, at Paragraph 18. The *Application* then appeared to contradict itself by explaining that the proposed restructuring will "facilitate future business acquisitions . . . as well as any combination or merger of existing *non-regulated* corporate entities." *Id.* (emphasis added).

Mr. Knecht testified as to his understanding of the reasons for the proposed intercompany restructuring, as follows:

> As I understand paragraph 17 of the *Application*, the restructured entity will allow PPL to consolidate the tax bases for most of its subsidiaries in its new Delaware intermediate companies (Newco1 and Newco2), which will allow PPL a greater ability to move cash between the various Newco2 subsidiaries without incurring taxable capital gains.
>
> Paragraph 20 of the *Application* indicates that this flexibility will allow PPL to more effectively finance PPL Electric capital projects.
>
> Paragraph 18 of the *Application* indicates that the restructuring will provide a more 'effective structure' for acquisitions and mergers.

OSBA Statement No. 1, at 4 (formatting added).

B. Legal Standard

Section 1102(a) of the Public Utility Code, 66 Pa. C.S. § 1102(a), permits a public utility, such as PPL Electric, 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). The intercompany restructuring proposed by the *Application* falls squarely under Section 1102(a)(3). "PPL Corp. plans to contribute all of the interests it holds in certain of its direct, wholly owned subsidiaries, including its shares in PPL EU and PPL EF, to Newco 1. Newco 1 will then contribute all of the shares received of these companies from PPL Corp. to Newco 2."[1] 52 Pa. Code Section 69.901(b)(1).

When a certificate of public convenience is required under Section 1102, pursuant to Section 1103(a) of the Public Utility Code, 66 Pa. C.S. § 1103(a), the Commission may 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 transaction 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, as PPL EU acknowledged in its *Application*, Section 1103(a) allows the Commission to

[1] PPL EU Statement No. 1, at 4.

impose upon its issuance of a certificate of public convenience "such conditions as it may deem to be just and reasonable."

Popowsky v. Pa. P.U.C., 594 Pa. 583, 937 A.2d 1040 (2007), cited by the Company in its *Application*, is relevant precedent with respect to the affirmative public benefit standard. The Pennsylvania Supreme Court stated the following, when addressing the issue of affirmative public benefits in a telecommunications merger proceeding between Verizon Communications, Inc. and MCI, Inc.:

> In summary, as indicated in *City of York*, the appropriate legal framework requires a reviewing court to determine whether ***substantial evidence*** supports the Commission's finding that a merger will affirmatively promote the service, accommodation, convenience, or safety of the public in some substantial way. In conducting the underlying inquiry, the Commission is not required to secure legally binding commitments or to quantify benefits where this may be impractical, burdensome, or impossible; rather, the PUC properly applies a preponderance of the evidence standard to make factually-based determinations (including predictive ones informed by expert judgment) concerning certification matters.

Popowsky, 937 A.2d at 1057 (emphasis added).

The Supreme Court found evidence of affirmative public benefits in the proposed merger between Verizon and MCI:

> Indeed, even from a lay perspective, bearing in mind today's technological advances affecting all segments of business and personal life, there is much force to the Commission's conclusion that a combination of Verizon's and MCI's assets and strengths has substantial potential to create an integrated infrastructure supporting delivery of innovative, high-speed data and video services via the fiber-optic network, as well as deployment of mobile devices freeing workers from fixed workstations.

Popowsky, 937 A.2d at 1058.

Although the Supreme Court permitted predictive benefits, it does not follow that the *City of York* standard is easily met. Verizon and MCI both brought tangible assets to the table, which

even a "lay perspective" could see the benefits of when those tangible assets were combined. The benefits were not purely speculative.

Thus, PPL Electric carries the burden of proving that the proposed intercompany restructuring will provide affirmative public benefits.[2] The *Application* must satisfy the *City of York* legal standard.

C. Fundamental Effects

The Company attempted to focus this case on the "fundamental effect" language from *Policy Statement Regarding Interpretation of 66 Pa. C.S. § 1102(a)(3)*, 1994 Pa. PUC LEXIS 56, Docket M-930490 (Order entered September 13, 1994). *Application*, at Paragraphs 13, 16. Company witness Torok stated:

> I am advised by counsel that in the context of an internal restructuring, the Commission will evaluate PPL EU's Application to determine if the proposal has a ***fundamental effect*** on the management and operations of the utility.

