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File #: 2507/140056

September 7, 2012

Rosemary Chiavetta
Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor North
P.O. Box 3265
Harrisburg, PA 17105-3265

**RE: PPL Electric Utilities Corporation - Services Agreement with PPL Corporation and
Certain Subsidiaries
Docket No. G-2012-**

Dear Secretary Chiavetta:

Enclosed for filing on behalf of PPL Electric Utilities Corporation ("PPL Electric" or the "Company") pursuant to Chapter 21 of the Public Utility Code, 66 Pa. C.S. Chapter 21, is a proposed Services Agreement between PPL Electric and PPL Corporation, including certain PPL Corporation subsidiaries. The Services Agreement is intended to replace PPL Electric's existing Services Agreement dated April 27, 1995, that was previously approved by the Pennsylvania Public Utility Commission ("Commission").

PPL Electric is filing its revised Services Agreement in response to a recommendation by the Commission's Bureau of Audits in The Focused Management and Operations Audit Report at Docket No. D-2009-2102172. Therein, the Bureau of Audits recommended that PPL Electric submit an updated agreement for each affiliate that PPL Electric receives services from or provides services to, and that also includes information regarding the service to be received or performed and a description of the cost allocation methodology to be applied.

In response to this recommendation, PPL Electric agreed in a 2010 Progress Report to file an updated Services Agreement with the Commission that would include the following changes:

1. The Agreement would update the corporate names of PPL Electric and its holding company. In addition, PPL Electric agreed to provide a list of all current affiliates and further agreed to update the affiliate list in the future to reflect changes thereto.

ALLENTOWN HARRISBURG LANCASTER PHILADELPHIA PITTSBURGH PRINCETON WASHINGTON, D.C.

A PENNSYLVANIA PROFESSIONAL CORPORATION

2. The Agreement would expand and clarify the description of services to accurately reflect services that are provided by PPL Electric to its affiliates, and services that are provided by the affiliates to PPL Electric.
3. The Agreement would include a description of the Company's currently approved three-factor allocation methodology.

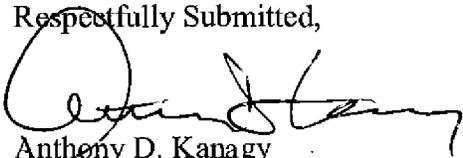
The revised Services Agreement reflects the changes described above and agreed to by PPL Electric in the 2010 Progress Report at Docket No. D-2009-2102172.

In addition, the revised Services Agreement reflects two additional changes to the current Agreement. The first change addresses situations where a particular transaction is subject to jurisdiction by the Federal Energy Regulatory Commission ("FERC") or another federal agency that has different pricing methods than those provided for under the Agreement. Under this scenario, the pricing methodology applied under the Services Agreement will be subject to and consistent with the federal rules. This provision is designed to avoid conflicts between the Services Agreement and federal rules and avoids the need to file separate agreements every time a transaction must be priced differently under federal rules.

The second change is to exclude LG&E and KU Energy, LLC ("LKE") and its subsidiaries, including Kentucky Utilities Company ("KU"), Kentucky Utilities Company d/b/a Old Dominion Power Company ("KU/ODP"), Louisville Gas and Electric Company ("LG&E") and KU Services Company, from the Agreement. If PPL Electric seeks to enter into an agreement with LKE or its subsidiaries in the future, PPL Electric will separately file for approval of such affiliate agreement with the Commission. For example, PPL Electric has separately filed for approval of a Utility Services Agreement for Mutual Assistance with KU/ODP for emergency assistance services at Docket No. G-2011-2263689. This Utility Services Agreement is currently pending Commission approval.

Please direct any questions with regard to this filing to the undersigned.

Respectfully Submitted,



Anthony D. Kanagy

ADK/skr
Enclosure
cc: Paul T. Diskin

CERTIFICATE OF SERVICE

I hereby certify that true and correct copies of the foregoing have been served upon the following persons, in the manner indicated, in accordance with the requirements of § 1.54 (relating to service by a participant).

