

PPL Corp
 Form 10-Q
 August 03, 2015
UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT
 OF 1934 for the quarterly period ended June 30, 2015

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT
 OF 1934 for the transition period from _____ to _____

Commission File Registrant; State of Incorporation;

IRS Employer

Number

Address and Telephone Number

Identification No.

PPL Corporation

(Exact name of Registrant as specified in its charter)

(Pennsylvania)

1-11459

23-2758192

Two North Ninth Street

Allentown, PA 18101-1179

(610) 774-5151

PPL Electric Utilities Corporation

(Exact name of Registrant as specified in its charter)

(Pennsylvania)

1-905

23-0959590

Two North Ninth Street

Allentown, PA 18101-1179

(610) 774-5151

333-173665

LG&E and KU Energy LLC

20-0523163

(Exact name of Registrant as specified in its charter)

(Kentucky)

220 West Main Street

Louisville, KY 40202-1377

(502) 627-2000

Louisville Gas and Electric Company

(Exact name of Registrant as specified in its charter)

(Kentucky)

1-2893

61-0264150

220 West Main Street

Louisville, KY 40202-1377

(502) 627-2000

Kentucky Utilities Company

(Exact name of Registrant as specified in its charter)

(Kentucky and Virginia)

1-3464

61-0247570

One Quality Street

Lexington, KY 40507-1462

(502) 627-2000

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Indicate by check mark whether the registrants (1) have filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrants were required to file such reports), and (2) have been subject to such filing requirements for the past 90 days.

PPL Corporation	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
PPL Electric Utilities Corporation	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
LG&E and KU Energy LLC	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
Louisville Gas and Electric Company	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
Kentucky Utilities Company	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>

Indicate by check mark whether the registrants have submitted electronically and posted on their corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrants were required to submit and post such files).

PPL Corporation	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
PPL Electric Utilities Corporation	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
LG&E and KU Energy LLC	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
Louisville Gas and Electric Company	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
Kentucky Utilities Company	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>

Indicate by check mark whether the registrants are large accelerated filers, accelerated filers, non-accelerated filers, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

	Large accelerated filer	Accelerated filer	Non-accelerated filer	Smaller reporting company
PPL Corporation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
PPL Electric Utilities Corporation	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
LG&E and KU Energy LLC	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Louisville Gas and Electric Company	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Kentucky Utilities Company	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Indicate by check mark whether the registrants are shell companies (as defined in Rule 12b-2 of the Exchange Act).

PPL Corporation	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
PPL Electric Utilities Corporation	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
LG&E and KU Energy LLC	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>

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Louisville Gas and Electric Company Yes ___ No X
Kentucky Utilities Company Yes ___ No X

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

PPL Corporation	Common stock, \$0.01 par value, 669,969,737 shares outstanding at July 24, 2015.
PPL Electric Utilities Corporation	Common stock, no par value, 66,368,056 shares outstanding and all held by PPL Corporation at July 24, 2015.
LG&E and KU Energy LLC	PPL Corporation directly holds all of the membership interests in LG&E and KU Energy LLC.
Louisville Gas and Electric Company	Common stock, no par value, 21,294,223 shares outstanding and all held by LG&E and KU Energy LLC at July 24, 2015.
Kentucky Utilities Company	Common stock, no par value, 37,817,878 shares outstanding and all held by LG&E and KU Energy LLC at July 24, 2015.

This document is available free of charge at the Investors section of PPL Corporation's website at www.pplweb.com. However, information on this website does not constitute a part of this Form 10-Q.

PPL CORPORATION

PPL ELECTRIC UTILITIES CORPORATION

LG&E and KU Energy LLC

Louisville Gas and Electric Company

Kentucky Utilities Company

FORM 10-Q

FOR THE QUARTER ENDED June 30, 2015

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This combined Form 10-Q is separately filed by the following Registrants in their individual capacity: PPL Corporation, PPL Electric Utilities Corporation, LG&E and KU Energy LLC, Louisville Gas and Electric Company and Kentucky Utilities Company. Information contained herein relating to any individual Registrant is filed by such Registrant solely on its own behalf, and no Registrant makes any representation as to information relating to any other Registrant, except that information under "Forward-Looking Information" relating to subsidiaries of PPL Corporation is also attributed to PPL Corporation and information relating to the subsidiaries of LG&E and KU Energy LLC is also attributed to LG&E and KU Energy LLC.

Unless otherwise specified, references in this Report, individually, to PPL Corporation, PPL Electric Utilities Corporation, LG&E and KU Energy LLC, Louisville Gas and Electric Company and Kentucky Utilities Company are references to such entities directly or to one or more of their subsidiaries, as the case may be, the financial results of which subsidiaries are consolidated into such Registrants in accordance with GAAP. This presentation has been applied where identification of particular subsidiaries is not material to the matter being disclosed, and to conform narrative disclosures to the presentation of financial information on a consolidated basis.

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GLOSSARY OF TERMS AND ABBREVIATIONS

PPL Corporation and its subsidiaries

KU - Kentucky Utilities Company, a public utility subsidiary of LKE engaged in the regulated generation, transmission, distribution and sale of electricity, primarily in Kentucky.

LG&E - Louisville Gas and Electric Company, a public utility subsidiary of LKE engaged in the regulated generation, transmission, distribution and sale of electricity and the distribution and sale of natural gas in Kentucky.

LKE - LG&E and KU Energy LLC, a subsidiary of PPL and the parent of LG&E, KU and other subsidiaries.

LKS - LG&E and KU Services Company, a subsidiary of LKE that provides services to LKE and its subsidiaries.

PPL - PPL Corporation, the parent holding company of PPL Electric, PPL Energy Funding, PPL Capital Funding, LKE and other subsidiaries.

PPL Capital Funding - PPL Capital Funding, Inc., a financing subsidiary of PPL that provides financing for the operations of PPL and certain subsidiaries. Debt issued by PPL Capital Funding is guaranteed as to payment by PPL.

PPL Electric - PPL Electric Utilities Corporation, a public utility subsidiary of PPL engaged in the regulated transmission and distribution of electricity in its Pennsylvania service area and that provides electricity supply to its retail customers in this area as a PLR.

PPL Energy Funding - PPL Energy Funding Corporation, a subsidiary of PPL and the parent holding company of PPL Global and other subsidiaries.

PPL EU Services - PPL EU Services Corporation, a subsidiary of PPL that, beginning in 2015, provides support services and corporate functions such as financial, supply chain, human resources and information technology services

primarily to PPL Electric and its affiliates.

PPL Global - PPL Global, LLC, a subsidiary of PPL Energy Funding that, primarily through its subsidiaries, owns and operates WPD, PPL's regulated electricity distribution businesses in the U.K.

PPL Services - PPL Services Corporation, a subsidiary of PPL that provides services to PPL and its subsidiaries.

PPL WPD Limited - an indirect U.K. subsidiary of PPL Global. PPL WPD Limited holds a liability for a closed defined benefit pension plan and a receivable with WPD plc.

Registrant(s) - refers to the Registrants named on the cover of this Report (each a "Registrant" and collectively, the "Registrants").

Subsidiary Registrant(s) - Registrants that are direct or indirect wholly owned subsidiaries of PPL: PPL Electric, LKE, LG&E and KU.

WPD - refers to WPD plc and its subsidiaries together with a sister company PPL WPD Ltd.

WPD (East Midlands) - Western Power Distribution (East Midlands) plc, a British regional electricity distribution utility company.

WPD plc - Western Power Distribution plc, formerly known as Western Power Distribution Limited, an indirect U.K. subsidiary of PPL Global. Its principal indirectly owned subsidiaries are WPD (East Midlands), WPD (South Wales), WPD (South West) and WPD (West Midlands).

WPD Midlands - refers to WPD (East Midlands) and WPD (West Midlands), collectively.

WPD (South Wales) - Western Power Distribution (South Wales) plc, a British regional electricity distribution utility company.

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WPD (South West) - Western Power Distribution (South West) plc, a British regional electricity distribution utility company.

WPD (West Midlands) - Western Power Distribution (West Midlands) plc, a British regional electricity distribution utility company.

WKE - Western Kentucky Energy Corp., a subsidiary of LKE that leased certain non-utility generating plants in western Kentucky until July 2009.

Other terms and abbreviations

£ - British pound sterling.

2014 Form 10-K - Annual Report to the SEC on Form 10-K for the year ended December 31, 2014 Form 10-K.

Act 11 - Act 11 of 2012 that became effective on April 16, 2012. The Pennsylvania legislation authorizes the PUC to approve two specific ratemaking mechanisms: the use of a fully projected future test year in base rate proceedings and, subject to certain conditions, a DSIC.

Act 129 - Act 129 of 2008 that became effective in October 2008. The law amends the Pennsylvania Public Utility Code and creates an energy efficiency and conservation program and smart metering technology requirements, adopts new PLR electricity supply procurement rules, provides remedies for market misconduct and changes to the Alternative Energy Portfolio Standard (AEPS).

AFUDC - Allowance for Funds Used During Construction, the cost of equity and debt funds used to finance construction projects of regulated businesses, which is capitalized as part of construction costs.

AOCI - accumulated other comprehensive income or loss.

ARO - asset retirement obligation.

Basis - when used in the context of derivatives and commodity trading, the commodity price differential between two locations, products or time periods.

Cane Run Unit 7 - a natural gas combined-cycle unit in Kentucky, jointly owned by LG&E and KU, which provides electric generating capacity of 640 MW (141 MW and 499 MW to LG&E and KU).

CCR(s) - Coal Combustion Residual(s). CCRs include fly ash, bottom ash and sulfur dioxide scrubber wastes.

Clean Air Act - federal legislation enacted to address certain environmental issues related to air emissions, including acid rain, ozone and toxic air emissions.

Clean Water Act - federal legislation enacted to address certain environmental issues relating to water quality including effluent discharges, cooling water intake, and dredge and fill activities.

