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STATEMENTS OF INCOME FOR THE YEARS ENDED DECEMBER 31,
Kentucky Utilities Company

(Millions of Dollars)

	2015	2014	2013
Operating Revenues			
Retail and wholesale	$ **1,708**	$ 1,723	$ 1,625
Electric revenue from affiliate	**20**	14	10
Total Operating Revenues	**1,728**	1,737	1,635
Operating Expenses			
Operation			
Fuel	**534**	561	529
Energy purchases	**18**	23	22
Energy purchases from affiliate	**37**	88	59
Other operation and maintenance	**435**	408	382
Depreciation	**220**	197	186
Taxes, other than income	**29**	27	24
Total Operating Expenses	**1,273**	1,304	1,202
Operating Income	**455**	433	433
Other Income (Expense) - net	**1**	(1)	(3)
Interest Expense	**82**	77	70
Income Before Income Taxes	**374**	355	360
Income Taxes	**140**	135	132
Net Income (a)	$ **234**	$ 220	$ 228

(a) Net income approximates comprehensive income.

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

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31,
Kentucky Utilities Company
(Millions of Dollars)

	2015	2014	2013
Cash Flows from Operating Activities			
Net income	$ **234**	$ 220	$ 228
Adjustments to reconcile net income to net cash provided by (used in) operating activities			
Depreciation	**220**	197	186
Amortization	**13**	11	14
Defined benefit plans - expense	**10**	5	18
Deferred income taxes and investment tax credits	**160**	224	69
Other	**(5)**	13	(3)
Change in current assets and current liabilities			
Accounts receivable	**5**	(9)	(44)
Accounts receivable from affiliates	**(1)**		7
Accounts payable	**(32)**	(10)	23
Accounts payable to affiliates	**(10)**	22	(8)
Unbilled revenues	**11**	4	(11)
Fuel, materials and supplies	**3**	(25)	10
Income tax receivable	**59**	(60)	
Taxes payable	**6**	(19)	7
Interest	**5**		1
Other	**4**	(5)	9
Other operating activities			
Defined benefit plans - funding	**(21)**	(5)	(65)
Settlement of interest rate swaps	**(44)**		43
Other assets	**(11)**	(4)	1
Other liabilities	**2**	7	10
Net cash provided by (used in) operating activities	**608**	566	495
Cash Flows from Investing Activities			
Expenditures for property, plant and equipment	**(519)**	(604)	(855)
Other investing activities	**7**	1	2
Net cash provided by (used in) investing activities	**(512)**	(603)	(853)
Cash Flows from Financing Activities			
Issuance of long-term debt	**500**		248
Retirement of long-term debt	**(250)**		
Net increase (decrease) in short-term debt	**(188)**	86	80
Debt issuance and credit facility costs	**(5)**	(2)	(3)
Payment of common stock dividends to parent	**(153)**	(148)	(124)
Contributions from parent		91	157
Net cash provided by (used in) financing activities	**(96)**	27	358
Net Increase (Decrease) in Cash and Cash Equivalents		(10)	
Cash and Cash Equivalents at Beginning of Period	**11**	21	21
Cash and Cash Equivalents at End of Period	$ **11**	$ 11	$ 21

	2015	2014	2013
Supplemental Disclosures of Cash Flow Information			
Cash paid (received) during the period for:			
Interest - net of amount capitalized	$ **75**	$ 73	$ 61
Income taxes - net	$ **(84)**	$	$ 47

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

BALANCE SHEETS AT DECEMBER 31,
Kentucky Utilities Company
(Millions of Dollars, shares in thousands)

	2015	2014
Assets		
Current Assets		
Cash and cash equivalents	$ 11	$ 11
Accounts receivable (less reserve: 2015, $2; 2014, $2)		
Customer	117	124
Other	8	6
Unbilled revenues	80	91
Accounts receivable from affiliates	1	
Fuel, materials and supplies	147	149
Prepayments	8	10
Income taxes receivable	1	60
Regulatory assets	19	4
Other current assets	4	2
Total Current Assets	396	457
Property, Plant and Equipment		
Regulated utility plant	7,099	5,977
Less: accumulated depreciation - regulated utility plant	759	611
Regulated utility plant, net	6,340	5,366
Construction work in progress	267	880
Property, Plant and Equipment, net	6,607	6,246
Other Noncurrent Assets		
Regulatory assets	303	268
Goodwill	607	607
Other intangibles	50	77
Other noncurrent assets	48	46
Total Other Noncurrent Assets	1,008	998
Total Assets	$ 8,011	$ 7,701

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

BALANCE SHEETS AT DECEMBER 31,
Kentucky Utilities Company
(Millions of Dollars, shares in thousands)

		2015		2014
Liabilities and Equity				
Current Liabilities				
Short-term debt	$	**48**	$	236
Long-term debt due within one year				250
Accounts payable		**88**		141
Accounts payable to affiliates		**39**		47
Customer deposits		**26**		27
Taxes		**20**		14
Price risk management liabilities to affiliates				33
Regulatory liabilities		**19**		5
Interest		**16**		11
Other current liabilities		**69**		41
Total Current Liabilities		**325**		805
Long-term Debt		**2,326**		1,829
Deferred Credits and Other Noncurrent Liabilities				
Deferred income taxes		**1,046**		882
Investment tax credits		**93**		95
Accrued pension obligations		**46**		59
Asset retirement obligations		**336**		208
Regulatory liabilities		**492**		516
Other deferred credits and noncurrent liabilities		**60**		101
Total Deferred Credits and Other Noncurrent Liabilities		**2,073**		1,861
Commitments and Contingent Liabilities (Notes 6 and 15)				
Stockholder's Equity				
Common stock - no par value (a)		**308**		308
Additional paid-in capital		**2,596**		2,596
Earnings reinvested		**383**		302
Total Equity		**3,287**		3,206
Total Liabilities and Equity	**$**	**8,011**	$	7,701

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

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

STATEMENTS OF EQUITY
Kentucky Utilities Company
(Millions of Dollars)

	Common stock shares outstanding (a)	Common stock	Additional paid-in capital	Earnings reinvested	Accumulated other comprehensive income (loss)	Total
December 31, 2012	37,818	$ 308	$ 2,348	$ 126	$ 1	$ 2,783
Net income				228		228
Capital contributions from LKE			157			157
Cash dividends declared on common stock				(124)		(124)
December 31, 2013	37,818	$ 308	$ 2,505	$ 230	$ 1	$ 3,044
Net income				$ 220		$ 220
Capital contributions from LKE			$ 91			91
Cash dividends declared on common stock				(148)		(148)
Other comprehensive income (loss)					$ (1)	(1)
December 31, 2014	37,818	$ 308	$ 2,596	$ 302	$	$ 3,206
Net income				$ 234		$ 234
Cash dividends declared on common stock				(153)		(153)
December 31, 2015	37,818	$ 308	$ 2,596	$ 383	$	$ 3,287

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

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

COMBINED NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

(All Registrants)

General

Capitalized terms and abbreviations appearing in the combined notes to 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 or within the applicable disclosure. Within combined disclosures, amounts are disclosed for any Registrant when significant.

Business and Consolidation

(PPL)

PPL is a utility holding company that, through its regulated subsidiaries, is primarily engaged in: 1) the distribution of electricity in the U.K.; 2) the generation, transmission, distribution and sale of electricity and the distribution and sale of natural gas, primarily in Kentucky; and 3) the transmission, distribution and sale of electricity in Pennsylvania. Headquartered in Allentown, PA, PPL's principal subsidiaries are PPL Global, LKE (including its principal subsidiaries, LG&E and KU) and PPL Electric. PPL's corporate level financing subsidiary is PPL Capital Funding.

WPD, a subsidiary of PPL Global, through indirect wholly owned subsidiaries operates distribution networks providing electricity service in the U.K. WPD serves end-users in South Wales and southwest and central England. Its principal subsidiaries are WPD (South Wales), WPD (South West), WPD (East Midlands) and WPD (West Midlands).

PPL consolidates WPD on a one-month lag. Material events, such as debt issuances that occur in the lag period, are recognized in the current period financial statements. Events that are significant but not material are disclosed.

(PPL and PPL Electric)

PPL Electric is a cost-based rate-regulated utility subsidiary of PPL. PPL Electric's principal business is the transmission and distribution of electricity to serve retail customers in its franchised territory in eastern and central Pennsylvania and the regulated supply of electricity to retail customers in that territory as a PLR.

(PPL, LKE, LG&E and KU)

LKE is a utility holding company with cost-based rate-regulated utility operations through its subsidiaries, LG&E and KU. LG&E and KU are engaged in the generation, transmission, distribution and sale of electricity. LG&E also engages in the distribution and sale of natural gas. LG&E and KU maintain their separate identities and serve customers in Kentucky under their respective names. KU also serves customers in Virginia (under the Old Dominion Power name) and in Tennessee under the KU name.

(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 former 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 PPL's Balance Sheet at December 31, 2014 to "Current assets of discontinued operations", "Noncurrent assets of discontinued operations", "Current liabilities of discontinued operations" and "Noncurrent liabilities of discontinued operations". These assets and liabilities were distributed and removed from PPL's Balance Sheet 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.

(All Registrants)

The financial statements of the Registrants include each company's own accounts as well as the accounts of all entities in which the company has a controlling financial interest. Entities for which a controlling financial interest is not demonstrated through voting interests are evaluated based on accounting guidance for Variable Interest Entities (VIEs). The Registrants consolidate a VIE when they are determined to have a controlling interest in the VIE, and thus are the primary beneficiary of the entity. The Registrants are not the primary beneficiary in any VIEs. Investments in entities in which a company has the ability to exercise significant influence but does not have a controlling financial interest are accounted for under the equity method. All other investments are carried at cost or fair value. All significant intercompany transactions have been eliminated.

The financial statements of PPL, LKE, LG&E and KU include their share of any undivided interests in jointly owned facilities, as well as their share of the related operating costs of those facilities. See Note 12 for additional information.

Regulation

(PPL)

WPD operates in an incentive-based regulatory structure under distribution licenses granted by Ofgem. Electricity distribution revenues are set by Ofgem for a given time period through price control reviews that are not directly based on cost recovery. The price control formula that governs WPD's allowed revenue is designed to provide economic incentives to minimize operating, capital and financing costs. As a result, WPD is not subject to accounting for the effects of certain types of regulation as prescribed by GAAP and does not record regulatory assets and liabilities.

(All Registrants)

PPL Electric, LG&E and KU are cost-based rate-regulated utilities for which rates are set by regulators to enable PPL Electric, LG&E and KU to recover the costs of providing electric or gas service, as applicable, and to provide a reasonable return to shareholders. Base rates are generally established based on a future test period. As a result, the financial statements are subject to the accounting for certain types of regulation as prescribed by GAAP and reflect the effects of regulatory actions. Regulatory assets are recognized for the effect of transactions or events where future recovery of underlying costs is probable in regulated customer rates. The effect of such accounting is to defer certain or qualifying costs that would otherwise currently be charged to expense. Regulatory liabilities are recognized for amounts expected to be returned through future regulated customer rates. In certain cases, regulatory liabilities are recorded based on an understanding or agreement with the regulator that rates have been set to recover costs that are expected to be incurred in the future, and the regulated entity is accountable for any amounts charged pursuant to such rates and not yet expended for the intended purpose. The accounting for regulatory assets and regulatory liabilities is based on specific ratemaking decisions or precedent for each transaction or event as prescribed by the FERC or the applicable state regulatory commissions. See Note 6 for additional details regarding regulatory matters.

Accounting Records *(All Registrants)*

The system of accounts for domestic regulated entities is maintained in accordance with the Uniform System of Accounts prescribed by the FERC and adopted by the applicable state regulatory commissions.

(All Registrants)

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Loss Accruals

Potential losses are accrued when (1) information is available that indicates it is "probable" that a loss has been incurred, given the likelihood of the uncertain future events and (2) the amount of the loss can be reasonably estimated. Accounting guidance defines "probable" as cases in which "the future event or events are likely to occur." The Registrants continuously assess potential loss contingencies for environmental remediation, litigation claims, regulatory penalties and other events. Loss accruals for environmental remediation are discounted when appropriate.

The accrual of contingencies that might result in gains is not recorded, unless realization is assured.

Changes in Classification

The classification of certain amounts in the 2014 and 2013 financial statements have been changed to conform to the current presentation. These reclassifications did not affect the Registrants' net income or equity.

Earnings Per Share *(PPL)*

EPS is computed using the two-class method, which is an earnings allocation method for computing EPS that treats a participating security as having rights to earnings that would otherwise have been available to common shareowners. Share-based payment awards that provide recipients a non-forfeitable right to dividends or dividend equivalents are considered participating securities.

Price Risk Management

(All Registrants)

Interest rate contracts are used to hedge exposure to change in the fair value of debt instruments and to hedge exposures to variability in expected cash flows associated with existing floating-rate debt instruments or forecasted fixed-rate issuances of debt. Foreign currency exchange contracts are used to hedge foreign currency exposures, primarily associated with PPL's investments in U.K. subsidiaries. Similar derivatives may receive different accounting treatment, depending on management's intended use and documentation.

Certain contracts may not meet the definition of a derivative because they lack a notional amount or a net settlement provision. In cases where there is no net settlement provision, markets are periodically assessed to determine whether market mechanisms have evolved that would facilitate net settlement. Certain derivative contracts may be excluded from the requirements of derivative accounting treatment because NPNS has been elected. These contracts are accounted for using accrual accounting. Contracts that have been classified as derivative contracts are reflected on the balance sheets at fair value. The portion of derivative positions that deliver within a year are included in "Current Assets" and "Current Liabilities," while the portion of derivative positions that deliver beyond a year are recorded in "Other Noncurrent Assets" and "Deferred Credits and Other Noncurrent Liabilities." See Note 17 to the Financial Statements for additional information.

(PPL)

Processes exist that allow for subsequent review and validation of the contract information as it relates to interest rate and foreign currency derivatives. See Note 17 for more information. The accounting department provides the treasury department with guidelines on appropriate accounting classifications for various contract types and strategies. Examples of accounting guidelines provided to the treasury department staff include, but are not limited to:

- Transactions to lock in an interest rate prior to a debt issuance can be designated as cash flow hedges, to the extent the forecasted debt issuances remain probable of occurring.

- Cross-currency transactions to hedge interest and principal repayments can be designated as cash flow hedges.

- Transactions entered into to hedge fluctuations in the fair value of existing debt can be designated as fair value hedges.

- Transactions entered into to hedge the value of a net investment of foreign operations can be designated as net investment hedges.

- Derivative transactions that do not qualify for cash flow or net investment hedge treatment are marked to fair value through earnings. These transactions generally include foreign currency forwards and options to hedge GBP earnings translation risk associated with PPL's U.K. subsidiaries that report their financial statements in GBP. As such, these transactions reduce earnings volatility due solely to changes in foreign currency exchange rates.

- Derivative transactions may be marked to fair value through regulatory assets/liabilities at PPL Electric, LG&E and KU if approved by the appropriate regulatory body. These transactions generally include the effect of interest rate swaps that are included in customer rates.

(All Registrants)

Cash inflows and outflows related to derivative instruments are included as a component of operating, investing or financing activities on the Statements of Cash Flows, depending on the classification of the hedged items.

PPL and its subsidiaries have elected not to offset net derivative positions against the right to reclaim cash collateral (a receivable) or the obligation to return cash collateral (a payable) under master netting arrangements.

(PPL and PPL Electric)

To meet its obligation as a PLR to its customers, PPL Electric has entered into certain contracts that meet the definition of a derivative. However, NPNS has been elected for these contracts.

See Notes 16 and 17 for additional information on derivatives.

Revenue

Operating Revenues *(PPL)*

For the years ended December 31, the Statements of Income "Operating Revenues" line item contains revenue from the following:

	2015	2014	2013
Domestic electric and gas revenues (a)	$ 5,239	$ 5,209	$ 4,842
U.K. operating revenues (b)	2,410	2,621	2,403
Domestic - other	20	22	18
Total	$ 7,669	$ 7,852	$ 7,263

(a) Represents revenues from cost-based rate-regulated generation, transmission and/or distribution in Pennsylvania, Kentucky, Virginia and Tennessee, including regulated wholesale revenue.
(b) Primarily represents regulated electricity distribution revenues from the operation of WPD's distribution networks.

Revenue Recognition

(All Registrants)

Operating revenues are primarily recorded based on energy deliveries through the end of the calendar month. Unbilled retail revenues result because customers' meters are read and bills are rendered throughout the month, rather than all meters being read and bills rendered at the end of the month. For LKE, LG&E and KU, unbilled revenues for a month are calculated by multiplying an estimate of unbilled kWh by the estimated average cents per kWh. For PPL Electric, unbilled revenues for a month are calculated by multiplying the actual unbilled kWh by the estimated average cents per kWh. Any difference between estimated and actual revenues is adjusted the following month.

(PPL)

WPD is currently operating under RIIO - ED1, which commenced on April 1, 2015. Ofgem has adopted a price control mechanism that establishes the amount of base demand revenue WPD can earn during the price control period, subject to certain true-ups, and provides for an increase or reduction in revenues based on incentives or penalties for exceeding or underperforming relative to pre-established targets. WPD's allowed revenue primarily includes base demand revenue, incentive adjustments, adjustments for over or under-recovery and adjustments related to the DPCR4 line loss close out.

As the regulatory model is incentive based rather than a cost recovery model, WPD is not subject to accounting for the effects of certain types of regulation as prescribed by GAAP. Therefore, the accounting treatment of adjustments to base demand revenue and/or allowed revenue is evaluated based on revenue recognition and contingency guidance.

Unlike prior price control reviews, base demand revenue under RIIO - ED1 will be adjusted during the price control period. The most significant of those adjustments are:

- Inflation True-Up - The base demand revenue for the RIIO-ED1 period was set in 2012/13 prices. Therefore an inflation factor as determined by forecasted RPI, provided by HM Treasury, is applied to base demand revenue.

Forecasted RPI is trued up to actuals and affects future base demand revenue two regulatory years later. This revenue change is called the "TRU" adjustment. The projected TRU for the 2015/16 regulatory year is a $45 million reduction to revenue and will reduce base demand revenue in calendar years 2017 and 2018 by $30 million and $15 million, respectively.

- Annual Iteration Process - The RIIO-ED1 price control period also includes an Annual Iteration Process (AIP). This will allow future base demand revenues agreed with the regulator as part of the price control review to be updated during the price control period for financial adjustments including tax, pensions and cost of debt, legacy price control adjustments from preceding price control periods and adjustments relating to actual and allowed total expenditure together with the Totex Incentive Mechanism (TIM). Under the TIM, WPD's DNOs are able to retain 70% of any amounts not spent against the RIIO-ED1 plan and bear 70% of any over-spends. The AIP calculates an incremental change to base demand revenue, known as the "MOD" adjustment. The MOD provided by Ofgem in November 2016 will include the TIM for the 2015/16 regulatory year as well as the cost of debt calculation based on the 10-year trailing average to October 2016. This projected MOD of $11 million will reduce base demand revenue for calendar years 2017 and 2018 by $5 million and $6 million, respectively.

As both MOD and TRU are changes to future base demand revenues as determined by Ofgem, under applicable GAAP, liabilities for these adjustments have not been recorded.

In addition to base demand revenue, certain other items are added or subtracted to arrive at allowed revenue. The most significant of these are:

- Incentives - Ofgem has established incentive mechanisms to provide significant opportunities to enhance overall returns by improving network efficiency, reliability and customer service. Based on applicable GAAP, incentive revenues are not recorded as assets and are included in revenues when they are billed to customers.

- DPCR4 Line Loss Adjustment - For regulatory years 2015/16 through 2018/19 allowed revenue will also be reduced to reflect Ofgem's final decision on the DPCR4 line loss incentives and penalties mechanism. WPD has a liability recorded related to this future revenue reduction and, therefore, this will not impact future earnings. See Note 6 to the Financial Statements for additional information.

- Correction Factor - During the price control period, WPD's revenue is decoupled from volume and WPD sets its tariffs to recover allowed revenue. However, in any fiscal period, WPD's revenue could be negatively affected if its tariffs and the volume delivered do not fully recover the allowed revenue for a particular period. Conversely, WPD could also over-recover revenue. Over and under-recoveries are subtracted from or added to allowed revenue in future years, known as the "Correction Factor" or "K-factor." Over and under-recovered amounts arising from 2014/15 onwards and refunded/recovered under RIIO-ED1 will be refunded/recovered on a two year lag (previously one year). Therefore the 2014/15 over/under-recovery adjustment will occur in 2016/17. In 2016/17 under this mechanism, WPD will recover the £5 per residential network customer reduction given through reduced tariffs in 2014/15 (approximately $56 million) as that amount is currently considered an under-recovery.

Under applicable GAAP, WPD does not record a receivable for under-recoveries, but does record a liability for over-recoveries. K-factor is measured as of the end of the regulatory year, March 31. While WPD estimates over-recoveries and records a liability when it is probable that there will be an over-recovered position at the end of the regulatory-year, weather-related volume changes and other factors such as sales mix can affect the over or under-recovery between the end of PPL's calendar year and the end of the regulatory year.

Accounts Receivable

(All Registrants)

Accounts receivable are reported on the Balance Sheets at the gross outstanding amount adjusted for an allowance for doubtful accounts. Accounts receivable that are acquired are initially recorded at fair value on the date of acquisition.

(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 2015, 2014 and 2013, PPL Electric purchased $1.3 billion, $1.1 billion and $985 million of accounts receivable from unaffiliated third parties. During 2015, 2014 and 2013, PPL Electric purchased $146 million, $336 million and $294 million of accounts receivable from PPL EnergyPlus. PPL Electric's purchases from PPL EnergyPlus for 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 included as purchases from an unaffiliated third party.

Allowance for Doubtful Accounts *(All Registrants)*

Accounts receivable collectability is evaluated using a combination of factors, including past due status based on contractual terms, trends in write-offs, the age of the receivable, counterparty creditworthiness and economic conditions. Specific events, such as bankruptcies, are also considered. Adjustments to the allowance for doubtful accounts are made when necessary based on the results of analysis, the aging of receivables and historical and industry trends.

Accounts receivable are written off in the period in which the receivable is deemed uncollectible. Recoveries of accounts receivable previously written off are recorded when it is known they will be received.

The changes in the allowance for doubtful accounts were:

	Balance at Beginning of Period	Additions: Charged to Income	Additions: Charged to Other Accounts	Deductions (a)	Balance at End of Period
PPL					
2015	$ 44	$ 49	$ (2)	$ 50	$ 41
2014	43	49		48	44
2013	41	38	4 (b)	40	43
PPL Electric					
2015	$ 17	$ 39		$ 40	$ 16
2014	18	34		35	17
2013	18	32		32	18
LKE					
2015	$ 25	$ 9	$ (2)	$ 9	$ 23
2014	22	14		11	25
2013	19	4	4 (b)	5	22
LG&E					
2015	$ 2	$ 2		$ 3	$ 1
2014	2	5	$ (1) (b)	4	2
2013	1	2	1 (b)	2	2
KU					
2015	$ 2	$ 5		$ 5	$ 2
2014	4	8	$ (3) (b)	7	2
2013	2	3	3 (b)	4	4

(a) Primarily related to uncollectible accounts written off.
(b) Primarily related to capital projects, thus the provision was recorded as an adjustment to construction work in progress.

Cash

Cash Equivalents *(All Registrants)*

All highly liquid investments with original maturities of three months or less are considered to be cash equivalents.

Restricted Cash and Cash Equivalents *(PPL and PPL Electric)*

Bank deposits and other cash equivalents that are restricted by agreement or that have been clearly designated for a specific purpose are classified as restricted cash and cash equivalents. The change in restricted cash and cash equivalents is reported as an investing activity on the Statements of Cash Flows. On the Balance Sheets, the current portion of restricted cash and cash equivalents is included in "Other current assets", while the noncurrent portion is included in "Other noncurrent assets."

At December 31, the balances of restricted cash and cash equivalents included the following.

	PPL		PPL Electric	
	2015	2014	2015	2014
Low carbon network fund (a)	$ 22	$ 19		
Other	11	12	$ 2	$ 3
	$ 33	$ 31	$ 2	$ 3

(a) Funds received by WPD, which are to be spent on approved initiatives to support a low carbon environment.

Fair Value Measurements *(All Registrants)*

The Registrants value certain financial and nonfinancial assets and liabilities at fair value. Generally, the most significant fair value measurements relate to price risk management assets and liabilities, investments in securities in defined benefit plans, and cash and cash equivalents. PPL and its subsidiaries use, as appropriate, a market approach (generally, data from market transactions), an income approach (generally, present value techniques and option-pricing models) and/or a cost approach (generally, replacement cost) to measure the fair value of an asset or liability. These valuation approaches incorporate inputs such as observable, independent market data and/or unobservable data that management believes are predicated on the assumptions market participants would use to price an asset or liability. These inputs may incorporate, as applicable, certain risks such as nonperformance risk, which includes credit risk.

The Registrants classify fair value measurements within one of three levels in the fair value hierarchy. The level assigned to a fair value measurement is based on the lowest level input that is significant to the fair value measurement in its entirety. The three levels of the fair value hierarchy are as follows:

- **Level 1** - quoted prices (unadjusted) in active markets for identical assets or liabilities that are accessible at the measurement date. Active markets are those in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

- **Level 2** - inputs other than quoted prices included within Level 1 that are either directly or indirectly observable for substantially the full term of the asset or liability.

- **Level 3** - unobservable inputs that management believes are predicated on the assumptions market participants would use to measure the asset or liability at fair value.

Assessing the significance of a particular input requires judgment that considers factors specific to the asset or liability. As such, the Registrants' assessment of the significance of a particular input may affect how the assets and liabilities are classified within the fair value hierarchy.

Investments

(All Registrants)

Generally, the original maturity date of an investment and management's intent and ability to sell an investment prior to its original maturity determine the classification of investments as either short-term or long-term. Investments that would otherwise be classified as short-term, but are restricted as to withdrawal or use for other than current operations or are clearly designated for expenditure in the acquisition or construction of noncurrent assets or for the liquidation of long-term debts, are classified as long-term.

Short-term Investments

Short-term investments generally include certain deposits as well as securities that are considered highly liquid or provide for periodic reset of interest rates. Investments with original maturities greater than three months and less than a year, as well as investments with original maturities of greater than a year that management has the ability and intent to sell within a year, are included in "Short-term investments" ("Other current assets" if not significant) on the Balance Sheets.

