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File #: 2507/140056

May 22, 2014

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 - Utility Services Agreement For Goods Not  
Readily Available From The Market, Obsolete or Otherwise Surplus  
Docket No. G-2014-**

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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 affiliated interest agreement ("Affiliate Agreement") between PPL Electric and certain of its affiliates including Kentucky Utilities Company ("KU-ODP"), a public utility organized under Virginia and Kentucky law and doing business in Virginia as Old Dominion Power Company; Louisville Gas and Electric Company ("LG&E"), a public utility organized under Kentucky law; LG&E and KU Services Company ("LK Services"), a Kentucky corporation; PPL Services Corporation ("PPL Services"), a Delaware corporation; and PPL Energy Supply, LLC ("PPL Energy"), a Delaware limited liability company.

The purpose of the Affiliate Agreement is to allow the regulated parties, including PPL Electric, to obtain goods from affiliated entities that are not readily available, obsolete or surplus in order for the acquiring utility to restore or maintain service in a timely fashion. The regulated parties include PPL Electric, KU-ODP and LG&E. There are instances where PPL Electric and/or its regulated affiliates require equipment or parts that are not readily obtainable in the market. If PPL Electric can obtain this equipment or these parts from its affiliates, it may be able to restore service faster or provide more reliable service to its customers. Likewise, the Affiliate Agreement would allow PPL Electric to provide goods to its affiliates to restore service in a timely manner. Importantly, the Affiliate Agreement provides that PPL Electric is not obligated to provide such goods and shall decline any request for goods where the transfer will prejudice its ability to provide reliable, high quality electric service.

Rosemary Chiavetta, Secretary  
May 22, 2014  
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The Affiliate Agreement is in the public interest because it will allow PPL Electric and its affiliates to quickly transfer goods where needed to restore or maintain reliable service, without detriment to the transferring utility. In that regard, it is similar to a Mutual Assistance Agreement between utilities which allows for affiliated utilities to provide restoration services and crews to each other in emergency situations.

Under the Affiliate Agreement, goods transferred among the regulated parties shall be transferred at cost. Goods transferred from PPL Energy to the regulated parties shall be priced at the lower of cost or market. Goods transferred from the regulated parties to PPL Energy shall be transferred at the higher of cost or market.

PPL Electric respectfully requests that the Affiliate Agreement be approved without modification and that the Pennsylvania Public Utility Commission grant any other required approvals. PPL Electric notes that this Affiliate Agreement has been approved by the Virginia State Corporation Commission.

Please direct any questions regarding this matter to the undersigned.

Respectfully submitted,



Anthony D. Kanagy  
ADK/skr  
Enclosure

## 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).

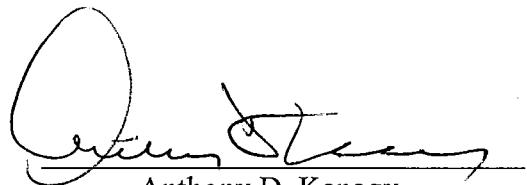
### VIA FIRST CLASS MAIL

John R. Evans  
Small Business Advocate  
Office of Small Business Advocate  
300 North Second Street, Suite 1102  
Harrisburg, PA 17101

Tanya J. McCloskey, Esquire  
Senior Assistant Consumer Advocate  
Office of Consumer Advocate  
555 Walnut Street  
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Harrisburg, PA 17101-1923

Johnnie E. Simms, Esquire  
Bureau of Investigation & Enforcement  
Commonwealth Keystone Building  
400 North Street, 2nd Floor West  
PO Box 3265  
Harrisburg, PA 17105-3265