COBRA - Consolidated Omnibus Budget Reconciliation Act, which provides individuals the option to temporarily continue employer group health insurance coverage after termination of employment.

CPCN - Certificate of Public Convenience and Necessity. Authority granted by the KPSC pursuant to Kentucky Revised Statute 278.020 to provide utility service to or for the public or the construction of certain plant, equipment, property or facility for furnishing of utility service to the public.

Customer Choice Act - the Pennsylvania Electricity Generation Customer Choice and Competition Act, legislation enacted to restructure the state's electric utility industry to create retail access to a competitive market for generation of electricity.

DNO - Distribution Network Operator in the U.K.

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DOJ - U.S. Department of Justice.

DPCR4 - Distribution Price Control Review 4, the U.K. five-year rate review period applicable to WPD that commenced April 1, 2005.

DPCR5 - Distribution Price Control Review 5, the U.K. five-year rate review period applicable to WPD that commenced April 1, 2010.

DRIP - PPL Amended and Restated Dividend Reinvestment and Direct Stock Purchase Plan.

DSIC - the Distribution System Improvement Charge authorized under Act 11, which is an alternative ratemaking mechanism providing more-timely cost recovery of qualifying distribution system capital expenditures.

DSM - Demand Side Management. Pursuant to Kentucky Revised Statute 278.285, the KPSC may determine the reasonableness of DSM plans proposed by any utility under its jurisdiction. Proposed DSM mechanisms may seek full recovery of costs and revenues lost by implementing DSM programs and/or incentives designed to provide financial rewards to the utility for implementing cost-effective DSM programs. The cost of such programs shall be assigned only to the class or classes of customers which benefit from the programs.

ECR - Environmental Cost Recovery. Pursuant to Kentucky Revised Statute 278.183, Kentucky electric utilities are entitled to the current recovery of costs of complying with the Clean Air Act, as amended, and those federal, state or local environmental requirements that apply to coal combustion wastes and by-products from the production of energy from coal.

EI - Edison Electric Institute, the association that represents U.S. investor-owned electric companies.

ELG(s) - Effluent Limitation Guidelines, regulations promulgated by the EPA.

EPA - Environmental Protection Agency, a U.S. government agency.

EPS - earnings per share.

Equity Unit(s) - a PPL equity unit, issued in April 2011, consisting of a Purchase Contract and, initially, a 5.0% undivided beneficial ownership interest in \$1,000 principal amount of PPL Capital Funding 4.32% Junior Subordinated Notes due 2019.

E.W. Brown - a generating station in Kentucky with capacity of 1,594 MW.

FERC - Federal Energy Regulatory Commission, the U.S. federal agency that regulates, among other things, interstate transmission and wholesale sales of electricity, hydroelectric power projects and related matters.

FGD - flue-gas desulfurization, a pollution control process for the removal of sulfur dioxide from exhaust gas.

Fitch - Fitch, Inc., a credit rating agency.

GAAP - Generally Accepted Accounting Principles in the U.S.

GBP - British pound sterling.

GHG - greenhouse gas(es).

GLT - Gas Line Tracker. The KPSC approved LG&E's recovery of costs associated with gas service lines, gas risers, leak mitigation, and gas main replacements. Rate recovery became effective on January 1, 2013.

Holdco - Talen Energy Holdings, Inc., a Delaware corporation, which was formed for the purposes of the June 1, 2015 spinoff of PPL Energy Supply, LLC.

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If-Converted Method - A method applied to calculate diluted EPS for a company with outstanding convertible debt. The method is applied as follows: Interest charges (after-tax) applicable to the convertible debt are added back to net income and the convertible debt is assumed to have been converted to equity at the beginning of the period, and the resulting common shares are treated as outstanding shares. Both adjustments are made only for purposes of calculating diluted EPS. This method was applied to PPL's Equity Units prior to settlement.

IRS - Internal Revenue Service, a U.S. government agency.

KPSC - Kentucky Public Service Commission, the state agency that has jurisdiction over the regulation of rates and service of utilities in Kentucky.

LIBOR - London Interbank Offered Rate.

MATS - Mercury and Air Toxics Standards, regulations promulgated by the EPA.

Moody's - Moody's Investors Service, Inc., a credit rating agency.

MW - megawatt, one thousand kilowatts.

NAAQS - National Ambient Air Quality Standards periodically adopted pursuant to the Clean Air Act.

NERC - North American Electric Reliability Corporation.

NGCC - Natural gas-fired combined-cycle generating plant.

NorthWestern - NorthWestern Corporation, a Delaware corporation, and successor in interest to Montana Power's electricity delivery business, including Montana Power's rights and obligations under contracts with PPL Montana.

NPNS - the normal purchases and normal sales exception as permitted by derivative accounting rules. Derivatives that qualify for this exception may receive accrual accounting treatment.

NRC - Nuclear Regulatory Commission, the U.S. federal agency that regulates nuclear power facilities.

OCI - other comprehensive income or loss.

Ofgem - Office of Gas and Electricity Markets, the British agency that regulates transmission, distribution and wholesale sales of electricity and related matters.

OVEC - Ohio Valley Electric Corporation, located in Piketon, Ohio, an entity in which LKE indirectly owns an 8.13% interest (consists of LG&E's 5.63% and KU's 2.50% interests), which is accounted for as a cost-method investment. OVEC owns and operates two coal-fired power plants, the Kyger Creek plant in Ohio and the Clifty Creek plant in Indiana, with combined summer rating capacities of 2,120 MW.

PLR - Provider of Last Resort, the role of PPL Electric in providing default electricity supply within its delivery area to retail customers who have not chosen to select an alternative electricity supplier under the Customer Choice Act.

PP&E - property, plant and equipment.

PPL EnergyPlus - prior to the June 1, 2015 spinoff of PPL Energy Supply, PPL EnergyPlus, LLC, a subsidiary of PPL Energy Supply that marketed and traded wholesale and retail electricity and gas, and supplied energy and energy services in competitive markets.

PPL Energy Supply - prior to the June 1, 2015 spinoff, PPL Energy Supply, LLC, a subsidiary of PPL Energy Funding and the parent company of PPL EnergyPlus and other subsidiaries.

PPL Montana - prior to the June 1, 2015 spinoff of PPL Energy Supply, PPL Montana, LLC, an indirect subsidiary of PPL Energy Supply, LLC that generated electricity for wholesale sales in Montana and the Pacific Northwest.

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PUC - Pennsylvania Public Utility Commission, the state agency that regulates certain ratemaking, services, accounting and operations of Pennsylvania utilities.

RAV - regulatory asset value. This term, used within the U.K. regulatory environment, is also commonly known as RAB or regulatory asset base. RAV is based on historical investment costs at time of privatization, plus subsequent allowed additions less annual regulatory depreciation, and represents the value on which DNOs earn a return in accordance with the regulatory cost of capital. RAV is indexed to Retail Price Index (RPI) in order to allow for the effects of inflation. Since the beginning of DPCR5 in April 2010, RAV additions have been based on a percentage of annual total expenditures, which will continue from April 2015 under RIIO-ED1. RAV is intended to represent expenditures that have a long-term benefit to WPD (similar to capital projects for the U.S. regulated businesses that are generally included in rate base).

RCRA - Resource Conservation and Recovery Act of 1976.

Regulation S-X - SEC regulation governing the form and content of and requirements for financial statements required to be filed pursuant to the federal securities laws.

RFC - ReliabilityFirst Corporation, one of eight regional entities with delegated authority from NERC that work to safeguard the reliability of the bulk power systems throughout North America.

RIIO-ED1 - RIIO represents "Revenues = Incentive + Innovation + Outputs." RIIO-ED1 refers to the initial eight-year rate review period applicable to WPD which commenced April 1, 2015.

Riverstone - Riverstone Holdings LLC, a Delaware limited liability company and ultimate parent company of the entities that own the competitive power generation business contributed to Talen Energy other than the competitive power generation business contributed by virtue of the spinoff of a newly formed parent of PPL Energy Supply.

RJS Power - RJS Generation Holdings LLC, a Delaware limited liability company controlled by Riverstone, that owns the competitive power generation business contributed by its owners to Talen Energy other than the competitive power generation business contributed by virtue of the spinoff of a newly formed parent of PPL Energy Supply.

RMC - Risk Management Committee.

S&P - Standard & Poor's Ratings Services, a credit rating agency.

Sarbanes-Oxley - Sarbanes-Oxley Act of 2002, which sets requirements for management's assessment of internal controls for financial reporting. It also requires an independent auditor to make its own assessment.

SCRs - selective catalytic reduction, a pollution control process for the removal of nitrogen oxide from exhaust gas.

Scrubber - an air pollution control device that can remove particulates and/or gases (primarily sulfur dioxide) from exhaust gases.

SEC - the U.S. Securities and Exchange Commission, a U.S. government agency primarily responsible to protect investors and maintain the integrity of the securities markets.

SERC - SERC Reliability Corporation, one of eight regional entities with delegated authority from NERC that work to safeguard the reliability of the bulk power systems throughout North America.

Smart meter - an electric meter that utilizes smart metering technology.

Smart metering technology - technology that can measure, among other things, time of electricity consumption to permit offering rate incentives for usage during lower cost or demand intervals. The use of this technology also has the potential to strengthen network reliability.

Superfund - federal environmental statute that addresses remediation of contaminated sites; states also have similar statutes.

Talen Energy - Talen Energy Corporation, the Delaware corporation formed to be the publicly traded company and owner of the competitive generation assets of PPL Energy Supply and certain affiliates of Riverstone.

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Talen Energy Marketing - PPL EnergyPlus' new name subsequent to the spinoff of PPL Energy Supply.

Tolling agreement - agreement whereby the owner of an electricity generating facility agrees to use that facility to convert fuel provided by a third party into electricity for delivery back to the third party.

Total shareowner return - the change in market value of a share of the Company's common stock plus the value of all dividends paid on a share of the common stock during the applicable performance period, divided by the price of the common stock as of the beginning of the performance period. The price used for purposes of this calculation is the average share price for the 20 trading days at the beginning and end of the applicable period.