Cost Method Investment *(PPL, LKE, LG&E and KU)*

LG&E and KU each have an investment in OVEC, which is accounted for using the cost method. The investment is recorded in "Other noncurrent assets" on the PPL, LKE, LG&E and KU Balance Sheets. LG&E and KU and ten other electric utilities are equity owners of OVEC. OVEC's power is currently supplied to LG&E and KU and 11 other companies affiliated with the various owners. LG&E and KU own 5.63% and 2.5% of OVEC's common stock. Pursuant to a power purchase agreement, LG&E and KU are contractually entitled to their ownership percentage of OVEC's output, which is approximately 120 MW for LG&E and approximately 53 MW for KU.

LG&E's and KU's combined investment in OVEC is not significant. The direct exposure to loss as a result of LG&E's and KU's involvement with OVEC is generally limited to the value of their investments; however, LG&E and KU are conditionally responsible for a pro-rata share of certain OVEC obligations. As part of PPL's acquisition of LKE, the value of the power purchase contract was recorded as an intangible asset with an offsetting regulatory liability, both of which are being amortized using the units-of-production method until March 2026, the expiration date of the agreement. See Notes 13 and 18 for additional discussion of the power purchase agreement.

Long-Lived and Intangible Assets

Property, Plant and Equipment

(All Registrants)

PP&E is recorded at original cost, unless impaired. PP&E acquired in business combinations is recorded at fair value at the time of acquisition, which establishes its original cost. If impaired, the asset is written down to fair value at that time, which becomes the new cost basis of the asset. Original cost for constructed assets includes material, labor, contractor costs, certain overheads and financing costs, where applicable. The cost of repairs and minor replacements are charged to expense as incurred. The Registrants record costs associated with planned major maintenance projects in the period in which the costs are incurred. No costs associated with planned major maintenance projects are accrued in advance of the period in which the work is performed. LG&E and KU accrue costs of removal net of estimated salvage value through depreciation, which is included in the calculation of customer rates over the assets' depreciable lives in accordance with regulatory practices. Cost of removal amounts accrued through depreciation rates are accumulated as a regulatory liability until the removal costs are incurred. See "Asset Retirement Obligations" below and Note 6 for additional information. PPL Electric records net costs of removal when incurred as a regulatory asset. The regulatory asset is subsequently amortized through depreciation over a five-year period, which is recoverable in customer rates in accordance with regulatory practices.

AFUDC is capitalized at PPL Electric as part of the construction costs for cost-based rate-regulated projects for which a return on such costs is recovered after the project is placed in service. The debt component of AFUDC is credited to "Interest Expense" and the equity component is credited to "Other Income (Expense) - net" on the Statements of Income. LG&E and KU generally do not record AFUDC, except for certain instances in KU's FERC approved rates charged to its municipal customers, as a return is provided on construction work in progress.

(PPL)

PPL capitalizes interest costs as part of construction costs. Capitalized interest, including the debt component of AFUDC for PPL, was as follows.

	PPL	
2015	$	11
2014		16
2013		15

Depreciation

(All Registrants)

Depreciation is recorded over the estimated useful lives of property using various methods including the straight-line, composite and group methods. When a component of PP&E that was depreciated under the composite or group method is retired, the original cost is charged to accumulated depreciation. When all or a significant portion of an operating unit that was depreciated under the composite or group method is retired or sold, the property and the related accumulated depreciation account is reduced and any gain or loss is included in income, unless otherwise required by regulators.

The following percentages are the weighted-average annual rates of depreciation at December 31.

	2015				
	PPL	PPL Electric	LKE	LG&E	KU
Regulated utility plant	2.57	2.46	3.69	3.65	3.71

	2014				
	PPL	PPL Electric	LKE	LG&E	KU
Regulated utility plant	2.92	2.46	3.80	4.05	3.63

(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 GAAP reporting of depreciation expense. For 2015, this change in useful lives resulted in lower depreciation expense of $84 million ($66 million after-tax or $0.10 per share).

(All Registrants)

Goodwill and Other Intangible Assets

Goodwill represents the excess of the purchase price paid over the fair value of the identifiable net assets acquired in a business combination.

Other acquired intangible assets are initially measured based on their fair value. Intangibles that have finite useful lives are amortized over their useful lives based upon the pattern in which the economic benefits of the intangible assets are consumed or otherwise used. Costs incurred to obtain an initial license and renew or extend terms of licenses are capitalized as intangible assets.

When determining the useful life of an intangible asset, including intangible assets that are renewed or extended, PPL and its subsidiaries consider the expected use of the asset; the expected useful life of other assets to which the useful life of the intangible asset may relate; legal, regulatory, or contractual provisions that may limit the useful life; the company's historical experience as evidence of its ability to support renewal or extension; the effects of obsolescence, demand, competition, and other economic factors; and the level of maintenance expenditures required to obtain the expected future cash flows from the asset.

PPL, LKE, LG&E and KU account for emission allowances as intangible assets. LG&E and KU are allocated emission allowances by states based on their generation facilities' historical emissions experience, and have purchased emission allowances generally when it is expected that additional allowances will be needed. The carrying value of allocated emission allowances is initially recorded at zero value and purchased allowances are initially recorded based on their purchase price. When consumed or sold, emission allowances are removed from the Balance Sheet at their weighted-average carrying value. Since the economic benefits of emission allowances are not diminished until they are consumed, emission allowances are not amortized; rather, they are expensed when consumed or a gain or loss is recognized when sold. Such expense is included in "Fuel" on the Statements of Income. Gains and losses on the sale of emission allowances are included in "Other operation and maintenance" on the Statements of Income.

Asset Impairment (Excluding Investments)

The Registrants review long-lived assets that are subject to depreciation or amortization, including finite-lived intangibles, for impairment when events or circumstances indicate carrying amounts may not be recoverable.

A long-lived asset classified as held and used is impaired when the carrying amount of the asset exceeds the sum of the undiscounted cash flows expected to result from the use and eventual disposition of the asset. If impaired, the asset's carrying value is written down to its fair value.

A long-lived asset classified as held for sale is impaired when the carrying amount of the asset (disposal group) exceeds its fair value less cost to sell. If impaired, the asset's (disposal group's) carrying value is written down to its fair value less cost to sell.

PPL, LKE, LG&E and KU review goodwill for impairment at the reporting unit level annually or more frequently when events or circumstances indicate that the carrying amount of a reporting unit may be greater than the unit's fair value. Additionally, goodwill must be tested for impairment in circumstances when a portion of goodwill has been allocated to a business to be disposed. PPL's, LKE's, LG&E's and KU's reporting units are at the operating segment level.

PPL, LKE, LG&E and KU may elect either to initially make a qualitative evaluation about the likelihood of an impairment of goodwill or to bypass the qualitative evaluation and test goodwill for impairment using a two-step quantitative test. If the qualitative evaluation (referred to as "step zero") is elected and the assessment results in a determination that it is not more likely than not that the fair value of a reporting unit is less than the carrying amount, the two-step quantitative impairment test is not necessary. However, the quantitative impairment test is required if management concludes it is more likely than not that the fair value of a reporting unit is less than the carrying amount based on the step zero assessment.

If the carrying amount of the reporting unit, including goodwill, exceeds its fair value, the implied fair value of goodwill must be calculated in the same manner as goodwill in a business combination. The fair value of a reporting unit is allocated to all assets and liabilities of that unit as if the reporting unit had been acquired in a business combination. The excess of the fair value of the reporting unit over the amounts assigned to its assets and liabilities is the implied fair value of goodwill. If the implied fair value of goodwill is less than the carrying amount, goodwill is written down to its implied fair value.

PPL (for its U.K. Regulated and Kentucky Regulated segments), and individually, LKE, LG&E and KU elected to bypass step zero and quantitatively tested the goodwill of these reporting units for impairment in the fourth quarter of 2015 and no impairment was recognized.

Asset Retirement Obligations *(PPL, LKE, LG&E and KU)*

PPL and its subsidiaries record liabilities to reflect various legal obligations associated with the retirement of long-lived assets. Initially, this obligation is measured at fair value and offset with an increase in the value of the capitalized asset, which is depreciated over the asset's useful life. Until the obligation is settled, the liability is increased through the recognition of accretion expense classified within "Other operation and maintenance" on the Statements of Income to reflect changes in the obligation due to the passage of time. The accretion and depreciation expenses recorded by LG&E and KU are recorded as a regulatory asset, such that there is no earnings impact.

Estimated ARO costs and settlement dates, which affect the carrying value of the ARO and the related capitalized asset, are reviewed periodically to ensure that any material changes are incorporated into the latest estimate of the ARO. Any change to the capitalized asset, positive or negative, is generally amortized over the remaining life of the associated long-lived asset. See Note 19 for additional information on AROs.

Compensation and Benefits

Defined Benefits *(All Registrants)*

Certain PPL subsidiaries sponsor various defined benefit pension and other postretirement plans. An asset or liability is recorded to recognize the funded status of all defined benefit plans with an offsetting entry to AOCI or, for LG&E, KU and PPL Electric, to regulatory assets or liabilities. Consequently, the funded status of all defined benefit plans is fully recognized on the Balance Sheets.

The expected return on plan assets is determined based on a market-related value of plan assets, which is calculated by rolling forward the prior year market-related value with contributions, disbursements and long-term expected return on investments. One-fifth of the difference between the actual value and the expected value is added (or subtracted if negative) to the expected value to determine the new market-related value.

PPL uses an accelerated amortization method for the recognition of gains and losses for its defined benefit pension plans. Under the accelerated method, actuarial gains and losses in excess of 30% of the plan's projected benefit obligation are amortized on a straight-line basis over one-half of the expected average remaining service of active plan participants. Actuarial gains and losses in excess of 10% of the greater of the plan's projected benefit obligation or the market-related value of plan assets and less than 30% of the plan's projected benefit obligation are amortized on a straight-line basis over the expected average remaining service period of active plan participants.

See Note 6 for a discussion of the regulatory treatment of defined benefit costs and Note 11 for a discussion of defined benefits.

Stock-Based Compensation *(PPL, PPL Electric and LKE)*

PPL has several stock-based compensation plans for purposes of granting stock options, restricted stock, restricted stock units and performance units to certain employees as well as stock units and restricted stock units to directors. PPL grants most stock-based awards in the first quarter of each year. PPL and its subsidiaries recognize compensation expense for stock-based awards based on the fair value method. Stock options that vest in installments are valued as a single award. PPL grants stock options with an exercise price that is not less than the fair value of PPL's common stock on the date of grant. See Note 10 for a discussion of stock-based compensation. All awards are recorded as equity or a liability on the Balance Sheets. Stock-based compensation is primarily included in "Other operation and maintenance" on the Statements of Income. Stock-based compensation expense for PPL Electric and LKE includes an allocation of PPL Services' expense.

Taxes

Income Taxes

(All Registrants)

PPL and its domestic subsidiaries file a consolidated U.S. federal income tax return.

Significant management judgment is required in developing the Registrants' provision for income taxes, primarily due to the uncertainty related to tax positions taken or expected to be taken in tax returns, valuation allowances on deferred tax assets and whether the undistributed earnings of WPD are considered indefinitely reinvested.

Significant management judgment is also required to determine the amount of benefit to be recognized in relation to an uncertain tax position. The Registrants use a two-step process to evaluate tax positions. The first step requires an entity to determine whether, based on the technical merits supporting a particular tax position, it is more likely than not (greater than a 50% chance) that the tax position will be sustained. This determination assumes that the relevant taxing authority will examine the tax position and is aware of all the relevant facts surrounding the tax position. The second step requires an entity to recognize in the financial statements the benefit of a tax position that meets the more-likely-than-not recognition criterion. The benefit recognized is measured at the largest amount of benefit that has a likelihood of realization, upon settlement, that exceeds 50%. The amounts ultimately paid upon resolution of issues raised by taxing authorities may differ materially from the amounts accrued and may materially impact the financial statements of the Registrants in future periods.

Deferred income taxes reflect the net future tax effects of temporary differences between the carrying amounts of assets and liabilities for accounting purposes and their basis for income tax purposes, as well as the tax effects of net operating losses and tax credit carryforwards.

The Registrants record valuation allowances to reduce deferred tax assets to the amounts that are more likely than not to be realized. The Registrants consider the reversal of temporary differences, future taxable income and ongoing prudent and feasible tax planning strategies in initially recording and subsequently reevaluating the need for valuation allowances. If the Registrants determine that they are able to realize deferred tax assets in the future in excess of recorded net deferred tax assets, adjustments to the valuation allowances increase income by reducing tax expense in the period that such determination is made. Likewise, if the Registrants determine that they are not able to realize all or part of net deferred tax assets in the future, adjustments to the valuation allowances would decrease income by increasing tax expense in the period that such determination is made.

The Registrants defer investment tax credits when the credits are utilized and amortize the deferred amounts over the average lives of the related assets.

The Registrants recognize interest and penalties in "Income Taxes" on their Statements of Income.

See Note 5 for additional discussion regarding income taxes including management's conclusion that the undistributed earnings of WPD are considered indefinitely reinvested. Based on this conclusion, PPL Global does not record U.S. taxes on WPD's undistributed earnings.

The provision for PPL, PPL Electric, LKE, LG&E and KU's deferred income taxes for regulated assets is based upon the ratemaking principles reflected in rates established by the regulators. The difference in the provision for deferred income taxes for regulated assets and the amount that otherwise would be recorded under GAAP is deferred and included on the Balance Sheet in noncurrent "Regulatory assets" or "Regulatory liabilities."

(PPL Electric, LKE, LG&E and KU)

The income tax provision for PPL Electric, LKE, LG&E and KU is calculated in accordance with an intercompany tax sharing agreement which provides that taxable income be calculated as if PPL Electric, LKE, LG&E, KU and any domestic subsidiaries each filed a separate return. Tax benefits are not shared between companies. The entity that generates a tax benefit is the entity that is entitled to the tax benefit. The effect of PPL filing a consolidated tax return is taken into account in the settlement of current taxes and the recognition of deferred taxes. At December 31, the following intercompany tax receivables (payables) were recorded.

	2015	2014
PPL Electric	$ 56	$ (25)
LKE	(10)	136
LG&E	4	74
KU	(5)	60

Taxes, Other Than Income *(All Registrants)*

The Registrants present sales taxes in "Other current liabilities" and PPL presents value-added taxes in "Taxes" on the Balance Sheets. These taxes are not reflected on the Statements of Income. See Note 5 for details on taxes included in "Taxes, other than income" on the Statements of Income.

Other

(All Registrants)

Leases

The Registrants evaluate whether arrangements entered into contain leases for accounting purposes. See Note 9 for additional information.

Fuel, Materials and Supplies

Fuel, natural gas stored underground and materials and supplies are valued at the lower of cost or net realizable value using the average cost method. Fuel costs for electric generation are charged to expense as used. For LG&E, natural gas supply costs are charged to expense as delivered to the distribution system. See Note 6 for further discussion of the fuel adjustment clause and gas supply clause.

(PPL, LKE, LG&E and KU)

"Fuel, materials and supplies" on the Balance Sheets consisted of the following at December 31.

	PPL		LKE		LG&E		KU	
	2015	2014	2015	2014	2015	2014	2015	2014
Fuel	$ 168	$ 166	$ 168	$ 166	$ 71	$ 66	$ 97	$ 100
Natural gas stored underground (a)	42	54	42	54	42	54		
Materials and supplies	147	161	88	91	38	42	50	49
Total	$ 357	$ 381	$ 298	$ 311	$ 151	$ 162	$ 147	$ 149

(a) The majority of LKE's and LG&E's natural gas stored underground is held to serve retail customers.

Guarantees *(All Registrants)*

Generally, the initial measurement of a guarantee liability is the fair value of the guarantee at its inception. However, there are certain guarantees excluded from the scope of accounting guidance and other guarantees that are not subject to the initial recognition and measurement provisions of accounting guidance that only require disclosure. See Note 13 for further discussion of recorded and unrecorded guarantees.

Treasury Stock *(PPL and PPL Electric)*

PPL and PPL Electric restore all shares of common stock acquired to authorized but unissued shares of common stock upon acquisition.

Foreign Currency Translation and Transactions *(PPL)*

WPD's functional currency is the GBP, which is the local currency in the U.K. As such, assets and liabilities are translated to U.S. dollars at the exchange rates on the date of consolidation and related revenues and expenses are generally translated at average exchange rates prevailing during the period included in PPL's results of operations. Adjustments resulting from foreign currency translation are recorded in AOCI.

Gains or losses relating to foreign currency transactions are recognized in "Other Income (Expense) - net" on the Statements of Income. See Note 15 for additional information.

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.

Fair Value Measurement for Investments in Certain Entities that Calculate Net Asset Value per Share

Effective December 31, 2015, the Registrants retrospectively adopted accounting guidance that removes the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using net asset value per share and the requirement to make certain disclosures for all investments that are eligible to be measured using net asset value per share.

The adoption of this guidance resulted in the Registrants no longer categorizing investments for which fair value is measured using net asset value per share in the fair value hierarchy, and did not have a significant impact on the Registrants. See Note 11 for additional information.

Presentation of Debt Issuance Costs

Effective December 31, 2015, the Registrants retrospectively adopted accounting guidance to simplify the presentation of debt issuance costs. The guidance requires certain debt issuance costs to be presented on the balance sheet as a direct deduction from the carrying amount of the associated debt liability.

The adoption of this guidance required the Registrants to reclassify debt issuance costs not associated with a line of credit from noncurrent assets to Long-term debt, and did not have a significant impact on the Registrants. See Note 7 for additional information.

Balance Sheet Classification of Deferred Taxes

Effective October 1, 2015, the Registrants retrospectively adopted accounting guidance to simplify the presentation of deferred taxes which requires that deferred tax assets and deferred tax liabilities be classified as noncurrent on the balance sheet.

The adoption of this guidance required the Registrants to reclassify deferred tax assets and deferred tax liabilities from current to noncurrent on the balance sheet, and did not have a significant impact on the Registrants. The following table presents the amounts reclassified from current deferred tax assets and liabilities to noncurrent deferred tax liabilities on the balance sheets as of December 31, 2014.

	Assets	Liabilities
PPL	$ 125	
PPL Electric	58	
LKE	16	
KU	2	
Discontinued Operations	8	$ 4

2. Segment and Related Information

(PPL)

PPL is organized into three segments: U.K. Regulated, Kentucky Regulated and Pennsylvania Regulated. PPL's segments are segmented by geographic location.

The U.K. Regulated segment consists of PPL Global which primarily includes WPD's regulated electricity distribution operations, the results of hedging the translation of WPD's earnings from British pound sterling into U.S. dollars, and certain costs, such as U.S. income taxes, administrative costs, and allocated financing costs.

The Kentucky Regulated segment consists primarily of LKE's regulated electricity generation, transmission and distribution operations of LG&E and KU, as well as LG&E's regulated distribution and sale of natural gas. In addition, certain financing costs are allocated to the Kentucky Regulated segment.

The Pennsylvania Regulated segment consists of PPL Electric, a regulated public utility engaged in the distribution and transmission of electricity.

"Corporate and Other" primarily includes financing costs incurred at the corporate level that have not been allocated or assigned to the segments, as well as certain other unallocated costs, which is presented to reconcile segment information to PPL's consolidated results.

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 are:

Income Statement Data	2015	2014	2013
Operating Revenues from external customers (a)			
U.K. Regulated	$ 2,410	$ 2,621	$ 2,403
Kentucky Regulated	3,115	3,168	2,976
Pennsylvania Regulated	2,124	2,044	1,870
Corporate and Other	20	19	14
Total	$ 7,669	$ 7,852	$ 7,263
Depreciation			
U.K. Regulated	$ 242	$ 337	$ 300
Kentucky Regulated	382	354	334
Pennsylvania Regulated	214	185	178
Corporate and Other	45	47	31
Total	$ 883	$ 923	$ 843

Income Statement Data	2015	2014	2013
Amortization (b)			
U.K. Regulated	$ 6	$ 17	$ 19
Kentucky Regulated	27	25	22
Pennsylvania Regulated	26	19	19
Corporate and Other		4	6
Total	$ 59	$ 65	$ 66
Unrealized (gains) losses on derivatives and other hedging activities (c)			
U.K. Regulated	$ (88)	$ (199)	$ 44
Kentucky Regulated	11	12	12
Total	$ (77)	$ (187)	$ 56
Interest Expense			
U.K. Regulated	$ 417	$ 461	$ 425
Kentucky Regulated	232	219	212
Pennsylvania Regulated	130	122	108
Corporate and Other	92	41	33
Total	$ 871	$ 843	$ 778
Income from Continuing Operations Before Income Taxes			
U.K. Regulated	$ 1,249	$ 1,311	$ 993
Kentucky Regulated	547	501	484
Pennsylvania Regulated	416	423	317
Corporate and Other (d)	(144)	(106)	(66)
Total	$ 2,068	$ 2,129	$ 1,728
Income Taxes (e)			
U.K. Regulated	$ 128	$ 329	$ 71
Kentucky Regulated	221	189	179
Pennsylvania Regulated	164	160	108
Corporate and Other (d)	(48)	14	2
Total	$ 465	$ 692	$ 360
Deferred income taxes and investment tax credits (f)			
U.K. Regulated	$ 45	$ 94	$ (45)
Kentucky Regulated	236	449	254
Pennsylvania Regulated	220	87	127
Corporate and Other (d)	(73)	36	51
Total	$ 428	$ 666	$ 387
Net Income			
U.K. Regulated	$ 1,121	$ 982	$ 922
Kentucky Regulated	326	312	307
Pennsylvania Regulated	252	263	209
Corporate and Other (d)	(96)	(120)	(68)
Discontinued Operations (g)	(921)	300	(240)
Total	$ 682	$ 1,737	$ 1,130

Cash Flow Data	2015	2014	2013
Expenditures for long-lived assets			
U.K. Regulated	$ 1,242	$ 1,438	$ 1,280
Kentucky Regulated	1,210	1,262	1,434
Pennsylvania Regulated	1,107	957	942
Corporate and Other	11	66	26
Total	$ 3,570	$ 3,723	$ 3,682

	As of December 31,	
Balance Sheet Data	2015	2014
Total Assets		
U.K. Regulated	$ 16,669	$ 15,944
Kentucky Regulated	13,756	13,022
Pennsylvania Regulated	8,511	7,706
Corporate and Other (h)	365	909
Discontinued Operations		11,025
Total	$ 39,301	$ 48,606

	2015	2014	2013
Geographic Data			
Revenues from external customers			
U.K.	$ 2,410	$ 2,621	$ 2,403
U.S.	5,259	5,231	4,860
Total	$ 7,669	$ 7,852	$ 7,263

	As of December 31,	
	2015	2014
Long-Lived Assets		
U.K.	$ 12,487	$ 11,942
U.S.	18,569	16,890
Total	$ 31,056	$ 28,832

(a) See Note 1 for additional information on Operating Revenues.
(b) Represents non-cash expense items that include amortization of regulatory assets, debt discounts and premiums, debt issuance costs, emission allowances and RECs.
(c) Includes unrealized gains and losses from economic activity. See Note 17 for additional information.
(d) 2015 and 2014 include certain costs related to the spinoff of PPL Energy Supply, including deferred income tax expense, transition costs and separation benefits for PPL Services employees. See Note 8 for additional information.
(e) Represents both current and deferred income taxes, including investment tax credits.
(f) Represents a non-cash expense item that is also included in "Income Taxes."
(g) 2015 includes an $879 million loss on the spinoff of PPL Energy Supply and five months of Supply segment earnings. 2014 includes a gain of $237 million ($137 million after-tax) on the sale of the Montana hydroelectric generating facilities. 2013 includes a charge of $697 million ($413 million after-tax) for the termination of the lease of the Colstrip coal-fired electric generating facility. See Note 8 for additional information on these transactions.
(h) Primarily consists of unallocated items, including cash, PP&E and the elimination of inter-segment transactions.

(PPL Electric, LKE, LG&E and KU)

PPL Electric has two operating segments that are aggregated into a single reportable segment. LKE, LG&E and KU each operate within a single operating segment.

3. Preferred Securities

(PPL)

PPL is authorized to issue up to 10 million shares of preferred stock. No PPL preferred stock was issued or outstanding in 2015, 2014 or 2013.

(PPL Electric)

PPL Electric is authorized to issue up to 20,629,936 shares of preferred stock. No PPL Electric preferred stock was issued or outstanding in 2015, 2014 or 2013. Prior to October 31, 2013, PPL Electric was authorized to issue up to 10 million shares of preference stock.

(LG&E)

LG&E is authorized to issue up to 1,720,000 shares of preferred stock at a $25 par value and 6,750,000 shares of preferred stock without par value. LG&E had no preferred stock issued or outstanding in 2015, 2014 or 2013.

(KU)

KU is authorized to issue up to 5,300,000 shares of preferred stock and 2,000,000 shares of preference stock without par value. KU had no preferred or preference stock issued or outstanding in 2015, 2014 or 2013.

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 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 December 31 used in the EPS calculation are:

	2015	2014	2013
Income (Numerator)			
Income from continuing operations after income taxes	$ 1,603	$ 1,437	$ 1,368
Less amounts allocated to participating securities	6	7	7
Income from continuing operations after income taxes available to PPL common shareowners - Basic	1,597	1,430	1,361
Plus interest charges (net of tax) related to Equity Units (a)		9	44
Income from continuing operations after income taxes available to PPL common shareowners - Diluted	$ 1,597	$ 1,439	$ 1,405
Income (loss) from discontinued operations (net of income taxes) available to PPL common shareowners - Basic and Diluted	$ (921)	$ 300	$ (238)
Net income	$ 682	$ 1,737	$ 1,130
Less amounts allocated to participating securities	2	9	6
Net income available to PPL common shareowners - Basic	680	1,728	1,124
Plus interest charges (net of tax) related to Equity Units (a)		9	44
Net income available to PPL common shareowners - Diluted	$ 680	$ 1,737	$ 1,168
Shares of Common Stock (Denominator)			
Weighted-average shares - Basic EPS	669,814	653,504	608,983
Add incremental non-participating securities:			
Share-based payment awards (b)	2,772	1,910	1,062
Equity Units (a)		10,559	52,568
Forward sale agreements and purchase contracts (b)			460
Weighted-average shares - Diluted EPS	672,586	665,973	663,073
Basic EPS			
Available to PPL common shareowners:			
Income from continuing operations after income taxes	$ 2.38	$ 2.19	$ 2.24
Income (loss) from discontinued operations (net of income taxes)	(1.37)	0.45	(0.39)
Net Income	$ 1.01	$ 2.64	$ 1.85
Diluted EPS			
Available to PPL common shareowners:			
Income from continuing operations after income taxes	$ 2.37	$ 2.16	$ 2.12
Income (loss) from discontinued operations (net of income taxes)	(1.36)	0.45	(0.36)
Net Income	$ 1.01	$ 2.61	$ 1.76

(a) In 2014 and 2013, the If-Converted Method was applied to the Equity Units prior to settlement. See Note 7 for additional information on the Equity Units, including the issuance of PPL common stock to settle the Purchase contracts.
(b) The Treasury Stock Method was applied to non-participating share-based payment awards and forward sale agreements.

