



17 North Second Street
12th Floor
Harrisburg, PA 17101-1601
717-731-1970 Main
717-731-1985 Main Fax
www.postschell.com

Michael W. Hassell

mhassell@postschell.com
717-612-6029 Direct
717-731-1985 Direct Fax
File #: 2507/151904

May 15, 2013

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: Affiliated Interest Agreement Between PPL Electric Utilities Corporation and PPLSolutions, LLC

Dear Secretary Chiavetta:

Per your request, enclosed for filing please find a Call Center Services Agreement between PPL Electric Utilities Corporation (“PPL Electric”) and PPLSolutions, LLC (“PPLSolutions”). This Agreement, attached hereto as Appendix “A”, is submitted for approval as an affiliated interest contract pursuant to Section 2102 of the Public Utility Code. This contract was originally provided by PPL Electric as part of an Amendment to PPL Electric’s Revised Default Service Program and Procurement Plan for the Period June 1, 2013 through May 31, 2015 (“Amendment to Revised DSP”), which was filed on April 26, 2013. The contract provides call support services for PPL Electric’s revised Standard Offer Program.¹

On January 24, 2013, the Commission entered its Opinion and Order, *Petition of PPL Electric Utilities Corporation for Approval of a Default Service Program and Procurement Plan for the Period June 1, 2013 through May 31, 2015*, Docket No. P-2012-2302074 (“January 24 Order”), approving, with modifications, PPL Electric’s Default Service Program and Procurement Plan. In the January 24 Order, the Commission, as pertinent to this filing, directed PPL Electric to file a revised Default Service Program and Procurement Plan for the Period June 1, 2013 through May 31, 2015 (“Revised DSP”), including revisions to its Standard Offer Program, consistent with the January 24 Order. The Commission ordered PPL Electric to file a Revised DSP within sixty (60) days of the entry date of the January 24 Order, *i.e.*, March 25, 2013. On March 25,

¹ PPL Electric’s Amendment to Revised DSP was served upon all parties to that proceeding. By Secretarial Letter dated April 30, 2013, the Commission directed parties to that proceeding to submit comments regarding the Amendment to the Revised DSP. No objections were submitted in response to the proposed contract.

Rosemary Chiavetta, Secretary
May 15, 2013
Page 2

2013, PPL Electric submitted its Revised DSP as directed by the January 24 Order. Subsequently, on April 26, 2013, PPL Electric submitted its Amendment to the Revised DSP.

As explained in PPL Electric's Revised DSP, PPL Electric's proposed Standard Offer Program would be offered to eligible customers during customer contacts to the PPL Electric call center, for calls other than for emergencies or terminations and similar calls. These calls typically fall under the categories of High Bill (Billing-Other), Choice, Moving and Start Service. PPL Electric's shopping customers, who proactively inquire, also can participate in the Standard Offer Program. PPL Electric's proposal provides that Customer Service Representatives will provide an overview of the Standard Offer Program to eligible customers. Any interested customer will be transferred to a separate dedicated team that will provide more detail regarding the Standard Offer Program. The process is designed to ensure that a dedicated team is available to devote all the time necessary to provide more detailed information and answer all of a customer's questions about the Program. PPL Electric further explained that the use of the dedicated team will also allow the Company to identify the costs of the Standard Offer Program.

In its Revised DSP, PPL Electric explained that it planned to use a third-party vendor to provide the dedicated team described above. The Company explained that it was in negotiations with two potential third-party providers to assist with the Standard Offer Program. PPL Electric stated that it would choose the third-party provider that can provide the appropriate level of service at the least cost. The Company noted that one of the potential providers was an affiliate of PPL Electric, and if the affiliate was the successful bidder, PPL Electric would request that the Commission approve the agreement with that entity as an affiliated interest agreement under 66 Pa.C.S. Chapter 21.

PPL Electric undertook a Request for Proposal ("RFP") process to identify key terms of service to be provided by the third party vendor. A copy of that RFP process is attached as Appendix "B" hereto. Two parties submitted bids in response to the RFP. The low bid was received from PPLSolutions, an affiliate of PPL Electric. Under the bid, PPLSolutions would be paid \$28 per customer who agrees to be enrolled in the Standard Offer Program and is referred to an EGS by PPL Electric. This charge is less than the \$30 per referred customer cap that was proposed in PPL Electric's revised Standard Offer Program. (Revised DSP, p. 13). Thus, consistent with the proposal set forth in the Revised DSP, the resulting fee of \$28 per referred customer would be charged to participating EGSs. Following receipt of the bid, PPL Electric entered into negotiations for a final form contract that included the terms contained in the RFP. Appendix "A" is the resulting executed contract between PPL Electric and PPLSolutions.

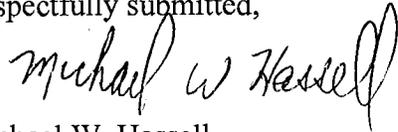
Rosemary Chiavetta, Secretary

May 15, 2013

Page 3

Any questions concerning this filing may be directed to the undersigned.

Respectfully submitted,

A handwritten signature in black ink that reads "Michael W. Hassell". The signature is written in a cursive style with a large, looping initial 'M'.

Michael W. Hassell

MWH/skr

Enclosure

cc: Certificate of Service
Paul Diskin, Bureau of Technical Services
Bohdan Pankiw, Esq., Law Bureau

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing has been served upon the following persons, in the manner indicated, in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant).