Treasury Stock Method - A method applied to calculate diluted EPS that assumes any proceeds that could be obtained upon exercise of options and warrants (and their equivalents) would be used to purchase common stock at the average market price during the relevant period.

VaR - value-at-risk, a statistical model that attempts to estimate the value of potential loss over a given holding period under normal market conditions at a given confidence level.

Volumetric risk - the risk that the actual load volumes provided under full-requirement sales contracts could vary significantly from forecasted volumes.

VSCC - Virginia State Corporation Commission, the state agency that has jurisdiction over the regulation of Virginia corporations, including utilities.

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Forward-looking Information

Statements contained in this Form 10-Q concerning expectations, beliefs, plans, objectives, goals, strategies, future events or performance and underlying assumptions and other statements that are other than statements of historical fact are "forward-looking statements" within the meaning of the federal securities laws. Although the Registrants believe that the expectations and assumptions reflected in these statements are reasonable, there can be no assurance that these expectations will prove to be correct. Forward-looking statements are subject to many risks and uncertainties, and actual results may differ materially from the results discussed in forward-looking statements. In addition to the specific factors discussed in each Registrant's 2014 Form 10-K and in "Item 2. Combined Management's Discussion and Analysis of Financial Condition and Results of Operations" in this Form 10-Q, the following are among the important factors that could cause actual results to differ materially from the forward-looking statements.

- fuel supply;
- continuing ability to recover fuel costs and environmental expenditures in a timely manner at LG&E and KU, and natural gas supply costs at LG&E;
- weather conditions affecting customer energy use;
- availability of existing generation facilities;
- the duration of and cost associated with unscheduled outages at our generating facilities;
- transmission and distribution system conditions and operating costs;
- expansion of alternative sources of electricity generation;
- collective labor bargaining negotiations;
- the outcome of litigation against the Registrants and their subsidiaries;
- potential effects of threatened or actual terrorism, war or other hostilities, cyber-based intrusions or natural disasters;
- the commitments and liabilities of the Registrants and their subsidiaries;
- the effectiveness of our risk management techniques, including hedging;
- our ability to attract and retain qualified employees;
- volatility in market demand and prices for energy and transmission services;
- competition in retail and wholesale power and natural gas markets;
- market prices of commodity inputs for ongoing capital expenditures;
- capital market conditions, including the availability of capital or credit, changes in interest rates and certain economic indices, and decisions regarding capital structure;
- stock price performance of PPL;
- volatility in the fair value of debt and equity securities and its impact on the value of assets in defined benefit plans, and the potential cash funding requirements if fair value declines;
- interest rates and their effect on pension and retiree medical liabilities and interest payable on certain debt securities;
- volatility in or the impact of other changes in financial markets and economic conditions;
- new accounting requirements or new interpretations or applications of existing requirements;
- changes in securities and credit ratings;
- changes in foreign currency exchange rates for British pound sterling;
- current and future environmental conditions, regulations and other requirements and the related costs of compliance, including environmental capital expenditures, emission allowance costs and other expenses;
- changes in political, regulatory or economic conditions in states, regions or countries where the Registrants or their subsidiaries conduct business;
- receipt of necessary governmental permits, approvals and rate relief;
- new state, federal or foreign legislation or regulatory developments;

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- the outcome of any rate cases or other cost recovery or revenue filings by PPL Electric, LG&E, KU or WPD; the impact of any state, federal or foreign investigations applicable to the Registrants and their subsidiaries and the energy industry;
- the effect of any business or industry restructuring;
- development of new projects, markets and technologies;
- performance of new ventures; and
- business dispositions or acquisitions and our ability to realize expected benefits from such business transactions.

Any such forward-looking statements should be considered in light of such important factors and in conjunction with other documents of the Registrants on file with the SEC.

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New factors that could cause actual results to differ materially from those described in forward-looking statements emerge from time to time, and it is not possible for the Registrants to predict all such factors, or the extent to which any such factor or combination of factors may cause actual results to differ from those contained in any forward-looking statement. Any forward-looking statement speaks only as of the date on which such statement is made, and the Registrants undertake no obligation to update the information contained in such statement to reflect subsequent developments or information.

Table of Contents**PART I. FINANCIAL INFORMATION****ITEM 1. Financial Statements****CONDENSED CONSOLIDATED STATEMENTS OF
INCOME (LOSS)****PPL Corporation and Subsidiaries**

(Unaudited)

(Millions of Dollars, except share data)

	Three Months Ended		Six Months Ended	
	June 30, 2015	2014	June 30, 2015	2014
Operating Revenues				
Utility	\$1,765	\$1,830	\$3,979	\$3,992
Energy-related businesses	16	19	32	35
Total Operating Revenues	1,781	1,849	4,011	4,027
Operating Expenses				
Operation				
Fuel	214	232	467	508
Energy purchases	170	171	499	510
Other operation and maintenance	454	447	897	887
Depreciation	216	230	432	455
Taxes, other than income	76	77	162	160
Energy-related businesses	13	14	26	28
Total Operating Expenses	1,143	1,171	2,483	2,548
Operating Income	638	678	1,528	1,479
Other Income (Expense) - net	(102)	(74)	(14)	(103)
Interest Expense	215	208	424	424
	321	396	1,090	952

**Income from
Continuing
Operations Before
Income Taxes**

Income Taxes	71	166	288	333
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**Income from
Continuing
Operations After
Income Taxes**

	250	230	802	619
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Income (Loss) from
Discontinued
Operations (net of
income taxes)
(Note 8)

	(1,007)	(1)	(912)	(74)
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**Net Income
(Loss)**

	\$(757)	\$229	\$(110)	\$545
--	----------------	-------	----------------	-------

**Earnings Per
Share of Common
Stock:**

Income from
Continuing
Operations After
Income Taxes
Available to PPL
Common

Shareowners:

Basic	\$0.37	\$0.35	\$1.20	\$0.96
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Diluted	\$0.37	\$0.34	\$1.19	\$0.94
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Net Income
(Loss) Available
to PPL Common

Shareowners:

Basic	\$(1.13)	\$0.35	\$(0.17)	\$0.84
-------	-----------------	--------	-----------------	--------

Diluted	\$(1.13)	\$0.34	\$(0.17)	\$0.83
---------	-----------------	--------	-----------------	--------

Dividends

**Declared Per
Share of Common
Stock**

	\$0.3725	\$0.3725	\$0.7450	\$0.7450
--	-----------------	----------	-----------------	----------

**Weighted-Average
Shares of
Common Stock
Outstanding (in
thousands)**

Basic	668,415	653,132	667,698	642,002
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Diluted **671,286** 665,792 **670,013** 664,927

The accompanying Notes to Condensed Financial Statements are an integral part of the financial statements.

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Table of Contents**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(LOSS)****PPL Corporation and Subsidiaries**

(Unaudited)

(Millions of Dollars)

	Three Months Ended		Six Months Ended	
	June 30, 2015	2014	June 30, 2015	2014
Net income (loss)	\$ (757)	\$ 229	\$ (110)	\$ 545
Other comprehensive income (loss):				
Amounts arising during the period - gains (losses), net of tax (expense)				
benefit:				
Foreign currency translation adjustments, net of tax of \$6, \$5, \$1, \$6	(83)	(3)	(149)	128
Available-for-sale securities, net of tax of (\$3), (\$15), (\$9), (\$21)	2	14	7	19
Qualifying derivatives, net of tax of (\$11), \$4, (\$7), \$29	21	(1)	27	(47)
Defined benefit plans:				
Prior service costs, net of tax of \$4, \$0, \$4, \$0	(6)		(6)	
Net actuarial gain (loss), net of tax of (\$36), \$2, (\$36), \$2	53	(2)	52	(2)
Reclassifications from AOCI - (gains) losses, net of tax expense (benefit):				
Available-for-sale securities, net of tax of \$1, \$1, \$2, \$2	(1)	(1)	(2)	(2)
Qualifying derivatives, net of tax of (\$24), \$5, (\$20), \$1	27	(5)	10	14
Equity investees' other comprehensive (income) loss, net of tax of \$0, \$0, \$1, \$0			(1)	
Defined benefit plans:				
Prior service costs, net of tax of \$0, (\$1), \$0, (\$2)		1		2
Net actuarial loss, net of tax of (\$12), (\$8), (\$25), (\$17)	38	28	76	55
Total other comprehensive income (loss)	51	31	14	167
Comprehensive income (loss)	\$ (706)	\$ 260	\$ (96)	\$ 712

The accompanying Notes to Condensed Financial Statements are an integral part of the financial statements.