VIA FIRST CLASS MAIL

Steven C. Gray, Esquire
Office of Small Business Advocate
Commerce Building, Suite 1102
300 North Second Street
Harrisburg, PA 17101

Johnnie E. Simms, Esquire
Pennsylvania Public Utility Commission
Bureau of Investigation & Enforcement
400 North Street, 2nd Floor West
P.O. Box 3265
Harrisburg, PA 17105-3265

Irwin A. Popowsky, Esquire
Office of Consumer Advocate
555 Walnut Street
Forum Place, 5th Floor
Harrisburg, PA 17101-1923

Date: September 7, 2012



Anthony D. Kanagy

Services Agreement

This Agreement is made as of _____, by and between PPL Corporation, a Pennsylvania corporation ("PPL Corporation"), and PPL Electric Utilities Corporation, a Pennsylvania corporation ("PPL Electric"). This Services Agreement supersedes and replaces the Services Agreement between the predecessors to PPL Electric and PPL Corporation dated April 27, 1995.

WHEREAS, PPL Corporation is an energy and utility holding company and, under its Articles of Incorporation, may engage in any lawful act concerning any lawful business for which corporations may be incorporated under the Pennsylvania Business Corporation Law; and

WHEREAS, PPL Electric is a subsidiary of PPL Corporation and is engaged in providing electric distribution, transmission and default supply service to customers in portions of central eastern Pennsylvania subject to regulation by the Pennsylvania Public Utility Commission ("PaPUC") and the Federal Energy Regulatory Commission ("FERC"); and

WHEREAS, PPL Corporation and PPL Electric each possess knowledge and skill in various aspects of business operations; and

WHEREAS, the provision of certain services between PPL Corporation and PPL Electric will enable the parties to obtain these services effectively and efficiently; and

WHEREAS, PPL Corporation desires to procure services from PPL Electric on a non-exclusive basis, and PPL Electric is willing to provide these services; and

WHEREAS, PPL Electric desires to procure services from PPL Corporation on a non-exclusive basis, and PPL Corporation is willing to provide these services;

NOW, THEREFORE, in consideration of the agreements set forth herein and intending to be legally bound hereby, PPL Corporation and PPL Electric agree as follows:

A. Services

1. PPL Corporation agrees to provide, on an as-available basis, such services as may from time to time be requested by PPL Electric. These services may include management, supervisory, construction, engineering, accounting, legal, financial or similar services, as necessary and appropriate to the safe, efficient and/or cost effective operation of PPL Electric's business. A non-exclusive list of services that may be provided to PPL Electric includes, but is not limited to:

- Management services.
- Supervisory services.
- Construction services.
- Engineering services.
- Restoration of utility services.
- Information Technology services.

- External Affairs services.
- Human Resources services.
- Environmental Management services.
- Financial services.
- Auditing services.
- Risk Management services.
- Insurance services.
- Legal services.
- Call Center services.
- Billing services.
- Purchasing services.
- Supply Chain services.
- Real Estate services.
- Facilities Management services.
- Electronic data interchange (“EDI”) services.
- Administrative services.
- Corporate Secretarial services.
- Other services that may be necessary for the safe, efficient and/or cost-effective operation of PPL Electric’s business.

2. PPL Electric agrees to provide, on an as-available basis, such services as may from time to time be requested by PPL Corporation. These services may include management, supervisory, construction, engineering, accounting, legal, financial or similar services, as necessary and appropriate to the safe, efficient and/or

cost effective operation of PPL Corporation's business, including, but not limited to, the non-exclusive list of services set forth in Paragraph A(1) above.

3. PPL Corporation and PPL Electric may obtain services of this nature from time to time on an as-needed basis. Neither PPL Corporation nor PPL Electric is under any obligation to procure a set amount of services pursuant to this Agreement.

B. Pricing

The price for services provided pursuant to Section A of this Agreement will be determined as set forth below; provided however that if a particular transaction is subject to regulation by the FERC or another federal regulatory agency, and the rules of these agencies require a pricing mechanism that is different than provided herein, the Parties will follow the rules required by the federal agency, as applicable.

1. Direct Assignment

Pricing under this Agreement will be based on a direct assignment to the affiliate receiving the service to the extent reasonably possible.

2. Allocation

If pricing cannot be determined based on a direct assignment, it will be based on an allocation between the parties based on a reasonable approximation of the costs attributable to each party.

Except as provided below, costs will be allocated using a three-factor methodology. The three factors are: (1) invested capital, (2) operation and maintenance expense, and (3) number of employees. The first factor will be

calculated based upon each subsidiary's proportion of invested capital relative to its affiliates. The second factor will be based on each subsidiary's proportion of operation and maintenance expenses relative to its affiliates. The third factor will be based on each subsidiary's number of employees relative to its affiliates.