VIA E-MAIL AND FIRST CLASS MAIL

Tanya J. McCloskey
Erin L. Gannon
Office of Consumer Advocate
555 Walnut Street, 5th Floor
Harrisburg, PA 17101-1923

Regina L. Matz
Bureau of Investigation & Enforcement
400 North Street, 2nd Floor West
P.O. Box 3265
Harrisburg, PA 17105-3265

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

Todd S. Stewart, Esquire
William E. Lehman
Hawke McKeon & Sniscak LLP
100 N. 10th Street
PO Box 1778
Harrisburg, PA 17101

Pamela C. Polacek
Adeolu A. Bakare
McNees, Wallace & Nurick
P.O. Box 1166
100 Pine Street
Harrisburg, PA 17108-1166

Eric J. Epstein
4100 Hillsdale Road
Harrisburg, PA 17112

Kenneth L. Mickens
The Sustainable Energy Fund of Central
Eastern Pennsylvania
316 Yorkshire Drive
Harrisburg, PA 17111

Charles E. Thomas, III
Norman J. Kennard
Thomas, Long, Niesen & Kennard
212 Locust Street, Suite 500
PO Box 9500
Harrisburg, PA 17108-9500

Brian J. Knipe
Buchanan Ingersoll & Rooney PC
409 N. Second Street, Suite 500
Harrisburg, PA 17101-1357

Amy M. Klodowski
FirstEnergy Solutions Corp.
800 Cabin Hill Drive
Greensburg, PA 15601

Patrick M. Cicero
Harry S. Geller
Pennsylvania Utility Law Project
118 Locust Street
Harrisburg, PA 17101

Daniel Clearfield
Deanne M. O'Dell
Carl Shultz
Eckert Seamans Cherin & Mellott, LLC
213 Market Street, 8th Floor
PO Box 1248
Harrisburg, PA 17108

Melanie J. Elatieh
UGI Corporation
460 North Gulph Road
King of Prussia, PA 19406

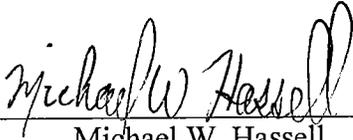
Stephen L. Huntoon
NextEra Energy Resources, LLC
801 Pennsylvania Avenue, N.W., Suite 220
Washington, DC 20001

Divesh Gupta, Esquire
Constellation Energy Group, Inc.
100 Constellation Way, Suite 500C
Baltimore, MD 21202

David I. Fein
Vice President, State Government Affairs,
East
Exelon Corporation
10 S. Dearborn Street, 47th Floor
Chicago, IL 60603

Amy Hamilton
Director, Market Initiatives
Exelon Corporation
300 Exelon Way
Kennett Square, PA 19348

Date: May 15, 2013



Michael W. Hassell

Appendix A

CALL CENTER SERVICES AGREEMENT

This Call Center Services Agreement ("Agreement") is made and entered into on April 10th, 2013 by and between PPL Electric Utilities Corporation ("PPL Electric" or "the Company"), a corporation organized and existing under the laws of the Commonwealth of Pennsylvania and PPLSolutions, LLC ("Contractor"), a limited liability company organized and existing under the laws of the State of Delaware. PPL and Contractor are individually referred to as a "Party" and collectively as "Parties" in this Agreement. PPL Electric and its directors, officers, agents and employees are referred to as the "PPL Parties," and Contractor, and its respective directors, officers, subcontractors, agents and employees are referred to as the "Contractor Parties".

1. BACKGROUND.

A. PPL Electric is an electric distribution company ("EDC") headquartered in Allentown, PA. PPL Electric delivers electricity to approximately 1.4 million customer accounts in east/central Pennsylvania. PPL Electric's customers may purchase their electricity from an electric generation supplier ("EGS"). If they do not, their electric service is provided by PPL Electric pursuant to Pennsylvania Public Utility Commission ("Commission") approved Default Service Supply contracts.

B. The Standard Offer Program ("SOP") is designed to present a discounted EGS rate offer to customers who contact PPL Electric to start service or who are existing PPL Electric customers who contact PPL Electric to inquire about their bills (other than those who are responding to a collections notice) or to inquire about the SOP.

C. The SOP is a customer referral program, to be established in accordance with PPL Electric's Default Service Program and Procurement Plan Final Order issued on January 24, 2013 and subsequent orders (collectively "Commission Orders"), by the Commission.

D. Certain matters related to the operation of the SOP, in particular the use of a third party to provide call center services, are currently pending review by the Commission. The description herein of the SOP is based upon the compliance proposal submitted by PPL Electric to the Commission on March 11, 2013.

E. This Agreement is based upon that proposal and the project scope that is contained therein.

IN THE EVENT THAT THE COMMISSION MODIFIES OR REJECTS PPL ELECTRIC'S SOP COMPLIANCE PROPOSAL, IT MAY BECOME NECESSARY TO REVISE THIS AGREEMENT OR TO NULLIFY IT ALTOGETHER. IN THE EVENT THAT THE COMMISSION MODIFIES PPL ELECTRIC'S COMPLIANCE PROPOSAL THE PARTIES SHALL ENTER INTO GOOD FAITH NEGOTIATIONS TO MODIFY THIS CONTRACT INTO COMPLIANCE WITH THE SOP COMPLIANCE PROPOSAL AS MODIFIED BY THE COMMISSION. IN THE EVENT THAT THE COMMISSION REJECTS PPL ELECTRIC'S COMPLIANCE SOP PROPOSAL WHOLLY OR IN PART, THIS AGREEMENT SHALL BE NULL AND VOID, AND THE PARTIES SHALL HAVE NO FURTHER OBLIGATIONS TO ONE ANOTHER.

F. The Parties agree that, as a contract between affiliated entities, this Agreement must be approved by, and is contingent upon approval by, the Commission. In the event that this Agreement is not approved, the Agreement shall be null and void, and the Parties shall have no further obligations to one another.