Date: May 22, 2014



Anthony D. Kanagy

UTILITY SERVICES AGREEMENT FOR GOODS NOT READILY AVAILABLE FROM  
THE MARKET, OBSOLETE OR OTHERWISE SURPLUS

This Utility Services Agreement For Goods Not Readily Available From the Market, Obsolete or Otherwise Surplus (“Agreement”) is entered into as of the \_\_\_\_ day of \_\_\_\_\_, 2014, by and between Kentucky Utilities Company (“KU-ODP”), a public utility organized under Virginia and Kentucky law and doing business in Virginia as Old Dominion Power Company; Louisville Gas and Electric Company (“LG&E”), a public utility organized under Kentucky law; LG&E and KU Services Company (“LK Services”), a Kentucky corporation; PPL Electric Utilities Corporation (“PPL Electric”), a public utility organized under Pennsylvania law; PPL Services Corporation (“PPL Services”), a Delaware corporation; and PPL Energy Supply, LLC (“PPL Energy”), a Delaware limited liability company. Collectively, KU-ODP, LG&E, LK Services, PPL Electric, PPL Services, and PPL Energy are referred to as the “Parties.”

WHEREAS, the inventories of KU-ODP, LG&E, PPL Electric, and PPL Energy from time to time contain certain goods for the provision of electric utility service which are not readily available from the market;

WHEREAS, the inventories of KU-ODP, LG&E, PPL Electric, and PPL Energy from time to time contain certain goods for the provision of electric utility service which may become obsolete or otherwise surplus inventory;

WHEREAS, KU-ODP, LG&E, PPL Electric, and PPL Energy desire an arrangement whereby they may transfer and receive from one another goods that are not readily available from the market, or are considered to be obsolete or otherwise surplus inventory;

WHEREAS, KU-ODP and LK Services desire an arrangement whereby LK Services may act as payment and billing agent for KU-ODP; and

WHEREAS, the Parties believe that it is in the public interest and the interests of each company to provide for such an arrangement.

NOW, THEREFORE, in consideration of the mutual covenants contained herein and other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties, intending to be legally bound, hereby agree as follows:

1. Definitions.

“Goods” shall be defined as equipment and parts routinely used for the repair, maintenance, or operation of electric utility systems in the ordinary course of business including, but is not limited to, transformers, motors, pumps, switches, and wire and cable.

“Not readily available” shall be defined to include situations where a good is not readily available in the existing marketplace and is needed to restore or maintain electric utility service in a timely fashion.

“Regulated Parties” shall be defined to include Kentucky Utilities Company, Louisville Gas and Electric Company, and PPL Electric Utilities Corporation.

2. **GOODS NOT READILY AVAILABLE.** From time to time during the term of this Agreement, the Regulated Parties and PPL Energy may supply goods that are not readily available and are needed to restore or maintain electric service in a timely fashion by the requesting Party. Such transactions will be completed only (a) upon request, (b) when the requesting Party (“Requesting Company”) believes in good faith that the goods are not readily available and are needed to restore or maintain electric service in a timely fashion and (c) the responding Party (“Responding Company”) believes in good faith that the goods can be provided without harm to the Responding Company and its native-load customers, if any. The Responding Company shall have the opportunity to provide the requested inventory, but not the obligation; and the Regulated Parties shall decline any such request where the transfer will prejudice their ability to provide reliable, high-quality electric service.

3. **OBSOLETE OR SURPLUS GOODS.** From time to time during the term of this Agreement, the Regulated Parties and PPL Energy may determine to sell goods that are obsolete or surplus inventory. Such transactions between the Parties will be completed only (a) upon request and (b) when the Responding Company that desires to sell the goods believes in good faith that the goods are obsolete or surplus inventory. The Requesting Company shall have the opportunity to purchase the obsolete or surplus inventory from the Responding Company, but not the obligation; and the Regulated Parties shall decline any such transfer where the transfer will prejudice their ability to provide reliable, high-quality electric service.

4. **COMPENSATION AND ALLOCATION.** The Party transferring goods shall be reimbursed for all costs and expenses incurred as a result of furnishing goods. Goods transferred among the Regulated Parties shall be transferred at cost. Goods transferred from PPL Energy to the Regulated Parties shall be priced at the lower of cost or market. Goods transferred from the Regulated Parties to PPL Energy shall be transferred at the higher of cost or market.