Each of the three factors will be weighted equally in importance. Therefore, the sum of the three factors will be divided by three to obtain the average multi-factor allocation percentage for each subsidiary. To reduce immaterial allocations, subsidiaries with a multi-factor average allocation rate of less than 1 percent will not receive an allocation.

PPL Corporation and/or its subsidiaries maintain Support Groups which may provide services to PPL Corporation and its subsidiaries. Support Groups will periodically analyze their indirect costs to determine which PPL Corporation subsidiaries do not receive a significant portion of their services. If these services and related costs are significant, the Support Groups will isolate them from other indirect costs to ensure that the PPL Corporation subsidiaries that do not receive a benefit from the costs are not allocated costs applicable to those services. Support Groups will identify either specific costs to be excluded or an appropriate percentage of services to be excluded based on the operation and the expenses incurred.

After the Support Groups determine which PPL subsidiaries benefit from their services (or a percentage of them if applicable), the allocation rate for each Support Group will be calculated. If all of a particular Support Group's costs benefit the same set of PPL Corporation subsidiaries equally, the appropriate

allocation method for that Support Group will be obtained by using the average multi-factor allocation percentage for each subsidiary as discussed above. If, however, a portion of the costs only benefit certain subsidiaries, while the balance of the costs benefit another set of subsidiaries, then a Support Group blended multi-factor allocation factor will be calculated for that Support Group and used for allocating all the costs of that Support Group.

C. General

1. Subsidiary Participation

“PPL Corporation” as used in this Agreement includes all subsidiary and affiliated companies of PPL Corporation other than PPL Electric and LG&E and KU Energy, LLC (“LKE”) and its subsidiaries. A current list of PPL Corporation’s subsidiaries is provided as Appendix A to this Agreement. PPL Electric will file an update of this list annually with the PaPUC. New PPL Corporation subsidiaries that are added before each annual update will be subject to this Agreement in the meantime. As set forth above, LKE and its subsidiaries, including Kentucky Utilities Company (“KU”), Kentucky Utilities Company d/b/a Old Dominion Power Company (“KU/ODP”), Louisville Gas and Electric Company (“LG&E”) and KU Services Company are not parties to this Agreement. In the event that PPL Electric seeks to enter into a services contract with LKE and/or its subsidiaries, PPL Electric will file a separate affiliate agreement to cover those services.

2. Term

The term of this Agreement shall commence on the date first set forth above or the date on which the PaPUC approves this Agreement, whichever is later. Thereafter, this Agreement shall continue in full force and effect until terminated by either of the parties upon 15 days' written notice to the other party of its election to do so.

3. Billing

The party providing services under Section A of this Agreement shall bill on a monthly or more frequent basis the party receiving such services. Such bills shall reference the service provided and the associated prices, which shall be determined in accordance with Section B of this Agreement.

4. Governing Law

This Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Pennsylvania.

IN WITNESS WHEREOF, the parties have executed this Agreement as set forth below.

PPL CORPORATION

By: _____

**PPL ELECTRIC UTILITIES
CORPORATION**

By: _____

Appendix A

Subsidiaries and Affiliates of PPL Corporation

Airborne Pollution Control Inc.
Aztec Insurance Limited
BDW Corp.
B-G Mechanical Contractors, Inc.
B-G Mechanical Service, Inc.
Brunner Island Services, LLC
Burns Mechanical, Inc.
Cell Site Connection Services Limited
Central Networks Trustees Limited
CEP Commerce, LLC
CEP Lending, Inc.
CEP Reserves, Inc.
Colstrip Comm Serv, LLC
Conemaugh Fuels, LLC
DCUSA Limited
DHA, LLC
EA Technology Limited
Ebusiness South West Limited
Electralink Limited
Electric Energy, Inc.
Electricity Association Services Limited
Electricity Pensions Limited
Electricity Pensions Trustee Limited
Elmsford Sheet Metal Works, Inc.
Energy Networks Association Limited
FCD LLC
Fred Williams, Inc.
Gemserve Limited
General Control Systems, Inc.
General Mechanical Systems, Inc.
H. T. Lyons Co.
H. T. Lyons, Inc.