2. DESCRIPTION OF THE STANDARD OFFER PROGRAM.

A. The SOP provides eligible PPL Electric customers who are starting service, inquiring about their bill or inquiring about service from an EGS with the opportunity to receive supply service from a participating EGS at a discounted rate, pursuant to the terms of the Commission Orders. PPL Electric Customer Service Representatives ("CSRs") will ask eligible customers inquiring about their bill or service from an EGS if they are interested in learning about the SOP; any interested customer will be transferred to the Contractor who will provide more detail to the customer regarding the SOP and who will be responsible for determining if the

customer wants to participate in the SOP. PPL Electric CSRs will transfer all start service customers to the Contractor to provide details regarding the SOP.

B. The Contractor will record the customer's selection, which the Contractor will submit to PPL Electric at the end of each business day in an electronic format to be agreed upon between the Contractor and the Company.

C. Customers participating in the SOP will receive a fixed rate from a participating EGS for a twelve-month period that is equal to a 7% discount from the PPL Electric Price-to-Compare ("PTC") in effect at the time the customer enrolls in the SOP. The SOP has no contract termination or penalty fees if a customer decides to switch to another EGS or return to Default Service. PPL Electric's PTC is subject to change effective March 1, June 1, September 1 and December 1 of each year. EGSs may elect each quarter whether they desire to participate in the SOP.

D. Residential and Small Commercial & Industrial ("C&I") customers with billing demands less than 25kW) who currently do not receive service from an EGS in the PPL Service territory calling the Company will be actively offered the SOP, subject to certain restrictions set forth in Commission Orders. If an eligible residential or small C&I customer currently receiving service from an EGS ("shopping customer") actively inquires about the SOP, the Company will allow the customer's potential participation and inclusion.

3. **TERM OF CONTRACT.**

A. The SOP will be offered to customers beginning August 1, 2013. The program will continue until May 31, 2015. This Agreement will remain in force between August 1, 2013 and May 31, 2015, unless terminated earlier by the Commission.

4. **PRICE.**

A. The Contractor will provide the services under this Agreement at a rate of \$28.00 per referred customer. For purposes of this Agreement, a referred customer is a customer who affirmatively elected the SOP, and whose election was submitted by Contractor to PPL Electric as provided herein. The Parties agree that Contractor will submit monthly invoices to PPL Electric (via an inter-unit accounting transfer or otherwise) which shall show the number of customers referred and charges therefore. PPL Electric shall pay such invoices within 30 days of the date of the invoice.

5. PROCESS FOR CALLS.

A. PPL Electric will complete all applicable steps associated with the original customer call. It is not expected that any calls will be transferred back to PPL Electric once transferred to the Contractor for the SOP. At the end of the original call to PPL Electric, eligible callers and selected customer data will be transferred to the Contractor so the Contractor can explain in more detail the terms and conditions of the SOP. PPL Electric's CSRs will not stay on the call after transfer to the Contractor. The Contractor will use scripting and talking points provided by the Company in the discussion with the customer. At the end of the discussion, the Contractor will record the customer's selection - either an enrollment with no EGS preference; an enrollment with a specific EGS selected; or the customer's decline of the offer.

B. At the end of each business day, the Contractor will submit the customer account number and the customer's selection to PPL Electric. PPL Electric will select an EGS for each customer who had no EGS preference, and will submit the referrals to the respective EGSs to enroll the customer on the rate. For each EGS referral submitted to the Company, the Contractor will be credited.

C. The Contractor's agents must read from scripts provided by the Company to all customers. The scripts will address different types of calls; it is imperative and material that the agent receiving the call executes the correct script and actions associated with the call type.

D. The Contractor will transmit and receive electronic files in a format agreed upon by the Contractor and the Company. Reports related to customers referred and enrolled and other process control reports need to be in place for the successful execution of the SOP. The development and responsibility for these reports will be agreed upon during the development of the processes by PPL Electric and Contractor at a later date.

E. Approximately 5 days prior to the start of each calendar quarter (March 1, June 1, September 1, and December 1), the Company will provide to the Contractor a list of participating EGSs for that quarter. If no EGS offers are made available, the SOP will not be offered to customers. In the event there are no participating EGSs for a quarter, the Company will not transfer calls to the Contractor, and the Contractor will not provide call center services; however, the Contractor will be expected to be prepared to begin offering call center services again the following quarter.

F. The Contractor is required to set-up phone lines that allow the call transfer types (start service and billing inquiry) to be distinguishable to its agents receiving the call. The Contractor shall provide its agents with all relevant telephony, computer, and other office equipment and materials to provide successfully the services described in this Agreement.

G. The Contractor will be required to provide supervision to resolve agent and customer issues. PPL Electric will provide escalated support for Contractor's supervision; however, Contractor's supervision is required to troubleshoot and attempt to resolve issues before escalating the issue to PPL Electric.

H. The Contractor is obligated to provide translation services as needed by customers.

I. PPL Electric's call center is open Monday through Friday from 8:00 AM to 5:00 PM Eastern Time. The Contractor shall handle referred calls during those times. The Company shall provide notice to Contactor of holidays when the call center will not be open. The Company will transfer customer calls to Contractor only during the hours of operation during those quarters when the SOP is in effect.

J. Contractor shall provide a grade of service level of 80/30, meaning that 80 percent of calls are answered within 30 seconds. Contractor shall provide a service level which meets or exceeds this level.

K. The Contractor is responsible for ensuring that scripts are followed by its agents and that quality monitoring is performed. The Company will require the immediate removal of any agent from performing duties associated with the SOP whose behaviors are threatening or disrespectful to customers.

L. The Contractor must conduct agent training. The Company will support the Contractor with the development of the training, including train-the-trainer sessions with the Contractor.