Table of Contents**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS****PPL Corporation and Subsidiaries**

(Unaudited)

(Millions of Dollars)

	Six Months Ended June 30,	
	2015	2014
Cash Flows from Operating Activities		
Net income (loss)	\$ (110)	\$ 545
Loss from discontinued operations (net of income taxes)	912	74
Income from continuing operations (net of income taxes)	802	619
Adjustments to reconcile Income from continuing operations (net of taxes) to net cash provided by operating activities - continuing operations		
Depreciation	432	455
Amortization	27	35
Defined benefit plans - expense	32	27
Deferred income taxes and investment tax credits	256	253
Unrealized (gains) losses on derivatives, and other hedging activities	62	69
Adjustment to WPD line loss accrual		65
Stock-based compensation expense	38	20
Other	11	1
Change in current assets and current liabilities		
Accounts receivable	(74)	(95)
Accounts payable	(83)	(46)
Unbilled revenues	79	94
Prepayments	(61)	(19)
Taxes payable	(129)	52
Accrued interest	(87)	(107)
Other current liabilities	(91)	(38)
Other	13	40
Other operating activities		
Defined benefit plans - funding	(289)	(186)
Other assets	(29)	2
Other liabilities	61	52
	970	1,293

Net cash provided by operating activities - continuing operations		
Net cash provided by operating activities - discontinued operations	343	290
Net cash provided by operating activities	1,313	1,583
Cash Flows from Investing Activities		
Investing activities from continuing operations:		
Expenditures for property, plant and equipment	(1,679)	(1,678)
Expenditures for intangible assets	(24)	(24)
Purchase of other investments	(15)	
Proceeds from the sale of other investments	135	
Net (increase) decrease in restricted cash and cash equivalents	8	7
Other investing activities		(5)
Net cash provided by (used in) investing activities - continuing operations	(1,575)	(1,700)
Net cash provided by (used in) investing activities - discontinued operations	(149)	(403)
Net cash provided by (used in) investing activities	(1,724)	(2,103)
Cash Flows from Financing Activities		
Financing activities from continuing operations:		
Issuance of long-term debt	88	296
Retirement of long-term debt		(239)
Issuance of common stock	83	1,017
Payment of common stock dividends	(500)	(470)
Net increase (decrease) in short-term debt	276	(217)
Other financing activities	(18)	(38)
Net cash provided by (used in) financing activities	(71)	349

- continuing operations		
Net cash provided by (used in) financing activities - discontinued operations	(546)	138
Net cash distributions to parent from discontinued operations	132	184
Net cash provided by (used in) financing activities	(485)	671
Effect of Exchange Rates on Cash and Cash Equivalents	(9)	16
Net (Increase) Decrease in Cash and Cash Equivalents included in Discontinued Operations	352	(25)
Net Increase (Decrease) in Cash and Cash Equivalents	(553)	142
Cash and Cash Equivalents at Beginning of Period	1,399	863
Cash and Cash Equivalents at End of Period	\$ 846	\$ 1,005

The accompanying Notes to Condensed Financial Statements are an integral part of the financial statements.

Table of Contents**CONDENSED CONSOLIDATED
BALANCE SHEETS****PPL Corporation and Subsidiaries**

(Unaudited)

*(Millions of Dollars, shares in thousands)***June 30, December 31,
2015 2014****Assets****Current Assets**

Cash and cash equivalents	\$ 846	\$ 1,399
Short-term investments		120
Accounts receivable (less reserve: 2015, \$41; 2014, \$44)		
Customer	737	737
Other	106	71
Unbilled revenues	431	517
Fuel, materials and supplies	315	381
Prepayments	136	75
Deferred income taxes	159	125
Other current assets	140	134
Current assets of discontinued operations		2,600
Total Current Assets	2,870	6,159

Property, Plant and Equipment

Regulated utility plant	32,990	30,568
Less: accumulated depreciation - regulated utility plant	5,480	5,361
Regulated utility plant, net	27,510	25,207
Non-regulated property, plant and equipment	537	592

Less: accumulated depreciation - non-regulated property, plant and equipment	168	162
Non-regulated property, plant and equipment, net	369	430
Construction work in progress	1,339	2,532
Property, Plant and Equipment, net	29,218	28,169
Other Noncurrent Assets		
Regulatory assets	1,569	1,562
Goodwill	3,590	3,667
Other intangibles	658	668
Other noncurrent assets	339	322
Noncurrent assets of discontinued operations		8,317
Total Other Noncurrent Assets	6,156	14,536
Total Assets	\$ 38,244	\$ 48,864

The accompanying Notes to Condensed Financial Statements are an integral part of the financial statements.

Table of Contents**CONDENSED CONSOLIDATED
BALANCE SHEETS****PPL Corporation and Subsidiaries**

(Unaudited)

*(Millions of Dollars, shares in thousands)***June 30, December 31,
2015 2014****Liabilities and
Equity****Current
Liabilities**

Short-term debt	\$ 1,100	\$ 836
Long-term debt due within one year	1,000	1,000
Accounts payable	902	995
Taxes	130	263
Interest	191	298
Dividends	250	249
Customer deposits	309	304
Regulatory liabilities	137	91
Other current liabilities	490	632
Current liabilities of discontinued operations		2,775
Total Current Liabilities	4,509	7,443

Long-term Debt	17,103	17,173
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**Deferred
Credits and
Other
Noncurrent
Liabilities**

Deferred income taxes	3,538	3,227
Investment tax credits	130	132
	1,078	1,457

Accrued pension obligations		
Asset retirement obligations	487	324
Regulatory liabilities	977	992
Other deferred credits and noncurrent liabilities	481	525
Noncurrent liabilities of discontinued operations		3,963
Total Deferred Credits and Other Noncurrent Liabilities	6,691	10,620

Commitments and Contingent Liabilities
(Notes 6 and 10)

Equity

Common stock - \$0.01 par value (a)	7	7
Additional paid-in capital	9,564	9,433
Earnings reinvested	2,654	6,462
Accumulated other comprehensive loss	(2,284)	(2,274)
Total Equity	9,941	13,628

Total Liabilities and Equity \$ **38,244** \$ 48,864

(a) 780,000 shares authorized; 669,514 and 665,849 shares issued and outstanding at June 30, 2015 and December 31, 2014.

The accompanying Notes to Condensed Financial Statements are an integral part of the financial statements.

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Table of Contents**CONDENSED CONSOLIDATED STATEMENTS OF EQUITY****PPL Corporation and Subsidiaries**

(Unaudited)

(Millions of Dollars)

	Common stock shares outstanding (a)	Common stock	Additional paid-in capital	Earnings reinvested	Accumulated other comprehensive loss	Total
March 31, 2015	667,713	\$ 7	\$ 9,480	\$ 6,860	\$ (2,311)	\$ 14,036
Common stock issued	1,801		57			57
Stock-based compensation			27			27
Net loss				(757)		(757)
Dividends and dividend equivalents				(249)		(249)
Distribution of PPL Energy Supply (Note 8)				(3,200)	(24)	(3,224)
Other comprehensive income (loss)					51	51
June 30, 2015	669,514	\$ 7	\$ 9,564	\$ 2,654	\$ (2,284)	\$ 9,941
December 31, 2014	665,849	\$ 7	\$ 9,433	\$ 6,462	\$ (2,274)	\$ 13,628
Common stock issued	3,665		111			111
Stock-based compensation			20			20

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Net loss			(110)		(110)	
Dividends and dividend equivalents			(498)		(498)	
Distribution of PPL Energy Supply (Note 8)			(3,200)	(24)	(3,224)	
Other comprehensive income (loss)				14	14	
June 30, 2015	669,514	\$ 7	\$ 9,564	\$ 2,654	\$ (2,284)	\$ 9,941
March 31, 2014	631,417	\$ 6	\$ 8,352	\$ 5,788	\$ (1,429)	\$ 12,717
Common stock issued	32,601	1	997			998
Stock-based compensation			9			9
Net income			229			229
Dividends and dividend equivalents			(249)			(249)
Other comprehensive income (loss)				31		31
June 30, 2014	664,018	\$ 7	\$ 9,358	\$ 5,768	\$ (1,398)	\$ 13,735
December 31, 2013	630,321	\$ 6	\$ 8,316	\$ 5,709	\$ (1,565)	\$ 12,466
Common stock issued	33,697	1	1,027			1,028
Stock-based compensation			15			15
Net income			545			545
Dividends and			(486)			(486)

dividend equivalents Other comprehensive income (loss)				167	167
June 30, 2014	664,018	\$ 7	\$ 9,358	\$ 5,768	\$ (1,398)
					\$ 13,735

(a) Shares in thousands. Each share entitles the holder to one vote on any question presented at any shareholders' meeting.

The accompanying Notes to Condensed Financial Statements are an integral part of the financial statements.

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Table of Contents**CONDENSED CONSOLIDATED STATEMENTS OF
INCOME****PPL Electric Utilities Corporation and Subsidiaries**

(Unaudited)

(Millions of Dollars)

	Three Months Ended		Six Months Ended	
	June 30, 2015	2014	June 30, 2015	2014
Operating Revenues	\$ 476	\$ 449	\$ 1,106	\$ 1,041
Operating Expenses				
Operation				
Energy purchases	138	114	365	303
Energy purchases from affiliate	5	21	14	48
Other operation and maintenance	140	135	273	269
Depreciation	52	45	103	90
Taxes, other than income	25	23	60	55
Total Operating Expenses	360	338	815	765
Operating Income	116	111	291	276
Other Income (Expense) - net	2	1	4	3
Interest Expense	33	29	64	58
Income Before Income Taxes	85	83	231	221
Income Taxes	36	31	95	84
Net Income (a)	\$ 49	\$ 52	\$ 136	\$ 137

(a) Net income approximates comprehensive income.

The accompanying Notes to Condensed Financial Statements are an integral part of the financial statements.

Table of Contents**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS****PPL Electric Utilities Corporation and Subsidiaries**

(Unaudited)

(Millions of Dollars)

	Six Months Ended June 30, 2015 2014	
Cash Flows from Operating Activities		
Net income	\$ 136	\$ 137
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation	103	90
Amortization	14	9
Defined benefit plans - expense	8	11
Deferred income taxes and investment tax credits	39	44
Other	(6)	(17)
Change in current assets and current liabilities		
Accounts receivable	(24)	(80)
Accounts payable	(93)	(33)
Unbilled revenues	25	34
Prepayments	(80)	(40)
Taxes payable	(55)	8
Other	22	2
Other operating activities		
Defined benefit plans - funding	(33)	(19)
Other assets	(2)	5
Other liabilities	22	(3)
Net cash provided by operating activities	76	148
Cash Flows from Investing Activities		
Expenditures for property, plant and equipment	(480)	(436)
Expenditures for intangible assets	(5)	(22)
Net (increase) decrease in notes receivable from affiliates		150
Other investing activities	2	13
Net cash provided by (used in) investing activities	(483)	(295)
Cash Flows from Financing Activities		
Issuance of long-term debt		296
Retirement of long-term debt		(10)
Contributions from parent	160	95
Payment of common stock dividends to parent	(107)	(87)
Net increase (decrease) in short-term debt	168	(20)
Other financing activities		(3)
Net cash provided by (used in) financing activities	221	271

Net Increase (Decrease) in Cash and Cash Equivalents	(186)	124
Cash and Cash Equivalents at Beginning of Period	214	25
Cash and Cash Equivalents at End of Period	\$ 28	\$ 149

The accompanying Notes to Condensed Financial Statements are an integral part of the financial statements.