For the year ended December 31, PPL issued common stock related to stock-based compensation plans and DRIP as follows (in thousands):

	2015
Stock-based compensation plans (a)	4,853
DRIP	1,728

(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.

See Note 7 for additional information on common stock issued under ATM Program.

For the years ended December 31, the following shares (in thousands) were excluded from the computations of diluted EPS because the effect would have been antidilutive.

	2015	2014	2013
Stock options	1,087	1,816	4,446
Performance units	36	5	55
Restricted stock units		31	29

5. Income and Other Taxes

(PPL)

"Income from Continuing Operations Before Income Taxes" included the following.

	2015	2014	2013
Domestic income	$ 968	$ 922	$ 669
Foreign income	1,100	1,207	1,059
Total	$ 2,068	$ 2,129	$ 1,728

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for accounting purposes and their basis for income tax purposes and the tax effects of net operating loss and tax credit carryforwards. The provision for PPL's deferred income taxes for regulated assets and liabilities is based upon the ratemaking principles of the applicable jurisdiction. See Notes 1 and 6 for additional information.

Net deferred tax assets have been recognized based on management's estimates of future taxable income for the U.S. and the U.K.

Significant components of PPL's deferred income tax assets and liabilities were as follows.

	2015	2014
Deferred Tax Assets		
Deferred investment tax credits	$ 50	$ 52
Regulatory obligations	123	131
Accrued pension costs	217	200
Federal loss carryforwards (a)	587	129
State loss carryforwards (b)	319	225
Federal and state tax credit carryforwards	201	196
Foreign capital loss carryforwards	387	446
Foreign loss carryforwards	4	6
Foreign - pensions	171	182
Foreign - regulatory obligations	12	23
Foreign - other	8	11
Contributions in aid of construction	139	138
Domestic - other	209	194
Unrealized losses on qualifying derivatives	15	46
Valuation allowances (b)	(662)	(622)
Total deferred tax assets	1,780	1,357
Deferred Tax Liabilities		
Domestic plant - net	3,875	3,079
Taxes recoverable through future rates	162	156
Other regulatory assets	332	322
Reacquired debt costs	28	31
Foreign plant - net	777	854
Domestic - other	24	17
Total deferred tax liabilities	5,198	4,459
Net deferred tax liability	$ 3,418	$ 3,102

(a) Increase in Federal loss carryforwards primarily relates to the extension of bonus depreciation and the impact of bonus depreciation related to the provision to return adjustments.

(b) Includes $77 million of deferred tax assets related to state loss carryforwards and related valuation allowances previously reflected on the PPL Energy Supply Segment. The deferred tax assets and related valuation allowance remain with PPL after the spinoff.

State deferred taxes are determined on a by entity, by jurisdiction basis. As a result, $22 million of net deferred tax assets are shown as "Other noncurrent assets" on the Balance Sheet.

At December 31, PPL had the following loss and tax credit carryforwards.

		2015	Expiration
Loss carryforwards			
Federal net operating losses (a)	$	1,660	2029-2035
Federal charitable contributions		15	2020
State net operating losses (a) (b)		5,269	2017-2035
State charitable contributions		34	2016-2020
Foreign net operating losses (c)		21	Indefinite
Foreign capital losses (d)		2,152	Indefinite
Credit carryforwards			
Federal investment tax credit		125	2025-2028
Federal alternative minimum tax credit		40	Indefinite
Federal - other (e)		29	2016-2035
State - other		5	2022

(a) Includes an insignificant amount of federal and state net operating loss carryforwards from excess tax deductions related to stock compensation for which a tax benefit will be recorded in Equity when realized.
(b) A valuation allowance of $254 million has been recorded against the deferred tax assets for these losses.
(c) A valuation allowance of $4 million has been recorded against the deferred tax assets for these losses.
(d) A valuation allowance of $387 million has been recorded against the deferred tax assets for these losses.
(e) A valuation allowance of $12 million has been recorded against the deferred tax assets for these credits.

State capital loss and foreign tax credit carryforwards were insignificant at December 31, 2015.

Valuation allowances have been established for the amount that, more likely than not, will not be realized. The changes in deferred tax valuation allowances were as follows.

			Additions							
		Balance at Beginning of Period		Charged to Income		Charged to Other Accounts		Deductions		Balance at End of Period
2015	$	622	$	24	$	77 (b)	$	61 (a)	$	662
2014		585		57		6		26		622
2013		632		25				72 (a)		585

(a) The reductions of the U.K. statutory income tax rates in 2015 and 2013 resulted in $44 million and $67 million in reductions in deferred tax assets and the corresponding valuation allowances. See "Reconciliation of Income Tax Expense" below for more information on the impact of the U.K. Finance Acts 2015 and 2013.
(b) Valuation allowance related to deferred tax assets previously reflected on the PPL Energy Supply Segment. The deferred tax assets and related valuation allowance remain with PPL after the spinoff.

PPL Global does not record U.S. income taxes on the undistributed earnings of WPD, with the exception of certain financing entities, as management has determined that the earnings are indefinitely reinvested. Historically, dividends paid by WPD have been distributions from current year's earnings. WPD's long-term working capital forecasts and capital expenditure projections for the foreseeable future require reinvestment of WPD's undistributed earnings, and WPD would have to issue debt or access credit facilities to fund any distributions in excess of current earnings. Additionally, U.S. long-term working capital forecasts and capital expenditure projections for the foreseeable future do not require or contemplate distributions from WPD in excess of some portion of future WPD earnings. The cumulative undistributed earnings are included in "Earnings Reinvested" on the Balance Sheets. The amounts considered indefinitely reinvested at December 31, 2015 and 2014 were $4.6 billion and $3.7 billion, respectively. If the WPD undistributed earnings were remitted as dividends, PPL Global could be subject to additional U.S. taxes, net of allowable foreign tax credits. It is not practicable to estimate the amount of additional taxes that could be payable on these foreign earnings in the event of repatriation to the U.S.

Details of the components of income tax expense, a reconciliation of federal income taxes derived from statutory tax rates applied to "Income from Continuing Operations Before Income Taxes" to income taxes for reporting purposes, and details of "Taxes, other than income" were as follows.

	2015	2014	2013
Income Tax Expense (Benefit)			
Current - Federal	$ (26)	$ 18	$ (102)
Current - State	25	26	
Current - Foreign	89	152	181
Total Current Expense	88	196	79
Deferred - Federal	699	299	259
Deferred - State	68	120	84
Deferred - Foreign	41	96	(53)
Total Deferred Expense, excluding operating loss carryforwards	808	515	290
Investment tax credit, net - Federal	(4)	(5)	(5)
Tax expense (benefit) of operating loss carryforwards			
Deferred - Federal (a)	(396)	8	14
Deferred - State	(31)	(22)	(18)
Total Tax Expense (Benefit) of Operating Loss Carryforwards	(427)	(14)	(4)
Total income taxes from continuing operations	$ 465	$ 692	$ 360
Total income tax expense - Federal	$ 273	$ 320	$ 166
Total income tax expense - State	62	124	66
Total income tax expense - Foreign	130	248	128
Total income taxes from continuing operations	$ 465	$ 692	$ 360

(a) Increase in Federal loss carryforwards primarily relates to the extension of bonus depreciation and the impact of bonus depreciation related to provision to return adjustments.

In the table above, the following income tax expense (benefits) are excluded from income taxes from continuing operations.

	2015	2014	2013
Discontinued operations - PPL Energy Supply Segment	$ (30)	$ 198	$ (180)
Stock-based compensation recorded to Additional Paid-in Capital		(4)	(2)
Valuation allowance on state deferred taxes related to issuance costs of Purchase Contracts recorded to Additional Paid-in Capital			(2)
Other comprehensive income	(2)	(190)	159
Valuation allowance on state deferred taxes recorded to other comprehensive income	(4)		(7)
Total	$ (36)	$ 4	$ (32)

	2015	2014	2013
Reconciliation of Income Tax Expense			
Federal income tax on Income from Continuing Operations Before Income Taxes at statutory tax rate - 35%	$ 724	$ 745	$ 605
Increase (decrease) due to:			
State income taxes, net of federal income tax benefit	31	28	17
Valuation allowance adjustments (a)	24	55	24
Impact of lower U.K. income tax rates (b)	(176)	(180)	(144)
U.S. income tax on foreign earnings - net of foreign tax credit (c)	8	63	21
Federal and state tax reserves adjustments (d)	(22)	(1)	(49)
Impact of the U.K. Finance Acts on deferred tax balances (b)	(91)	(1)	(97)
Depreciation not normalized	(5)	(7)	(8)
State deferred tax rate change (e)		(1)	15
Interest benefit on U.K. financing entities	(20)	(5)	(7)
Other	(8)	(4)	(17)
Total increase (decrease)	(259)	(53)	(245)
Total income taxes from continuing operations	$ 465	$ 692	$ 360
Effective income tax rate	22.5%	32.5%	20.8%

(a) During 2015, PPL recorded $24 million of deferred income tax expense related to deferred tax valuation allowances. PPL recorded state deferred income tax expense of $12 million primarily related to increased Pennsylvania net operating loss carryforwards expected to be unutilized and $12 million of federal deferred income tax expense primarily related to federal tax credit carryforwards that are expected to expire as a result of lower future taxable earnings due to the extension of bonus depreciation.

As a result of the PPL Energy Supply spinoff announcement, PPL recorded $50 million of deferred income tax expense during 2014 to adjust the valuation allowance on deferred tax assets primarily for state net operating loss carryforwards that were previously supported by the future earnings of PPL Energy Supply. See Note 8 for additional information on the spinoff.

During 2013, PPL recorded $23 million of state deferred income tax expense related to a deferred tax valuation allowance primarily due to a decrease in projected future taxable income at PPL Energy Supply over the remaining carryforward period of Pennsylvania net operating losses.

(b) The U.K. Finance Act 2015, enacted in November 2015, reduced the U.K. statutory income tax rate from 20% to 19% effective April 1, 2017 and from 19% to 18% effective April 1, 2020. As a result, PPL reduced its net deferred tax liabilities and recognized a deferred tax benefit during 2015 related to both rate decreases.

The U.K. Finance Act 2013, enacted in July 2013, reduced the U.K. statutory income tax rate from 23% to 21% effective April 1, 2014 and from 21% to 20% effective April 1, 2015. As a result, PPL reduced its net deferred tax liabilities and recognized a deferred tax benefit during 2013 related to both rate decreases.

(c) During 2015, PPL recorded lower income taxes primarily attributable to a decrease in taxable dividends.

During 2014, PPL recorded $47 million of income tax expense primarily attributable to taxable dividends.

During 2013, PPL recorded $28 million of income tax expense resulting from increased taxable dividends offset by a $19 million income tax benefit associated with a ruling obtained from the IRS impacting the recalculation of 2010 U.K. earnings and profits that was reflected on an amended 2010 U.S. tax return.

(d) In 2015, PPL recorded a $12 million tax benefit related to the settlement of the IRS audit for the tax years 1998-2011.

In May 2013, the Supreme Court ruled that the U.K. Windfall Profits Tax (WPT) imposed on privatized utilities, including WPD, is a creditable tax for U.S. federal income tax purposes. As a result of the Supreme Court ruling, PPL recorded a tax benefit of $44 million during 2013, of which $19 million relates to interest.

In 2013, PPL recorded a federal and state income tax reserve benefit of $7 million related to stranded cost securitization. The reserve balance at December 31, 2013 related to stranded costs securitization was zero.

(e) During each period, PPL recorded adjustments related to its December 31 state deferred tax liabilities as a result of annual changes in state apportionment and the impact on the future estimated state income tax rate.

	2015	2014	2013
Taxes, other than income			
State gross receipts (a)	$ 89	$ 102	$ 98
Foreign property	148	157	147
Domestic Other	62	58	53
Total	$ 299	$ 317	$ 298

(a) The decrease in 2015 was primarily due to the settlement of a 2011 gross receipts tax audit resulting in the reversal of $17 million of previously recognized reserves.

(PPL Electric)

The provision for PPL Electric's deferred income taxes for regulated assets and liabilities is based upon the ratemaking principles reflected in rates established by the PUC and the FERC. The difference in the provision for deferred income taxes for regulated assets and liabilities and the amount that otherwise would be recorded under GAAP is deferred and included in "Regulatory assets" or "Regulated liabilities" on the Balance Sheets.

Significant components of PPL Electric's deferred income tax assets and liabilities were as follows.

	2015	2014
Deferred Tax Assets		
Accrued pension costs	$ 92	$ 85
Contributions in aid of construction	111	110
Regulatory obligations	56	39
State loss carryforwards	27	30
Federal loss carryforwards (a)	146	51
Other	87	54
Total deferred tax assets	519	369
Deferred Tax Liabilities		
Electric utility plant - net	1,803	1,453
Taxes recoverable through future rates	135	132
Reacquired debt costs	18	20
Other regulatory assets	213	173
Other	13	16
Total deferred tax liabilities	2,182	1,794
Net deferred tax liability	$ 1,663	$ 1,425

(a) Increase in Federal loss carryforwards primarily relates to the extension of bonus depreciation and the impact of bonus depreciation related to the provision to return adjustments.

At December 31, PPL Electric had the following loss carryforwards.

		2015	Expiration
Loss carryforwards			
Federal net operating losses	$	411	2031-2035
Federal charitable contributions		3	2020
State net operating losses		410	2030-2032
State charitable contributions		13	2016-2020

Credit carryforwards were insignificant at December 31, 2015.

Details of the components of income tax expense, a reconciliation of federal income taxes derived from statutory tax rates applied to "Income Before Income Taxes" to income taxes for reporting purposes, and details of "Taxes, other than income" were as follows.

	2015	2014	2013
Income Tax Expense (Benefit)			
Current - Federal	$ (80)	$ 60	$ (15)
Current - State	23	15	(4)
Total Current Expense (Benefit)	(57)	75	(19)
Deferred - Federal	287	70	109
Deferred - State	12	16	16
Total Deferred Expense, excluding operating loss carryforwards	299	86	125
Investment tax credit, net - Federal		(1)	(1)
Tax expense (benefit) of operating loss carryforwards			
Deferred - Federal	(75)		4
Deferred - State	(3)		(1)
Total Tax Expense (Benefit) of Operating Loss Carryforwards	(78)		3
Total income tax expense	$ 164	$ 160	$ 108
Total income tax expense - Federal	$ 132	$ 129	$ 97
Total income tax expense - State	32	31	11
Total income tax expense	$ 164	$ 160	$ 108

	2015	2014	2013
Reconciliation of Income Taxes			
Federal income tax on Income Before Income Taxes at statutory tax rate - 35%	$ 146	$ 148	$ 111
Increase (decrease) due to:			
State income taxes, net of federal income tax benefit	25	22	16
Federal and state tax reserves adjustments (a)	2	(1)	(9)
Federal and state income tax return adjustments	(2)	1	(1)
Depreciation not normalized	(4)	(6)	(6)
Other	(3)	(4)	(3)
Total increase (decrease)	18	12	(3)
Total income tax expense	$ 164	$ 160	$ 108
Effective income tax rate	39.4%	37.8%	34.1%

(a) PPL Electric recorded a tax benefit of $7 million during 2013 to federal and state income tax reserves related to stranded cost securitization. The reserve balance at December 31, 2013 related to stranded costs securitization was zero.

	2015	2014	2013
Taxes, other than income			
State gross receipts (a)	$ 89	$ 102	$ 98
Property and other	5	5	5
Total	$ 94	$ 107	$ 103

(a) The decrease in 2015 was primarily due to the settlement of a 2011 gross receipts tax audit resulting in the reversal of $17 million of previously recognized reserves.

(LKE)

The provision for LKE's deferred income taxes for regulated assets and liabilities is based upon the ratemaking principles reflected in rates established by the KPSC, VSCC, TRA and the FERC. The difference in the provision for deferred income taxes for regulated assets and liabilities and the amount that otherwise would be recorded under GAAP is deferred and included in "Regulatory assets" or "Regulatory liabilities" on the Balance Sheets.

Significant components of LKE's deferred income tax assets and liabilities were as follows.

	2015	2014
Deferred Tax Assets		
Federal loss carryforwards (a)	$ 280	$ 46
State loss carryforwards	35	36
Tax credit carryforwards	181	182
Regulatory liabilities	66	92
Accrued pension costs	53	53
Income taxes due to customers	17	20
Deferred investment tax credits	50	51
Derivative liability	18	45
Other	55	44
Valuation allowances	(12)	
Total deferred tax assets	743	569
Deferred Tax Liabilities		
Plant - net	2,076	1,639
Regulatory assets	119	143
Other	11	12
Total deferred tax liabilities	2,206	1,794
Net deferred tax liability	$ 1,463	$ 1,225

(a) Increase in Federal loss carryforwards primarily relates to the extension of bonus depreciation and the impact of bonus depreciation related to the provision to return adjustments.

LKE expects to have adequate levels of taxable income to realize its recorded deferred income tax assets.

At December 31, LKE had the following loss and tax credit carryforwards.

	2015	Expiration
Loss carryforwards		
Federal net operating losses	$ 801	2029-2035
State net operating losses	934	2028-2035
State capital losses	1	2016
Credit carryforwards		
Federal investment tax credit	125	2025-2028
Federal alternative minimum tax credit	28	Indefinite
Federal - other	27	2016-2035
State - other	5	2022

Changes in deferred tax valuation allowances were:

	Balance at Beginning of Period	Additions	Deductions	Balance at End of Period
2015		$ 12 (a)		$ 12
2014	$ 4		$ 4 (b)	
2013	5		1 (b)	4

(a) Represents tax credits expiring in 2016 through 2020 that are more likely than not to expire before being utilized.
(b) Primarily related to the expiration of state capital loss carryforwards.

Details of the components of income tax expense, a reconciliation of federal income taxes derived from statutory tax rates applied to "Income from Continuing Operations Before Income Taxes" to income taxes for reporting purposes, and details of "Taxes, other than income" were:

Income Tax Expense (Benefit)	2015	2014	2013
Current - Federal	$ 2	$ (247)	$ (59)
Current - State	1	8	10
Total Current Expense (Benefit)	3	(239)	(49)
Deferred - Federal	405	437	244
Deferred - State	32	23	20
Total Deferred Expense, excluding benefits of operating loss carryforwards	437	460	264
Investment tax credit, net - Federal	(3)	(4)	(4)
Tax benefit of operating loss carryforwards			
Deferred - Federal	(198)	(8)	(4)
Deferred - State			(1)
Total Tax Benefit of Operating Loss Carryforwards	(198)	(8)	(5)
Total income tax expense from continuing operations (a)	$ 239	$ 209	$ 206
Total income tax expense - Federal	$ 206	$ 178	$ 177
Total income tax expense - State	33	31	29
Total income tax expense from continuing operations (a)	$ 239	$ 209	$ 206

(a) Excludes current and deferred federal and state tax expense (benefit) recorded to Discontinued Operations of less than $1 million in 2015 and 2014, and $1 million in 2013. Also, excludes deferred federal and state tax expense (benefit) recorded to OCI of less than $(1) million in 2015, $(36) million in 2014 and $18 million in 2013.

Reconciliation of Income Taxes	2015	2014	2013
Federal income tax on Income Before Income Taxes at statutory tax rate - 35%	$ 211	$ 194	$ 193
Increase (decrease) due to:			
State income taxes, net of federal income tax benefit	22	20	20
Amortization of investment tax credit	(3)	(4)	(4)
Valuation allowance adjustment (a)	12		
Other	(3)	(1)	(3)
Total increase (decrease)	28	15	13
Total income tax expense from continuing operations	$ 239	$ 209	$ 206
Effective income tax rate	39.6%	37.8%	37.4%

(a) Represents a valuation allowance against tax credits expiring from 2016 through 2020 that are more likely than not to expire before being utilized.

Taxes, other than income	2015	2014	2013
Property and other	$ 57	$ 52	$ 48
Total	$ 57	$ 52	$ 48

(LG&E)

The provision for LG&E's deferred income taxes for regulated assets and liabilities is based upon the ratemaking principles reflected in rates established by the KPSC and the FERC. The difference in the provision for deferred income taxes for regulated assets and liabilities and the amount that otherwise would be recorded under GAAP is deferred and included in "Regulatory assets" or "Regulatory liabilities" on the Balance Sheets.

Significant components of LG&E's deferred income tax assets and liabilities were as follows.

Deferred Tax Assets	2015	2014
Federal loss carryforwards (a)	$ 76	
Regulatory liabilities	38	$ 51
Deferred investment tax credits	13	14
Income taxes due to customers	17	18
Derivative liability	18	32
Other	15	9
Total deferred tax assets	177	124

	2015	2014
Deferred Tax Liabilities		
Plant - net	896	698
Regulatory assets	75	90
Accrued pension costs	28	28
Other	7	8
Total deferred tax liabilities	1,006	824
Net deferred tax liability	$ 829	$ 700

(a) Increase in Federal loss carryforwards primarily relates to the extension of bonus depreciation.

LG&E expects to have adequate levels of taxable income to realize its recorded deferred income tax assets.

At December 31, 2015, LG&E had $218 million of federal net operating loss carryforwards that expire in 2035, $1 million of federal credit carryforwards that expire from 2031 to 2035 and $2 million of state credit carryforwards that expire in 2022.

Details of the components of income tax expense, a reconciliation of federal income taxes derived from statutory tax rates applied to "Income Before Income Taxes" to income taxes for reporting purposes, and details of "Taxes, other than income" were:

	2015	2014	2013
Income Tax Expense (Benefit)			
Current - Federal	$ (15)	$ (25)	$ 52
Current - State	3	10	16
Total Current Expense (Benefit)	(12)	(15)	68
Deferred - Federal	190	114	33
Deferred - State	13	6	(2)
Total Deferred Expense, excluding benefits of operating loss carryforwards	203	120	31
Investment tax credit, net - Federal	(1)	(2)	(2)
Tax benefit of operating loss carryforwards			
Deferred - Federal	(76)		(3)
Total Tax Benefit of Operating Loss Carryforwards	(76)		(3)
Total income tax expense	$ 114	$ 103	$ 94
Total income tax expense - Federal	$ 98	$ 87	$ 80
Total income tax expense - State	16	16	14
Total income tax expense	$ 114	$ 103	$ 94

	2015	2014	2013
Reconciliation of Income Taxes			
Federal income tax on Income Before Income Taxes at statutory tax rate - 35%	$ 105	$ 95	$ 90
Increase (decrease) due to:			
State income taxes, net of federal income tax benefit	11	10	10
Amortization of investment tax credit	(1)	(2)	(2)
Other	(1)		(4)
Total increase (decrease)	9	8	4
Total income tax expense	$ 114	$ 103	$ 94
Effective income tax rate	38.1%	37.9%	36.6%

	2015	2014	2013
Taxes, other than income			
Property and other	$ 28	$ 25	$ 24
Total	$ 28	$ 25	$ 24

(KU)

The provision for KU's deferred income taxes for regulated assets and liabilities is based upon the ratemaking principles reflected in rates established by the KPSC, VSCC, TRA and the FERC. The difference in the provision for deferred income taxes for regulated assets and liabilities and the amount that otherwise would be recorded under GAAP is deferred and included in "Regulatory assets" or "Regulatory liabilities" on the Balance Sheets.

Significant components of KU's deferred income tax assets and liabilities were as follows.

	2015	2014
Deferred Tax Assets		
Federal loss carryforwards (a)	$ 97	
Regulatory liabilities	28	$ 41
Deferred investment tax credits	36	37
Income taxes due to customers		2
Derivative liability		13
Other	7	7
Total deferred tax assets	168	100
Deferred Tax Liabilities		
Plant - net	1,164	922
Regulatory assets	44	53
Other	6	7
Total deferred tax liabilities	1,214	982
Net deferred tax liability	$ 1,046	$ 882

(a) Increase in Federal loss carryforwards primarily relates to the extension of bonus depreciation.

KU expects to have adequate levels of taxable income to realize its recorded deferred income tax assets.

At December 31, 2015, KU had $279 million of federal net operating loss carryforwards that expire in 2035 and $2 million of state credit carryforwards that expire in 2022.

Details of the components of income tax expense, a reconciliation of federal income taxes derived from statutory tax rates applied to "Income Before Income Taxes" to income taxes for reporting purposes, and details of "Taxes, other than income" were:

	2015	2014	2013
Income Tax Expense (Benefit)			
Current - Federal	$ (21)	$ (95)	$ 51
Current - State	1	6	12
Total Current Expense (Benefit)	(20)	(89)	63
Deferred - Federal	240	212	66
Deferred - State	19	14	8
Total Deferred Expense, excluding benefits of operating loss carryforwards	259	226	74
Investment tax credit, net - Federal	(2)	(2)	(2)
Tax benefit of operating loss carryforwards			
Deferred - Federal	(97)		(3)
Total Tax Benefit of Operating Loss Carryforwards	(97)		(3)
Total income tax expense (a)	$ 140	$ 135	$ 132
Total income tax expense - Federal	$ 120	$ 115	$ 112
Total income tax expense - State	20	20	20
Total income tax expense (a)	$ 140	$ 135	$ 132

(a) Excludes deferred federal and state tax expense (benefit) recorded to OCI of less than $(1) million in 2015, 2014 and 2013.