6. **INTELLECTUAL PROPERTY.**

A. Except as otherwise provided herein, each Party shall retain all its rights in its intellectual property. PPL Electric shall have the right to use the reports, prepared by Contractor using Contractor's proprietary reporting system, and delivered to PPL Electric as part of the services in connection with this Agreement. Contractor represents and warrants that it has the right to provide such reports to PPL Electric and that such reports are delivered free and clear of

any liens, claims, encumbrances, and rights in favor of any third-party. PPL Electric grants to Contractor a fully paid, nonexclusive license during the Term to use PPL Electric's proprietary software ("PPL Software") solely to the extent necessary for performing the services hereunder. The Contractor shall not be permitted to use PPL Software for the benefit of any entities other than PPL Electric. Contractor shall cease all use of PPL Software upon expiration or termination of this Agreement.

7. **CONFIDENTIALITY.**

A. "Confidential Information" of PPL Electric or Contractor means all information and documentation of PPL Electric and Contractor, respectively, whether disclosed to or accessed by PPL Electric or Contractor in connection with this Agreement, including (A) with respect to PPL Electric, all information, including information relating to customers, PPL Electric payments, technology, operations, facilities, consumer markets, products, capacities, systems, procedures, security practices, research, development, business affairs, ideas, concepts, innovations, inventions, designs, business methodologies and processes, improvements, trade secrets, copyrightable subject matter and other proprietary information, of PPL Electric, PPL Electric affiliates or its or their customers, suppliers, contractors and other third parties doing business with PPL Electric or PPL Electric affiliates, (B) with respect to PPL Electric and Contractor, the terms of this Agreement and (C) with respect to Contractor, the Contractor operations, facilities, products, capacities, systems, procedures, security practices, research, development, business affairs, ideas, concepts, innovations, inventions, designs, business methodologies and processes, improvements, trade secrets, copyrightable subject matter and other proprietary information, of Contractor; provided, however, that except to the extent otherwise provided by applicable law, the term "Confidential Information" will not include

information that (1) is independently developed by the recipient, as demonstrated by the recipient's written records, without violating the disclosing Party's proprietary rights, (2) is or becomes publicly known (other than through unauthorized disclosure), (3) is disclosed by the owner of such information to a third party free of any obligation of confidentiality, (4) is already known by the recipient at the time of disclosure, as demonstrated by the recipient's written records, and the recipient has no obligation of confidentiality other than pursuant to this Agreement or any confidentiality agreements between PPL Electric and Contractor entered into before the date of this Agreement or (5) is rightfully received by a Party free of any obligation of confidentiality, provided that (a) such recipient has no knowledge that such information is subject to a confidentiality agreement and (b) such information is not of a type or character that a reasonable person would have regarded it as confidential.

B. All Confidential Information relating to a Party will be held in confidence by the other Party to the same extent and with at least the same degree of care as such Party protects its own confidential or proprietary information of like kind and import, but in no event using less than a reasonable degree of care. Neither Party will disclose, duplicate, publish, release, transfer or otherwise make available Confidential Information of the other Party in any form to, or for the use or benefit of, any person or entity without the other Party's consent. Each Party shall use Confidential Information solely to provide or receive services under this Agreement. Each Party will, however, be permitted to disclose relevant aspects of the other Party's Confidential Information to its officers, agents, subcontractors and employees to the extent that such disclosure is reasonably necessary for the performance of its duties and obligations under this Agreement and such disclosure is not prohibited by the Gramm-Leach-Bliley Act of 1999 (15 U.S.C. § 6801 et seq.), as it may be amended from time to time (the "GLB Act"), the regulations

promulgated thereunder or other applicable law. Each Party will establish commercially reasonable controls to ensure the confidentiality of the Confidential Information and to ensure that the Confidential Information is not disclosed contrary to the provisions of this Agreement, the GLB Act or any other applicable privacy laws. Without limiting the foregoing, each Party will implement such physical and other security measures as are necessary to (A) ensure the security and confidentiality of the Confidential Information (B) protect against any threats or hazards to the security and integrity of the Confidential Information and (C) protect against any unauthorized access to or use of the Confidential Information. To the extent that any duties and responsibilities under this Agreement are delegated to an agent or other subcontractor) the Party ensures that such agents and subcontractor adhere to the same requirements.

C. In the event that either Party or an agent of either Party is requested or required by any governmental authority, whether by oral question, interrogatories, requests for information or documents, subpoenas, civil investigation or similar process, to disclose any of the Confidential Information of the other Party, such Party will provide the other Party with prompt notice of such requests so that the other Party may seek an appropriate protective order or similar relief, or if appropriate, waive compliance with the provisions of this Section. Such Party will use all commercially reasonable efforts to obtain, or assist the other Party in obtaining, such a protective order or relief.

D. Contractor and PPL Electric acknowledge the sensitivity and confidentiality of personal consumer financial information which may be contained in PPL Electric's Confidential Information including all personally identifiable information relating to an individual consumer in connection with PPL Electric's accounts, any application for a PPL Electric account or the marketing or promotion of PPL Electric's accounts ("Personal Information"). In addition to the

confidentiality obligations of the Parties under this Section, Contractor and PPL Electric acknowledge the protections afforded by law to such Personal Information and each agrees to comply with all such legal requirements applicable to it in the performance of its obligations under this Agreement. Contractor agrees that it will not disclose or use Personal Information other than to carry out the purposes for which PPL Electric provides such information to Contractor. PPL Electric acknowledges that such purposes include the creation, maintenance and implementation of data bases intended to prevent actual or potential fraud, unauthorized transactions, claims or other liability, including data bases that may be used for the same purposes for other customers of Contractor. Specifically, PPL Electric represents and warrants to Contractor that PPL Electric has provided all required notices, opt-outs, opt-ins or other similar rights to consumers with respect to any Personal Information delivered, transmitted or disclosed in any other fashion by Contractor to any third party at the direction of PPL Electric. The parties acknowledge that certain federal, state and local laws may require in the event of unauthorized acquisition of personal information about PPL Electric customers or their transactions from the Contractor System that either Contractor or PPL Electric (i) notify law enforcement entities or consumers or (ii) undertake other actions. In such event, Contractor shall fully cooperate with PPL Electric regarding the nature, timing and content of such notice or relevant aspects of such other required action. The parties agree that the costs of performing any such compliance requirements, whether incurred by Contractor or PPL Electric, shall be allocated to the party responsible for causing the required action to be taken.

