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File #: 140056

October 14, 2016

VIA HAND DELIVERY

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-2014-2422882**

Dear Secretary Chiavetta:

Pursuant to the Secretarial letter issued in the above-referenced matter on October 6, 2016, enclosed please find a signed copy of the Utility Services Agreement for Goods Not Readily Available from the Market, Obsolete or Otherwise Surplus. Copies will be provided as indicated.

Please direct any questions regarding this matter to the undersigned.

Respectfully submitted,

Anthony D. Kanagy

ADK/skr
Enclosure

cc: Yasmin Snowberger
Debra J. Backer

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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 6th day of October, 2016, 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; and PPL Services Corporation ("PPL Services"), a Delaware corporation. Collectively, KU-ODP, LG&E, LK Services, PPL Electric, and PPL Services are referred to as the "Parties."

WHEREAS, the inventories of KU-ODP, LG&E, and PPL Electric 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, and PPL Electric 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, and PPL Electric 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 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 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.

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 or PPL Services:
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 6th day of October, 2016.

Kentucky Utilities Company

By: KW Blake
Name: Kent W. Blake
Title: Chief Financial Officer

Louisville Gas and Electric Company

By: KW Blake
Name: Kent W. Blake
Title: Chief Financial Officer

LG&E and KU Services Company

By: KW Blake
Name: Kent W. Blake
Title: Chief Financial Officer

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PPL Electric Utilities Corporation

By: 
Name: Joseph P. Bergstein, Jr.
Title: Treasurer

PPL Services Corporation

By: 
Name: Joseph P. Bergstein, Jr.
Title: VP- Investor Relations & Treasurer

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