	2015	2014	2013
Reconciliation of Income Taxes			
Federal income tax on Income Before Income Taxes at statutory tax rate - 35%	$ 131	$ 124	$ 126
Increase (decrease) due to:			
State income taxes, net of federal income tax benefit	13	13	14
Amortization of investment tax credit	(2)	(2)	(2)
Other	(2)		(6)
Total increase (decrease)	9	11	6
Total income tax expense	$ 140	$ 135	$ 132
Effective income tax rate	37.4%	38.0%	36.7%

	2015	2014	2013
Taxes, other than income			
Property and other	$ 29	$ 27	$ 24
Total	$ 29	$ 27	$ 24

Unrecognized Tax Benefits *(All Registrants)*

PPL or its subsidiaries file tax returns in four major tax jurisdictions. The income tax provisions for PPL Electric, LKE, LG&E and KU are calculated in accordance with an intercompany tax sharing agreement which provides that taxable income be calculated as if each domestic subsidiary filed a separate consolidated return. Based on this tax sharing agreement, PPL Electric or its subsidiaries indirectly or directly file tax returns in two major tax jurisdictions, and LKE, LG&E and KU or their subsidiaries indirectly or directly file tax returns in two major tax jurisdictions. With few exceptions, at December 31, 2015, these jurisdictions, as well as the tax years that are no longer subject to examination, were as follows.

	PPL	PPL Electric	LKE	LG&E	KU
U.S. (federal)	2011 and prior	2011 and prior	2011 and prior	2011 and prior	2011 and prior
Pennsylvania (state)	2011 and prior	2011 and prior			
Kentucky (state)	2010 and prior		2010 and prior	2010 and prior	2010 and prior
U.K. (foreign)	2012 and prior				

Other *(PPL)*

In 2015, PPL recorded a tax benefit of $24 million, related to the settlement of the IRS audit for tax years 1998-2011. Of this amount, $12 million is reflected in Income from Continuing Operations After Income Taxes.

6. Utility Rate Regulation

Regulatory Assets and Liabilities

(All Registrants)

PPL, PPL Electric, LKE, LG&E and KU reflect the effects of regulatory actions in the financial statements for their cost-based rate-regulated utility operations. Regulatory assets and liabilities are classified as current if, upon initial recognition, the entire amount related to that item will be recovered or refunded within a year of the balance sheet date.

WPD is not subject to accounting for the effects of certain types of regulation as prescribed by GAAP and does not record regulatory assets and liabilities. See Note 1 for additional information.

(PPL, LKE, LG&E and KU)

LG&E is subject to the jurisdiction of the KPSC and FERC, and KU is subject to the jurisdiction of the KPSC, FERC, VSCC and TRA.

LG&E's and KU's Kentucky base rates are calculated based on a return on capitalization (common equity, long-term debt and short-term debt) including adjustments for certain net investments and costs recovered separately through other means. As such, LG&E and KU generally earn a return on regulatory assets.

As a result of purchase accounting requirements, certain fair value amounts related to contracts that had favorable or unfavorable terms relative to market were recorded on the Balance Sheets with an offsetting regulatory asset or liability. LG&E and KU recover in customer rates the cost of coal contracts, power purchases and emission allowances. As a result, management believes the regulatory assets and liabilities created to offset the fair value amounts at LKE's acquisition date meet the recognition criteria established by existing accounting guidance and eliminate any rate-making impact of the fair value adjustments. LG&E's and KU's customer rates will continue to reflect the original contracted prices for these contracts.

(PPL, LKE and KU)

KU's Virginia base rates are calculated based on a return on rate base (net utility plant plus working capital less deferred taxes and miscellaneous deductions). All regulatory assets and liabilities, except the levelized fuel factor, are excluded from the return on rate base utilized in the calculation of Virginia base rates. Therefore, no return is earned on the related assets.

KU's rates to municipal customers for wholesale requirements are calculated based on annual updates to a rate formula that utilizes a return on rate base (net utility plant plus working capital less deferred taxes and miscellaneous deductions). All regulatory assets and liabilities are excluded from the return on rate base utilized in the development of municipal rates. Therefore, no return is earned on the related assets.

(PPL and PPL Electric)

PPL Electric's distribution base rates are calculated based on recovery of costs as well as a return on distribution rate base (net utility plant plus a working capital allowance less plant-related deferred taxes and other miscellaneous additions and deductions). PPL Electric's transmission revenues are billed in accordance with a FERC tariff that allows for recovery of transmission costs incurred, a return on transmission-related rate base (net utility plant plus a working capital allowance less plant-related deferred taxes and other miscellaneous additions and deductions) and an automatic annual update. See "Transmission Formula Rate" below for additional information on this tariff. All regulatory assets and liabilities are excluded from distribution and transmission return on investment calculations; therefore, generally no return is earned on PPL Electric's regulatory assets.

(All Registrants)

The following table provides information about the regulatory assets and liabilities of cost-based rate-regulated utility operations at December 31.

	PPL		PPL Electric	
	2015	2014	2015	2014
Current Regulatory Assets:				
Environmental cost recovery	$ 24	$ 5		
Gas supply clause	1	15		
Transmission service charge	10	6	$ 10	$ 6
Other	13	11	3	6
Total current regulatory assets (a)	$ 48	$ 37	$ 13	$ 12
Noncurrent Regulatory Assets:				
Defined benefit plans	$ 809	$ 720	$ 469	$ 372
Taxes recoverable through future rates	326	316	326	316
Storm costs	93	124	30	46
Unamortized loss on debt	68	77	42	49
Interest rate swaps	141	122		
Accumulated cost of removal of utility plant	137	114	137	114
AROs	143	79		
Other	16	10	2	
Total noncurrent regulatory assets	$ 1,733	$ 1,562	$ 1,006	$ 897
Current Regulatory Liabilities:				
Generation supply charge	$ 41	$ 28	$ 41	$ 28
Demand side management	8	2		
Gas supply clause	6	6		
Transmission formula rate	48	42	48	42
Fuel adjustment clause	14			
Storm damage expense	16	3	16	3
Other	12	10	8	3
Total current regulatory liabilities	$ 145	$ 91	$ 113	$ 76
Noncurrent Regulatory Liabilities:				
Accumulated cost of removal of utility plant	$ 691	$ 693		
Coal contracts (b)	17	59		
Power purchase agreement - OVEC (b)	83	92		
Net deferred tax assets	23	26		
Act 129 compliance rider	22	18	$ 22	$ 18
Defined benefit plans	24	16		
Interest rate swaps	82	84		
Other	3	4		
Total noncurrent regulatory liabilities	$ 945	$ 992	$ 22	$ 18

	LKE		LG&E		KU	
	2015	2014	2015	2014	2015	2014
Current Regulatory Assets:						
Environmental cost recovery	$ 24	$ 5	$ 13	$ 4	$ 11	$ 1
Gas supply clause	1	15	1	15		
Fuel adjustment clause		4		2		2
Gas line tracker	1		1			
Other	9	1	1		8	1
Total current regulatory assets	$ 35	$ 25	$ 16	$ 21	$ 19	$ 4
Noncurrent Regulatory Assets:						
Defined benefit plans	$ 340	$ 348	$ 215	$ 215	$ 125	$ 133
Storm costs	63	78	35	43	28	35
Unamortized loss on debt	26	28	17	18	9	10
Interest rate swaps	141	122	98	89	43	33
AROs	143	79	57	28	86	51
Plant retirement costs	6				6	
Other	8	10	2	4	6	6
Total noncurrent regulatory assets	$ 727	$ 665	$ 424	$ 397	$ 303	$ 268
Current Regulatory Liabilities:						
Demand side management	$ 8	$ 2	$ 4	$ 1	$ 4	$ 1
Gas supply clause	6	6	6	6		
Fuel adjustment clause	14		2		12	
Gas line tracker		3		3		
Other	4	4	1		3	4
Total current regulatory liabilities	$ 32	$ 15	$ 13	$ 10	$ 19	$ 5
Noncurrent Regulatory Liabilities:						
Accumulated cost of removal of utility plant	$ 691	$ 693	$ 301	$ 302	$ 390	$ 391
Coal contracts (b)	17	59	7	25	10	34
Power purchase agreement - OVEC (b)	83	92	57	63	26	29
Net deferred tax assets	23	26	23	24		2
Defined benefit plans	24	16			24	16
Interest rate swaps	82	84	41	42	41	42
Other	3	4	2	2	1	2
Total noncurrent regulatory liabilities	$ 923	$ 974	$ 431	$ 458	$ 492	$ 516

(a) For PPL, these amounts are included in "Other current assets" on the Balance Sheets.
(b) These liabilities were recorded as offsets to certain intangible assets that were recorded at fair value upon the acquisition of LKE by PPL.

Following is an overview of selected regulatory assets and liabilities detailed in the preceding tables. Specific developments with respect to certain of these regulatory assets and liabilities are discussed in "Regulatory Matters."

Defined Benefit Plans

(All Registrants)

Defined benefit plan regulatory assets and liabilities represent the portion of unrecognized transition obligation, prior service cost and net actuarial gains and losses that will be recovered in defined benefit plans expense through future base rates based upon established regulatory practices and generally, are amortized over the average remaining service lives of plan participants. These regulatory assets and liabilities are adjusted at least annually or whenever the funded status of defined benefit plans is re-measured. Of the regulatory asset and liability balances recorded, costs of $46 million for PPL, $18 million for PPL Electric, $28 million for LKE, $19 million for LG&E and $9 million for KU are expected to be amortized into net periodic defined benefit costs in 2016 in accordance with PPL's, PPL Electric's, LKE's, LG&E's and KU's pension accounting policy.

(PPL, LKE, LG&E and KU)

As a result of the 2014 Kentucky rate case settlement that became effective July 1, 2015, the difference between pension cost calculated in accordance with LG&E and KU's pension accounting policy and pension cost calculated using a 15 year amortization period for actuarial gains and losses is recorded as a regulatory asset. As of December 31, 2015, the balances were $10 million for PPL and LKE, $6 million for LG&E and $4 million for KU. Of the costs expected to be amortized into net periodic defined benefit costs in 2016, $10 million for PPL and LKE, $6 million for LG&E and $4 million for KU are expected to be recorded as a regulatory asset in 2016.

(All Registrants)

Storm Costs

PPL Electric, LG&E and KU have the ability to request from the PUC, KPSC and VSCC, as applicable, the authority to treat expenses related to specific extraordinary storms as a regulatory asset and defer such costs for regulatory accounting and reporting purposes. Once such authority is granted, LG&E and KU can request recovery of those expenses in a base rate case and begin amortizing the costs when recovery starts. PPL Electric can recover qualifying expenses caused by major storm events, as defined in its retail tariff, over three years through the Storm Damage Expense Rider commencing in the application year after the storm occurred. LG&E's and KU's regulatory assets for storm costs are being amortized through various dates ending in 2020.

Unamortized Loss on Debt

Unamortized loss on reacquired debt represents losses on long-term debt reacquired or redeemed that have been deferred and will be amortized and recovered over either the original life of the extinguished debt or the life of the replacement debt (in the case of refinancing). Such costs are being amortized through 2029 for PPL Electric, 2035 for LG&E and through 2040 for PPL, LKE and KU.

Accumulated Cost of Removal of Utility Plant

LG&E and KU accrue for costs of removal through depreciation expense with an offsetting credit to a regulatory liability. The regulatory liability is relieved as costs are incurred.

PPL Electric does not accrue for costs of removal. When costs of removal are incurred, PPL Electric records the costs as a regulatory asset. Such deferral is included in rates and amortized over the subsequent five-year period.

(PPL and PPL Electric)

Generation Supply Charge

The generation supply charge is a cost recovery mechanism that permits PPL Electric to recover costs incurred to provide generation supply to PLR customers who receive basic generation supply service. The recovery includes charges for generation supply (energy and capacity and ancillary services), as well as administration of the acquisition process. In addition, the generation supply charge contains a reconciliation mechanism whereby any over- or under-recovery from prior quarters is refunded to, or recovered from, customers through the adjustment factor determined for the subsequent quarter.

Transmission Service Charge (TSC)

PPL Electric is charged by PJM for transmission service-related costs applicable to its PLR customers. PPL Electric passes these costs on to customers, who receive basic generation supply service through the PUC-approved TSC cost recovery mechanism. The TSC contains a reconciliation mechanism whereby any over- or under-recovery from customers is either refunded to, or recovered from, customers through the adjustment factor determined for the subsequent year.

Transmission Formula Rate

PPL Electric's transmission revenues are billed in accordance with a FERC-approved Open Access Transmission Tariff that utilizes a formula-based rate recovery mechanism. Under this formula, rates are put into effect in June of each year based upon prior year actual expenditures and current year forecasted capital additions. Rates are then adjusted the following year to reflect actual annual expenses and capital additions. Any difference between the revenue requirement in effect for the prior year and actual expenditures incurred for that year is recorded as a regulatory asset or regulatory liability.

Storm Damage Expense

In accordance with the PUC's December 2012 final rate case order, PPL Electric proposed the establishment of a Storm Damage Expense Rider (SDER) with the PUC. In April 2014, the PUC issued a final order approving the SDER with a January 1, 2015 effective date. On June 20, 2014, the Office of Consumer Advocate (OCA) filed a petition requesting the Commonwealth Court of Pennsylvania to reverse and remand the April 2014 order, which petition remains outstanding. On

January 15, 2015, the PUC issued an order modifying the effective date of the SDER to February 1, 2015. See below under "Regulatory Matters - Pennsylvania Activities" for additional information on the SDER.

Taxes Recoverable through Future Rates

Taxes recoverable through future rates represent the portion of future income taxes that will be recovered through future rates based upon established regulatory practices. Accordingly, this regulatory asset is recognized when the offsetting deferred tax liability is recognized. For general-purpose financial reporting, this regulatory asset and the deferred tax liability are not offset; rather, each is displayed separately. This regulatory asset is expected to be recovered over the period that the underlying book-tax timing differences reverse and the actual cash taxes are incurred.

Act 129 Compliance Rider

In compliance with Pennsylvania's Act 129 of 2008 and implementing regulations, Phase I of PPL Electric's energy efficiency and conservation plan was approved by a PUC order in October 2009. The order allows PPL Electric to recover the maximum $250 million cost of the program ratably over the life of the plan, from January 1, 2010 through May 31, 2013. Phase II of PPL's energy efficiency and conservation plan allows PPL Electric to recover the maximum $185 million cost of the program over the three year period June 1, 2013 through May 31, 2016. The plan includes programs intended to reduce electricity consumption. The recoverable costs include direct and indirect charges, including design and development costs, general and administrative costs and applicable state evaluator costs. The rates are applied to customers who receive distribution service through the Act 129 Compliance Rider. The actual program costs are reconcilable, and any over- or under-recovery from customers will be refunded or recovered at the end of the program. See below under "Regulatory Matters - Pennsylvania Activities" for additional information on Act 129.

(PPL, LKE, LG&E and KU)

Environmental Cost Recovery

Kentucky law permits LG&E and KU to recover the costs, including a return of operating expenses and a return of and on capital invested, of complying with the Clean Air Act and those federal, state or local environmental requirements which apply to coal combustion wastes and by-products from coal-fired electric generating facilities. The KPSC requires reviews of the past operations of the environmental surcharge for six-month and two-year billing periods to evaluate the related charges, credits and rates of return, as well as to provide for the roll-in of ECR amounts to base rates each two-year period. As a result of the 2014 Kentucky rate case settlement that became effective July 1, 2015, LG&E and KU were authorized to earn a 10% return on equity for all their existing ECR plans. The ECR regulatory asset or liability represents the amount that has been under- or over-recovered due to timing or adjustments to the mechanism and is typically recovered within 12 months.

Gas Supply Clause

LG&E's natural gas rates contain a gas supply clause, whereby the expected cost of natural gas supply and variances between actual and expected costs from prior periods are adjusted quarterly in LG&E's rates, subject to approval by the KPSC. The gas supply clause includes a separate natural gas procurement incentive mechanism, which allows LG&E's rates to be adjusted annually to share variances between actual costs and market indices between the shareholders and the customers during each performance-based rate year (12 months ending October 31). The regulatory assets or liabilities represent the total amounts that have been under- or over-recovered due to timing or adjustments to the mechanisms and are typically recovered within 18 months.

Fuel Adjustment Clauses

LG&E's and KU's retail electric rates contain a fuel adjustment clause, whereby variances in the cost of fuel to generate electricity, including transportation costs, from the costs embedded in base rates are adjusted in LG&E's and KU's rates. The KPSC requires public hearings at six-month intervals to examine past fuel adjustments and at two-year intervals to review past operations of the fuel adjustment clause and, to the extent appropriate, reestablish the fuel charge included in base rates. The regulatory assets or liabilities represent the amounts that have been under- or over-recovered due to timing or adjustments to the mechanism and are typically recovered within 12 months.

KU also employs a levelized fuel factor mechanism for Virginia customers using an average fuel cost factor based primarily on projected fuel costs. The Virginia levelized fuel factor allows fuel recovery based on projected fuel costs for the coming year plus an adjustment for any under- or over-recovery of fuel expenses from the prior year. The regulatory assets or liabilities represent the amounts that have been under- or over-recovered due to timing or adjustments to the mechanism and are typically recovered within 12 months.

Demand Side Management

LG&E's and KU's DSM programs consist of energy efficiency programs which are intended to reduce peak demand and delay the investment in additional power plant construction, provide customers with tools and information to become better managers of their energy usage and prepare for potential future legislation governing energy efficiency. LG&E's and KU's rates contain a DSM provision which includes a rate recovery mechanism that provides for concurrent recovery of DSM costs and incentives, and allows for the recovery of DSM revenues from lost sales associated with the DSM programs. Additionally, LG&E and KU earn an approved return on equity for capital expenditures associated with the residential and commercial load management/demand conservation programs. The cost of DSM programs is assigned only to the class or classes of customers that benefit from the programs.

Interest Rate Swaps

(PPL, LKE, LG&E and KU)

Periodically, LG&E and KU enter into forward-starting interest rate swaps with PPL that have terms identical to forward-starting swaps entered into by PPL with third parties. Net realized gains and losses on all of these swaps are probable of recovery through regulated rates; as such, any gains and losses on these derivatives are included in regulatory assets or liabilities and will be recognized in "Interest Expense" on the Statements of Income over the life of the underlying debt at the time the underlying hedged interest expense is recorded. In September 2015, first mortgage bonds totaling $1.05 billion were issued (LG&E issued $550 million and KU issued $500 million) and all outstanding forward-starting interest rate swaps were terminated. Net cash settlements of $88 million were paid on the swaps that were terminated (LG&E and KU each paid $44 million). Net realized losses on these terminated swaps will be recovered through regulated rates. As such, the net settlements were recorded in regulatory assets and are being recognized in "Interest Expense" on the Statements of Income over the life of the new debt that matures in 2025 and 2045. There were no forward starting interest rate swaps outstanding at December 31, 2015. See Note 17 for additional information related to the forward-starting interest rate swaps.

Net cash settlements of $86 million were received on forward starting interest rate swaps that were terminated in 2013 (LG&E and KU each received $43 million). Net realized gains on these terminated swaps will be returned through regulated rates. As such, the net settlements were recorded as regulatory liabilities and are being recognized in "Interest Expense" on the Statements of Income over the life of the associated debt that matures in 2043.

(PPL, LKE and LG&E)

In addition to the terminated forward starting interest rate swaps, realized amounts associated with LG&E's other interest rate swaps, including a terminated swap contract from 2008, are recoverable through rates based on an order from the KPSC, LG&E's unrealized losses and gains are recorded as a regulatory asset or liability until they are realized as interest expense. Interest expense from existing swaps is realized and recovered over the terms of the associated debt, which matures through 2033. Amortization of the gain or loss related to the 2008 terminated swap contract is to be recovered through 2035.

AROs

As discussed in Note 1, the accretion and depreciation expenses related to LG&E's and KU's AROs are recorded as a regulatory asset, such that there is no earnings impact. When an asset with an ARO is retired, the related ARO regulatory asset is offset against the associated cost of removal regulatory liability, PP&E and ARO liability.

Gas Line Tracker

The GLT authorizes LG&E to recover its incremental operating expenses, depreciation, property taxes, and its cost of capital including a return on equity for capital associated with the five year gas service riser, leak mitigation and customer service line ownership programs. As a result of the 2014 Kentucky rate case settlement that became effective July 1, 2015, LG&E is authorized to earn a 10% return on equity for the GLT mechanism. As part of this program, LG&E makes necessary repairs and assumes ownership of natural gas lines. LG&E annually files projected costs in October to become effective on the first billing cycle in January. After the completion of a plan year, LG&E submits a balancing adjustment filing to the KPSC to amend rates charged for the differences between the actual costs and actual GLT charges for the preceding year. The regulatory assets or liabilities represent the amounts that have been under- or over-recovered due to these timing differences.

Coal Contracts

As a result of purchase accounting associated with PPL's acquisition of LKE, LG&E's and KU's coal contracts were recorded at fair value on the Balance Sheets with offsets to regulatory assets for those contracts with unfavorable terms relative to current market prices and offsets to regulatory liabilities for those contracts with favorable terms relative to current market prices. These regulatory assets and liabilities are being amortized over the same terms as the related contracts, which expire at various times through 2016.

Power Purchase Agreement - OVEC

As a result of purchase accounting associated with PPL's acquisition of LKE, the fair values of the OVEC power purchase agreement were recorded on the balance sheets of LKE, LG&E and KU with offsets to regulatory liabilities. The regulatory liabilities are being amortized using the units-of-production method until March 2026, the expiration date of the agreement at the date of the acquisition.

Regulatory Liability Associated with Net Deferred Tax Assets

LG&E's and KU's regulatory liabilities associated with net deferred tax assets represent the future revenue impact from the reversal of deferred income taxes required primarily for unamortized investment tax credits. These regulatory liabilities are recognized when the offsetting deferred tax assets are recognized.

Plant Retirement Costs

The 2014 Kentucky rate case settlement that became effective July 1, 2015, provided for deferred recovery of costs associated with Green River's remaining coal-fired generating units through their retirement date, which occurred in September 2015. These costs include inventory write-downs and separation benefits and will be amortized over three years.

Regulatory Matters

U.K. Activities *(PPL)*

RIIO-ED1

On April 1, 2015, the RIIO-ED1 eight-year price control period commenced for WPD's four DNOs.

Ofgem Review of Line Loss Calculation

In 2014, Ofgem issued its final decision on the DPCR4 line loss incentives and penalties mechanism. As a result, during 2014 WPD increased its liability by $65 million for over-recovery of line losses with a reduction to "Operating Revenues" on the Statement of Income. In 2013, WPD had recorded an increase of $45 million to the liability with a reduction to "Operating Revenues" on the Statement of Income. Other activity impacting the liability included reductions in the liability that have been included in tariffs and foreign exchange movements. WPD began refunding the liability to customers on April 1, 2015 and will continue through March 31, 2019. The liability at December 31, 2015 and 2014 was $61 million and $99 million.

Kentucky Activities

(PPL, LKE, LG&E and KU)

Rate Case Proceedings

On June 30, 2015, the KPSC approved a rate case settlement agreement providing for increases in the annual revenue requirements associated with KU base electricity rates of $125 million and LG&E base gas rates of $7 million. The annual revenue requirement associated with base electricity rates at LG&E was not changed. Although the settlement did not establish a specific return on equity with respect to the base rates, an authorized 10% return on equity will be utilized in the ECR and GLT mechanisms. The settlement agreement provides for deferred recovery of costs associated with KU's retirement of Green River Units 3 and 4. The new regulatory asset will be amortized over three years. The settlement also provides regulatory asset treatment for the difference between pension expense calculated in accordance with LG&E and

KU's pension accounting policy and pension expense using a 15 year amortization period for actuarial gains and losses. The new rates and all elements of the settlement became effective July 1, 2015.

KPSC Landfill Proceedings

On May 22, 2015, LG&E and KU filed an application with the KPSC for a declaratory order that the existing CPCN and ECR approvals regarding the initial phases of construction and rate recovery of the landfill for management of CCRs at the Trimble County Station remain in effect. The current design of the proposed landfill provides for construction in substantially the same location as originally proposed with approximately the same storage capacity and expected useful life. On May 20, 2015, the owner of an underground limestone mine filed a complaint with the KPSC requesting it to revoke the CPCN for the Trimble County landfill and limit recovery of costs for the Ghent Station landfill on the grounds that, as a result of cost increases, the proposed landfill no longer constitutes the least cost alternative for CCR management. The KPSC has initiated its own investigation, consolidated the proceedings, and ordered an accelerated procedural schedule. The KPSC conducted a hearing on the matter in September 2015. On December 15, 2015, the KPSC issued an order affirming LG&E and KU's existing CPCN and ECR authority for Phase 1 of the Trimble County and Ghent landfills and related facilities, and that the landfills are the least cost options for disposing of the combustion wastes. Additionally, the order requires LG&E and KU to file a CPCN prior to constructing Phases 2 and 3 at the Ghent landfill and Phases 2 through 4 at the Trimble County landfill. The order also requires LG&E and KU to submit status update reports every three months on Phase 1 of Trimble County landfill. Phase 1 of construction at Trimble County will commence after the required state permits are obtained. Phase 1 of the Ghent landfill was completed in December 2014.

CPCN and ECR Filings

On January 29, 2016, LG&E and KU submitted applications to the KPSC for CPCNs and for ECR rate treatment regarding upcoming environmental construction projects relating to the EPA's regulations addressing the handling of coal combustion byproducts and MATS. The construction projects are expected to begin in 2016 and continue through 2023 and are estimated to cost approximately $316 million at LG&E and $678 million at KU. The applications request an authorized 10% return on equity with respect to LG&E and KU's ECR mechanism consistent with the 2014 Kentucky rate case approved in June 2015.

Pennsylvania Activities *(PPL and PPL Electric)*

Act 11 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, the use of a DSIC. Such alternative ratemaking procedures and mechanisms provide opportunity for accelerated cost-recovery and, therefore, are important to PPL Electric as it is in a period of significant capital investment to maintain and enhance the reliability of its delivery system, including the replacement of aging distribution assets

Rate Case Proceeding

On March 31, 2015, PPL Electric filed a request with the PUC for an increase in its annual distribution revenue requirement of approximately $167.5 million. The application was based on a fully projected future test year of January 1, 2016 through December 31, 2016. On September 3, 2015, PPL Electric filed with the PUC Administrative Law Judge a petition for approval of a settlement agreement under which PPL Electric would be permitted to increase its annual distribution rates by $124 million, effective January 1, 2016. On November 19, 2015, the PUC entered a final order adopting the Administrative Law Judge's recommended decision. The new rates became effective January 1, 2016.