E. Without limiting either Party's rights in respect of a breach of this Section, each Party will:

1. promptly notify the other Party of any unauthorized possession, use or knowledge, or attempt thereof, of the other Party's Confidential Information by any person or entity that may become known to such Party;

2. promptly furnish to the other Party full details of the unauthorized access, possession, use or knowledge, or attempt thereof, and assist the other Party in investigating or preventing the recurrence of any unauthorized possession, use or knowledge, or attempt thereof, of Confidential Information;

3. cooperate with the other Party in any litigation and investigation against third parties deemed necessary by the other Party to protect its proprietary rights to the extent such litigation or investigation relates to the services hereunder; and

4. promptly use its best efforts to prevent a recurrence of any such unauthorized possession, use or knowledge, or attempt thereof, of Confidential Information.

F. Contractor will not, during and after the term of this Agreement, issue a press release, or advertise, disclose or use PPL Electric's name in marketing materials or in any media (written, printed, recorded, electronic or otherwise), without the prior written consent of PPL Electric for each instance, except in order to comply with any applicable law, order, regulation or exchange rule.

8. INDEMNITY.

A. Contractor shall defend, indemnify and hold harmless PPL Electric and PPL Parties from and against any liability, loss, claim, settlement payment, cost and expense, interest, awards, judgments, damages, fines, fees and penalties (including reasonable attorney's fees) ("Losses") incurred by PPL Parties to the extent any claims, demands, suits or causes of action are made by unrelated third parties against PPL Parties based on allegations arising from or

relating to (i) a breach of the Agreement by Contractor or (ii) damage to property or injuries to or death of any person due to the negligent acts or omissions by Contractor Parties. Contractor also shall indemnify PPL Parties from any costs and expenses incurred in connection with the enforcement of this Section.

B. PPL Electric shall defend, indemnify and hold harmless Contractor and Contractor Parties from and against any Losses incurred by Contractor Parties to the extent any claims, demands, suits or causes of action are made by unrelated third parties against Contractor Parties based on allegations arising from or relating to (i) a breach of the Agreement by PPL Electric or (ii) damage to property or injuries to or death of any person due to the negligent acts or omissions of PPL Parties. PPL Electric also shall indemnify Contractor Parties from any costs and expenses incurred in connection with the enforcement of this Section.

9. **INSURANCE.**

A. If requested by PPL Electric, Contractor shall furnish to PPL Electric within ten (10) days of the date of this Agreement, evidence of minimum insurance coverage in an amount to be determined by PPL Electric in its sole discretion. Contractor's obligations under this Section shall not be limited to Contractor's insurance coverages. Contractor shall secure and maintain in force worker's compensation or the equivalent insurance for Contractor's employees in amount and form to comply with any applicable law.

10. **INSPECTIONS/AUDITS.**

A. During the course of performance under this Agreement, PPL Electric or its designee shall have the right of reasonable access to Contractor Parties' facilities during normal business hours for the purposes of inspection of the progress on the services. Contractor shall cooperate with PPL Electric's representatives in furnishing such access, records and assistance as

may be reasonably requested. Contractor and its subcontractors shall maintain books, records, documents and other information and accounting procedures and practices ("Records") sufficient to determine Contractor's and its subcontractors' performance and compliance with the requirements of this Agreement. Records shall be retained for a minimum of three (3) years after final payment. PPL Electric shall have the right of access to all Contractor's and its subcontractors Records, wherever maintained, during normal business hours, to review, audit and verify Contractor's and its subcontractors' performance and compliance with the requirements of this Agreement. Contractor and its subcontractors shall cooperate with PPL Electric in furnishing such access, Records and assistance as may be reasonably requested by PPL Electric. In addition, PPL Electric may review and audit Records to verify that Contractor and its subcontractors did not make payments to or for the personal benefit of employees of PPL Electric, its agents and its other contractors.

B. Contractor shall keep and maintain complete and accurate books, records and accounts relating to this Agreement and shall conduct such internal audits as are reasonably required to verify continuing full compliance with this Agreement. PPL Electric shall have the right, from time to time, to audit such books, records and accounts of Contractor to verify Contractor's compliance with the terms and conditions of this Agreement. Any such audit shall be at PPL Electric's expense; provided that if such audit reveals an error in Contractor's invoice calculation resulting in an overcharge to PPL Electric of three percent (3.0%) or more, or any other material breach of this Agreement, Contractor shall promptly pay to PPL Electric all costs and expenses of such audit, and PPL Electric may perform additional audits at Contractor's expense, until an audit shows no underpayment or noncompliance. Contractor shall promptly pay PPL Electric the amount of any underpayment (and correct any other noncompliance) revealed

by any such audit. At PPL Electric's request from time to time, Contractor shall provide to PPL Electric a signed officer's certificate certifying Contractor's compliance with this Agreement.