PPL EU Statement No. 1, at 5 (emphasis added). Mr. Torok, a non-lawyer, went so far as to claim that the OSBA "erroneously" applied the *City of York* legal standard to the *Application* instead of the "fundamental effect" standard, leading to the "erroneous conclusion" that the proposed intercompany restructuring "must produce affirmative benefits for utility customers." PPL EU Statement No. 1-R, at 3-4.

The OSBA unequivocally rejects any legal argument propounded by the Company that the *City of York* legal standard (that Section 1103(a) requires affirmative public benefits) does not apply to the adjudication of the *Application*.

---

[2] PPL witness Alexander J. Torok made a series of legal arguments in his Rebuttal Testimony "on advice of counsel." The OSBA appreciates the notice provided by PPL, through Mr. Torok, of the legal issues the Company intends to raise in its briefs. However, Mr. Torok is not a lawyer, and his legal conclusions should not be given any weight by the ALJs and the Commission. *See* PPL EU Statement No. 1-R, at [page 2, line 1 through page 3, line 4] and [page 3, line 19 through page 4, line 21].

Furthermore, the "fundamental effect" of the proposed intercompany restructuring is that the *Application* meets the legal standard for a change of control of a utility, and is therefore jurisdictional under 66 Pa. C.S. Section 1102(a)(3). 52 Pa. Code Section 69.901(a) (background) states, as follows:

> (1) Commission jurisdiction over the acquisition or transfer of public utility property is governed by 66 Pa.C.S. § 1102(a)(3) (relating to enumeration of acts requiring certificate). ***The ambiguous language in 66 Pa.C.S. § 1102(a)(3) has historically caused considerable uncertainty among the Commission, its staff and the industry regarding what type of transaction requires Commission approval.*** This uncertainty has been particularly apparent regarding stock transfers which may equate to the transfer of utility property.
>
> (2) Recently, the Commission has examined 66 Pa.C.S. § 1102(a)(3) and determined that the transfer of stock or other voting interest of a utility's parent is jurisdictional regardless of the remoteness of the transaction if the effect of the transaction is to change the control of a utility. *Joint Application of Commonwealth Telephone Company, et al.*, A-310800, F.0006, (October 22, 1993). ***Furthermore, the Commission has held that a transaction resulting in a change of the de facto controlling interest in a utility or its parent, regardless of the tier in the corporate organization, constitutes a change of control of the utility and is jurisdictional under 66 Pa.C.S. § 1102(a)(3).*** *Joint Application of Paging Network of Pittsburgh, Inc. et al.*, A-330013, F.0005. In view of these Commission holdings, it is necessary to further define and establish clear standards regarding what transfer of voting interest constitutes a change in de facto control and thereby constitutes the transfer or acquisition of utility property within the intendment of 66 Pa.C.S. § 1102(a)(3).

52 Pa. Code Section 69.901(a) (emphasis added).

Section 69.901(b)(1) continues, as follows:

> A transaction or series of transactions resulting in a new controlling interest is jurisdictional when the transaction or transactions result in a different entity becoming the beneficial holder of the largest voting interest in the utility or parent, regardless of the tier. A transaction or series of transactions resulting in the elimination of a controlling interest is jurisdictional

> when the transaction or transactions result in the dissipation of the largest voting interest in the utility or parent, regardless of the tier.

52 Pa. Code § 69.901(b)(1).

Specifically, Mr. Torok's testimony demonstrated that the proposed intercompany restructuring meets the standard for a change of control of PPL Electric, as follows:

> PPL Corp. formed two new Delaware holding companies, PPL Subsidiary Holdings, LLC ('Newco 1') and PPL Energy Holdings, LLC ('Newco 2').
>
> Newco 1 is owned directly by PPL Corp. and Newco 2 is owned directly by Newco 1.
>
> PPL Corp. plans to contribute all of the interests it holds in certain of its direct, wholly owned subsidiaries, including its shares in PPL EU and PPL EF, to Newco 1.
>
> Newco 1 will then contribute all of the shares received of these companies from PPL Corp. to Newco 2.
>
> Under the proposed corporate structure, PPL EU will be a direct subsidiary of Newco 2 and an indirect subsidiary of Newco 1 and PPL Corp.