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**CONDENSED CONSOLIDATED
BALANCE SHEETS
PPL Electric Utilities Corporation and
Subsidiaries**

(Unaudited)

(Millions of Dollars, shares in thousands)

	June 30, December 31,	
	2015	2014
Assets		
Current Assets		
Cash and cash equivalents	\$ 28	\$ 214
Accounts receivable (less reserve: 2015, \$16; 2014, \$17)		
Customer	343	312
Other	21	44
Unbilled revenues	88	113
Materials and supplies	37	43
Prepayments	90	10
Deferred income taxes	93	58
Regulatory assets	10	12
Other current assets	10	13
Total Current Assets	720	819
Property, Plant and Equipment		
Regulated utility plant	8,331	7,589
Less: accumulated depreciation - regulated utility plant	2,582	2,517
Regulated utility plant, net	5,749	5,072
Construction work in	475	738

progress Property, Plant and Equipment, net	6,224	5,810
Other Noncurrent Assets		
Regulatory assets	946	897
Intangibles	239	235
Other noncurrent assets	42	24
Total Other Noncurrent Assets	1,227	1,156
Total Assets	\$ 8,171	\$ 7,785

The accompanying Notes to Condensed Financial Statements are an integral part of the financial statements.

Table of Contents**CONDENSED CONSOLIDATED
BALANCE SHEETS****PPL Electric Utilities Corporation
and Subsidiaries**

(Unaudited)

*(Millions of Dollars, shares in
thousands)*

	June 30, December 31, 2015 2014	
Liabilities and Equity		
Current Liabilities		
Short-term debt	\$ 168	
Long term debt due within one year	100	\$ 100
Accounts payable	308	325
Accounts payable to affiliates	81	70
Taxes	30	85
Interest	34	34
Regulatory liabilities	110	76
Other current liabilities	82	103
Total Current Liabilities	913	793
Long-term Debt	2,503	2,502
Deferred Credits and Other Noncurrent Liabilities		
Deferred income taxes	1,553	1,483
	147	212

Accrued pension obligations		
Regulatory liabilities	26	18
Other deferred credits and noncurrent liabilities	76	60
Total Deferred Credits and Other Noncurrent Liabilities	1,802	1,773

Commitments and Contingent Liabilities (Notes 6 and 10)

Equity

Common stock - no par value (a)	364	364
Additional paid-in capital	1,810	1,603
Earnings reinvested	779	750
Total Equity	2,953	2,717

Total Liabilities and Equity **\$ 8,171** \$ 7,785

(a) 170,000 shares authorized; 66,368 shares issued and outstanding at June 30, 2015 and December 31, 2014.

The accompanying Notes to Condensed Financial Statements are an integral part of the financial statements.

Table of Contents**CONDENSED CONSOLIDATED STATEMENTS OF EQUITY****PPL Electric Utilities Corporation and Subsidiaries**

(Unaudited)

(Millions of Dollars)

	Common stock shares outstanding (a)	Common stock	Additional paid-in capital	Earnings reinvested	Total
March 31, 2015	66,368	\$ 364	\$ 1,653	\$ 793	\$ 2,810
Net income				49	49
Capital contributions from PPL (b)			157		157
Dividends declared on common stock				(63)	(63)
June 30, 2015	66,368	\$ 364	\$ 1,810	\$ 779	\$ 2,953
December 31, 2014	66,368	\$ 364	\$ 1,603	\$ 750	\$ 2,717
Net income				136	136
Capital contributions from PPL (b)			207		207
Dividends declared on common stock				(107)	(107)
June 30, 2015	66,368	\$ 364	\$ 1,810	\$ 779	\$ 2,953

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March 31, 2014	66,368	\$ 364	\$ 1,405	\$ 698	\$ 2,467
Net income				52	52
Capital contributions from PPL			30		30
Dividends declared on common stock				(55)	(55)
June 30, 2014	66,368	\$ 364	\$ 1,435	\$ 695	\$ 2,494
December 31, 2013	66,368	\$ 364	\$ 1,340	\$ 645	\$ 2,349
Net income				137	137
Capital contributions from PPL			95		95
Dividends declared on common stock				(87)	(87)
June 30, 2014	66,368	\$ 364	\$ 1,435	\$ 695	\$ 2,494

- (a) Shares in thousands. All common shares of PPL Electric stock are owned by PPL.
 (b) Includes non-cash contributions of \$47 million.

The accompanying Notes to Condensed Financial Statements are an integral part of the financial statements.

Table of Contents**CONDENSED CONSOLIDATED STATEMENTS
OF INCOME****LG&E and KU Energy LLC and Subsidiaries**

(Unaudited)

(Millions of Dollars)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Operating Revenues	\$ 714	\$ 722	\$ 1,613	\$ 1,656
Operating Expenses				
Operation				
Fuel	214	231	467	508
Energy purchases	28	36	120	160
Other operation and maintenance	214	206	423	412
Depreciation	94	87	189	173
Taxes, other than income	15	13	29	26
Total Operating Expenses	565	573	1,228	1,279
Operating Income	149	149	385	377
Other Income (Expense) - net	(1)	(2)	(2)	(4)
Interest Expense	42	41	84	83
Interest Expense with Affiliate	1		1	
Income Before Income Taxes	105	106	298	290
Income Taxes	45	41	121	110
Net Income	\$ 60	\$ 65	\$ 177	\$ 180

The accompanying Notes to Condensed Financial Statements are an integral part of the financial statements.

Table of Contents**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME****LG&E and KU Energy LLC and Subsidiaries**

(Unaudited)

(Millions of Dollars)

	Three Months Ended		Six Months Ended	
	June 30, 2015	2014	June 30, 2015	2014
Net income	\$ 60	\$ 65	\$ 177	\$ 180
Other comprehensive income (loss):				
Amounts arising during the period - gains (losses), net of tax (expense) benefit:				
Defined benefit plans:				
Net actuarial loss, net of tax of \$5, \$1, \$5, \$1	(8)	(2)	(8)	(2)
Reclassification to net income - (gains) losses, net of tax expense (benefit):				
Equity investees' other comprehensive (income) loss, net of tax of \$0, \$0, \$1, \$0			(1)	(1)
Defined benefit plans:				
Prior service costs, net of tax of \$0, \$0, \$0, \$0	1		1	
Net actuarial loss, net of tax of (\$1), \$0, (\$1), \$0			1	
Total other comprehensive income (loss)	(7)	(2)	(7)	(3)
Comprehensive income	\$ 53	\$ 63	\$ 170	\$ 177

The accompanying Notes to Condensed Financial Statements are an integral part of the financial statements.

Table of Contents**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS****LG&E and KU Energy LLC and Subsidiaries**

(Unaudited)

(Millions of Dollars)

	Six Months Ended June 30,	
	2015	2014
Cash Flows from Operating Activities		
Net income	\$ 177	\$ 180
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation	189	173
Amortization	12	12
Defined benefit plans - expense	21	12
Deferred income taxes and investment tax credits	145	149
Other	23	1
Change in current assets and current liabilities		
Accounts receivable	13	(22)
Accounts payable	10	(5)
Accounts payable to affiliates		(2)
Unbilled revenues	12	27
Fuel, materials and supplies	54	43
Income tax receivable	136	(2)
Taxes payable	23	(10)
Other	(30)	1
Other operating activities		
Defined benefit plans - funding	(63)	(40)
Other assets	7	(2)
Other liabilities	(26)	2
Net cash provided by operating activities	703	517
Cash Flows from Investing Activities		
Expenditures for property, plant and equipment	(630)	(556)
Net (increase) decrease in notes receivable from affiliates		54
Other investing activities	4	
Net cash provided by (used in) investing activities	(626)	(502)
Cash Flows from Financing Activities		
Net increase (decrease) in notes payable with affiliates	18	
Net increase (decrease) in short-term debt	(14)	75
Distributions to member	(109)	(221)
Contributions from member	20	119
Net cash provided by (used in) financing activities	(85)	(27)
Net Increase (Decrease) in Cash and Cash Equivalents	(8)	(12)
Cash and Cash Equivalents at Beginning of Period	21	35

Cash and Cash Equivalents at End of Period	\$ 13	\$ 23
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The accompanying Notes to Condensed Financial Statements are an integral part of the financial statements.

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Table of Contents**CONDENSED CONSOLIDATED
BALANCE SHEETS****LG&E and KU Energy LLC and
Subsidiaries**

(Unaudited)

(Millions of Dollars)

	June 30,	December 31,
	2015	2014
Assets		
Current Assets		
Cash and cash equivalents	\$ 13	\$ 21
Accounts receivable (less reserve: 2015, \$23; 2014, \$25)		
Customer	216	231
Other	18	18
Unbilled revenues	155	167
Fuel, materials and supplies	249	311
Prepayments	32	28
Income taxes receivable		136
Deferred income taxes	42	16
Regulatory assets	24	25
Other current assets	7	3
Total Current Assets	756	956
Property, Plant and Equipment		
Regulated utility plant	11,349	10,014
Less: accumulated depreciation - regulated utility plant	1,040	1,069
Regulated utility plant, net	10,309	8,945

Construction work in progress	725	1,559
Property, Plant and Equipment, net	11,034	10,504
Other Noncurrent Assets		
Regulatory assets	623	665
Goodwill	996	996
Other intangibles	148	174
Other noncurrent assets	91	101
Total Other Noncurrent Assets	1,858	1,936
Total Assets	\$ 13,648	\$ 13,396

The accompanying Notes to Condensed Financial Statements are an integral part of the financial statements.