Distribution System Improvement Charge (DSIC)

On March 31, 2015, PPL Electric filed a petition requesting a waiver of the DSIC cap of 5% of billed revenues and approval to increase the maximum allowable DSIC from 5% to 7.5% for service rendered after January 1, 2016. PPL Electric filed the petition concurrently with its 2015 rate case and the Administrative Law Judge granted PPL Electric's request to consolidate these two proceedings. Under the terms of the settlement agreement discussed above, PPL Electric agreed to withdraw the petition without prejudice to re-file it at a later date.

In September 2012, PPL Electric filed its LTIIP describing projects eligible for inclusion in the DSIC and, in an order entered on May 23, 2013, the PUC approved PPL Electric's proposed DSIC with an initial rate effective July 1, 2013, subject to refund after hearings. The PUC also assigned four technical recovery calculation issues to the Office of Administrative Law Judge for hearing and preparation of a recommended decision. In November 2015, the PUC issued an opinion and order approving PPL Electric's Petition with minor modifications.

Storm Damage Expense Rider (SDER)

In its December 2012 final rate case order, the PUC directed PPL Electric to file a proposed SDER. The SDER is a reconcilable automatic adjustment clause under which PPL Electric annually will compare actual storm costs to storm costs allowed in base rates and refund or recoup any differences from customers. In March 2013, PPL Electric filed its proposed SDER with the PUC and, as part of that filing, requested recovery of the 2012 qualifying storm costs related to Hurricane Sandy. PPL Electric proposed that the SDER become effective January 1, 2013 at a zero rate with qualifying storm costs incurred in 2013 and the 2012 Hurricane Sandy costs be included in rates effective January 1, 2014. In April 2014, the PUC issued a final order approving the SDER with a January 1, 2015 effective date and initially including actual storm costs compared to collections for December 2013 through November 2014. As a result, PPL Electric reduced its regulatory liability by $12 million in March 2014. Also, as part of the April 2014 order, PPL Electric was authorized to recover Hurricane Sandy storm damage costs through the SDER of $29 million over a three-year period beginning January 1, 2015.

In June 2014, the Office of Consumer Advocate (OCA) filed a petition with the Commonwealth Court of Pennsylvania requesting that the Court reverse and remand the April 2014 order permitting PPL Electric to establish the SDER. In December 2015, the Commonwealth Court issued an Opinion affirming the PUC's April 2014 Order. On January 15, 2015, the PUC issued a final order closing an investigation related to a separate OCA complaint concerning PPL Electric's October 2014 preliminary SDER calculation and modified the effective date of the SDER to February 1, 2015.

In the PUC rate case settlement agreement approved by the Commission in November 2015, it was determined that reportable storm damage expenses to be recovered annually through base rates will be set at $15 million. The SDER will recover from customers or refund to customers, as appropriate, only applicable expenses from reportable storms that are greater than or less than $15 million recovered annually through base rates. Beginning January 1, 2018, the amortized 2011 storm expense of $5 million will be included in the base rate component of the SDER.

Act 129

Act 129 requires Pennsylvania Electric Distribution Companies (EDCs) to meet specified goals for reduction in customer electricity usage and peak demand by specified dates. EDCs not meeting the requirements of Act 129 are subject to significant penalties. In November 2015, PPL Electric filed with the PUC its Act 129 Phase III Energy Efficiency and Conservation Plan for the period June 1, 2016 through May 31, 2021. In January 2016, PPL Electric and the other parties reached a settlement in principle. The settlement is subject to PUC approval. This matter remains pending before the PUC.

Act 129 also requires Default Service Providers (DSP) to provide electricity generation supply service to customers pursuant to a PUC-approved default service procurement plan through auctions, requests for proposal and bilateral contracts at the sole discretion of the DSP. Act 129 requires a mix of spot market purchases, short-term contracts and long-term contracts (4 to 20 years), with long-term contracts limited to 25% of load unless otherwise approved by the PUC. A DSP is able to recover the costs associated with its default service procurement plan.

PPL Electric has received PUC approval of biannual DSP procurement plans for all periods required under Act 129. In January 2016, PPL Electric filed a Petition for Approval of a new DSP procurement plan with the PUC for the period June 1, 2017 through May 31, 2021. A Prehearing Conference is scheduled for March 2016. This proceeding remains pending before the PUC. PPL Electric cannot predict the outcome of this proceeding.

Smart Meter Rider (SMR)

Act 129 also requires installation of smart meters for new construction, upon the request of consumers and at their cost, or on a depreciation schedule not exceeding 15 years. Under Act 129, EDCs are able to recover the costs of providing smart metering technology. All of PPL Electric's metered customers currently have advanced meters installed at their service locations capable of many of the functions required under Act 129. PPL Electric conducted pilot projects and technical evaluations of its current advanced metering technology and concluded that the current technology does not meet all of the requirements of Act 129. PPL Electric recovered the cost of its pilot programs and evaluations through a cost recovery mechanism, the Smart Meter Rider. In August 2013, PPL Electric filed with the PUC an annual report describing the actions it was taking under its Smart Meter Plan during 2013 and its planned actions for 2014. PPL Electric also submitted revised SMR charges that became effective January 1, 2014. In June 2014, PPL Electric filed its final Smart Meter Plan with the PUC. In that plan, PPL Electric proposes by the end of 2019 to replace all of its current meters with new meters that meet the Act 129 requirements. The total cost of the project is estimated to be approximately $471 million, of which approximately $406 million is expected to be capital. PPL Electric proposes to recover these costs through the SMR which the PUC previously approved for recovery of such costs. On April 30, 2015, the Administrative Law Judge assigned by the PUC to review PPL Electric's Smart Meter Plan issued a recommended decision approving the plan with minor modifications. On September 3, 2015, the PUC entered a final order approving the Smart Meter Plan with minor modifications.

Federal Matters

FERC Formula Rates (PPL and PPL Electric)

Transmission rates are regulated by the FERC. PPL Electric's transmission revenues are billed in accordance with a FERC-approved PJM Open Access Transmission Tariff (OATT) that utilizes a formula-based rate recovery mechanism. The formula rate is calculated, in part, based on financial results as reported in PPL Electric's annual FERC Form 1, filed under the FERC's Uniform System of Accounts.

FERC Wholesale Formula Rates (LKE and KU)

In September 2013, KU filed an application with the FERC to adjust the formula rate under which KU provided wholesale requirements power sales to 12 municipal customers. Among other changes, the application requests an amended formula whereby KU would charge cost-based rates with a subsequent true-up to actual costs, replacing the current formula which does not include a true-up. KU's application proposed an authorized return on equity of 10.7%. Certain elements, including the new formula rate, became effective April 23, 2014, subject to refund. In April 2014, nine municipalities submitted notices of termination, under the original notice period provisions, to cease taking power under the wholesale requirements contracts. Such terminations are to be effective in 2019, except in the case of one municipality with a 2017 effective date. In addition, a tenth municipality has become a transmission-only customer as of June 2015. In July 2014, KU agreed on settlement terms with the two municipal customers that did not provide termination notices and filed the settlement proposal with the FERC for its approval. In August 2014, the FERC issued an order on the interim settlement agreement allowing the proposed rates to become effective pending a final order. During the fourth quarter of 2015, the FERC approved the settlement agreement resolving the rate case with respect to these two municipalities, including approval of the formula rate with a true-up provision and authorizing a return on equity of 10% or the return on equity awarded to other parties in this case, whichever is lower. In August 2015, KU filed a partial settlement agreement with the nine terminating municipalities, resolving all but one open matter with one municipality. The settlement was approved by FERC in the fourth quarter of 2015, including authorizing the agreed-upon refunds, approving the formula rate with a true-up provision, and authorizing a 10.25% return on equity. Refunds to both the remaining municipals and the departing municipals were issued during the fourth quarter of 2015 totaling $3.4 million. A single remaining unresolved issue with one terminating municipality is in FERC litigation proceedings. Hearings on the dispute were conducted in January 2016 and preliminary rulings on the matter may occur in mid- or late-2016. KU cannot predict the ultimate outcome of this FERC proceeding, but the amounts under continuing dispute are not estimated to be significant.

7. Financing Activities

Credit Arrangements and Short-term Debt

(All Registrants)

The Registrants maintain credit facilities to enhance liquidity, provide credit support and provide a backstop to commercial paper programs. For reporting purposes, on a consolidated basis, the credit facilities and commercial paper programs of PPL Electric, LKE, LG&E and KU also apply to PPL and the credit facilities and commercial paper programs of LG&E and KU also apply to LKE. The amounts borrowed below are recorded as "Short-term debt" on the Balance Sheets. The following credit facilities were in place at:

		December 31, 2015				December 31, 2014	
	Expiration Date	Capacity	Borrowed	Letters of Credit and Commercial Paper Issued	Unused Capacity	Borrowed	Letters of Credit and Commercial Paper Issued
PPL							
U.K.							
WPD plc							
Syndicated Credit Facility (a) (c)	Dec. 2016	£ 210	£ 133		£ 77	£ 103	
WPD (South West)							
Syndicated Credit Facility (a) (c)	July 2020	245			245		
WPD (East Midlands)							
Syndicated Credit Facility (a) (c)	July 2020	300			300	64	
WPD (West Midlands)							
Syndicated Credit Facility (a) (c)	July 2020	300			300		
Uncommitted Credit Facilities		40		£ 4	36		£ 5
Total U.K. Credit Facilities (b)		£ 1,095	£ 133	£ 4	£ 958	£ 167	£ 5
U.S.							
PPL Capital Funding							
Syndicated Credit Facility (c) (d)	Nov. 2018	$ 300		$ 151	$ 149		
Syndicated Credit Facility (c) (d)	July 2019	300		300			
Bilateral Credit Facility (c) (d)	Mar. 2016	150		20	130		$ 21
Total PPL Capital Funding Credit Facilities		$ 750		$ 471	$ 279		$ 21
PPL Electric							
Syndicated Credit Facility (c) (d)	July 2019	$ 300		$ 1	$ 299		$ 1
LKE							
Syndicated Credit Facility (c) (d) (f)	Oct. 2018	$ 75	$ 75			$ 75	
LG&E							
Syndicated Credit Facility (c) (d)	July 2019	$ 500		$ 142	$ 358		$ 264
KU							
Syndicated Credit Facility (c) (d)	July 2019	$ 400		$ 48	$ 352		$ 236
Letter of Credit Facility (c) (d) (e)	Oct. 2017	198		198			198
Total KU Credit Facilities		$ 598		$ 246	$ 352		$ 434

(a) The facilities contain financial covenants to maintain an interest coverage ratio of not less than 3.0 times consolidated earnings before income taxes, depreciation and amortization and total net debt not in excess of 85% of its RAV, calculated in accordance with the credit facility.

(b) WPD plc's amounts borrowed at December 31, 2015 and 2014 were USD-denominated borrowings of $200 million and $161 million, which bore interest at 1.83% and 1.86%. WPD (East Midlands) amount borrowed at December 31, 2014 was a GBP-denominated borrowing which equated to $100 million and bore interest at 1.00%. At December 31, 2015, the unused capacity under the U.K. credit facilities was approximately $1.4 billion.

(c) Each company pays customary fees under its respective facility and borrowings generally bear interest at LIBOR-based rates plus an applicable margin.

(d) The facilities contain a financial covenant requiring debt to total capitalization not to exceed 70% for PPL Capital Funding, PPL Electric, LKE, LG&E and KU, as calculated in accordance with the facilities and other customary covenants. Additionally, as it relates to the syndicated and bilateral credit facilities and subject to certain conditions, PPL Capital Funding may request that the capacity of its facility expiring in July 2019 be increased by up to $100 million and the facilities expiring in November 2018 and March 2016 may be increased by up to $30 million, PPL Electric, LG&E and KU each may request up to a $100 million increase in its facility's capacity and LKE may request up to a $25 million increase in its facility's capacity.

(e) KU's letter of credit facility agreement allows for certain payments under the letter of credit facility to be converted to loans rather than requiring immediate payment.

(f) At December 31, 2015, LKE's interest rate on outstanding borrowings was 1.68%. At December 31, 2014, LKE's interest rate on outstanding borrowings was 1.67%.

In January 2016, WPD plc replaced its existing syndicated credit facility expiring in December 2016 with a new £210 million facility expiring in January 2021.

In January 2016, the expiration dates for the PPL Capital Funding and PPL Electric syndicated credit facilities expiring in July 2019 were extended to January 2021. PPL Capital Funding's capacity was increased to $700 million and PPL Electric's capacity was increased to $400 million. The expiration dates for the LG&E and KU syndicated credit facilities expiring in July 2019 were extended to December 2020. Additionally, subject to certain conditions, PPL Capital Funding and PPL Electric may each request up to a $250 million increase in its facility's capacity and LG&E and KU may each request up to a $100 million increase to the capacities of their facilities.

PPL, PPL Electric, LG&E and KU maintain commercial paper programs to provide an additional financing source to fund short-term liquidity needs, as necessary. Commercial paper issuances, included in "Short-term debt" on the Balance Sheets, are supported by the respective Registrant's Syndicated Credit Facility. The following commercial paper programs were in place at:

	December 31, 2015				December 31, 2014	
	Weighted - Average Interest Rate	Capacity	Commercial Paper Issuances	Unused Capacity	Weighted - Average Interest Rate	Commercial Paper Issuances
PPL Capital Funding	0.78%	$ 600	$ 451	$ 149		
PPL Electric		300		300		
LG&E	0.71%	350	142	208	0.42%	$ 264
KU	0.72%	350	48	302	0.49%	236
Total		$ 1,600	$ 641	$ 959		$ 500

(PPL and LKE)

See Note 14 for discussion of intercompany borrowings.

Long-term Debt *(All Registrants)*

	Weighted-Average Rate (g)	Maturities (g)	December 31, 2015	December 31, 2014
PPL				
U.S.				
Senior Unsecured Notes	3.87%	2018 - 2044	$ 3,425	$ 3,825
Senior Secured Notes/First Mortgage Bonds (a) (b) (c)	3.97%	2016 - 2045	6,874	6,074
Junior Subordinated Notes	6.31%	2067 - 2073	930	930
Total U.S. Long-term Debt			11,229	10,829
U.K.				
Senior Unsecured Notes (d)	5.33%	2016 - 2040	7,170	6,627
Index-linked Senior Unsecured Notes (e)	1.82%	2043 - 2056	772	732
Total U.K. Long-term Debt (f)			7,942	7,359
Total Long-term Debt Before Adjustments			19,171	18,188
Fair market value adjustments			30	37
Unamortized premium and (discount), net (e)			(28)	(52)
Unamortized debt issuance costs			(125)	(119)
Total Long-term Debt			19,048	18,054
Less current portion of Long-term Debt			485	1,000
Total Long-term Debt, noncurrent			$ 18,563	$ 17,054
PPL Electric				
Senior Secured Notes/First Mortgage Bonds (a) (b)	4.50%	2020 - 2045	$ 2,864	$ 2,614
Total Long-term Debt Before Adjustments			2,864	2,614
Unamortized discount			(13)	(12)
Unamortized debt issuance costs			(23)	(21)
Total Long-term Debt			2,828	2,581
Less current portion of Long-term Debt				100
Total Long-term Debt, noncurrent			$ 2,828	$ 2,481
LKE				
Senior Unsecured Notes	3.97%	2020 - 2021	$ 725	$ 1,125
First Mortgage Bonds (a) (c)	3.58%	2016 - 2045	4,010	3,460
Long-term debt to affiliate	3.50%	2025	400	
Total Long-term Debt Before Adjustments			5,135	4,585
Fair market value adjustments			(1)	(1)
Unamortized discount			(16)	(17)
Unamortized debt issuance costs			(30)	(24)
Total Long-term Debt			5,088	4,543
Less current portion of Long-term Debt			25	900
Total Long-term Debt, noncurrent			$ 5,063	$ 3,643

	Weighted-Average Rate (g)	Maturities (g)	December 31, 2015		December 31, 2014	
LG&E						
First Mortgage Bonds (a) (c)	3.36%	2016 - 2045	$	1,659	$	1,359
Total Long-term Debt Before Adjustments				1,659		1,359
Fair market value adjustments				(1)		(1)
Unamortized discount				(4)		(5)
Unamortized debt issuance costs				(12)		(8)
Total Long-term Debt				1,642		1,345
Less current portion of Long-term Debt				25		250
Total Long-term Debt, noncurrent			$	1,617	$	1,095
KU						
First Mortgage Bonds (a) (c)	3.74%	2020 - 2045	$	2,351	$	2,101
Total Long-term Debt Before Adjustments				2,351		2,101
Unamortized discount				(10)		(10)
Unamortized debt issuance costs				(15)		(12)
Total Long-term Debt				2,326		2,079
Less current portion of Long-term Debt						250
Total Long-term Debt, noncurrent			$	2,326	$	1,829

(a) Includes PPL Electric's senior secured and first mortgage bonds that are secured by the lien of PPL Electric's 2001 Mortgage Indenture, which covers substantially all electric distribution plant and certain transmission plant owned by PPL Electric. The carrying value of PPL Electric's property, plant and equipment was approximately $6.7 billion and $5.8 billion at December 31, 2015 and 2014.

Includes LG&E's first mortgage bonds that are secured by the lien of the LG&E 2010 Mortgage Indenture which creates a lien, subject to certain exceptions and exclusions, on substantially all of LG&E's real and tangible personal property located in Kentucky and used or to be used in connection with the generation, transmission and distribution of electricity and the storage and distribution of natural gas. The aggregate carrying value of the property subject to the lien was $4.2 billion and $3.7 billion at December 31, 2015 and 2014.

Includes KU's first mortgage bonds that are secured by the lien of the KU 2010 Mortgage Indenture which creates a lien, subject to certain exceptions and exclusions, on substantially all of KU's real and tangible personal property located in Kentucky and used or to be used in connection with the generation, transmission and distribution of electricity. The aggregate carrying value of the property subject to the lien was $5.7 billion and $5.5 billion at December 31, 2015 and 2014.

(b) Includes PPL Electric's series of senior secured bonds that secure its obligations to make payments with respect to each series of Pollution Control Bonds that were issued by the LCIDA and the PEDFA on behalf of PPL Electric. These senior secured bonds were issued in the same principal amount, contain payment and redemption provisions that correspond to and bear the same interest rate as such Pollution Control Bonds. These senior secured bonds were issued under PPL Electric's 2001 Mortgage Indenture and are secured as noted in (a) above. This amount includes $224 million that may be redeemed at par beginning in 2015 and $90 million that may be redeemed, in whole or in part, at par beginning in October 2020 and are subject to mandatory redemption upon determination that the interest rate on the bonds would be included in the holders' gross income for federal tax purposes.

(c) Includes LG&E's and KU's series of first mortgage bonds that were issued to the respective trustees of tax-exempt revenue bonds to secure its respective obligations to make payments with respect to each series of bonds. The first mortgage bonds were issued in the same principal amounts, contain payment and redemption provisions that correspond to and bear the same interest rate as such tax-exempt revenue bonds. These first mortgage bonds were issued under the LG&E 2010 Mortgage Indenture and the KU 2010 Mortgage Indenture and are secured as noted in (a) above. The related tax-exempt revenue bonds were issued by various governmental entities, principally counties in Kentucky, on behalf of LG&E and KU. The related revenue bond documents allow LG&E and KU to convert the interest rate mode on the bonds from time to time to a commercial paper rate, daily rate, weekly rate, term rate of at least one year or, in some cases, an auction rate or a LIBOR index rate.

At December 31, 2015, the aggregate tax-exempt revenue bonds issued on behalf of LG&E and KU that were in a term rate mode totaled $418 million for LKE, comprised of $391 million and $27 million for LG&E and KU, respectively. At December 31, 2015, the aggregate tax-exempt revenue bonds issued on behalf of LG&E and KU that were in a variable rate mode totaled $507 million for LKE, comprised of $183 million and $324 million for LG&E and KU, respectively.

Several series of the tax-exempt revenue bonds are insured by monoline bond insurers whose ratings were reduced due to exposures relating to insurance of sub-prime mortgages. Of the bonds outstanding, $231 million are in the form of insured auction rate securities ($135 million for LG&E and $96 million for KU), wherein interest rates are reset either weekly or every 35 days via an auction process. Beginning in late 2007, the interest rates on these insured bonds began to increase due to investor concerns about the creditworthiness of the bond insurers. During 2008, interest rates increased, and LG&E and KU experienced failed auctions when there were insufficient bids for the bonds. When a failed auction occurs, the interest rate is set pursuant to a formula stipulated in the indenture. As noted above, the instruments governing these auction rate bonds permit LG&E and KU to convert the bonds to other interest rate modes.

Certain of the variable rate tax-exempt revenue bonds totaling $251 million at December 31, 2015 ($23 million for LG&E and $228 million for KU), are subject to tender for purchase by LG&E and KU at the option of the holder and to mandatory tender for purchase by LG&E and KU upon the occurrence of certain events.

(d) Includes £225 million ($339 million at December 31, 2015) of notes that may be redeemed, in total but not in part, on December 21, 2026, at the greater of the principal value or a value determined by reference to the gross redemption yield on a nominated U.K. Government bond.

(e) The principal amount of the notes issued by WPD (South West) and WPD (East Midlands) is adjusted based on changes in a specified index, as detailed in the terms of the related indentures. The adjustment to the principal amounts from 2014 to 2015 was an increase of approximately £4 million ($6 million) resulting from inflation. In addition, this amount includes £225 million ($339 million at December 31, 2015) of notes issued by

WPD (South West) that may be redeemed, in total by series, on December 1, 2026, at the greater of the adjusted principal value and a make-whole value determined by reference to the gross real yield on a nominated U.K. government bond.

(f) Includes £4.4 billion ($6.6 billion at December 31, 2015) of notes that may be put by the holders to the issuer for redemption if the long-term credit ratings assigned to the notes are withdrawn by any of the rating agencies (Moody's or S&P) or reduced to a non-investment grade rating of Ba1 or BB+ or lower in connection with a restructuring event which includes the loss of, or a material adverse change to, the distribution licenses under which the issuer operates.

(g) The table reflects principal maturities only, based on stated maturities or earlier put dates, and the weighted-average rates as of December 31, 2015.

None of the outstanding debt securities noted above have sinking fund requirements. The aggregate maturities of long-term debt, based on stated maturities or earlier put dates, for the periods 2016 through 2020 and thereafter are as follows:

	PPL	PPL Electric	LKE	LG&E	KU
2016	$ 485		$ 25	$ 25	
2017	294		194	194	
2018	348		98	98	
2019	40		40	40	
2020	1,301	$ 100	975		$ 500
Thereafter	16,703	2,764	3,803	1,302	1,851
Total	$ 19,171	$ 2,864	$ 5,135	$ 1,659	$ 2,351

(PPL)

In May 2013, PPL Capital Funding remarketed $1.150 billion of 4.625% Junior Subordinated Notes due 2018 that were originally issued in June 2010 as a component of PPL's 2010 Equity Units. In connection with the remarketing, PPL Capital Funding issued $300 million of 2.04% Junior Subordinated Notes due 2016 and $850 million of 2.77% Junior Subordinated Notes due 2018, which were simultaneously exchanged for three tranches of Senior Notes: $250 million of 1.90% Senior Notes due 2018, $600 million of 3.40% Senior Notes due 2023 and $300 million of 4.70% Senior Notes due 2043. The transaction was accounted for as a debt extinguishment, resulting in a $10 million loss on extinguishment of the Junior Subordinated Notes, recorded to "Interest Expense" on the Statement of Income. The transaction was considered non-cash activity that was excluded from the Statement of Cash Flows for the year ended December 31, 2013. Additionally, in July 2013, PPL issued 40 million shares of common stock at $28.73 per share to settle the 2010 Purchase Contracts. PPL received net cash proceeds of $1.150 billion, which were used to repay short-term and long-term debt and for general corporate purposes.

In March 2014, PPL Capital Funding remarketed $978 million of 4.32% Junior Subordinated Notes due 2019 that were originally issued in April 2011 as a component of PPL's 2011 Equity Units. In connection with the remarketing, PPL Capital Funding retired $228 million of the 4.32% Junior Subordinated Notes due 2019 and issued $350 million of 2.189% Junior Subordinated Notes due 2017 and $400 million of 3.184% Junior Subordinated Notes due 2019. Simultaneously, the newly issued Junior Subordinated Notes were exchanged for $350 million of 3.95% Senior Notes due 2024 and $400 million of 5.00% Senior Notes due 2044. The transaction was accounted for as a debt extinguishment, resulting in a $9 million loss on extinguishment of the Junior Subordinated Notes, recorded to "Interest Expense" on the Statement of Income. Except for the $228 million retirement of the 4.32% Junior Subordinated Notes and fees related to the transactions, the activity was non-cash and excluded from the Statement of Cash Flows for the year ended December 31, 2014. Additionally, in May 2014, PPL issued 31.7 million shares of common stock at $30.86 per share to settle the 2011 Purchase Contracts. PPL received net cash proceeds of $978 million, which were used to repay short-term debt and for general corporate purposes.

In November 2015, WPD plc issued £500 million aggregate nominal value of 3.625% Notes due 2023. WPD plc received proceeds of £495 million, which equated to $746 million at the time of issuance, net of a discount and underwriting fees, which will be used for general corporate purposes, including the re-financing of existing debt.

(PPL and PPL Electric)

In October 2015, PPL Electric issued $350 million of 4.15% First Mortgage Bonds due 2045. PPL Electric received proceeds of $345 million, net of a discount and underwriting fees, which were used to repay short-term debt and for general corporate purposes.

In December 2015, PPL Electric repaid the entire $100 million principal amount of its 4.95% Senior Secured Bonds upon maturity.

(PPL, LKE and LG&E)

In September 2015, LG&E issued $300 million of 3.30% First Mortgage Bonds due 2025 and $250 million of 4.375% First Mortgage Bonds due 2045. LG&E received proceeds of $298 million and $248 million, net of discounts and underwriting fees, which were used to repay short-term debt, to repay 1.625% First Mortgage Bonds that matured in November 2015 and for general corporate purposes.