PPL EU Statement No. 1, at 4 (formatting added for clarity).

Mr. Torok continued, as follows:

> PPL Corp. will be positioned as a pure holding company. Intercompany financing, including managing the capital structures of the regulated utilities to comply with regulatory requirements, will be facilitated through the lower tier holding companies rather than PPL Corp.

PPL EU Statement No. 1, at 4. *See also*, *Application*, at Paragraph 18.

The proposed intercompany restructuring, therefore, meets the legal standard of a change of control of PPL Electric as set forth in 52 Pa. Code Section 69.901(b)(1). Therefore, the *Application* is jurisdictional under Section 1102(a)(3), and the *City of York* affirmative public

benefits standard must be met. Nothing in the *Application* obviates the requirement that the proposed intercompany restructuring provide affirmative public benefits.

D. Affirmative Public Benefits

1. Consolidation of Tax Bases

Mr. Knecht summarized the issue of consolidation of tax bases, proposed by the Application, as follows:

> As I understand paragraph 17 of the *Application*, the restructured entity will allow PPL [Corporation] to consolidate the tax bases for most of its subsidiaries in its new Delaware intermediate companies (Newco1 and Newco2), which will allow PPL [Corporation] a greater ability to move cash between the various Newco2 subsidiaries without incurring taxable capital gains.

OSBA Statement No. 1, at 4. Mr. Knecht continued:

> Paragraph 17 of the Application indicates that a tax liability could be incurred if cash distributions exceed accumulated earnings and the tax basis.

OSBA Statement No. 1, at 4.

The evidence presented by the Company does not clarify the tax issues raised by the *Application*, at least to the satisfaction of Mr. Knecht:

> Thus, at this writing, I cannot confirm that the data provided by the Company confirms the example presented by Mr. Torok that cash distributions will cause PPL to incur Pennsylvania state capital gains taxes under the existing organizational structure.[3]

OSBA Statement No. 1, at 5. This raises the question of whether the proposed intercompany restructuring has a material effect on PPL Corporation's taxes:

---

[3] Mr. Knecht's statement in his direct testimony dated April 23, 2018, was based on the confidential response to OSBA-I-2 provided by the Company on January 9, 2018, a copy of which was included in Mr. Knecht's direct testimony. The Company subsequently updated its response to that interrogatory, but not until May 24, 2018. The *updated* response modified the Company's report of *actual* PPL Electric earnings and profits from ***** BEGIN CONFIDENTIAL ***** [redacted] ***** END CONFIDENTIAL ***** Changes of that magnitude in actual historical results cast significant doubt on the reliability of *any* financial information provided by PPL Electric in this proceeding.

> From my economic perspective, whether PPL [Corporation] will actually avoid Pennsylvania taxes as a result of the restructuring depends on what PPL [Corporation] would do if the restructuring proposal is not approved. That is, if *but for* the restructuring, PPL [Corporation] would modify its planned cash distribution strategy and simply avoid creating a capital gain (possibly by utilizing the cash within PPL EF [Energy Funding Corporation]), then the restructuring by itself would not serve to reduce Pennsylvania taxes. If, however, *but for* the restructuring, PPL Electric would continue to make the cash distributions and pay the taxes, then the restructuring does indeed result in reduced tax revenues for Pennsylvania.

OSBA Statement No. 1, at 6 (emphasis in original).

In making that statement, the OSBA invited the Company to explain whether the restructuring would actually serve to reduce income taxes, or would simply be an alternative to other tax avoidance strategies. PPL Electric declined to address this issue in its rebuttal testimony. The OSBA then explicitly directed this question to the Company in OSBA-II-4(c). In response, the Company indicated that it would work to avoid future tax costs, but provided no specific information as to how it would do so. Thus, there is a reasonable possibility that approving the proposed restructuring will reduce tax revenues for the Commonwealth of Pennsylvania with no offsetting reduction in consumer utility rates.