Table of Contents**CONDENSED CONSOLIDATED
BALANCE SHEETS****LG&E and KU Energy LLC and
Subsidiaries**

(Unaudited)

(Millions of Dollars)

	June 30, 2015	December 31, 2014
Liabilities and Equity		
Current Liabilities		
Short-term debt	\$ 561	\$ 575
Long-term debt due within one year	900	900
Notes payable with affiliates	59	41
Accounts payable	346	399
Accounts payable to affiliates	8	2
Customer deposits	52	52
Taxes	59	36
Price risk management liabilities	5	5
Price risk management liabilities with affiliates	46	66
Regulatory liabilities	27	15
Interest	24	23
Other current liabilities	113	131
Total Current Liabilities	2,200	2,245
Long-term Debt	3,667	3,667

**Deferred
Credits and
Other
Noncurrent
Liabilities**

Deferred income taxes	1,406	1,241
Investment tax credits	129	131
Accrued pension obligations	274	305
Asset retirement obligations	437	274
Regulatory liabilities	951	974
Price risk management liabilities	40	43
Other deferred credits and noncurrent liabilities	215	268
Total Deferred Credits and Other Noncurrent Liabilities	3,452	3,236

**Commitments
and
Contingent
Liabilities
(Notes 6 and
10)**

Member's equity	4,329	4,248
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Total Liabilities and Equity	\$ 13,648	\$ 13,396
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The accompanying Notes to Condensed Financial Statements are an integral part of the financial statements.

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**CONDENSED CONSOLIDATED
STATEMENTS OF EQUITY
LG&E and KU Energy LLC and Subsidiaries**
(Unaudited)
(Millions of Dollars)

	Member's Equity
March 31, 2015	\$ 4,342
Net income	60
Contributions from member	20
Distributions to member	(86)
Other comprehensive income (loss)	(7)
June 30, 2015	\$ 4,329
December 31, 2014	\$ 4,248
Net income	177
Contributions from member	20
Distributions to member	(109)
Other comprehensive income (loss)	(7)
June 30, 2015	\$ 4,329
March 31, 2014	\$ 4,200
Net income	65
Contributions from member	79
Distributions to member	(117)
Other comprehensive income (loss)	(2)
June 30, 2014	\$ 4,225
December 31, 2013	\$ 4,150
Net income	180
Contributions from member	119
Distributions to member	(221)
Other comprehensive income (loss)	(3)
June 30, 2014	\$ 4,225

The accompanying Notes to Condensed Financial Statements are an integral part of the financial statements.

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Table of Contents**CONDENSED STATEMENTS OF INCOME****Louisville Gas and Electric Company**

(Unaudited)

(Millions of Dollars)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Operating Revenues				
Retail and wholesale	\$ 323	\$ 320	\$ 740	\$ 762
Electric revenue from affiliate	8	24	30	61
Total Operating Revenues	331	344	770	823
Operating Expenses				
Operation				
Fuel	82	104	185	221
Energy purchases	23	29	111	147
Energy purchases from affiliate	5	2	8	8
Other operation and maintenance	103	94	199	192
Depreciation	40	39	82	77
Taxes, other than income	7	7	14	13
Total Operating Expenses	260	275	599	658
Operating Income	71	69	171	165
Other Income (Expense) - net	(1)	(1)	(2)	(3)
Interest Expense	13	12	26	24
Income Before Income Taxes	57	56	143	138
Income Taxes	22	21	55	51

Net Income (a) **\$ 35** \$ 35 **\$ 88** \$ 87

(a) Net income equals comprehensive income.

The accompanying Notes to Condensed Financial Statements are an integral part of the financial statements.

Table of Contents**CONDENSED STATEMENTS OF CASH FLOWS****Louisville Gas and Electric Company**

(Unaudited)

(Millions of Dollars)

	Six Months Ended June 30,	
	2015	2014
Cash Flows from Operating Activities		
Net income	\$ 88	\$ 87
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation	82	77
Amortization	6	6
Defined benefit plans - expense	8	5
Deferred income taxes and investment tax credits	58	20
Other	24	(4)
Change in current assets and current liabilities		
Accounts receivable	13	(3)
Accounts receivable from affiliates	7	(17)
Accounts payable	(12)	(5)
Accounts payable to affiliates	(4)	(4)
Unbilled revenues	9	19
Fuel, materials and supplies	51	44
Income tax receivable	74	(5)
Taxes payable	9	2
Other	(2)	(4)
Other operating activities		
Defined benefit plans - funding	(25)	(10)
Other assets	12	(1)
Other liabilities	(9)	(4)
Net cash provided by operating activities	389	203
Cash Flows from Investing Activities		
Expenditures for property, plant and equipment	(349)	(249)
Net cash provided by (used in) investing activities	(349)	(249)
Cash Flows from Financing Activities		
Net increase (decrease) in short-term debt	(5)	50
Payment of common stock dividends to parent	(58)	(60)
Contributions from parent	20	53
Net cash provided by (used in) financing activities	(43)	43
Net Increase (Decrease) in Cash and Cash Equivalents	(3)	(3)
Cash and Cash Equivalents at Beginning of Period	10	8
Cash and Cash Equivalents at End of Period	\$ 7	\$ 5

The accompanying Notes to Condensed Financial Statements are an integral part of the financial statements.

Table of Contents**CONDENSED BALANCE SHEETS**
Louisville Gas and Electric Company

(Unaudited)

(Millions of Dollars, shares in thousands)

	June 30,	December 31,
	2015	2014
Assets		
Current Assets		
Cash and cash equivalents	\$ 7	\$ 10
Accounts receivable (less reserve: 2015, \$1; 2014, \$2)		
Customer	94	107
Other	10	11
Unbilled revenues	67	76
Accounts receivable from affiliates	16	23
Fuel, materials and supplies	103	162
Prepayments	8	8
Income taxes receivable		74
Deferred income taxes	17	
Regulatory assets	10	21
Other current assets	3	1
Total Current Assets	335	493
Property, Plant and Equipment		
Regulated utility plant	4,565	4,031
Less: accumulated depreciation - regulated utility plant	353	456
Regulated utility	4,212	3,575

plant, net		
Construction		
work in	331	676
progress		
Property, Plant		
and Equipment,	4,543	4,251
net		
Other		
Noncurrent		
Assets		
Regulatory		
assets	370	397
Goodwill	389	389
Other		
intangibles	85	97
Other		
noncurrent	23	35
assets		
Total Other		
Noncurrent	867	918
Assets		
Total Assets	\$ 5,745	\$ 5,662

The accompanying Notes to Condensed Financial Statements are an integral part of the financial statements.

Table of Contents**CONDENSED BALANCE SHEETS**
Louisville Gas and Electric Company

(Unaudited)

(Millions of Dollars, shares in thousands)

	June 30,	December 31,
	2015	2014
Liabilities and Equity		
Current Liabilities		
Short-term debt	\$ 259	\$ 264
Long-term debt due within one year	250	250
Accounts payable	210	240
Accounts payable to affiliates	16	20
Customer deposits	25	25
Taxes	28	19
Price risk management liabilities	5	5
Price risk management liabilities with affiliates	23	33
Regulatory liabilities	15	10
Interest	6	6
Other current liabilities	41	42
Total Current Liabilities	878	914
Long-term Debt	1,103	1,103
Deferred Credits and Other		

**Noncurrent
Liabilities**

Deferred income taxes	777	700
Investment tax credits	35	36
Accrued pension obligations	36	57
Asset retirement obligations	109	66
Regulatory liabilities	446	458
Price risk management liabilities	40	43
Other deferred credits and noncurrent liabilities	97	111
Total Deferred Credits and Other Noncurrent Liabilities	1,540	1,471

**Commitments
and
Contingent
Liabilities
(Notes 6 and
10)****Stockholder's
Equity**

Common stock - no par value (a)	424	424
Additional paid-in capital	1,541	1,521
Earnings reinvested	259	229
Total Equity	2,224	2,174

**Total
Liabilities and Equity** **\$ 5,745** **\$ 5,662**

(a) 75,000 shares authorized; 21,294 shares issued and outstanding at June 30, 2015 and December 31, 2014.

The accompanying Notes to Condensed Financial Statements are an integral part of the financial statements.

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Table of Contents**CONDENSED STATEMENTS OF EQUITY****Louisville Gas
and Electric
Company**

(Unaudited)

*(Millions of
Dollars)*

Common stock shares outstanding (a)	Common stock	Additional paid-in capital	Earnings reinvested	Total
March 31, 2015 21,294	\$ 424	\$ 1,521	\$ 259	\$ 2,204
Net income			35	35
Capital contributions from LKE		20		20
Cash dividends declared on common stock			(35)	(35)
June 30, 2015 21,294	\$ 424	\$ 1,541	\$ 259	\$ 2,224
December 31, 2014 21,294	\$ 424	\$ 1,521	\$ 229	\$ 2,174
Net income			88	88
Capital contributions from LKE		20		20
Cash dividends declared on common stock			(58)	(58)
June 30, 2015 21,294	\$ 424	\$ 1,541	\$ 259	\$ 2,224

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March 31, 2014 21,294	\$ 424	\$ 1,364	\$ 197	\$ 1,985
Net income			35	35
Capital contributions from LKE		53		53
Cash dividends declared on common stock			(33)	(33)
June 30, 2014 21,294	\$ 424	\$ 1,417	\$ 199	\$ 2,040
December 31, 2013 21,294	\$ 424	\$ 1,364	\$ 172	\$ 1,960
Net income			87	87
Capital contributions from LKE		53		53
Cash dividends declared on common stock			(60)	(60)
June 30, 2014 21,294	\$ 424	\$ 1,417	\$ 199	\$ 2,040

(a) Shares in thousands. All common shares of LG&E stock are owned by LKE.

The accompanying Notes to Condensed Financial Statements are an integral part of the financial statements.