11. ASSIGNMENT AND DELEGATION.

A. Contractor will not assign any of its rights or delegate its performance arising under or relating to this Agreement, voluntarily or involuntarily, whether by merger, consolidation, dissolution, operation of law or any other manner, to any third party without the prior written consent of PPL Electric. For the purposes of this section, change of control is deemed an assignment of rights. Any such assignment or delegation, absent written consent, will be null and void.

12. APPLICABLE LAW; FORUM; JURY WAIVER.

A. All matters arising under or relating to this Agreement will be governed by the laws of the Commonwealth of Pennsylvania, notwithstanding conflicts of law rules. Contractor consents to the exclusive jurisdiction of the state courts in Allentown, Pennsylvania and the federal district court in Allentown, Pennsylvania for the purpose of all legal actions and proceedings arising out of or relating to this Agreement. Each party waives, to the fullest extent permitted by law, any objection that it may now or later have to the laying of venue as provided in this Section and any claim that any action or proceeding brought in any such court has been brought in an inconvenient forum.

EACH PARTY, TO THE EXTENT PERMITTED BY LAW, KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVES ITS RIGHT TO A TRIAL BY JURY IN ANY ACTION OR OTHER LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS CONTRACT. THIS WAIVER APPLIES TO ANY ACTION OR LEGAL PROCEEDING, WHETHER IN CONTRACT, TORT OR OTHERWISE.

13. BREACH, REMEDIES AND LIABILITY.

A. Contractor represents and warrants that its services shall be performed by technically competent, qualified and trained personnel in accordance with generally accepted call center standards.

B. PPL Electric may terminate this Agreement for Contractor's material breach, if such breach remains uncured for ten days after receipt of written notice thereof by PPL Electric. Upon termination of this Agreement, Contractor shall immediately cease performing the services and deliver to PPL Electric all property belonging to PPL Electric and hereinafter all material in Contractor's possession containing Confidential Information as defined and copies thereof whether prepared by Contractor or others. Following termination, Contractor shall not retain any written or other tangible, including "machine readable" material containing any PPL Electric Confidential Information. The Parties agree that Sections 6, 7 and 8 will survive any termination of this Agreement.

In the event that the Commission should make changes to the SOP which materially affect either Parties' obligations under this Agreement, either party may elect in writing, within 20 days after a final Commission Order changing the SOP, to terminate the Agreement upon 30 days written notice. Upon termination, the Parties hereunder shall have no further obligations to one another except those specifically denoted for survival herein.

C. Each Party's liability to the other (as distinct from and excluding a Party's obligation to pay for the services hereunder) or for any loss, claim, injury, liability, cost or expense, including reasonable attorneys' fees, relating to or arising out of or relating to this Agreement, shall be limited to the amount of direct damages actually incurred. In no event shall either Party be liable to the other in connection with this Agreement for special, incidental or

consequential damages, including without limitation, lost profits or lost revenue, whether based in contract, tort, warranty, misrepresentation, patent infringement, or otherwise.

14. FORCE MAJEURE.

A. Neither Party will be liable for any default or delay in the performance of its obligations under the Agreement if and to the extent such default or delay is caused, directly or indirectly, by (i) fire, flood, earthquake, elements of nature or acts of God; or (ii) wars, riots, civil disorders, rebellions, strikes or revolutions; provided, that the nonperforming Party is without fault in failing to prevent or causing such default or delay, and such default or delay cannot reasonably be circumvented by the non-performing Party through the use of alternate sources, workaround plans or other means. Upon the occurrence of a force majeure event at Contractor's site providing the Services hereunder, Contractor will implement promptly, as appropriate, the disaster recovery/business continuity plan and provide disaster recovery/business continuity services in accordance therewith, subject to the availability of T1 data connectivity circuits from third party circuit providers or, as an alternative to the T1 circuit connectivity environment, using VPN data connectivity and pointing telephone calls to Contractor's 1-800 line, which alternative would require that PPL Electric maintain its VPN access to its data system as a backup system. In the event of a force majeure event, PPL Electric shall have the right to terminate this Agreement upon 30 days' notice.

15. MISCELLANEOUS.

A. Contractor is an independent contractor, and nothing in this Agreement will be construed as creating the relationship of principal and agent, or employer and employee, between PPL Electric and any Contractor Parties. Contractor will have no authority to hire any persons on behalf of PPL Electric or incur any debt, liability or obligation of any nature for or on behalf

of PPL Electric. All persons whom Contractor employs will be deemed solely the employees of Contractor and will not be considered employees of PPL Electric for any purposes. Each party giving a notice under this Agreement will give the notice in writing and address the notice as follows:

If to PPL Electric:

Customer Contact Center
PPL Electric Utilities
827 Hausman Road (CCC)
Allentown PA 18104-9392
Attention: Bernard J. Molchany

If to Contractor:

PPLSolutions, LLC
Two North Ninth Street
Allentown, PA 18101
Attention: James M. Minneman

With a copy to:

PPL Services Corporation
Two North Ninth Street
Allentown, PA 18101-1179
Attention: Office of General Counsel (GENTW3)
Facsimile No: (610) 774-6726

or to such other address designated by the parties from time to time. Notice is effective only upon delivery to such address. Any amounts for which Contractor is liable under this Agreement may be offset by PPL Electric against any payments required of any PPL Electric or its affiliates under any contract with Contractor or its affiliates. The term "including" in this Agreement will be deemed to mean "including but not limited to". No change, amendment or modification of any of the provisions of this Agreement will be binding unless in writing that identifies itself as

an amendment to this Agreement and that is issued by PPL Electric. Any grant of rights to PPL Electric under this Agreement will be deemed to be a grant of rights to PPL Parties. This Agreement constitutes the final agreement between the parties and is the complete and exclusive expression of the parties' agreement on the matters contained in this Agreement. All prior and contemporaneous negotiations and agreements between the parties on the matters contained in this Agreement are expressly merged into and superseded by this Agreement. The parties desire that the rights and obligations set forth herein be enforced to the maximum extent permitted by applicable law. If any provision of this Agreement or its application to any party or circumstance is held invalid, illegal or unenforceable to any extent, the remainder of this Agreement and the application of that provision to the other parties or to other circumstances is not affected and is to be enforced to the fullest extent permitted by applicable law provided that such enforcement does not materially change the underlying business arrangement. This Agreement is binding upon, and inures to the benefit of, the parties' respective permitted successors and assigns. No provision of this Agreement may be waived by PPL Electric except pursuant to a writing that identifies itself as a waiver of this Agreement issued by PPL Electric. Any remedies expressly conferred upon a party by this Agreement are cumulative with and not exclusive of any other remedy conferred by this Agreement or by law on that party. This Agreement may be executed in one or more counterparts, with the same effect as if the parties had signed the same document. Each counterpart so executed will be deemed to be an original, and all such counterparts will be construed together and will constitute one Agreement.

By affixing their signatures below, the parties hereby agree to be bound by the terms of this Agreement.

ATTEST:

PPL ELECTRIC UTILITIES CORPORATION

By: Robert M. Genealogy
Name: Robert M. Genealogy
Title: VP - Customer Services

ATTEST:

PPL SOLUTIONS, LLC

By: Michael R. Toner
Name: Michael R. Toner
Title: President

OFFICE OF
GENERAL COUNSEL
BY: [Signature]
DATE: 4-10-13

Appendix B

From: Molchany, Bernard J
Sent: Wednesday, March 13, 2013 4:12 PM
To: Toner, Michael R; Stevens, Susan Y
Cc: Yeager, Renae G
Subject:
Importance: High
Sensitivity: Confidential

Mike and Sue,

As previously discussed with you, PPL Electric Utilities Corporation (“PPL Electric” or the “Company”) plans to use a third-party service provider (“vendor”) to assist with its Standard Offer Program (“SOP”). PPL Electric has explained generally the SOP as well as the Company’s requirements regarding call center services to be provided in support of the SOP. If you are interested in being considered for this assignment, you must submit a bid price to PPL Electric by 5:00 p.m. EPT on Friday, March 15, 2013.

The purpose of this email is to more formally communicate a description of the SOP and provide further clarification around vendor requirements. This e-mail supersedes any prior descriptions of the SOP and vendor responsibilities.

Background

- PPL Electric is an Electric Distribution Company (“EDC”) headquartered in Allentown, PA. PPL Electric delivers electricity to about 1.4 million customer accounts in east-central PA. PPL Electric’s customers may purchase their electricity from an Electric Generation Supplier (“EGS”); if not, their electricity is provided by PPL Electric. The SOP is designed to present a discounted EGS rate offer to customers who contact PPL Electric to start service or are an existing PPL Electric customer who is inquiring about their bill or are inquiring about electric choice. See **Exhibit A** for a summary of call volumes incurred in 2012 for the call types associated with the SOP.
- The SOP is a customer referral program to be established in accordance with PPL Electric’s Default Service Program and Procurement Plan Final Order issued on January 24, 2013 by the PA Public Utility Commission. A copy of that Order can be made available to you upon request. Certain details related to the operation of the SOP, in particular the use of a vendor to provide call center services, are pending review by the PA Public Utility Commission. The following description of the SOP is based upon the compliance proposal submitted by PPL Electric to the PA Public Utility Commission. A copy of that compliance proposal filing can be made available to you upon request. This request for a bid price is based upon that proposal and the project scope that is contained herein. If the PA Public Utility Commission modifies PPL Electric’s compliance proposal, it may be necessary to revise the project scope. Thus, your provision of a bid price shall not represent an offer or acceptance of a contract, and final contract terms will be negotiated with the selected vendor consistent with the project scope set forth herein, as potentially modified by the PA Public Utility Commission.

Description of the Standard Offer Program

- The SOP provides eligible PPL Electric customers starting service, inquiring about their bill or inquiring about Choice with the opportunity to receive supply service from a participating EGS at a discounted rate. PPL Electric Customer Service Representatives (“CSRs”) will ask eligible high bill or Choice customers if they are interested in hearing about the SOP; any interested customer will be transferred to the vendor who will provide more detail to the customer regarding the SOP and who will be responsible for determining if the customer wants to participate in the SOP. PPL Electric CSRs will transfer all start service customers to the vendor to provide details regarding the SOP.
- The vendor will record the customer’s selection, which the vendor will submit to PPL Electric at the end of each business day in an electronic format to be agreed upon between the vendor and the Company.
- Customers participating in the SOP will receive a fixed rate from a participating EGS for a twelve-month period that is equal to a 7% discount off the PPL Electric Price-to-Compare (“PTC”) in effect at the time the customer enrolls in the SOP. The SOP has no contract termination or penalty fees if a customer decides to switch to another EGS or return to default service.
- Residential and Small Commercial & Industrial (“C&I”) customers (C&I customers with billing demands less than 25kW) who currently do not receive service from an EGS in the PPL Service territory calling the Company will be actively offered the SOP, subject to certain restrictions set forth in PA Public Utility Commission orders. If a shopping customer actively inquires about the SOP, the Company will allow for the customer’s participation and inclusion.