More importantly, the OSBA respectfully submits that allowing PPL Corporation to avoid Pennsylvania state taxes through a clever "intercompany restructuring" is not an affirmative public benefit. Consider the affirmative public benefits projected to result in the *Popowsky* case. In *Popowsky*, the Supreme Court envisioned affirmative public benefits such as high-speed data networks, high-speed video networks, expanding fiber-optic infrastructure, and data support for mobile devices. In contrast, the proposed intercompany restructuring would allow PPL Corporation to avoid "unnecessary Pennsylvania state tax liability. . . thereby

allowing PPL Corp. and its shareholders more efficient, lower cost access to cash distributions." PPL EU Statement No. 1, at 5.

The OSBA respectfully submits that a reduction in taxes paid to the Commonwealth of Pennsylvania with no corresponding reduction in ratepayer costs does not constitute a reasonable claim for an affirmative public benefit. In fact, lowering corporate taxes will provide a positive *private* benefit with a negative public cost.

2. More Effective Financing for PPL Electric

The *Application* appeared to suggest that the proposed intercompany restructuring will somehow help PPL Electric finance its capital projects. Beyond vague conclusory statements, there is no record evidence, whatsoever, to support the Company's claim:

> Neither the *Application* nor the testimony indicates how such benefits would accrue to PPL ratepayers, nor is any estimate provided regarding the magnitude of such benefits.
>
> Moreover, at page 5 [of his Direct Testimony], Mr. Torok indicates that ***the proposed transaction will not result in any change to the financing of PPL Electric.***
>
> In addition, the Company's response to OSBA-I-1 indicates that no cash distributions related to PPL Electric are contemplated.

OSBA Statement No. 1, at 6-7 (formatting added) (emphasis added).

OSBA further invited PPL to explain specifically how capital costs for PPL Electric would be lowered as a result of the merger in OSBA-II-2. The Company's response to OSBA-II-2(a) suggests that making PPL Corporation more financially sound would be a benefit to PPL Electric, but offers no specific mechanism by which capital costs would be reduced. Furthermore, the Company assumes (but does not affirm) that any tax savings resulting from the restructuring would stay with PPL Corporation. The OSBA observes that any such tax savings

could just as easily be refunded to shareholders through dividends. *See* PPL Electric Exhibit 1-A, Company Response to OSBA-II-2.

In addition, the Company's response to OSBA-II-2(b) generally confirms that PPL Electric's method for deriving the cost of equity capital in base rates proceedings is not dependent on the tax costs incurred by PPL Corporation. *See* PPL Electric Exhibit 1-A, Company Response to OSBA-II-2(b).

OSBA respectfully submits that the Company has failed to identify any specific means by which an affirmative public benefit, in the form of reduced financial costs for PPL Electric ratepayers, will result from the proposed intercompany restructuring. Furthermore, even the Company's claim that the proposed intercompany restructuring would somehow provide the benefits of more favorable financing is contradicted by PPL Electric's own witness testimony.

3. Mergers and Acquisitions

The *Application* stated that the 2015 spinoff of PPL Corporation'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*, at Paragraph 18. Of course, the Company argued that what was a "final step" in 2015 is "subject to changing business conditions" in 2018. So "final" actually means "temporary" in the Company's dictionary. *See* OSBA Statement No. 1, at 7, footnote 5.

Ignoring that "final step," the *Application* instead claimed that the proposed intercompany restructuring will "facilitate future business acquisitions . . . as well as any combination or merger of existing non-regulated corporate entities." *Application*, at Paragraph 18.

Corporate mergers and acquisitions ("M&A") may serve the interests of the PPL Corporation's shareholders, but there is no record evidence how "facilitating" unspecified acquisitions, combinations, and mergers will provide any affirmative public benefit.

Furthermore, PPL Corporation apparently needs to be reminded that it is, in fact, primarily the parent of a certificated public utility. Public utilities should not aspire to be the embodiment of Gordon Gecko, engaging in corporate raiding for profit. If PPL Electric has a just and reasonable proposal for a merger or acquisition, the Company can make a specific filing with the Commission. In the meantime, PPL Corporation should be denied an open-ended license to engage in M&A as that is not just, reasonable, or rational activity for the parent corporation of a certificated public utility.

