

**PENNSYLVANIA PUBLIC UTILITY COMMISSION  
HARRISBURG, PENNSYLVANIA 17120**

**Application of PPL Electric Utilities  
Corporation for Approval of  
Intercompany Restructuring**

**Public Meeting April 25, 2019  
2629534-OSA  
Docket No. A-2017-2629534**

**STATEMENT OF COMMISSIONER JOHN F. COLEMAN, JR.**

Before the Commission for disposition are the Exceptions of PPL Electric Utilities Corporation (PPL) to the Recommended Decision (RD) denying PPL's Application for Approval of Intercompany Restructuring (Application).

In its Application, PPL requests approval of a corporate restructuring which would place two new holding companies between PPL and its current parent, PPL Corporation (PPL Corp.). In the Application, PPL states that the restructuring will not change the management or operations of PPL.

PPL's Application was filed pursuant to Section 1102 of the Public Utility Code (Code), which provides that a public utility must obtain a certificate of public convenience before, *inter alia*, transferring property used or useful in the public service.<sup>1</sup> Before granting a certificate of public convenience, the Commission must find that granting the certificate "is necessary or proper for the service, accommodation, convenience, or safety of the public pursuant to Section 1103 of the Public Utility Code."<sup>2</sup> In evaluating a transaction under Section 1103, the Pennsylvania Supreme Court has held that the Commission must find that the transaction provides affirmative public benefits.<sup>3</sup> The Pennsylvania Supreme Court further explained that the affirmative public benefits need not be quantified, where it may be impractical, burdensome, or impossible to do so.<sup>4</sup>

The RD recommends that the Application be denied because PPL failed to satisfy Section 1103.

Based on the evidentiary record in this case and in accordance with Commission precedent, I believe that PPL has met its burden of proving that the proposed intercompany restructuring will provide affirmative public benefits.

The proposed restructuring will allow PPL Corp. to more efficiently manage its finances, specifically its cash flow. A financially stronger and more efficiently operated PPL Corp. will have reduced capital needs and an improved ability to raise capital at more favorable rates, thereby benefitting PPL's customers.<sup>5</sup>

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<sup>1</sup> 66 Pa. C.S. § 1102(a)(3).

<sup>2</sup> 66 Pa. C.S. § 1103.

<sup>3</sup> *City of York v. Pa. PUC*, 449 Pa. 136, 141, 295 A.2d 825, 828 (1972) (*City of York*).

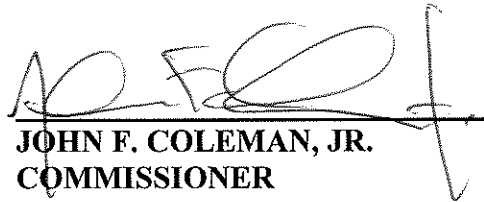
<sup>4</sup> *Popowsky v. Pa. PUC*, 594 Pa. 583, 937, A.2d 1040 (2007).

<sup>5</sup> PPL 1-R at 6.

PPL Corp. is the ultimate source of equity capital for PPL. PPL correctly noted that while PPL raises its own debt directly in public markets, PPL Corp. raises equity capital for PPL.<sup>6</sup> Since PPL Corp. contributes to the capital of PPL, there is a benefit to PPL and its customers if PPL Corp. has greater access to less costly capital.<sup>7</sup> More efficient access to capital has been previously recognized by the Commission as an example of an affirmative public benefit.<sup>8</sup>

PPL's proposed intercompany restructuring presents sufficient affirmative public benefits, even if those benefits may be indirect and admittedly modest. This is to be expected for an internal company reorganization that does not affect the rates and conditions of service. For this reason, I would approve the Application.

**Date:** April 25, 2019



**JOHN F. COLEMAN, JR.**  
**COMMISSIONER**

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<sup>6</sup> PPL 1-R at 6.

<sup>7</sup> For example, before the Commission is the pending securities certificate filed by PPL on February 26, 2019. In that filing, PPL states that it will spend an estimated \$3.6 billion in capital expenditures in the years 2019 to 2021. See *Securities certificate of PPL Electric Utilities Corporation for the issuance of debt in an aggregate principal amount not to exceed \$650 million*, Docket Nos. S-2019-3008083, S-2018-3006658, S-2017-2626901.

<sup>8</sup> See e.g. *Application of Duquesne Light Company for a Certificate of Public Convenience Under Section 1102(a)(3)*, Docket Nos. A-110150 and A-311233 (Order entered April 24, 2007).