

- Q.8. Provide an analysis by function of charges by affiliates, for the test year and the 12-month period immediately prior to the test year, for services rendered included in the operating expenses of the filing company. Explain the nature of the service and the basis on which charges or allocations are made, including a copy of applicable contract. Also, explain major variances between the charges for the test year and the corresponding charges for the prior 12-month period.
- A.8. PPL Services Corporation (“PPL Services”), formed on July 1, 2000 as the result of PPL Corporation realignment, provides various administrative and general services for PPL Electric Utilities and the other affiliates of PPL Corporation. Providing and charging for these services is based on an agreement dated April 27, 1995, by and between PPL Resources, Inc. (now PPL Corporation) including its subsidiaries, and Pennsylvania Power & Light Company (now PPL Electric). Attachment II-D-8a is a copy of that agreement. Services are provided in two basic forms - Direct Support and Indirect Support. Direct Support is defined as a distinct product or service, which can be readily identified as being incurred for a specific affiliate, or group of affiliates, accounted for, and monitored as direct support. Any allocation to a specific affiliate of Direct Support is based on product/service unit pricing, or specific and identifiable cost accumulation and transfer. Indirect Support represents general and administrative support that generally benefits all PPL Corporation subsidiaries and cannot be readily identified as being incurred for a specific affiliate. Allocation of indirect support is based on a multi-factor allocation guideline recommended by the PUC and described in Attachment II-D-8b.

Listed below are departments/affiliates that provide services to PPL Electric.

- Information Services Department (ISD) – provides Information Technology, computer hardware and software, and telecommunications support. Direct Support fees are assessed based on the cost of the service provided.
- External Affairs – coordinates government relations activities and provides corporate communications functions such as media and public relations services, and strategic and employee communications. Also directs community and economic development activities and real estate support. Direct charges to clients are based on actual costs accumulated for specific services rendered.

- Human Resources (HR) – provides for the acquisition and departure of personnel, performance management, consulting, technical training, compensation and benefits programs, medical screening, and labor relations. In addition, safety training, safety program evaluation and inspections, accident/incident investigation, and regulatory compliance/consultation are provided.
- Environmental Management – provides technical support & waste management system training, corporate liability & remediation management, systems & program development, policy & direction and auditing & compliance services.
- Financial Department – provides accounting, financing, financial planning, corporate receipts and disbursements and pension plan services.
- Supply Chain - provides material management services – acquisition and handling.
- Office of General Counsel – provides legal services. Direct charges to clients are based on actual cost accumulated for specific services rendered.
- Risk Management – provides support for energy acquisition and management as well as credit and insurance services.
- Auditing – provides assessments, consultative services, and investigations.
- Facilities Management – provides building management services.
- PPLSolutions – provides electronic data interchange (EDI) and administrative services associated with alternative energy suppliers within PPL Electric's service territory, call center services for predefined call types, and administrative support for property damage billing.

See Attachment II-D-8c for a summary of charges to operating expenses and explanations of major variances.