Moreover, PPL Corporation apparently also needs to be reminded of what it stated in its Talen Energy proceeding:

> In the spinoff proceeding, PPL Electric witness Mr. Dennis A. Urban, Jr. indicated, "*Following closing, PPL Corp. will be focused on only its regulated businesses and will present a clearer investment profile to capital markets. This should provide better and more efficient access to capital.*" Docket Nos. A-2014-2435752 and A-2014-2435833, Joint Applicants' Statement No. 2, August 27, 2014, page 14.

OSBA Statement No. 1, at 7, footnote 4 (italics in original). Mr. Knecht observed:

> As paragraph 18 of the *Application* indicates, the spinoff of the PPL [Corporation] generation assets in 2015 was part of a corporate strategy ***to focus on regulated utility businesses***, and reduce exposure to unregulated entities, particularly electric generation. This improved focus was indeed cited by the Company as a rationale for the spinoff,

Id., at 7 (formatting added) (emphasis added).

Mr. Knecht concluded, as follows:

> From my practical perspective, and from the OSBA's legal perspective, a strategic change in which PPL seeks acquisitions could serve to reduce corporate focus on regulated utility businesses, or it could choose to start using cash generated by regulated utilities to finance acquisitions rather than to invest in the basic utility business. ***While the Company generally denies that it is explicitly contemplating any such acquisitions, an improved ability to do so could be more a detriment than a benefit to PPL Electric ratepayers.***

Id., at 7 (emphasis added) (footnote omitted).

The OSBA respectfully submits that the *Application's* claim that the proposed intercompany restructuring will facilitate mergers and acquisitions is not an affirmative public benefit. In fact, it may be the definition of an affirmative public *detriment*.

IV. Conclusion

The OSBA respectfully submits that the *Application* is devoid of affirmative public benefits. The *Application* solely benefits PPL Corporation and its shareholders, and may result in lost tax revenues by the Commonwealth of Pennsylvania and reduced corporate focus on basic utility operations. PPL Electric has failed to meet its burden of proving by a preponderance of the evidence that the proposed restructuring provides any, even predictive, affirmative benefits.

Therefore, the OSBA respectfully requests that the ALJs and the Commission reject the *Application* in its entirety.

Respectfully submitted,

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

For: John R. Evans
Small Business Advocate

Office of Small Business Advocate
300 North Second Street, Suite 202
Harrisburg, PA 17101

Dated: June 29, 2018

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

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

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).

The Honorable Joel Cheskis
The Honorable Benjamin Myers
Administrative Law Judges
Pennsylvania Public Utility Commission
400 North Street
Commonwealth Keystone Building
Harrisburg, PA 17120
jcheskis@pa.gov
benmyers@pa.gov
(Email and Hand Delivery)

David B. MacGregor, Esquire
Michael W. Gang, Esquire
Lindsay A. Berkstresser, Esquire
Post & Schell, P.C.
17 North Second Street, 12th Floor
Harrisburg, PA 17101
dmacgregor@postschell.com
mgang@postschell.com
lberkstresser@postschell.com
(Counsel for PPL)

Aron J. Beatty, Esquire
Christy M. Appleby, Esquire
Office of Consumer Advocate
555 Walnut Street, 5th Floor
Harrisburg, PA 17101
abeatty@paoca.org
CAppleby@paoca.org
(Counsel for OCA)
(Email and Hand Delivery)

Kimberly A. Klock, Esquire
Amy E. Hirakis, Esquire
PPL Services Corporation
Two North Ninth Street
Allentown, PA 18101
kklock@pplweb.com
aehirakis@pplweb.com
(Counsel for PPL)

Gina L. Miller, Esquire
Bureau of Investigation & Enforcement
400 North Street
Commonwealth Keystone Building
Harrisburg, PA 17120
ginmiller@pa.gov
(Counsel for BIE)
(Email and Hand Delivery)

DATE: June 29, 2018

Steven C. Gray
Assistant Small Business Advocate
Attorney I.D. No. 77538