(PPL, LKE and KU)

In September 2015, KU issued $250 million of 3.30% First Mortgage Bonds due 2025 and $250 million of 4.375% First Mortgage Bonds due 2045. KU received proceeds of $248 million for each issuance, net of discounts and underwriting fees, which were used to repay short-term debt, to repay 1.625% First Mortgage Bonds that matured in November 2015 and for general corporate purposes.

(PPL and LKE)

In November 2015, LKE borrowed $400 million from a PPL affiliate through the issuance of a 3.50% note payable due 2025. The proceeds were used to repay the entire $400 million principal amount of its 2.125% Senior Unsecured Notes which matured in November 2015. See Note 14 for more information related to intercompany borrowings.

Legal Separateness *(All Registrants)*

The subsidiaries of PPL are separate legal entities. PPL's subsidiaries are not liable for the debts of PPL. Accordingly, creditors of PPL may not satisfy their debts from the assets of PPL's subsidiaries absent a specific contractual undertaking by a subsidiary to pay PPL's creditors or as required by applicable law or regulation. Similarly, PPL is not liable for the debts of its subsidiaries, nor are its subsidiaries liable for the debts of one another. Accordingly, creditors of PPL's subsidiaries may not satisfy their debts from the assets of PPL or its other subsidiaries absent a specific contractual undertaking by PPL or its other subsidiaries to pay the creditors or as required by applicable law or regulation.

Similarly, the subsidiaries of PPL Electric and LKE are each separate legal entities. These subsidiaries are not liable for the debts of PPL Electric and LKE. Accordingly, creditors of PPL Electric and LKE may not satisfy their debts from the assets of their subsidiaries absent a specific contractual undertaking by a subsidiary to pay the creditors or as required by applicable law or regulation. Similarly, PPL Electric and LKE are not liable for the debts of their subsidiaries, nor are their subsidiaries liable for the debts of one another. Accordingly, creditors of these subsidiaries may not satisfy their debts from the assets of PPL Electric and LKE (or their other subsidiaries) absent a specific contractual undertaking by that parent or other subsidiary to pay such creditors or as required by applicable law or regulation.

(PPL)

ATM Program

In February 2015, PPL entered into two separate equity distribution agreements, pursuant to which PPL may sell, from time to time, up to an aggregate of $500 million of its common stock. During 2015, PPL issued 1,476,700 shares of common stock under the program at an average price of $33.41 per share, receiving net proceeds of $49 million.

Distributions and Related Restrictions

In November 2015, PPL declared its quarterly common stock dividend, payable January 4, 2016, at 37.75 cents per share (equivalent to $1.51 per annum). On February 4, 2016, PPL announced that the company is increasing its common stock dividend to 38 cents per share on a quarterly basis (equivalent to $1.52 per annum). Future dividends, declared at the discretion of the Board of Directors, will depend upon future earnings, cash flows, financial and legal requirements and other factors. See Note 8 for information regarding the June 1, 2015 distribution to PPL's shareowners of a newly formed entity, Holdco, which at closing owned all of the membership interests of PPL Energy Supply and all of the common stock of Talen Energy.

Neither PPL Capital Funding nor PPL may declare or pay any cash dividend or distribution on its capital stock during any period in which PPL Capital Funding defers interest payments on its 2007 Series A Junior Subordinated Notes due 2067 or 2013 Series B Junior Subordinated Notes due 2073. At December 31, 2015, no interest payments were deferred.

WPD subsidiaries have financing arrangements that limit their ability to pay dividends. However, PPL does not, at this time, expect that any of such limitations would significantly impact PPL's ability to meet its cash obligations.

(All Registrants)

PPL relies on dividends or loans from its subsidiaries to fund PPL's dividends to its common shareholders. The net assets of certain PPL subsidiaries are subject to legal restrictions. LKE primarily relies on dividends from its subsidiaries to fund its distributions to PPL. LG&E, KU and PPL Electric are subject to Section 305(a) of the Federal Power Act, which makes it unlawful for a public utility to make or pay a dividend from any funds "properly included in capital account." The meaning of this limitation has never been clarified under the Federal Power Act. LG&E, KU and PPL Electric believe, however, that this statutory restriction, as applied to their circumstances, would not be construed or applied by the FERC to prohibit the payment from retained earnings of dividends that are not excessive and are for lawful and legitimate business purposes. In February 2012, LG&E and KU petitioned the FERC requesting authorization to pay dividends in the future based on retained earnings balances calculated without giving effect to the impact of purchase accounting adjustments for the acquisition of LKE by PPL. In May 2012, FERC approved the petitions with the further condition that each utility may not pay dividends if such payment would cause its adjusted equity ratio to fall below 30% of total capitalization. Accordingly, at December 31, 2015, net assets of $2.7 billion ($1.1 billion for LG&E and $1.6 billion for KU) were restricted for purposes of paying dividends to LKE, and net assets of $2.9 billion ($1.2 billion for LG&E and $1.7 billion for KU) were available for payment of dividends to LKE. LG&E and KU believe they will not be required to change their current dividend practices as a result of the foregoing requirement. In addition, under Virginia law, KU is prohibited from making loans to affiliates without the prior approval of the VSCC. There are no comparable statutes under Kentucky law applicable to LG&E and KU, or under Pennsylvania law applicable to PPL Electric. However, orders from the KPSC require LG&E and KU to obtain prior consent or approval before lending amounts to PPL.

8. Acquisitions, Development and Divestitures

(All Registrants)

The Registrants from time to time evaluate opportunities for potential acquisitions, divestitures and development projects. Development projects are reexamined based on market conditions and other factors to determine whether to proceed with, modify or terminate the projects. Any resulting transactions may impact future financial results.

(PPL)

Discontinued Operations

Spinoff of PPL Energy Supply

In June 2014, PPL and PPL Energy Supply executed definitive agreements with affiliates of Riverstone to spin off PPL Energy Supply and immediately combine it with Riverstone's competitive power generation businesses to form a new, stand-alone, publicly traded company named Talen Energy. The transaction was subject to customary closing conditions, including receipt of regulatory approvals from the NRC, FERC, DOJ and PUC, all of which were received by mid-April 2015. On April 29, 2015, PPL's Board of Directors declared the June 1, 2015 distribution to PPL's shareowners of record on May 20, 2015 of a newly formed entity, Holdco, which at closing owned all of the membership interests of PPL Energy Supply and all of the common stock of Talen Energy.

Immediately following the spinoff on June 1, 2015, Holdco merged with a special purpose subsidiary of Talen Energy, with Holdco continuing as the surviving company to the merger and as a wholly owned subsidiary of Talen Energy and the sole owner of PPL Energy Supply. Substantially contemporaneous with the spinoff and merger, RJS Power was contributed by its owners to become a subsidiary of Talen Energy. PPL shareowners received approximately 0.1249 shares of Talen Energy common stock for each share of PPL common stock they owned on May 20, 2015. Following completion of these transactions, PPL shareowners owned 65% of Talen Energy and affiliates of Riverstone owned 35%. The spinoff had no effect on the number of PPL common shares owned by PPL shareowners or the number of shares of PPL common stock outstanding. The transaction is intended to be tax-free to PPL and its shareowners for U.S. federal income tax purposes.

PPL has no continuing ownership interest in, control of, or affiliation with Talen Energy and Talen Energy Supply (formerly PPL Energy Supply).

Loss on Spinoff

In conjunction with the accounting for the spinoff, PPL evaluated whether the fair value of the Supply segment's net assets was less than the carrying value as of the June 1, 2015 spinoff date.

PPL considered several valuation methodologies to derive a fair value estimate of its Supply segment at the spinoff date. These methodologies included considering the closing "when-issued" Talen Energy market value on June 1, 2015 (the spinoff date), adjusted for the proportional share of the equity value attributable to the Supply segment, as well as, the valuation methods consistently used in PPL's goodwill impairment assessments - an income approach using a discounted cash flow analysis of the Supply segment and an alternative market approach considering market multiples of comparable companies.

Although the market value of Talen Energy approach utilized the most observable inputs of the three approaches, PPL considered certain limitations of the "when-issued" trading market for the spinoff transaction including the short trading duration, lack of liquidity in the market and anticipated initial Talen stock ownership base selling pressure, among other factors, and concluded that these factors limit the appropriateness of this input being solely determinative of the fair value of the Supply segment. As such, PPL also considered the other valuation approaches in estimating the overall fair value, but ultimately assigned the highest weighting to the Talen Energy market value approach.

The following table summarizes PPL's fair value analysis:

Approach	Weighting	Weighted Fair Value (in billions)
Talen Energy Market Value	50%	$ 1.4
Income/Discounted Cash Flow	30%	1.1
Alternative Market (Comparable Company)	20%	0.7
Estimated Fair Value		$ 3.2

A key assumption included in the fair value estimate is the application of a control premium of 25% in the two market approaches. PPL concluded it was appropriate to apply a control premium in these approaches as the goodwill impairment testing guidance was followed in determining the estimated fair value of the Supply segment, which had historically been a reporting unit for PPL. This guidance provides that the market price of an individual security (and thus the market capitalization of a reporting unit with publically traded equity securities) may not be representative of the fair value of the reporting unit. This guidance also indicates that substantial value may arise to a controlling shareholder from the ability to take advantage of synergies and other benefits that arise from control over another entity, and that the market price of a Company's individual share of stock does not reflect this additional value to a controlling shareholder. Therefore, the quoted market price need not be the sole measurement basis for determining the fair value, and including a control premium is appropriate in measuring the fair value of a reporting unit.

In determining the control premium, PPL reviewed premiums received during the last five years in market sales transactions obtained from observable independent power producer and hybrid utility transactions greater than $1 billion. Premiums for these transactions ranged from 5% to 42% with a median of approximately 25%. Given these metrics, PPL concluded a control premium of 25% to be reasonable for both of the market valuation approaches used.

Assumptions used in the discounted cash flow analysis included forward energy prices, forecasted generation, and forecasted operation and maintenance expenditures that were consistent with assumptions used in the Energy Supply portion of the recent Talen Energy business planning process and a market participant discount rate.

Using these methodologies and weightings, PPL determined the estimated fair value of the Supply segment (classified as Level 3) was below its carrying value of $4.1 billion and recorded a loss on the spinoff of $879 million in the second quarter of 2015, which is reflected in discontinued operations and is nondeductible for tax purposes. This amount served to reduce the basis of the net assets accounted for as a dividend at the June 1, 2015 spinoff date.

Costs of Spinoff

Following the announcement of the transaction to form Talen Energy, efforts were initiated to identify the appropriate staffing for Talen Energy and for PPL and its subsidiaries following completion of the spinoff. Organizational plans were substantially completed in 2014. The new organizational plans identified the need to resize and restructure the organizations and as a result, in 2014, estimated charges of $36 million for employee separation benefits were recorded related to 306 positions. Of this amount, $16 million related to 112 Energy Supply positions and is reflected in discontinued operations.

The remaining $20 million is primarily reflected in "Other operation and maintenance" on the PPL Consolidated Statements of Income. In 2015, the organizational structures were finalized for both PPL and Talen Energy which resulted in an additional charge of $10 million for employee separation benefits. Of this amount, $2 million related to Energy Supply positions and is reflected in discontinued operations. The remaining $8 million is reflected in "Other operation and maintenance" on the PPL Consolidated Statements of Income. The separation benefits include cash severance compensation, lump sum COBRA reimbursement payments and outplacement services. At December 31, 2015 and 2014, the recorded liabilities related to the separation benefits were $13 million and $20 million, which are included in "Other current liabilities" on the Balance Sheets.

Additional employee-related costs incurred primarily included accelerated stock-based compensation and prorated performance-based cash incentive and stock-based compensation awards, primarily for PPL Energy Supply employees and for PPL Services employees who became PPL Energy Supply employees in connection with the transaction. PPL Energy Supply recognized $24 million of these costs at the spinoff closing date in 2015, which are reflected in discontinued operations.

As the vesting for all PPL Energy Supply employees was accelerated and all remaining unrecognized compensation expense accelerated concurrently with the spinoff, PPL does not expect to recognize significant future compensation costs for equity awards held by former PPL Energy Supply employees. PPL's future stock-based compensation expense will not be significantly impacted by equity award adjustments that occurred as a result of the spinoff. Stock-based compensation expense recognized in future periods for PPL's outstanding awards will correspond to the unrecognized compensation expense as of the date of the spinoff, which reflects the unamortized balance of the original grant date fair value of the equity awards held by PPL employees.

PPL recorded $45 million and $27 million of third-party costs related to this transaction in 2015 and 2014. Of these costs, $32 million and $19 million were primarily for bank advisory, legal and accounting fees to facilitate the transaction, and are reflected in discontinued operations. An additional $13 million and $8 million of consulting and other costs were incurred in 2015 and 2014, related to the formation of the Talen Energy organization and to reconfigure the remaining PPL service functions. These costs are recorded primarily in "Other operation and maintenance" on the Statements of Income. No significant additional third-party costs are expected to be incurred.

At the close of the transaction in 2015, $72 million ($42 million after-tax) of cash flow hedges, primarily unamortized losses on PPL interest rate swaps recorded in AOCI and designated as cash flow hedges of PPL Energy Supply's future interest payments, were reclassified into interest expense and reflected in discontinued operations.

As a result of the June 2014 spinoff announcement, PPL recorded $50 million of deferred income tax expense in 2014, to adjust valuation allowances on deferred tax assets primarily for state net operating loss carryforwards that were previously supported by the future earnings of PPL Energy Supply.

Continuing Involvement (PPL and PPL Electric)

As a result of the spinoff, PPL and PPL Energy Supply entered into a Transition Services Agreement (TSA) that terminates no later than two years from the spinoff date. The TSA sets forth the terms and conditions for PPL and Talen Energy to provide certain transition services to one another. PPL will provide Talen Energy certain information technology, financial and accounting, human resource and other specified services. In 2015, PPL billed $25 million to Talen Energy for these services. In general, the fees for the transition services allow the provider to recover its cost of the services, including overheads, but without margin or profit.

Additionally, prior to the spinoff, through the annual competitive solicitation process, PPL EnergyPlus was awarded supply contracts for a portion of the PLR generation supply for PPL Electric, which were retained by Talen Energy Marketing as part of the spinoff transaction. PPL Electric's supply contracts with Talen Energy Marketing extend through November 2016. The energy purchases were previously included in PPL Electric's Statements of Income as "Energy purchases from affiliate" but were eliminated in PPL's Consolidated Statements of Income.

Subsequent to the spinoff, PPL Electric's energy purchases from Talen Energy Marketing were $27 million and are no longer considered affiliate transactions.

(PPL)

Summarized Results of Discontinued Operations

The operations of the Supply segment are included in "Income (Loss) from Discontinued Operations (net of income taxes)" on the Statements of Income. Following are the components of Discontinued Operations in the Statements of Income for the periods ended December 31:

	2015	2014	2013
Operating revenues	$ 1,427	$ 3,848	$ 4,648
Operating expenses	1,328	3,410	4,173
Other Income (Expense) - net	(21)	13	32
Interest expense (a)	150	190	228
Gain on sale of Montana Hydro Sale		237	
Loss on lease termination			(697)
Income tax expense (benefit)	(30)	198	(180)
Loss on spinoff	(879)		
Income (Loss) from Discontinued Operations (net of income taxes)	$ (921)	$ 300	$ (238)

(a) Includes interest associated with the Supply segment with no additional allocation as the Supply segment was sufficiently capitalized.

Summarized Assets and Liabilities of Discontinued Operations

The assets and liabilities of PPL's Supply segment for all periods prior to the spinoff are included in "Current assets of discontinued operations", "Noncurrent assets of discontinued operations", "Current liabilities of discontinued operations" and "Noncurrent liabilities of discontinued operations" on PPL's Balance Sheet. Net assets, after recognition of the loss on spinoff, of $3.2 billion were distributed to PPL shareowners in the June 1, 2015, spinoff of PPL Energy Supply. The following major classes of assets and liabilities were distributed and removed from PPL's Balance Sheet on June 1, 2015. Additionally, the following major classes of assets and liabilities were reclassified to discontinued operations as of December 31, 2014:

	Distribution on June 1, 2015	Discontinued Operations at December 31, 2014
Cash and cash equivalents (a)	$ 371	$ 352
Restricted cash and cash equivalents	156	176
Accounts receivable and unbilled revenues	334	504
Fuels, materials and supplies	415	455
Price risk management assets	784	1,079
Other current assets	46	26
Total Current Assets	2,106	2,592
Investments	999	980
PP&E, net	6,384	6,428
Goodwill	338	338
Other intangibles	260	257
Price risk management assets	244	239
Other noncurrent assets	63	69
Total Noncurrent Assets	8,288	8,311
Total assets	$ 10,394	$ 10,903
Short-term debt and long-term debt due within one year	$ 885	$ 1,165
Accounts payable	252	361
Price risk management liabilities	763	1,024
Other current liabilities	229	221
Total Current Liabilities	2,129	2,771

	Distribution on June 1, 2015	Discontinued Operations at December 31, 2014
Long-term debt (excluding current portion)	1,917	1,677
Deferred income taxes	1,246	1,219
Price risk management liabilities	206	193
Accrued pension obligations	266	299
Asset retirement obligations	443	415
Other deferred credits and noncurrent liabilities	103	150
Total Noncurrent Liabilities	4,181	3,953
Total liabilities	$ 6,310	$ 6,724
Adjustment for loss on spinoff	879	
Net assets distributed	$ 3,205	

(a) The distribution of PPL Energy Supply's cash and cash equivalents at June 1, 2015 is included in "Net cash provided by (used in) financing activities - discontinued operations" on the Statement of Cash Flows for the year ended December 31, 2015.

Montana Hydro Sale

In November 2014, PPL Montana completed the sale to NorthWestern of 633 MW of hydroelectric generating facilities located in Montana for approximately $900 million in cash. The proceeds from the sale remained with PPL and did not transfer to Talen Energy as a result of the spinoff of PPL Energy Supply. The sale included 11 hydroelectric power facilities and related assets, included in the Supply segment. A gain of $237 million ($137 million after-tax) was recorded on the sale of the hydroelectric power facilities.

In December 2013, to facilitate the sale of the Montana hydroelectric generating facilities, PPL Montana terminated its operating lease arrangement related to partial interests in the Colstrip coal-fired electric generating facility and acquired those interests collectively for $271 million. A loss of $697 million ($413 million after-tax) was recorded for the termination of the lease arrangement.

As the Montana hydroelectric power facilities were previously reported as a component of PPL Energy Supply and the Supply segment, the components of discontinued operations for these facilities contained in the Statements of Income are included in the disclosure above.

Development

Regional Transmission Line Expansion Plan *(PPL and PPL Electric)*

Susquehanna-Roseland

In 2007, PJM directed the construction of a new 150-mile, 500-kV transmission line between the Susquehanna substation in Pennsylvania and the Roseland substation in New Jersey that it identified as essential to long-term reliability of the Mid-Atlantic electricity grid. PJM determined that the line was needed to prevent potential overloads that could occur on several existing transmission lines in the interconnected PJM system. PJM directed PPL Electric to construct the Pennsylvania portion of the Susquehanna-Roseland line and Public Service Electric & Gas Company to construct the New Jersey portion of the line. The line was energized, in May 2015. At December 31, 2015 and 2014, $648 million and $597 million of costs were capitalized and are included on the Balance Sheet primarily in "Regulated utility plant" for 2015 and "Construction work in progress" for 2014.

Northeast/Pocono

In October 2012, the FERC issued an order in response to PPL Electric's December 2011 request for ratemaking incentives for the Northeast/Pocono Reliability project (a new 58-mile, 230 kV transmission line that includes three new substations and upgrades to adjacent facilities). The FERC granted the incentive for inclusion in rate base of all prudently incurred construction work in progress (CWIP) costs but denied the requested incentive for a 100 basis point adder to the return on equity.

In December 2012, PPL Electric submitted an application to the PUC requesting permission to site and construct the project. In January 2014, the PUC issued a Final Order approving the application. PPL Electric expects the project to be completed in 2016. At December 31, 2015, PPL Electric's estimated cost of the project was $335 million. At December 31, 2015 and 2014, $319 million and $183 million of costs were capitalized and are included on the Balance Sheet primarily in "Regulated utility plant" for 2015 and "Construction work in progress" for 2014.

Capacity Needs *(PPL, LKE, LG&E and KU)*

The Cane Run Unit 7 NGCC was put into commercial operation on June 19, 2015. As a result and to meet more stringent EPA regulations, LG&E retired one coal-fired generating unit at the Cane Run plant in March 2015 and retired the remaining two coal-fired generating units at the plant in June 2015. Additionally, KU retired the remaining two coal-fired generating units at the Green River plant on September 30, 2015. LG&E and KU incurred costs of $11 million and $6 million, respectively, directly related to these retirements including inventory write-downs and separation benefits. However, there were no gains or losses on the retirement of these units. See Note 6 for more information related to the regulatory recovery of the costs associated with the retirement of the Green River units.

In December 2014, a final order was issued by the KPSC approving the request to construct a 10 MW solar generation facility at E.W. Brown. LG&E and KU began construction activities in the fourth quarter of 2015 and project the plant to be placed into commercial operation by June 2016 at a cost of approximately $30 million.

9. Leases

(PPL, LKE, LG&E and KU)

PPL and its subsidiaries have entered into various agreements for the lease of office space, vehicles, land, gas storage and other equipment.

Rent - Operating Leases

Rent expense for the years ended December 31 for operating leases was as follows:

	2015	2014	2013
PPL	$ 49	$ 51	$ 56
LKE	24	18	18
LG&E	12	7	7
KU	11	10	10

Total future minimum rental payments for all operating leases are estimated to be:

	PPL	LKE	LG&E	KU
2016	$ 33	$ 25	$ 14	$ 10
2017	28	23	14	9
2018	24	21	13	7
2019	14	12	7	5
2020	11	9	4	5
Thereafter	31	22	10	11
Total	$ 141	$ 112	$ 62	$ 47

10. Stock-Based Compensation

(PPL, PPL Electric and LKE)

In 2012, shareowners approved the SIP. This equity plan replaced the ICP and incorporated the following changes:

- Eliminates the potential to pay dividend equivalents on stock options.
- Eliminates the automatic lapse of restrictions on all equity awards in the event of a "potential" change in control and requires that a termination of employment occur in the event of a change in control before restrictions lapse.
- Changes the treatment of outstanding stock options upon retirement to limit the exercise period to the earlier of the end of the term (ten years from grant) or five years after retirement.

To further align the executives' interests with those of PPL shareowners, this plan provides that each restricted stock unit entitles the executive to accrue additional restricted stock units equal to the amount of quarterly dividends paid on PPL stock. These additional restricted stock units are deferred and payable in shares of PPL common stock at the end of the restriction period. Dividend equivalents on restricted stock unit awards granted under the ICP and the ICPKE are currently paid in cash when dividends are declared by PPL.

Under the ICP, SIP and the ICPKE (together, the Plans), restricted shares of PPL common stock, restricted stock units, performance units and stock options may be granted to officers and other key employees of PPL, PPL Electric, LKE and other affiliated companies. Awards under the Plans are made by the Compensation, Governance and Nominating Committee (CGNC) of the PPL Board of Directors, in the case of the ICP and SIP, and by the PPL Corporate Leadership Council (CLC), in the case of the ICPKE.

The following table details the award limits under each of the Plans.

Plan	Total Plan Award Limit (Shares)	Annual Grant Limit Total As % of Outstanding PPL Common Stock On First Day of Each Calendar Year	Annual Grant Limit Options (Shares)	Annual Grant Limit For Individual Participants - Performance Based Awards	
				For awards denominated in shares (Shares)	For awards denominated in cash (in dollars)
ICP (a)	15,769,431	2%	3,000,000		
SIP	10,000,000		2,000,000	750,000	$ 15,000,000
ICPKE	14,199,796	2%	3,000,000		

(a) Applicable to outstanding awards granted from January 27, 2006 to January 26, 2012. During 2012, the total plan award limit was reached and the ICP was replaced by the SIP.

Any portion of these awards that has not been granted may be carried over and used in any subsequent year. If any award lapses, is forfeited or the rights of the participant terminate, the shares of PPL common stock underlying such an award are again available for grant. Shares delivered under the Plans may be in the form of authorized and unissued PPL common stock, common stock held in treasury by PPL or PPL common stock purchased on the open market (including private purchases) in accordance with applicable securities laws.

Restricted Stock and Restricted Stock Units

Restricted shares of PPL common stock are outstanding shares with full voting and dividend rights. Restricted stock awards are granted as a retention award for select key executives and vest when the recipient reaches a certain age or meets service or other criteria set forth in the executive's restricted stock award agreement.

The Plans allow for the grant of restricted stock units. Restricted stock units are awards based on the fair value of PPL common stock on the date of grant. Actual PPL common shares will be issued upon completion of a restriction period, generally three years.

The fair value of restricted stock and restricted stock units granted is recognized on a straight-line basis over the service period or through the date at which the employee reaches retirement eligibility. The fair value of restricted stock and restricted stock units granted to retirement-eligible employees is recognized as compensation expense immediately upon the date of grant. Recipients of restricted stock units granted under the ICPKE may also be granted the right to receive dividend equivalents through the end of the restriction period or until the award is forfeited. Restricted stock and restricted stock units are subject to forfeiture or accelerated payout under the plan provisions for termination, retirement, disability and death of employees. Restrictions lapse on restricted stock and restricted stock units fully, in certain situations, as defined by each of the Plans.

The weighted-average grant date fair value of restricted stock and restricted stock units granted was:

	2015	2014	2013
PPL	$ 34.50	$ 31.50	$ 30.30
PPL Electric	34.41	31.81	30.55
LKE	34.89	30.98	30.00

Restricted stock and restricted stock unit activity for 2015 was:

	Restricted Shares/Units	Weighted-Average Grant Date Fair Value Per Share
PPL		
Nonvested, beginning of period	3,485,520	$ 30.07
Granted	1,028,009	34.50
Anti-dilution adjustments (a)	247,098	N/A
Vested	(3,055,205)	29.34
Forfeited	(25,947)	30.70
Nonvested, end of period (b)	1,679,475	29.65
PPL Electric		
Nonvested, beginning of period	286,811	$ 30.04
Transfer between registrants	(22,730)	29.56
Granted	75,213	34.41
Anti-dilution adjustments (a)	18,661	N/A
Vested	(127,507)	29.12
Forfeited	(9,363)	30.51
Nonvested, end of period	221,085	29.48
LKE		
Nonvested, beginning of period	341,468	$ 29.76
Transfer between registrants	4,300	31.74
Granted	98,360	34.89
Anti-dilution adjustments (a)	24,587	N/A
Vested	(149,752)	28.55
Nonvested, end of period	318,963	29.65

(a) Includes adjustment to all restricted stock units granted prior to the spinoff of PPL Energy Supply as provided for under the anti-dilution provisions of PPL's stock-based compensation Plans.
(b) Excludes 1,226,193 restricted stock units for which restrictions lapsed for former PPL Energy Supply employees as a result of the spinoff, but for which distribution will not occur until the end of the original restriction period of the awards.