5. **TERMINATION AND MODIFICATION.** Any Party to this Agreement may terminate this Agreement by providing sixty-days written notice of such termination to the other Parties.

This Agreement is subject to termination or modification at any time to the extent its performance may conflict with any rule, regulation or order of the Federal Energy Regulatory Commission adopted before or after the making of this Agreement. This Agreement shall be subject to the approval of any state commission or other state regulatory body whose approval is, by the laws of said state, a legal prerequisite to the execution and delivery or the performance of this Agreement.

The authorization for this Agreement shall expire at the conclusion of five years beginning on the date this Agreement is given final approval by the Virginia State Corporation Commission and the Pennsylvania Public Utility Commission, whichever occurs later, unless the respective Commissions extend their authorizations.

6. BILLING AND PAYMENT. Payment for services provided pursuant to this Agreement shall be by making remittance of the amount billed or by making appropriate accounting entries on the books the appropriate Parties. Billing will be made after the good is received by the buyer and all actual costs have been accumulated with remittance due within 30 days of billing. Any amount remaining unpaid after 30 days following receipt of the bill shall bear interest thereon from the date of the bill at annual rate of A1/P1 30-day Commercial Paper. LK Services may act as payment and billing agent for KU-ODP. Payment and billing services include, but are not limited to, sending or receiving invoices, receiving or disbursing payment, and making appropriate accounting entries.

7. NOTICE. Where written notice is required by this Agreement, all notices, consents, certificates, or other communications hereunder shall be in writing and shall be deemed given when mailed by United States registered or certified mail, postage prepaid, return receipt requested, addressed as follows:

- A. To KU-ODP, LG&E, or LK Services:  
220 West Main Street  
Louisville, Kentucky 40202  
Attn: Corporate Secretary
- B. To PPL Electric, PPL Services, or PPL Energy:  
2 North Ninth Street  
Allentown, Pennsylvania 18101  
Attn: Assistant Treasurer

8. GOVERNING LAW. This Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Kentucky, without regard to its conflict of laws provisions.

9. MODIFICATION. No amendment, change, or modification of this Agreement shall be valid, unless made in writing and signed by the parties hereto.

10. ENTIRE AGREEMENT. This Agreement constitutes the entire understanding and agreement of the Parties with respect to its subject matter, and effective upon the execution of this Agreement by the respective Parties hereof and thereto, any and all prior agreements, understandings, or representations with respect to this subject matter are hereby terminated and canceled in their entirety and are of no further force and effect.

11. WAIVER. No waiver by any Party hereto of a breach of any provision of this Agreement shall constitute a waiver of any preceding or succeeding breach of the same or any other provision hereof.

12. ASSIGNMENT. This Agreement shall inure to the benefit and shall be binding upon the Parties and their respective successors and assigns. No assignment of this Agreement or any Parties' rights, interests, or obligations hereunder may be made without the other Parties' consent, which shall not be unreasonably withheld, delayed, or conditioned.

13. SEVERABILITY. If any provision or provisions of this Agreement shall be held by a court of competent jurisdiction to be invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remaining provisions shall in no way be affected or impaired thereby.

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed as of this \_\_\_\_\_ day of \_\_\_\_\_, 2014.

Kentucky Utilities Company

By: \_\_\_\_\_  
Name: Kent Blake  
Title: Chief Financial Officer

Louisville Gas and Electric Company

By: \_\_\_\_\_  
Name: Kent Blake  
Title: Chief Financial Officer

LG&E and KU Services Company

By: \_\_\_\_\_  
Name: Kent Blake  
Title: Chief Financial Officer

PPL Electric Utilities Corporation Company

By: \_\_\_\_\_  
Name: Russell R. Clelland  
Title: Assistant Treasurer

PPL Services Corporation

By: \_\_\_\_\_  
Name: Russell R. Clelland  
Title: Assistant Treasurer

PPL Energy Supply, LLC

By: \_\_\_\_\_  
Name: Russell R. Clelland  
Title: Assistant Treasurer