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Table of Contents**CONDENSED STATEMENTS OF
INCOME****Kentucky Utilities Company**

(Unaudited)

(Millions of Dollars)

	Three Months Ended		Six Months Ended	
	June 30,	June 30,	June 30,	June 30,
	2015	2014	2015	2014
Operating Revenues				
Retail and wholesale	\$ 391	\$ 402	\$ 873	\$ 894
Electric revenue from affiliate	5	2	8	8
Total Operating Revenues	396	404	881	902
Operating Expenses				
Operation				
Fuel	132	127	282	287
Energy purchases	5	7	9	13
Energy purchases from affiliate	8	24	30	61
Other operation and maintenance	109	107	213	205
Depreciation	54	47	107	95
Taxes, other than income	8	6	15	13
Total Operating Expenses	316	318	656	674
Operating Income	80	86	225	228
Other Income (Expense) - net	2		1	
Interest Expense	19	20	38	39
Income Before Income Taxes	63	66	188	189

Income Taxes	24	26	71	72
Net Income (a)	\$ 39	\$ 40	\$ 117	\$ 117

(a) Net income approximates comprehensive income.

The accompanying Notes to Condensed Financial Statements are an integral part of the financial statements.

Table of Contents**CONDENSED STATEMENTS OF CASH FLOWS****Kentucky Utilities Company**

(Unaudited)

(Millions of Dollars)

	Six Months Ended June 30,	
	2015	2014
Cash Flows from Operating Activities		
Net income	\$ 117	\$ 117
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation	107	95
Amortization	4	4
Defined benefit plans - expense	6	2
Deferred income taxes and investment tax credits	84	89
Other	(1)	5
Change in current assets and current liabilities		
Accounts receivable		(20)
Accounts payable	27	10
Accounts payable to affiliates	(11)	13
Unbilled revenues	3	8
Fuel, materials and supplies	3	(1)
Income tax receivable	60	(24)
Taxes payable	14	(19)
Other	(9)	16
Other operating activities		
Defined benefit plans - funding	(19)	(3)
Other assets	(1)	(1)
Other liabilities	(24)	6
Net cash provided by operating activities	360	297
Cash Flows from Investing Activities		
Expenditures for property, plant and equipment	(279)	(305)
Other investing activities	4	
Net cash provided by (used in) investing activities	(275)	(305)
Cash Flows from Financing Activities		
Net increase (decrease) in short-term debt	(9)	25
Payment of common stock dividends to parent	(81)	(86)
Contributions from parent		66
Net cash provided by (used in) financing activities	(90)	5
Net Increase (Decrease) in Cash and Cash Equivalents	(5)	(3)
Cash and Cash Equivalents at Beginning of Period	11	21
Cash and Cash Equivalents at End of Period	\$ 6	\$ 18

The accompanying Notes to Condensed Financial Statements are an integral part of the financial statements.

Table of Contents**CONDENSED BALANCE SHEETS****Kentucky Utilities Company**

(Unaudited)

(Millions of Dollars, shares in thousands)

	June 30,	December 31,
	2015	2014
Assets		
Current Assets		
Cash and cash equivalents	\$ 6	\$ 11
Accounts receivable (less reserve: 2015, \$2; 2014, \$2)		
Customer	122	124
Other	7	6
Unbilled revenues	88	91
Fuel, materials and supplies	146	149
Prepayments	12	10
Income taxes receivable		60
Deferred income taxes	20	2
Regulatory assets	14	4
Other current assets	4	2
Total Current Assets	419	459
Property, Plant and Equipment		
Regulated utility plant	6,780	5,977
Less: accumulated depreciation - regulated utility plant	685	611
Regulated utility plant, net	6,095	5,366
Construction work in	390	880

progress Property, Plant and Equipment, net	6,485	6,246
Other Noncurrent Assets		
Regulatory assets	253	268
Goodwill	607	607
Other intangibles	63	77
Other noncurrent assets	57	58
Total Other Noncurrent Assets	980	1,010
Total Assets	\$ 7,884	\$ 7,715

The accompanying Notes to Condensed Financial Statements are an integral part of the financial statements.

Table of Contents**CONDENSED BALANCE SHEETS****Kentucky Utilities Company**

(Unaudited)

(Millions of Dollars, shares in thousands)

June 30, December 31,
2015 2014

**Liabilities and
Equity****Current
Liabilities**

Short-term debt	\$ 227	\$ 236
Long-term debt due within one year	250	250
Accounts payable	124	141
Accounts payable to affiliates	36	47
Customer deposits	27	27
Taxes	28	14
Price risk management liabilities with affiliates	23	33
Regulatory liabilities	12	5
Interest	12	11
Other current liabilities	42	41
Total Current Liabilities	781	805

Long-term Debt	1,841	1,841
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**Deferred
Credits and
Other
Noncurrent
Liabilities**

Deferred income taxes	987	884
Investment tax credits	94	95

Accrued pension obligations	43	59
Asset retirement obligations	328	208
Regulatory liabilities	505	516
Other deferred credits and noncurrent liabilities	64	101
Total Deferred Credits and Other Noncurrent Liabilities	2,021	1,863

Commitments and Contingent Liabilities
(Notes 6 and 10)

Stockholder's Equity

Common stock - no par value (a)	308	308
Additional paid-in capital	2,596	2,596
Accumulated other comprehensive income (loss)	(1)	
Earnings reinvested	338	302
Total Equity	3,241	3,206

Total Liabilities and Equity \$ **7,884** \$ 7,715

(a) 80,000 shares authorized; 37,818 shares issued and outstanding at June 30, 2015 and December 31, 2014.

The accompanying Notes to Condensed Financial Statements are an integral part of the financial statements.

Table of Contents**CONDENSED STATEMENTS OF EQUITY****Kentucky Utilities Company**

(Unaudited)

(Millions of Dollars)

	Common stock shares outstanding (a)	Common stock	Additional paid-in capital	Earnings reinvested	Accumulated other comprehensive income (loss)	Total
March 31, 2015	37,818	\$ 308	\$ 2,596	\$ 350	\$ (1)	\$ 3,253
Net income				39		39
Cash dividends declared on common stock				(51)		(51)
June 30, 2015	37,818	\$ 308	\$ 2,596	\$ 338	\$ (1)	\$ 3,241
December 31, 2014	37,818	\$ 308	\$ 2,596	\$ 302	\$	\$ 3,206
Net income				117		117
Cash dividends declared on common stock				(81)		(81)
Other comprehensive income (loss)					(1)	(1)
June 30, 2015	37,818	\$ 308	\$ 2,596	\$ 338	\$ (1)	\$ 3,241
March 31, 2014	37,818	\$ 308	\$ 2,545	\$ 270	\$	\$ 3,123
Net income				40		40
Capital contributions from LKE			26			26
Cash dividends declared on common stock				(49)		(49)
June 30, 2014	37,818	\$ 308	\$ 2,571	\$ 261	\$	\$ 3,140
December 31, 2013	37,818	\$ 308	\$ 2,505	\$ 230	\$ 1	\$ 3,044
Net income				117		117
Capital contributions from LKE			66			66
Cash dividends declared on common stock				(86)		(86)
Other comprehensive income (loss)					(1)	(1)
June 30, 2014	37,818	\$ 308	\$ 2,571	\$ 261	\$	\$ 3,140

(a) Shares in thousands. All common shares of KU stock are owned by LKE.

The accompanying Notes to Condensed Financial Statements are an integral part of the financial statements.

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Combined Notes to Condensed Financial Statements (Unaudited)

1. Interim Financial Statements

(All Registrants)

Capitalized terms and abbreviations appearing in the unaudited combined notes to condensed financial statements are defined in the glossary. Dollars are in millions, except per share data, unless otherwise noted. The specific Registrant to which disclosures are applicable is identified in parenthetical headings in italics above the applicable disclosure or within the applicable disclosure. Within combined disclosures, amounts are disclosed for any Registrant when significant.

The accompanying unaudited condensed financial statements have been prepared in accordance with GAAP for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X and, therefore, do not include all of the information and footnote disclosures required by GAAP for complete financial statements. In the opinion of management, all adjustments considered necessary for a fair presentation in accordance with GAAP are reflected in the condensed financial statements. All adjustments are of a normal recurring nature, except as otherwise disclosed. Each Registrant's Balance Sheet at December 31, 2014 is derived from that Registrant's 2014 audited Balance Sheet. The financial statements and notes thereto should be read in conjunction with the financial statements and notes contained in each Registrant's 2014 Form 10-K. The results of operations for the three and six months ended June 30, 2015 are not necessarily indicative of the results to be expected for the full year ending December 31, 2015 or other future periods, because results for interim periods can be disproportionately influenced by various factors, developments and seasonal variations.

The classification of certain prior period amounts has been changed to conform to the presentation in the June 30, 2015 financial statements.

(PPL)

"Income (Loss) from Discontinued Operations (net of income taxes)" on the Statements of Income includes the activities of PPL Energy Supply, substantially representing PPL's Supply segment, which was spun off and distributed to PPL shareowners on June 1, 2015. PPL Energy Supply's assets and liabilities have been reclassified on the Balance Sheet at December 31, 2014 to assets and liabilities of discontinued operations. The assets and liabilities were distributed and removed from PPL's Balance Sheets in the second quarter of 2015. In addition, the Statements of Cash Flows separately report the cash flows of the discontinued operations. See Note 8 for additional information.

2. Summary of Significant Accounting Policies

(All Registrants)

The following accounting policy disclosures represent updates to Note 1 to each indicated Registrant's 2014 Form 10-K and should be read in conjunction with those disclosures.