Hyder Limited
Hyder Profit Sharing Trustee Limited
Hyder Share Scheme Trustee (2) Limited
Hyder Share Scheme Trustee Limited
Indiana-Kentucky Electric Corporation
Infralec 1992 Pension Trustee Limited
Kelston Properties 2 Limited
Kelston Properties Limited
Kentucky Utilities Company
Keystone Fuels, LLC
Lady Jane Collieries, Inc.
Lexington Utilities Company
LG&E and KU Capital LLC
LG&E and KU Energy LLC
LG&E and KU Foundation, Inc.
LG&E and KU Hydro I LLC
LG&E and KU Services Company
LG&E Energy Inc.
LG&E Energy Marketing Inc.
LG&E Home Services Inc.
LG&E International Inc.
LG&E Power Argentina III LLC
Louisville Gas and Electric Company
Lower Mount Bethel Energy, LLC
McCarl's Inc.
McClure Company
Meter Operator Services Limited
Meter Reading Services Limited
Midwest Electric Power, Inc.
Millennium Builders, Inc.
Montour Services, LLC
MRA Service Company Limited
Ninth Street & Hamilton Corporation
Northmere Limited

Ohio Valley Electric Corporation
Pennsylvania Mines, LLC
PMDC Chile, LLC
PMDC Europe B.V.
PMDC International Holdings, Inc.
PMDC International N.V.
PP&L Capital Trust (Business Trust)
PP&L Capital Trust II (Business Trust)
PPL Bell Bend Holdings, LLC
PPL Bell Bend, LLC
PPL Brunner Island, LLC
PPL Capital Funding, Inc.
PPL Cayman, LLC
PPL Chile Inversiones Energeticas S.A.
PPL Colstrip I, LLC
PPL Colstrip II, LLC
PPL Corporation
PPL Electric Utilities Corporation
PPL Energy Funding Corporation
PPL Energy Services Group, LLC
PPL Energy Services Holdings, LLC
PPL Energy Services Mid-Atlantic, LLC
PPL Energy Services Northeast, Inc.
PPL Energy Supply, LLC
PPL EnergyPlus Retail, LLC
PPL EnergyPlus, LLC
PPL Generation Services, LLC
PPL Generation, LLC
PPL Global, LLC
PPL Great Works, LLC
PPL Holtwood, LLC
PPL Infrastructure Services, LLC
PPL Interstate Energy Company
PPL Investment Corporation

PPL Ironwood Holdings, LLC
PPL Ironwood, LLC
PPL Island Financing LLP
PPL Land Holdings, LLC
PPL Maine, LLC
PPL Martins Creek, LLC
PPL Montana Holdings, LLC
PPL Montana, LLC
PPL Montour, LLC
PPL New Jersey Biogas, LLC
PPL New Jersey Solar, LLC
PPL Nuclear Development, LLC
PPL Power Insurance Ltd.
PPL Prescott, LLC
PPL Receivables Corporation
PPL Renewable Energy, LLC
PPL SavageALERT, Inc.
PPL Services Corporation
PPL Spectrum, Inc.
PPL Strategic Development, LLC
PPL Susquehanna, LLC
PPL Treasure State, LLC
PPL UK Holdings, LLC
PPL UK Investments Limited
PPL UK Resources Limited
PPL WEM Holdings plc
PPL WW Holdings Limited
PPLG El Salvador Holdings, S.A. de C.V.
PPLSolutions, LLC
Realty Company of Pennsylvania
REC Collect Limited
SIUK Finance
SIUK Investments
South Wales Electricity Share Scheme Trustees Limited

South Western Helicopters Limited
Surf Telecoms Limited
The Ombudsman Service Limited
Titan Mechanical Contractors, Inc.
Trystate Mechanical, Inc.
Westech International, Inc.
Western Kentucky Energy Corp.
Western Power Distribution (East Midlands) plc
Western Power Distribution (South Wales) plc
Western Power Distribution (South West) plc
Western Power Distribution (West Midlands) plc
Western Power Distribution Investments Limited
Western Power Distribution LLP
Western Power Generation Limited
Western Power Pension Trustee Limited
WPD 1957 Limited
WPD Finance Limited
WPD Investments Limited
WPD Limited
WPD Limited (Guernsey)
WPD Midlands Holdings Limited
WPD Midlands Networks Contracting Limited
WPD Midlands Networks Services Limited
WPD Property Developments Limited
WPD Property Investments Limited
WPD Property Limited
WPD Share Scheme Trustees Limited
WPD Smart Metering Limited
WW Share Schemes Trustees Limited