Substantially all restricted stock and restricted stock unit awards are expected to vest.

The total fair value of restricted stock and restricted stock units vesting for the years ended December 31 was:

	2015	2014	2013
PPL	$ 28	$ 11	$ 12
PPL Electric	4	2	3
LKE	4		1

Performance Units

Performance units are intended to encourage and reward future corporate performance. Performance units represent a target number of shares (Target Award) of PPL's common stock that the recipient would receive upon PPL's attainment of the applicable performance goal. Performance is determined based on total shareowner return during a three-year performance period. At the end of the period, payout is determined by comparing PPL's performance to the total shareowner return of the companies included in the Philadelphia Stock Exchange Utility Index. Awards are payable on a graduated basis based on thresholds that measure PPL's performance relative to peers that comprise the applicable index on which each years' awards are measured. Awards can be paid up to 200% of the Target Award or forfeited with no payout if performance is below a minimum established performance threshold. Dividends payable during the performance cycle accumulate and are converted into additional performance units and are payable in shares of PPL common stock upon completion of the performance period based on the determination of the CGNC of whether the performance goals have been achieved. Under the plan provisions, performance units are subject to forfeiture upon termination of employment except for retirement, disability or death of an employee, in which case the total performance units remain outstanding and are eligible for vesting through the conclusion of the performance period.

Beginning in 2014, the fair value of performance units granted to retirement-eligible employees is recognized as compensation expense on a straight-line basis over a one-year period, the minimum vesting period required for an employee to be entitled to payout of the awards. For employees who are not retirement-eligible, compensation expense is recognized over the shorter of the three-year performance period or the period until the employee is retirement-eligible, with a minimum vesting and recognition period of one-year. The fair value of performance units granted in 2013 and prior years is recognized as compensation expense on a straight-line basis over the three-year performance period. Performance units vest on a pro rata basis, in certain situations, as defined by each of the Plans.

The fair value of each performance unit granted was estimated using a Monte Carlo pricing model that considers stock beta, a risk-free interest rate, expected stock volatility and expected life. The stock beta was calculated comparing the risk of the individual securities to the average risk of the companies in the index group. The risk-free interest rate reflects the yield on a U.S. Treasury bond commensurate with the expected life of the performance unit. Volatility over the expected term of the performance unit is calculated using daily stock price observations for PPL and all companies in the index group and is evaluated with consideration given to prior periods that may need to be excluded based on events not likely to recur that had impacted PPL and the companies in the index group. PPL uses a mix of historic and implied volatility to value awards.

The weighted-average assumptions used in the model were:

	2015	2014	2013
Expected stock volatility	15.90%	15.80%	15.50%
Expected life	3 years	3 years	3 years

The weighted-average grant date fair value of performance units granted was:

	2015	2014	2013
PPL	$ 36.76	$ 34.55	$ 34.15
PPL Electric	37.93	34.43	33.97
LKE	37.10	34.12	33.84

Performance unit activity for 2015 was:

	Performance Units	Weighted-Average Grant Date Fair Value Per Share
PPL		
Nonvested, beginning of period	1,171,716	$ 33.77
Granted	481,197	36.76
Anti-dilution adjustment (a)	90,251	N/A
Vested	(509,139)	32.12
Forfeited	(240,485)	33.35
Nonvested, end of period (b)	993,540	33.09
PPL Electric		
Nonvested, beginning of period	59,615	$ 33.77
Transfer between registrants	(3,676)	35.80
Granted	21,798	37.93
Anti-dilution adjustment (a)	4,627	N/A
Vested	(8,497)	31.38
Forfeited	(6,196)	31.38
Nonvested, end of period	67,671	33.05
LKE		
Nonvested, beginning of period	173,946	$ 33.32
Granted	66,439	37.10
Anti-dilution adjustment (a)	13,207	N/A
Vested	(30,921)	31.35
Forfeited	(29,507)	31.36
Nonvested, end of period	193,164	32.96

(a) Includes adjustment to all performance units granted prior to the spinoff of PPL Energy Supply as provided for under the anti-dilution provisions of PPL's stock-based compensation Plans.
(b) Excludes 322,429 performance units for which the service vesting requirement was waived for former PPL Energy Supply employees as a result of the spinoff, but for which the ultimate number of shares to be distributed will depend on the actual attainment of the performance goals at the end of the specified performance periods.

The total fair value of performance units vesting for the year ended December 31, 2015 and 2014 was $6 million and $5 million for PPL and insignificant for PPL Electric and LKE.

Stock Options

PPL's CGNC eliminated the use of stock options and changed its long-term incentive mix to 60% performance units and 40% performance-contingent restricted stock units, resulting in 100% performance-based long-term incentive mix for equity awards granted beginning in January 2014.

Under the Plans, stock options had been granted with an option exercise price per share not less than the fair value of PPL's common stock on the date of grant. Options outstanding at December 31, 2015, become exercisable in equal installments over a three-year service period beginning one year after the date of grant, assuming the individual is still employed by PPL or a subsidiary. The CGNC and CLC have discretion to accelerate the exercisability of the options, except that the exercisability of an option issued under the ICP may not be accelerated unless the individual remains employed by PPL or a subsidiary for one year from the date of grant. All options expire no later than ten years from the grant date. The options become exercisable immediately in certain situations, as defined by each of the Plans. The fair value of options granted is recognized as compensation expense on a straight-line basis over the service period or through the date at which the employee reaches retirement eligibility. The fair value of options granted to retirement-eligible employees is recognized as compensation expense immediately upon the date of grant.

The fair value of each option granted is estimated using a Black-Scholes option-pricing model. PPL uses a risk-free interest rate, expected option life, expected volatility and dividend yield to value its stock options. The risk-free interest rate reflects the yield for a U.S. Treasury Strip available on the date of grant with constant rate maturity approximating the option's expected life. Expected life is calculated based on historical exercise behavior. Volatility over the expected term of the options is evaluated with consideration given to prior periods that may need to be excluded based on events not likely to recur that had impacted PPL's volatility in those prior periods. Management's expectations for future volatility, considering potential changes to PPL's business model and other economic conditions, are also reviewed in addition to the historical data to determine the final volatility assumption. PPL uses a mix of historic and implied volatility to value awards. The dividend yield is based on several factors, including PPL's most recent dividend payment, as of the grant date and the forecasted stock price. The assumptions used in the model were:

	2013
Risk-free interest rate	1.15%
Expected option life	6.48 years
Expected stock volatility	18.50%
Dividend yield	5.00%

The weighted-average grant date fair value of options granted was:

	2013
PPL	$ 2.18
PPL Electric	2.19
LKE	2.18

Stock option activity for 2015 was:

	Number of Options	Weighted Average Exercise Price Per Share	Weighted-Average Remaining Contractual Term (years)	Aggregate Total Intrinsic Value
PPL				
Outstanding at beginning of period	9,042,962	$ 30.93		
Anti-dilution adjustment (a)	907,737	28.06		
Exercised	(3,559,874)	27.35		
Forfeited	(5,676)	26.67		
Outstanding at end of period	6,385,149	28.54	5.2	$ 42
Options exercisable at end of period	5,683,535	28.78	5.0	36
PPL Electric				
Outstanding at beginning of period	507,920	$ 30.04		
Transfer between registrants	(15,339)	29.60		
Anti-dilution adjustment (a)	44,859	28.06		
Exercised	(224,007)	27.20		
Outstanding at end of period	313,433	27.79	5.2	$ 2
Options exercisable at end of period	263,443	28.02	4.8	2

LKE	Number of Options	Weighted Average Exercise Price Per Share	Weighted-Average Remaining Contractual Term (years)	Aggregate Total Intrinsic Value
Outstanding at beginning of period	623,317	$ 28.64		
Anti-dilution adjustment (a)	43,236	28.06		
Exercised	(240,897)	28.04		
Outstanding at end of period	425,656	26.08	6.7	$ 3
Options exercisable at end of period	277,101	25.80	6.5	2

(a) Adjustments to prior year grants under the anti-dilution provisions of PPL's stock-based compensation Plans as a result of the spinoff of PPL Energy Supply.

Substantially all stock option awards are expected to vest.

For 2015, 2014 and 2013, PPL received $97 million, $67 million and $31 million in cash from stock options exercised. The related income tax benefits realized were not significant.

The total intrinsic value of stock options exercised for 2015, 2014 and 2013 were $21 million, $13 million and $6 million.

Compensation Expense

Compensation expense for restricted stock, restricted stock units, performance units and stock options accounted for as equity awards, which for PPL Electric and LKE includes an allocation of PPL Services' expense, was:

	2015	2014	2013
PPL	$ 33	$ 30	$ 25
PPL Electric	14	12	10
LKE	8	8	8

See Note 8 for details of the costs recognized in discontinued operations related to the accelerated vesting of awards for former PPL Energy Supply employees.

The income tax benefit related to above compensation expense was as follows:

	2015	2014	2013
PPL	$ 14	$ 12	$ 11
PPL Electric	6	5	4
LKE	3	3	3

The income tax benefit PPL realized from stock-based awards vested or exercised was not significant for 2015, 2014 or 2013.

At December 31, 2015, unrecognized compensation expense related to nonvested restricted stock, restricted stock units, performance units and stock option awards was:

	Unrecognized Compensation Expense	Weighted-Average Period for Recognition
PPL	$ 8	1.6 years
PPL Electric	2	1.6 years
LKE	1	1.4 years

11. Retirement and Postemployment Benefits

(All Registrants)

Defined Benefits

The majority of PPL's subsidiaries domestic employees are eligible for pension benefits under non-contributory defined benefit pension plans with benefits based on length of service and final average pay, as defined by the plans. Effective January 1, 2012, PPL's primary defined benefit pension plan was closed to all newly hired salaried employees. Effective July 1, 2014, PPL's primary defined benefit pension plan was closed to all newly hired bargaining unit employees. Newly hired employees are eligible to participate in the PPL Retirement Savings Plan, a 401(k) savings plan with enhanced employer contributions.

The defined benefit pension plans of LKE and its subsidiaries were closed to new salaried and bargaining unit employees hired after December 31, 2005. Employees hired after December 31, 2005 receive additional company contributions above the standard matching contributions to their savings plans.

Effective April 1, 2010, the principal defined benefit pension plan applicable to WPD (South West) and WPD (South Wales) was closed to most new employees, except for those meeting specific grandfathered participation rights. WPD Midlands' defined benefit plan had been closed to new members, except for those meeting specific grandfathered participation rights, prior to acquisition. New employees not eligible to participate in the plans are offered benefits under a defined contribution plan.

PPL and certain of its subsidiaries also provide supplemental retirement benefits to executives and other key management employees through unfunded nonqualified retirement plans.

The majority of employees of PPL's domestic subsidiaries are eligible for certain health care and life insurance benefits upon retirement through contributory plans. Effective January 1, 2014, the PPL Postretirement Medical Plan was closed to all newly hired salaried employees. Effective July 1, 2014, the PPL Postretirement Medical Plan was closed to all newly hired bargaining unit employees. Postretirement health benefits may be paid from 401(h) accounts established as part of the PPL Retirement Plan and the LG&E and KU Retirement Plan within the PPL Services Corporation Master Trust, funded VEBA trusts and company funds. WPD does not sponsor any postretirement benefit plans other than pensions.

(PPL)

The following table provides the components of net periodic defined benefit costs for PPL's domestic (U.S.) and WPD's (U.K.) pension and other postretirement benefit plans for the years ended December 31.

	Pension Benefits								
	U.S.			U.K.			Other Postretirement Benefits		
	2015	2014	2013	2015	2014	2013	2015	2014	2013
Net periodic defined benefit costs (credits):									
Service cost	$ 96	$ 97	$ 119	$ 79	$ 71	$ 69	$ 11	$ 12	$ 13
Interest cost	194	224	205	314	354	320	26	31	29
Expected return on plan assets	(258)	(287)	(283)	(523)	(521)	(465)	(26)	(26)	(25)
Amortization of:									
Prior service cost (credit)	7	20	22			1	1		
Actuarial (gain) loss	84	28	77	158	132	150		1	6
Net periodic defined benefit costs (credits) prior to termination benefits	123	82	140	28	36	75	12	18	23
Termination benefits		13				3			
Net periodic defined benefit costs (credits)	$ 123	$ 95	$ 140	$ 28	$ 36	$ 78	$ 12	$ 18	$ 23

	Pension Benefits								
	U.S.			U.K.			Other Postretirement Benefits		
	2015	2014	2013	2015	2014	2013	2015	2014	2013
Other Changes in Plan Assets and Benefit Obligations Recognized in OCI and Regulatory Assets/Liabilities - Gross:									
Divestiture (a)	$ (353)						$ (6)		
Net (gain) loss	63	$ 574	$ (304)	$ 508	$ 354	$ 76	(9)	$ 22	$ (67)
Prior service cost (credit)	18	(8)						7	
Amortization of:									
Prior service (cost) credit	(7)	(20)	(22)			(1)	(1)		
Actuarial gain (loss)	(85)	(28)	(77)	(158)	(132)	(150)		(1)	(6)
Total recognized in OCI and regulatory assets/liabilities (b)	(364)	518	(403)	350	222	(75)	(16)	28	(73)
Total recognized in net periodic defined benefit costs, OCI and regulatory assets/liabilities (b)	$ (241)	$ 613	$ (263)	$ 378	$ 258	$ 3	$ (4)	$ 46	$ (50)

(a) As a result of the spinoff of PPL Energy Supply, amounts in AOCI were allocated to certain former active and inactive employees of PPL Energy Supply and included in the distribution. See Note 8 for additional details.
(b) WPD is not subject to accounting for the effects of certain types of regulation as prescribed by GAAP. As a result, WPD does not record regulatory assets/liabilities.

For PPL's U.S. pension benefits and for other postretirement benefits, the amounts recognized in OCI and regulatory assets/liabilities for the years ended December 31 were as follows:

	U.S. Pension Benefits			Other Postretirement Benefits		
	2015	2014	2013	2015	2014	2013
OCI	$ (269)	$ 319	$ (210)	$ 12	$ 7	$ (37)
Regulatory assets/liabilities	(95)	199	(193)	(28)	21	(36)
Total recognized in OCI and regulatory assets/liabilities	$ (364)	$ 518	$ (403)	$ (16)	$ 28	$ (73)

The estimated amounts to be amortized from AOCI and regulatory assets/liabilities into net periodic defined benefit costs in 2016 are as follows:

	Pension Benefits	
	U.S.	U.K.
Prior service cost (credit)	$ 8	
Actuarial (gain) loss	49	$ 151
Total	$ 57	$ 151
Amortization from Balance Sheet:		
AOCI	$ 12	$ 151
Regulatory assets/liabilities	45	
Total	$ 57	$ 151

(LKE)

The following table provides the components of net periodic defined benefit costs for LKE's pension and other postretirement benefit plans for the years ended December 31.

	Pension Benefits			Other Postretirement Benefits		
	2015	2014	2013	2015	2014	2013
Net periodic defined benefit costs (credits):						
Service cost	$ 26	$ 21	$ 26	$ 5	$ 4	$ 5
Interest cost	68	66	62	9	9	8
Expected return on plan assets	(88)	(82)	(82)	(6)	(4)	(5)
Amortization of:						
Prior service cost (credit)	7	5	5	3	2	3
Actuarial (gain) loss (a)	37	12	33		(1)	
Net periodic defined benefit costs (credit)	$ 50	$ 22	$ 44	$ 11	$ 10	$ 11
Other Changes in Plan Assets and Benefit Obligations Recognized in OCI and Regulatory Assets/Liabilities - Gross:						
Net (gain) loss	$ 20	$ 162	$ (116)	$ (15)	$ 26	$ (14)
Prior service cost (credit)	19	23			6	
Amortization of:						
Prior service (cost) credit	(7)	(5)	(5)	(3)	(2)	(3)
Actuarial gain (loss)	(37)	(12)	(33)		1	
Total recognized in OCI and regulatory assets/liabilities	(5)	168	(154)	(18)	31	(17)
Total recognized in net periodic defined benefit costs, OCI and regulatory assets/liabilities	$ 45	$ 190	$ (110)	$ (7)	$ 41	$ (6)

(a) As a result of the 2014 Kentucky rate case settlement that became effective July 1, 2015, the difference between actuarial (gain)/loss calculated in accordance with LKE's pension accounting policy and actuarial (gain)/loss calculated using a 15 year amortization period was $9 million.

For LKE's pension and other postretirement benefits, the amounts recognized in OCI and regulatory assets/liabilities for the years ended December 31 were as follows:

	Pension Benefits			Other Postretirement Benefits		
	2015	2014	2013	2015	2014	2013
OCI	$ 4	$ 84	$ (46)	$ (2)	$ 9	$ (1)
Regulatory assets/liabilities	(9)	84	(108)	(16)	22	(16)
Total recognized in OCI and regulatory assets/liabilities	$ (5)	$ 168	$ (154)	$ (18)	$ 31	$ (17)

The estimated amounts to be amortized from AOCI and regulatory assets/liabilities into net periodic defined benefit costs for LKE in 2016 are as follows.

	Pension Benefits	Other Postretirement Benefits
Prior service cost (credit)	$ 8	$ 2
Actuarial (gain) loss	20	
Total	$ 28	$ 2
Amortization from Balance Sheet:		
AOCI	$ 2	$ 1
Regulatory assets/liabilities	26	1
Total	$ 28	$ 2

(LG&E)

The following table provides the components of net periodic defined benefit costs for LG&E's pension benefit plan for the years ended December 31.

	Pension Benefits		
	2015	2014	2013
Net periodic defined benefit costs (credits):			
Service cost	$ 1	$ 1	$ 2
Interest cost	14	15	14
Expected return on plan assets	(20)	(19)	(20)
Amortization of:			
Prior service cost (credit)	3	2	2
Actuarial (gain) loss (a)	11	6	14
Net periodic defined benefit costs (credits)	$ 9	$ 5	$ 12
Other Changes in Plan Assets and Benefit Obligations Recognized in Regulatory Assets - Gross:			
Net (gain) loss	$ 8	$ 14	$ (20)
Prior service cost (credit)	10	9	
Amortization of:			
Prior service (cost) credit	(3)	(2)	(2)
Actuarial gain (loss)	(11)	(6)	(14)
Total recognized in regulatory assets/liabilities	4	15	(36)
Total recognized in net periodic defined benefit costs and regulatory assets	$ 13	$ 20	$ (24)

(a) As a result of the 2014 Kentucky rate case settlement that became effective July 1, 2015, the difference between actuarial (gain)/loss calculated in accordance with LG&E's pension accounting policy and actuarial (gain)/loss calculated using a 15 year amortization period was $3 million.

The estimated amounts to be amortized from regulatory assets into net periodic defined benefit costs for LG&E in 2016 are as follows.

	Pension Benefits
Prior service cost (credit)	$ 5
Actuarial (gain) loss	7
Total	$ 12

(All Registrants)

The following net periodic defined benefit costs (credits) were charged to operating expense or regulatory assets, excluding amounts charged to construction and other non-expense accounts. The U.K. pension benefits apply to PPL only.

	Pension Benefits						Other Postretirement Benefits		
	U.S.			U.K.					
	2015	2014	2013	2015	2014	2013	2015	2014	2013
PPL	$ 71	$ 45	$ 72	$ (21)	$ (9)	$ 33	$ 8	$ 10	$ 13
PPL Electric (a)	15	12	18					2	3
LKE (b)	37	17	32				8	7	8
LG&E (b)	12	5	14				4	4	4
KU (a) (b)	9	3	9				2	2	2

(a) PPL Electric and KU do not directly sponsor any defined benefit plans. PPL Electric and KU were allocated these costs of defined benefit plans sponsored by PPL Services (for PPL Electric) and by LKE (for KU), based on their participation in those plans, which management believes are reasonable.

(b) As a result of the 2014 Kentucky rate case settlement that became effective July 1, 2015, the difference between net periodic defined benefit costs calculated in accordance with LKE's, LG&E's and KU's pension accounting policy and the net periodic defined benefit costs calculated using a 15 year amortization period for gains and losses is recorded as a regulatory asset. Of the costs charged to operating expense or regulatory assets, excluding amounts charged to construction and other non-expense accounts, $4 million for LG&E and $1 million for KU were recorded as regulatory assets.

In the table above LG&E amounts include costs for the specific plans its sponsors and the following allocated costs of defined benefit plans sponsored by LKE, based on its participation in those plans, which management believes are reasonable:

	Pension Benefits			Other Postretirement Benefits		
	2015	2014	2013	2015	2014	2013
LG&E	$ 5	$ 2	$ 5	$ 4	$ 4	$ 4

(PPL, LKE and LG&E)

PPL, LKE and LG&E adopted the new mortality tables issued by the Society of Actuaries in October 2014 (RP-2014 base tables) for all U.S. defined benefit pension and other postretirement benefit plans at December 31, 2015. In addition, PPL, LKE and LG&E updated the basis for estimating projected mortality improvements and selected the IRS BB-2D two-dimensional improvement scale on a generational basis for all U.S. defined benefit pension and other postretirement benefit plans. These new mortality assumptions reflect the recognition of both improved life expectancies and the expectation of continuing improvements in life expectancies. The use of the new base tables and improvement scale resulted in an increase to U.S. defined benefit pension and other postretirement benefit obligations, an increase to future expense and a decrease in funded status.

The following weighted-average assumptions were used in the valuation of the benefit obligations at December 31. The U.K. pension benefits apply to PPL only.

	Pension Benefits					
	U.S.		U.K.		Other Postretirement Benefits	
	2015	2014	2015	2014	2015	2014
PPL						
Discount rate	4.59%	4.25%	3.68%	3.85%	4.48%	4.09%
Rate of compensation increase	3.93%	3.91%	4.00%	4.00%	3.91%	3.86%
LKE						
Discount rate	4.56%	4.25%			4.49%	4.06%
Rate of compensation increase	3.50%	3.50%			3.50%	3.50%
LG&E						
Discount rate	4.49%	4.20%				

The following weighted-average assumptions were used to determine the net periodic defined benefit costs for the years ended December 31. The U.K. pension benefits apply to PPL only.

	Pension Benefits								
	U.S.			U.K.			Other Postretirement Benefits		
	2015	2014	2013	2015	2014	2013	2015	2014	2013
PPL									
Discount rate	4.25%	5.12%	4.22%	3.85%	4.41%	4.27%	4.09%	4.91%	4.00%
Rate of compensation increase	3.91%	3.97%	3.98%	4.00%	4.00%	4.00%	3.86%	3.96%	3.97%
Expected return on plan assets (a)	7.00%	7.00%	7.03%	7.19%	7.19%	7.16%	6.06%	5.96%	5.94%
LKE									
Discount rate	4.25%	5.18%	4.24%				4.06%	4.91%	3.99%
Rate of compensation increase	3.50%	4.00%	4.00%				3.50%	4.00%	4.00%
Expected return on plan assets (a)	7.00%	7.00%	7.10%				6.82%	6.75%	6.76%
LG&E									
Discount rate	4.20%	5.13%	4.20%						
Expected return on plan assets (a)	7.00%	7.00%	7.10%						

(a) The expected long-term rates of return for pension and other postretirement benefits are based on management's projections using a best-estimate of expected returns, volatilities and correlations for each asset class. Each plan's specific current and expected asset allocations are also considered in developing a reasonable return assumption.

(PPL and LKE)

The following table provides the assumed health care cost trend rates for the years ended December 31:

	2015	2014	2013
PPL and LKE			
Health care cost trend rate assumed for next year			
- obligations	6.8%	7.2%	7.6%
- cost	7.2%	7.6%	8.0%
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)			
- obligations	5.0%	5.0%	5.0%
- cost	5.0%	5.0%	5.5%
Year that the rate reaches the ultimate trend rate			
- obligations	2020	2020	2020
- cost	2020	2020	2019

A one percentage point change in the assumed health care costs trend rate assumption would have had the following effects on the other postretirement benefit plans in 2015:

	One Percentage Point	
	Increase	Decrease
Effect on accumulated postretirement benefit obligation		
PPL	$ 6	$ (5)
LKE	5	(4)

(PPL)

The funded status of PPL's plans at December 31 was as follows:

	Pension Benefits				Other Postretirement Benefits	
	U.S.		U.K.			
	2015	2014	2015	2014	2015	2014
Change in Benefit Obligation						
Benefit Obligation, beginning of period	$ 5,399	$ 4,428	$ 8,523	$ 8,143	$ 716	$ 650
Service cost	96	97	79	71	11	12
Interest cost	194	224	314	354	26	31
Participant contributions			15	16	13	12
Plan amendments	19	(7)				6
Actuarial (gain) loss	(193)	887	200	747	(37)	59
Divestiture (a)	(1,416)				(76)	
Termination benefits		13				
Gross benefits paid (b)	(236)	(243)	(391)	(411)	(58)	(55)
Federal subsidy					1	1
Currency conversion			(336)	(397)		
Benefit Obligation, end of period	3,863	5,399	8,404	8,523	596	716
Change in Plan Assets						
Plan assets at fair value, beginning of period	4,462	4,009	7,734	7,284	484	446
Actual return on plan assets	2	600	205	895	(2)	62
Employer contributions	158	96	366	311	17	15
Participant contributions			15	16	13	12
Divestiture (a)	(1,159)				(80)	
Gross benefits paid (b)	(236)	(243)	(391)	(411)	(53)	(51)
Currency conversion			(304)	(361)		
Plan assets at fair value, end of period	3,227	4,462	7,625	7,734	379	484
Funded Status, end of period	$ (636)	$ (937)	$ (779)	$ (789)	$ (217)	$ (232)
Amounts recognized in the Balance Sheets consist of:						
Noncurrent asset					$ 2	$ 1
Current liability	$ (10)	$ (10)		$ (1)	(3)	(3)
Noncurrent liability	(626)	(668)	$ (779)	(788)	(216)	(196)
Noncurrent liability of discontinued operations		(259)				(34)
Net amount recognized, end of period	$ (636)	$ (937)	$ (779)	$ (789)	$ (217)	$ (232)
Amounts recognized in AOCI and regulatory assets/liabilities (pre-tax) consist of:						
Prior service cost (credit)	$ 53	$ 41			$ 1	
Net actuarial (gain) loss	977	1,353	$ 2,684	$ 2,334	37	$ 54
Total (c)	$ 1,030	$ 1,394	$ 2,684	$ 2,334	$ 38	$ 54
Total accumulated benefit obligation for defined benefit pension plans	$ 3,590	$ 4,946	$ 7,747	$ 7,867		

(a) As a result of the spinoff of PPL Energy Supply, obligations and assets attributable to certain former active and inactive employees of PPL Energy Supply were transferred to Talen Energy plans.