Accounts Receivable *(PPL and PPL Electric)*

In accordance with a PUC-approved purchase of accounts receivable program, PPL Electric purchases certain accounts receivable from alternative electricity suppliers at a discount, which reflects a provision for uncollectible accounts. The alternative electricity suppliers have no continuing involvement or interest in the purchased accounts receivable. The purchased accounts receivable are initially recorded at fair value using a market approach based on the purchase price paid and are classified as Level 2 in the fair value hierarchy. During the three and six months ended June 30, 2015, PPL Electric purchased \$276 million and \$607 million of accounts receivable from unaffiliated third parties and \$53 million and \$146 million from PPL EnergyPlus. During the three and six months ended June 30, 2014, PPL Electric purchased \$253 million and \$614 million of accounts receivable from unaffiliated third parties and \$79 million and \$184 million from PPL EnergyPlus. PPL Electric's purchases from PPL EnergyPlus for the three and six months ended June 30, 2015 include purchases through May 31, 2015, which is the period during which PPL Electric and PPL EnergyPlus were affiliated entities. As a result of the June 1, 2015 spinoff of PPL Energy Supply and creation of Talen Energy, PPL EnergyPlus (renamed Talen Energy Marketing) is no longer an affiliate of PPL Electric. PPL Electric's purchases from Talen Energy Marketing subsequent to May 31, 2015 are purchases from an unaffiliated third party.

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Depreciation (PPL)

Effective January 1, 2015, after completing a review of the useful lives of its distribution network assets, WPD extended the weighted average useful lives of these assets to 69 years from 55 years. For the three and six months ended June 30, 2015, this change in useful lives resulted in lower depreciation of \$22 million (\$17 million after-tax or \$0.03 per share) and \$42 million (\$33 million after-tax or \$0.05 per share).

New Accounting Guidance Adopted (All Registrants)

Reporting of Discontinued Operations

Effective January 1, 2015, the Registrants prospectively adopted accounting guidance that changes the criteria for determining what should be classified as a discontinued operation and the related presentation and disclosure requirements. A discontinued operation may include a component of an entity or a group of components of an entity, or a business activity.

A disposal of a component of an entity or a group of components of an entity is required to be reported in discontinued operations if the disposal represents a strategic shift that has (or will have) a major effect on the entity's operations and financial results when any of the following occurs: (1) The components of an entity or group of components of an entity meets the criteria to be classified as held for sale, (2) The component of an entity or group of components of an entity is disposed of by sale, or (3) The component of an entity or group of components of an entity is disposed of other than by sale (for example, by abandonment or in a distribution to owners in a spinoff).

As a result of the spinoff on June 1, 2015, PPL Energy Supply has been reported as a discontinued operation under the new discontinued operations guidance. See Note 8 for additional information.

3. Segment and Related Information

(PPL)

See Note 2 in PPL's 2014 Form 10-K for a discussion of reportable segments and related information.

On June 1, 2015, PPL completed the spinoff of PPL Energy Supply, which substantially represented PPL's Supply segment. As a result of this transaction, PPL no longer has a Supply segment. See Note 8 for additional information.

Financial data for the segments and reconciliation to PPL's consolidated results for the periods ended June 30 are:

	Three Months		Six Months	
	2015	2014	2015	2014
Income Statement Data				
Revenues from external customers				
U.K. Regulated	\$ 587	\$ 672	\$ 1,284	\$ 1,320
Kentucky Regulated	714	722	1,613	1,656
Pennsylvania Regulated	476	448	1,106	1,039
Corporate and Other	4	7	8	12
Total	\$ 1,781	\$ 1,849	\$ 4,011	\$ 4,027
Net Income (loss)				
U.K. Regulated (a)	\$ 190	\$ 187	\$ 565	\$ 393
Kentucky Regulated	47	58	156	165
Pennsylvania Regulated	49	52	136	137
Corporate and Other (b)	(36)	(67)	(55)	(76)
Discontinued Operations (c)	(1,007)	(1)	(912)	(74)
Total	\$ (757)	\$ 229	\$ (110)	\$ 545

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	June 30, December 31,	
	2015	2014
Balance Sheet Data		
Assets		
U.K. Regulated	\$ 15,973	\$ 16,005
Kentucky Regulated	13,314	13,062
Pennsylvania Regulated	8,171	7,785
Corporate and Other (d)	786	1,095
Discontinued Operations (c)		10,917
Total assets	\$ 38,244	\$ 48,864

- (a) Includes unrealized gains and losses from economic activity. See Note 14 for additional information.
- (b) 2015 includes transition costs to prepare the new Talen Energy organization for the June 1, 2015 spinoff and reconfigure the remaining PPL Services functions. See Note 8 for additional information.
- (c) See Note 8 for additional information.
- (d) Primarily consists of unallocated items, including cash, PP&E and the elimination of inter-segment transactions.

4. Earnings Per Share*(PPL)*

Basic EPS is computed by dividing income available to PPL common shareowners by the weighted-average number of common shares outstanding during the applicable period. Diluted EPS is computed by dividing income available to PPL common shareowners by the weighted-average number of common shares outstanding, increased by incremental shares that would be outstanding if potentially dilutive non-participating securities were converted to common shares as calculated using the Treasury Stock Method or the If-Converted Method, as applicable. Incremental non-participating securities that have a dilutive impact are detailed in the table below.

Reconciliations of the amounts of income and shares of PPL common stock (in thousands) for the periods ended June 30 used in the EPS calculation are:

	Three Months		Six Months	
	2015	2014	2015	2014
Income (Numerator)				
Income from continuing operations after income taxes	\$ 250	\$ 230	\$ 802	\$ 619
Less amounts allocated to participating securities	1	1	2	3

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Income from continuing operations after income taxes available to PPL common shareowners - Basic	249	229	800	616
Plus interest charges (net of tax) related to Equity Units (a)				9
Income from continuing operations after income taxes available to PPL common shareowners - Diluted	\$ 249	\$ 229	\$ 800	\$ 625
Income (loss) from discontinued operations (net of income taxes) available to PPL common shareowners - Basic and Diluted	\$ (1,007)	\$ (1)	\$ (912)	\$ (74)
Net income (loss)	\$ (757)	\$ 229	\$ (110)	\$ 545
Less amounts allocated to participating securities	1	1	2	3
Net income (loss) available to PPL common shareowners - Basic	(758)	228	(112)	542
Plus interest charges (net of tax) related to Equity Units (a)				9
Net income (loss) available to PPL common shareowners - Diluted	\$ (758)	\$ 228	\$ (112)	\$ 551
Shares of Common Stock (Denominator)				
Weighted-average shares - Basic EPS	668,415	653,132	667,698	642,002
Add incremental non-participating securities:				
Share-based payment awards	2,871	2,100	2,315	1,806
Equity Units (a)		10,560		21,119
Weighted-average shares - Diluted EPS	671,286	665,792	670,013	664,927
Basic EPS				
Available to PPL common shareowners:				
Income from continuing operations after income taxes	\$ 0.37	\$ 0.35	\$ 1.20	\$ 0.96
Income (loss) from discontinued operations (net of income taxes)	(1.50)		(1.37)	(0.12)
Net Income (Loss) Available to PPL common shareowners	\$ (1.13)	\$ 0.35	\$ (0.17)	\$ 0.84
Diluted EPS				
Available to PPL common shareowners:				
Income from continuing operations after income taxes	\$ 0.37	\$ 0.34	\$ 1.19	\$ 0.94
Income (loss) from discontinued operations (net of income taxes)	(1.50)		(1.36)	(0.11)
Net Income (Loss) Available to PPL common shareowners	\$ (1.13)	\$ 0.34	\$ (0.17)	\$ 0.83

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- (a) In 2014, the If-Converted Method was applied to the Equity Units prior to the March 2014 settlement.

For the periods ended June 30, PPL issued common stock related to stock-based compensation plans as follows (in thousands):

	Three Months		Six Months	
	2015	2014	2015	2014
Stock-based compensation plans (a)	992	922	2,437	2,018
DRIP	424		843	

- (a) Includes stock options exercised, vesting of performance units, vesting of restricted stock and restricted stock units and conversion of stock units granted to directors.

For the periods ended June 30, the following shares (in thousands) were excluded from the computations of diluted EPS because the effect would have been antidilutive.

	Three Months		Six Months	
	2015	2014	2015	2014
Stock options	348	790	1,085	2,060
Performance units		1	73	1
Restricted stock units				61

5. Income Taxes

Reconciliations of income taxes for the periods ended June 30 are:

(PPL)

Three Months		Six Months	
2015	2014	2015	2014

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Federal income tax on Income from Continuing Operations
Before

Income Taxes at statutory tax rate - 35%	\$ 112	\$ 139	\$ 382	\$ 333
Increase (decrease) due to:				
State income taxes, net of federal income tax benefit	9	3	29	16
Valuation allowance adjustments (a)	5	46	8	46
Impact of lower U.K. income tax rates	(36)	(31)	(98)	(76)
U.S. income tax on foreign earnings - net of foreign tax credit (b)		10	(1)	21
Federal and state tax reserve adjustments (c)	(12)	(1)	(12)	(1)
Intercompany interest on U.K. financing entities	(3)	(1)	(11)	(3)
Other	(4)	1	(9)	(3)
Total increase (decrease)	(41)	27	(94)	
Total income taxes	\$ 71	\$ 166	\$ 288	\$ 333

(a) As a result of the spinoff announcement, PPL recorded deferred income tax expense during the three and six months ended June 30, 2014 to adjust valuation allowances on deferred tax assets primarily for state net operating loss carryforwards that were previously supported by the earnings of PPL Energy Supply. See Note 8 for additional information on the spinoff.

(b) During the three and six months ended June 30, 2015, PPL recorded lower income tax expense due to a decrease in taxable dividends.

(c) During the three and six months ended June 30, 2015, PPL recorded a tax benefit to adjust the settled refund amount approved by Joint Committee of Taxation for the open audit years 1998-2011.

(PPL Electric)

	Three Months		Six Months	
	2015	2014	2015	2014
Federal income tax on Income Before Income Taxes at statutory tax rate - 35%	\$ 30	\$ 29	\$ 81	\$ 77
Increase (decrease) due to:				
State income taxes, net of federal income tax benefit	4	4	14	12
Federal and state tax reserve adjustments	2	(1)	2	(1)
Depreciation not normalized	(1)	(1)	(2)	(3)
Other	1			(1)
Total increase (decrease)	6	2	14	7
Total income taxes	\$ 36	\$ 31	\$ 95	\$ 84

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(LKE)