Vendor Requirements

- The SOP will begin to be offered to customers on August 1, 2013, and will run until May 31, 2015. Bid prices submitted by vendor must be locked in throughout the duration of the SOP. Bid prices must be based on a dollar per referred customer basis, with referred customers being those customers affirmatively selecting to enroll in the SOP.
- PPL Electric will complete all applicable steps associated with the original customer call. It is not expected that any calls will be transferred back to PPL Electric once transferred to the vendor for the SOP. At the end of the original call to PPL Electric, eligible callers and selected customer data will be transferred to the vendor so the vendor can explain in more detail the terms and conditions of the SOP. PPL Electric’s CSR will not stay on the call. The vendor will use scripting and talking points provided by the Company in this discussion. At the end of the discussion, the vendor will record the customer’s selection – either an enrollment with no EGS preference; an enrollment with a specific EGS selected; or the customer’s decline of the offer.
- At the end of each business day, the vendor will submit the customer account number and the customer’s selection to PPL Electric. PPL Electric will select an EGS for each customer who had no EGS preference, and will submit the referrals to the respective EGS to enroll the customer on the rate. For each EGS referral submitted to the Company, the vendor will be credited.
- The vendor’s agent must read from scripts provided by the Company to all customers. The scripts will address different types of calls, and it is imperative that the agent receiving the call executes the correct script and actions associated with the call type.

- The vendor must have the ability to transmit and receive electronic files in a format agreed upon by the vendor and the Company.
- Approximately 5 days prior to the start of each quarter (months beginning in March, June, September, and December), the Company will provide to the vendor a list of participating EGSs for that quarter. If no EGS offers are made available, the SOP will not be offered to customers. In the event there are no participating EGSs for a quarter, the Company will not transfer calls to the vendor and the vendor would not provide call center services; however, the vendor would be expected to be prepared to begin offering call center services again the following quarter.
- The vendor will be required to set-up phone lines that allow the call transfer types (start service and billing inquiry) to be distinguishable to the agent receiving the call. The vendor must provide its agents with all relevant telephony, computer, and other office equipment and materials to successfully provide the services described in this proposal.
- The vendor will be required to provide supervision that can resolve agent and customer issues. PPL Electric will provide escalated support to vendor's supervision; however, vendor's supervision is required to troubleshoot and attempt to resolve issues before escalating the issue to PPL Electric.
- PPL Electric's call center is open Monday through Friday from 8:00A to 5:00P Eastern Time. The vendor must be able to handle referred calls during those times. The Company will provide notice to vendor of holidays when the call center will not be open. The Company will transfer customer calls to vendor only during the hours of operation during those quarters when the SOP is activated.
- The vendor will be responsible for ensuring that scripts are followed by their agents and that quality monitoring is performed. The Company will require the immediate removal of any agent from performing duties associated with the SOP whose behaviors are threatening or disrespectful to customers.
- The vendor must conduct agent training. The Company will support the vendor with the development of the training, including train-the-trainer sessions with the vendor.

Bid Submittal Criteria

- Demonstrated ability to provide all facets of call center services to support the SOP, including the hiring of qualified staff, the forecasting and scheduling of staff, training, quality assurance, telephony management, reporting and data transfers, and disaster recovery and business continuity.
- Ability to fully implement the vendor's requirements set forth above no later than August 1, 2013.

Bid Evaluation Criteria

- PPL Electric will evaluate bids on price per referred customer, with referred customers being those customers affirmatively selecting to enroll in the SOP.

If you have any questions regarding the SOP or vendor requirements, please contact Bernie Molchany, PPL Electric Utilities, Director-Customer Operations at (484) 634-3353.

Bids must be received at PPL Electric via e-mail or mail no later than 5:00 p.m. EDT on March 15, 2013. Bids must be mailed to Bernie Molchany and Renae Yeager at the following addresses:

Bernie Molchany, Director-Customer Operations
PPL Electric Utilities Corp.
827 Hausman Road
Allentown, PA 18104-9392
E-mail: bjmolchany@pplweb.com

Renae Yeager, Sr. Manager-Regulatory Operations & Compliance
PPL Electric Utilities Corp.
Two North Ninth Street, GENN5
Allentown, PA 18101-1175
E-mail: rgyeager@pplweb.com

PPL Electric Utilities Corporation
 Summary of Call Volumes Incurred in 2012 at PPL Electric's Call Center
 (Call Types Associated with the Standard Offer Program)

	Total Start Service Calls
January	11,400
February	13,000
March	14,600
April	18,900
May	17,400
June	19,900
July	17,000
August	12,900
September	12,500
October	11,800
November	12,000
December	13,600
Total	175,000
Monthly Average	14,583

Billing/Payment/Other Calls	Total Choice Calls	Total Billing and Choice Calls ¹
16,000	7,100	23,100
17,000	6,100	23,100
19,500	6,900	26,400
25,000	4,500	29,500
21,000	5,300	26,300
19,500	6,700	26,200
19,000	6,100	25,100
16,000	6,100	22,100
18,000	4,500	22,500
18,000	5,300	23,300
21,000	5,200	26,200
20,000	6,200	26,200
230,000	70,000	300,000
19,167	5,833	25,000

¹ The numbers reported here are the total number of calls received by PPL Electric. The numbers do not reflect the actual number of customers that would have been eligible for the Standard Offer Program during this period, as certain calls or callers may or may not have been eligible for the Standard Offer Program. The numbers do not distinguish between customers currently on default service and customers currently shopping with an EGS.

Bernie Molchany

Director - Customer Operations
 PPL Electric Utilities
 484-634-3353

The information contained in this message is intended only for the personal and confidential use of the recipient(s) named above. If the reader of this message is not the intended recipient or an agent responsible for delivering it to the intended recipient, you are hereby notified that you have received this document in error and that any review, dissemination, distribution, or copying of this message is strictly prohibited. If you have received this communication in error, please notify us immediately, and delete the original message.