(b) Certain U.S. pension plans offered a limited-time program in 2014 during which terminated vested participants could elect to receive their accrued pension benefit as a one-time lump sum payment. Gross benefits paid includes $33 million of lump-sum cash payments made to terminated vested participants in 2014 in connection with these offerings.

(c) WPD is not subject to accounting for the effects of certain types of regulation as prescribed by GAAP and as a result, does not record regulatory assets/liabilities.

For PPL's U.S. pension and other postretirement benefit plans, the amounts recognized in AOCI and regulatory assets/liabilities at December 31 were as follows:

	U.S. Pension Benefits		Other Postretirement Benefits	
	2015	2014	2015	2014
AOCI	$ 275	$ 714	$ 18	$ 30
Regulatory assets/liabilities	755	680	20	24
Total	$ 1,030	$ 1,394	$ 38	$ 54

The following tables provide information on pension plans where the projected benefit obligation (PBO) or accumulated benefit obligation (ABO) exceed the fair value of plan assets:

	U.S. PBO in excess of plan assets		U.K. PBO in excess of plan assets	
	2015	2014	2015	2014
Projected benefit obligation	$ 3,863	$ 5,399	$ 8,404	$ 8,523
Fair value of plan assets	3,227	4,462	7,625	7,734

	U.S. ABO in excess of plan assets		U.K. ABO in excess of plan assets	
	2015	2014	2015	2014
Accumulated benefit obligation	$ 3,590	$ 4,946	$ 3,532	$ 3,592
Fair value of plan assets	3,227	4,462	3,287	3,321

(LKE)

The funded status of LKE's plans at December 31 was as follows:

	Pension Benefits		Other Postretirement Benefits	
	2015	2014	2015	2014
Change in Benefit Obligation				
Benefit Obligation, beginning of period	$ 1,608	$ 1,328	$ 234	$ 193
Service cost	26	21	5	4
Interest cost	68	66	9	9
Participant contributions			7	7
Plan amendments (a)	19	23		6
Actuarial (gain) loss	(74)	253	(22)	32
Gross benefits paid (b)	(59)	(83)	(18)	(17)
Federal subsidy			1	
Benefit Obligation, end of period	1,588	1,608	216	234
Change in Plan Assets				
Plan assets at fair value, beginning of period	1,301	1,173	82	74
Actual return on plan assets	(7)	173		10
Employer contributions	54	38	17	8
Participant contributions			7	7
Gross benefits paid (b)	(59)	(83)	(18)	(17)
Plan assets at fair value, end of period	1,289	1,301	88	82
Funded Status, end of period	$ (299)	$ (307)	$ (128)	$ (152)
Amounts recognized in the Balance Sheets consist of:				
Noncurrent asset			$ 2	$ 2
Current liability	$ (3)	$ (3)	(3)	(3)
Noncurrent liability	(296)	(304)	(127)	(151)
Net amount recognized, end of period	$ (299)	$ (307)	$ (128)	$ (152)
Amounts recognized in AOCI and regulatory assets/liabilities (pre-tax) consist of:				
Prior service cost (credit)	$ 54	$ 43	$ 9	$ 12
Net actuarial (gain) loss	338	354	(19)	(4)
Total	$ 392	$ 397	$ (10)	$ 8
Total accumulated benefit obligation for defined benefit pension plans	$ 1,452	$ 1,461		

(a) The pension plans were amended in December 2015 allowing terminated vested participants to elect to receive their accrued pension benefit as a one-time lump-sum payment effective January 1, 2016. The projected benefit obligation increased by $19 million as a result of the amendment.

The plans were amended in December 2014 to enhance the early retirement factors for all plan participants retiring on or after January 1, 2015. These modifications resulted in an increase of $23 million in the plans' projected benefit obligations as of December 31, 2014.

(b) Certain LKE pension plans offered a limited-time program in 2014 during which terminated vested participants could elect to receive their accrued pension benefit as a one-time lump-sum payment. The gross benefits paid includes $33 million of lump-sum cash payments made to terminated vested participants during 2014 in connection with these offerings.

The amounts recognized in AOCI and regulatory assets/liabilities at December 31 were as follows:

	Pension Benefits		Other Postretirement Benefits	
	2015	2014	2015	2014
AOCI	$ 70	$ 65	$ 7	$ 8
Regulatory assets/liabilities	322	332	(17)	
Total	$ 392	$ 397	$ (10)	$ 8

The following tables provide information on pension plans where the projected benefit obligation (PBO) or accumulated benefit obligations (ABO) exceed the fair value of plan assets:

	PBO in excess of plan assets	
	2015	2014
Projected benefit obligation	$ 1,588	$ 1,608
Fair value of plan assets	1,289	1,301

	ABO in excess of plan assets	
	2015	2014
Accumulated benefit obligation	$ 1,452	$ 1,461
Fair value of plan assets	1,289	1,301

(LG&E)

The funded status of LG&E's plan at December 31, was as follows:

	Pension Benefits	
	2015	2014
Change in Benefit Obligation		
Benefit Obligation, beginning of period	$ 331	$ 291
Service cost	1	1
Interest cost	14	15
Plan amendments (a)	10	9
Actuarial (gain) loss	(15)	36
Gross benefits paid (b)	(15)	(21)
Benefit Obligation, end of period	326	331
Change in Plan Assets		
Plan assets at fair value, beginning of period	301	281
Actual return on plan assets	(2)	41
Employer contributions	13	
Gross benefits paid (b)	(15)	(21)
Plan assets at fair value, end of period	297	301
Funded Status, end of period	$ (29)	$ (30)
Amounts recognized in the Balance Sheets consist of:		
Noncurrent liability	$ (29)	$ (30)
Net amount recognized, end of period	$ (29)	$ (30)
Amounts recognized in regulatory assets (pre-tax) consist of:		
Prior service cost (credit)	$ 29	$ 22
Net actuarial (gain) loss	95	98
Total	$ 124	$ 120
Total accumulated benefit obligation for defined benefit pension plan	$ 326	$ 330

(a) The plan was amended in December 2015 allowing terminated vested participants to elect to receive their accrued pension benefit as a one-time lump-sum payment effective January 1, 2016. The projected benefit obligation increased by $10 million as a result of the amendment.

The plan was amended in December 2014 to enhance the early retirement factors for all plan participants retiring on or after January 1, 2015. The projected benefit obligation increased by $9 million as a result of the amendment.

(b) LG&E's pension plan offered a limited-time program in 2014 during which terminated vested participants could elect to receive their accrued pension benefit as a one-time lump-sum payment. The gross benefits paid includes $8 million of lump-sum cash payments made to terminated vested participants in 2014 in connection with this offering.

LG&E's pension plan had projected and accumulated benefit obligations in excess of plan assets at December 31, 2015 and 2014.

In addition to the plan it sponsors, LG&E is allocated a portion of the funded status and costs of certain defined benefit plans sponsored by LKE based on its participation in those plans, which management believes are reasonable. The actuarially determined obligations of current active employees and retired employees are used as a basis to allocate total plan activity, including active and retiree costs and obligations. Allocations to LG&E resulted in liabilities at December 31 as follows:

	2015	2014
Pension	$ 26	$ 27
Other postretirement benefits	77	85

(PPL Electric)

Although PPL Electric does not directly sponsor any defined benefit plans, it is allocated a portion of the funded status and costs of plans sponsored by PPL Services based on its participation in those plans, which management believes are reasonable. As a result of the spinoff of PPL Energy Supply, pension and other postretirement plans were remeasured resulting in adjustments to PPL Electric's allocated balances of $56 million, reflected as a non-cash contribution on the Statement of Equity. The actuarially determined obligations of current active employees and retirees are used as a basis to allocate total plan activity, including active and retiree costs and obligations. Allocations to PPL Electric resulted in liabilities at December 31 as follows.

	2015	2014
Pension	$ 183	$ 212
Other postretirement benefits	67	40

(KU)

Although KU does not directly sponsor any defined benefit plans, it is allocated a portion of the funded status and costs of plans sponsored by LKE based on its participation in those plans, which management believes are reasonable. The actuarially determined obligations of current active employees and retired employees of KU are used as a basis to allocate total plan activity, including active and retiree costs and obligations. Allocations to KU resulted in liabilities at December 31 as follows.

	2015	2014
Pension	$ 46	$ 59
Other postretirement benefits	42	52

Plan Assets - U.S. Pension Plans

(PPL, LKE and LG&E)

PPL's primary legacy pension plan and the pension plans sponsored by LKE are invested in the PPL Services Corporation Master Trust (the Master Trust) that also includes 401(h) accounts that are restricted for certain other postretirement benefit obligations of PPL and LKE. The investment strategy for the Master Trust is to achieve a risk-adjusted return on a mix of assets that, in combination with PPL's funding policy, will ensure that sufficient assets are available to provide long-term growth and liquidity for benefit payments, while also managing the duration of the assets to complement the duration of the liabilities. The Master Trust benefits from a wide diversification of asset types, investment fund strategies and external investment fund managers, and therefore has no significant concentration of risk.

The investment policy of the Master Trust outlines investment objectives and defines the responsibilities of the EBPB, external investment managers, investment advisor and trustee and custodian. The investment policy is reviewed annually by PPL's Board of Directors.

The EBPB created a risk management framework around the trust assets and pension liabilities. This framework considers the trust assets as being composed of three sub-portfolios: growth, immunizing and liquidity portfolios. The growth portfolio is comprised of investments that generate a return at a reasonable risk, including equity securities, certain debt securities and alternative investments. The immunizing portfolio consists of debt securities, generally with long durations, and derivative positions. The immunizing portfolio is designed to offset a portion of the change in the pension liabilities due to changes in interest rates. The liquidity portfolio consists primarily of cash and cash equivalents.

Target allocation ranges have been developed for each portfolio on a plan basis based on input from external consultants with a goal of limiting funded status volatility. The EBPB monitors the investments in each portfolio on a plan basis, and seeks to obtain a target portfolio that emphasizes reduction of risk of loss from market volatility. In pursuing that goal, the EBPB establishes revised guidelines from time to time. EBPB investment guidelines as of the end of 2015 are presented below.

The asset allocation for the trust and the target allocation by portfolio at December 31 are as follows:

	Percentage of trust assets		2015
	2015 (a)	2014	Target Asset Allocation (a)
Growth Portfolio	51%	51%	50%
Equity securities	25%	26%	
Debt securities (b)	13%	13%	
Alternative investments	13%	12%	
Immunizing Portfolio	47%	47%	48%
Debt securities (b)	42%	44%	
Derivatives	5%	3%	
Liquidity Portfolio	2%	2%	2%
Total	100%	100%	100%

(a) Allocations exclude consideration of a group annuity contract held by the LG&E and KU Retirement Plan.
(b) Includes commingled debt funds, which PPL treats as debt securities for asset allocation purposes.

(LKE)

LKE has pension plans, including LG&E's plan, whose assets are invested solely in the Master Trust, which is fully disclosed below. The fair value of these plans' assets of $1.3 billion at December 31, 2015 and 2014 represents an interest of approximately 40% and 28% in the Master Trust.

(LG&E)

LG&E has a pension plan whose assets are invested solely in the Master Trust, which is fully disclosed below. The fair value of this plan's assets of $297 million and $301 million at December 31, 2015 and 2014 represents an interest of approximately 9% and 6% in the Master Trust.

(PPL, LKE and LG&E)

The fair value of net assets in the Master Trust by asset class and level within the fair value hierarchy was:

	December 31, 2015				December 31, 2014			
		Fair Value Measurements Using				Fair Value Measurements Using		
	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3
PPL Services Corporation Master Trust								
Cash and cash equivalents	$ 225	$ 225			$ 246	$ 246		
Equity securities:								
U.S.:								
Large-cap	87	87			114	114		
Large-cap fund measured at NAV (a)	197				318			
Small-cap	85	85			145	145		
International equity fund at NAV (a)	454				615			
Commingled debt measured at NAV (a)	514				818			
Debt securities:								
U.S. Treasury and U.S. government sponsored agency	501	492	$ 9		723	706	$ 17	
Residential/commercial backed securities	3		3		2		2	
Corporate	747		737	$ 10	1,109		1,088	$ 21
International government	4		4		8		8	
Other	7		7		9		9	

	December 31, 2015				December 31, 2014			
		Fair Value Measurements Using				Fair Value Measurements Using		
	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3
Alternative investments:								
Commodities measured at NAV (a)	70				90			
Real estate measured at NAV (a)	118				148			
Private equity measured at NAV (a)	81				104			
Hedge funds measured at NAV (a)	171				223			
Derivatives:								
Interest rate swaps and swaptions	80		80		92		92	
Other	11		11		12		12	
Insurance contracts	32			32	33			33
PPL Services Corporation Master Trust assets, at fair value	3,387	$ 889	$ 851	$ 42	4,809	$ 1,211	$ 1,228	$ 54
Receivables and payables, net (b)	(49)				(41)			
401(h) accounts restricted for other postretirement benefit obligations	(111)				(136)			
Total PPL Services Corporation Master Trust pension assets (c)	$ 3,227				$ 4,632			

(a) In accordance with accounting guidance certain investments that are measured at fair value using the net asset value per share (NAV), or its equivalent, practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in the table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statement of financial position.

(b) Receivables and payables represent amounts for investments sold/purchased but not yet settled along with interest and dividends earned but not yet received.

(c) As a result of the spinoff of PPL Energy Supply, $1,159 million of assets were transferred to Talen Energy in 2015, attributable to former active and inactive employees of PPL Energy Supply that had participated in PPL's pension plan. An additional $170 million of assets of the PPL Montana pension plan transferred to Talen Energy, as that entire plan was assumed by Talen Energy.

A reconciliation of the Master Trust assets classified as Level 3 at December 31, 2015 is as follows:

	Corporate debt	Insurance contracts	Total
Balance at beginning of period	$ 21	$ 33	$ 54
Actual return on plan assets			
Relating to assets still held at the reporting date		2	2
Relating to assets sold during the period	(1)		(1)
Purchases, sales and settlements	(10)	(3)	(13)
Balance at end of period	$ 10	$ 32	$ 42

A reconciliation of the Master Trust assets classified as Level 3 at December 31, 2014 is as follows:

	Corporate debt	Insurance contracts	Total
Balance at beginning of period	$ 23	$ 37	$ 60
Actual return on plan assets			
Relating to assets still held at the reporting date	(1)	1	
Relating to assets sold during the period	(1)		(1)
Purchases, sales and settlements		(5)	(5)
Balance at end of period	$ 21	$ 33	$ 54

The fair value measurements of cash and cash equivalents are based on the amounts on deposit.

The market approach is used to measure fair value of equity securities. The fair value measurements of equity securities (excluding commingled funds), which are generally classified as Level 1, are based on quoted prices in active markets. These securities represent actively and passively managed investments that are managed against various equity indices and exchange traded funds (ETFs).

Investments in commingled equity and debt funds are categorized as equity securities. Investments in commingled equity funds include funds that invest in U.S. and international equity securities. Investments in commingled debt funds include funds that invest in a diversified portfolio of emerging market debt obligations, as well as funds that invest in investment grade long-duration fixed-income securities.

The fair value measurements of debt securities are generally based on evaluations that reflect observable market information, such as actual trade information for identical securities or for similar securities, adjusted for observable differences. The fair value of debt securities is generally measured using a market approach, including the use of pricing models which incorporate observable inputs. Common inputs include benchmark yields, relevant trade data, broker/dealer bid/ask prices, benchmark securities and credit valuation adjustments. When necessary, the fair value of debt securities is measured using the income approach, which incorporates similar observable inputs as well as payment data, future predicted cash flows, collateral performance and new issue data. For the Master Trust, these securities represent investments in securities issued by U.S. Treasury and U.S. government sponsored agencies; investments securitized by residential mortgages, auto loans, credit cards and other pooled loans; investments in investment grade and non-investment grade bonds issued by U.S. companies across several industries; investments in debt securities issued by foreign governments and corporations.

Investments in commodities represent ownership interest of a commingled fund that is invested in a portfolio of exchange-traded futures and forward contracts in commodities to obtain broad exposure to all principal groups in the global commodity markets, including energies, agriculture and metals (both precious and industrial) using proprietary commodity trading strategies. Redemptions can be made the 15th calendar day and the last calendar day of the month with a specified notification period. The fund's fair value is based upon a value as calculated by the fund's administrator.

Investments in real estate represent an investment in a partnership whose purpose is to manage investments in core U.S. real estate properties diversified geographically and across major property types (e.g., office, industrial, retail, etc.). The manager is focused on properties with high occupancy rates with quality tenants. This results in a focus on high income and stable cash flows with appreciation being a secondary factor. Core real estate generally has a lower degree of leverage when compared with more speculative real estate investing strategies. The partnership has limitations on the amounts that may be redeemed based on available cash to fund redemptions. Additionally, the general partner may decline to accept redemptions when necessary to avoid adverse consequences for the partnership, including legal and tax implications, among others. The fair value of the investment is based upon a partnership unit value.

Investments in private equity represent interests in partnerships in multiple early-stage venture capital funds and private equity fund of funds that use a number of diverse investment strategies. Four of the partnerships have limited lives of ten years, while the fifth has a life of 15 years, after which liquidating distributions will be received. Prior to the end of each partnership's life, the investment cannot be redeemed with the partnership; however, the interest may be sold to other parties, subject to the general partner's approval. The Master Trust has unfunded commitments of $27 million that may be required during the lives of the partnerships. Fair value is based on an ownership interest in partners' capital to which a proportionate share of net assets is attributed.

Investments in hedge funds represent investments in three hedge fund of funds. Hedge funds seek a return utilizing a number of diverse investment strategies. The strategies, when combined aim to reduce volatility and risk while attempting to deliver positive returns under most market conditions. Major investment strategies for the hedge fund of funds include long/short equity, market neutral, distressed debt, and relative value. Generally, shares may be redeemed within 60 to 95 days with prior written notice. The funds are subject to short term lockups and have limitations on the amount that may be withdrawn based on a percentage of the total net asset value of the fund, among other restrictions. All withdrawals are subject to the general partner's approval. The fair value for two of the funds has been estimated using the net asset value per share and the third fund's fair value is based on an ownership interest in partners' capital to which a proportionate share of net assets is attributed.

The fair value measurements of derivative instruments utilize various inputs that include quoted prices for similar contracts or market-corroborated inputs. In certain instances, these instruments may be valued using models, including standard option valuation models and standard industry models. These securities primarily represent investments in interest rate swaps and swaptions (the option to enter into an interest rate swap) which are valued based on the swap details, such as swap curves, notional amount, index and term of index, reset frequency, volatility and payer/receiver credit ratings.

Insurance contracts, classified as Level 3, represent an investment in an immediate participation guaranteed group annuity contract. The fair value is based on contract value, which represents cost plus interest income less distributions for benefit payments and administrative expenses.

Plan Assets - U.S. Other Postretirement Benefit Plans

The investment strategy with respect to other postretirement benefit obligations is to fund VEBA trusts and/or 401(h) accounts with voluntary contributions and to invest in a tax efficient manner. Excluding the 401(h) accounts included in the Master Trust, other postretirement benefit plans are invested in a mix of assets for long-term growth with an objective of earning returns that provide liquidity as required for benefit payments. These plans benefit from diversification of asset types, investment fund strategies and investment fund managers, and therefore, have no significant concentration of risk. Equity securities include investments in domestic large-cap commingled funds. Ownership interests in commingled funds that invest entirely in debt securities are classified as equity securities, but treated as debt securities for asset allocation and target allocation purposes. Ownership interests in money market funds are treated as cash and cash equivalents for asset allocation and target allocation purposes. The asset allocation for the PPL VEBA trusts, excluding LKE, and the target allocation, by asset class, at December 31 are detailed below.

	Percentage of plan assets		Target Asset Allocation
	2015	2014	2015
Asset Class			
U.S. Equity securities	48%	49%	45%
Debt securities (a)	50%	49%	50%
Cash and cash equivalents (b)	2%	2%	5%
Total	100%	100%	100%

(a) Includes commingled debt funds and debt securities.
(b) Includes money market funds.

LKE's other postretirement benefit plan is invested primarily in a 401(h) account, as disclosed in the PPL Services Corporation Master Trust, with insignificant amounts invested in money market funds within VEBA trusts for liquidity.

The fair value of assets in the U.S. other postretirement benefit plans by asset class and level within the fair value hierarchy was:

	December 31, 2015				December 31, 2014			
		Fair Value Measurement Using				Fair Value Measurement Using		
	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3
Money market funds	$ 6	$ 6			$ 9	$ 9		
U.S. Equity securities:								
Large-cap equity fund measure at NAV (a)	129				169			
Commingled debt fund measured at NAV (a)	109				136			
Debt securities:								
Municipalities	23		$ 23		33		$ 33	
Total VEBA trust assets, at fair value	267	$ 6	$ 23		347	$ 9	$ 33	
Receivables and payables, net (b)	1				1			
401(h) account assets	111				136			
Total other postretirement benefit plan assets (c)	$ 379				$ 484			

(a) In accordance with accounting guidance certain investments that are measured at fair value using the net asset value per share (NAV), or its equivalent, practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in the table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statement of financial position.
(b) Receivables and payables represent amounts for investments sold/purchased but not yet settled along with interest and dividends earned but not yet received.
(c) As a result of the spinoff of PPL Energy Supply, $80 million of assets were transferred to Talen Energy in 2015, attributable to former active employees of PPL Energy Supply that had participated in PPL's other postretirement benefit plan.

Investments in money market funds represent investments in funds that invest primarily in a diversified portfolio of investment grade money market instruments, including, but not limited to, commercial paper, notes, repurchase agreements and other evidences of indebtedness with a maturity not exceeding 13 months from the date of purchase. The primary objective of the fund is a level of current income consistent with stability of principal and liquidity. Redemptions can be made daily on this fund.

Investments in large-cap equity securities represent investments in a passively managed equity index fund that invests in securities and a combination of other collective funds. Fair value measurements are not obtained from a quoted price in an active market but are based on firm quotes of net asset values per share as provided by the trustee of the fund. Redemptions can be made daily on this fund.

Investments in commingled debt securities represent investments in a fund that invests in a diversified portfolio of investment grade long-duration fixed income securities. Redemptions can be made weekly on these funds.

Investments in municipalities represent investments in a diverse mix of tax-exempt municipal securities. The fair value measurements for these securities are based on recently executed transactions for identical securities or for similar securities.

Plan Assets - U.K. Pension Plans *(PPL)*

The overall investment strategy of WPD's pension plans is developed by each plan's independent trustees in its Statement of Investment Principles in compliance with the U.K. Pensions Act of 1995 and other U.K. legislation. The trustees' primary focus is to ensure that assets are sufficient to meet members' benefits as they fall due with a longer term objective to reduce investment risk. The investment strategy is intended to maximize investment returns while not incurring excessive volatility in the funding position. WPD's plans are invested in a wide diversification of asset types, fund strategies and fund managers; and therefore, have no significant concentration of risk. Commingled funds that consist entirely of debt securities are traded as equity units, but treated by WPD as debt securities for asset allocation and target allocation purposes. These include investments in U.K. corporate bonds and U.K. gilts.

The asset allocation and target allocation at December 31 of WPD's pension plans are detailed below.

	Percentage of plan assets		Target Asset Allocation
	2015	2014	2015
Asset Class			
Cash and cash equivalents	1%	1%	
Equity securities			
U.K.	3%	3%	4%
European (excluding the U.K.)	2%	3%	3%
Asian-Pacific	2%	2%	2%
North American	3%	3%	3%
Emerging markets	10%	9%	10%
Currency	1%	2%	1%
Global Tactical Asset Allocation	31%	29%	31%
Debt securities (a)	40%	42%	39%
Alternative investments	7%	6%	7%
Total	100%	100%	100%

(a) Includes commingled debt funds.

The fair value of assets in the U.K. pension plans by asset class and level within the fair value hierarchy was:

	December 31, 2015				December 31, 2014			
		Fair Value Measurement Using				Fair Value Measurement Using		
	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3
Cash and cash equivalents	$ 55	$ 55			$ 57	$ 57		
Equity securities measured at NAV (a) :								
U.K. companies	274				239			
European companies (excluding the U.K.)	190				198			
Asian-Pacific companies	132				142			
North American companies	220				227			
Emerging markets companies	284				309			
Global Equities	500				397			
Currency	39				190			
Other	2,384				2,263			
Commingled debt:								
U.K. corporate bonds	2				92			
U.K. gilts	3				913			
Debt Securities:								
U.K. corporate bonds	364		$ 364		344		$ 344	
U.K. gilts	2,645		2,645		1,927		1,927	
Alternative investments:								
Real estate measured at NAV (a)	533				436			
Fair value - U.K. pension plans	$ 7,625	$ 55	$ 3,009		$ 7,734	$ 57	$ 2,271	

(a) In accordance with accounting guidance certain investments that are measured at fair value using the net asset value per share (NAV), or its equivalent, practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in the table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statement of financial position.

Except for investments in real estate, the fair value measurements of WPD's pension plan assets are based on the same inputs and measurement techniques used to measure the U.S. pension plan assets described above.

Investments in equity securities represent actively and passively managed funds that are measured against various equity indices. Other comprises a range of investment strategies which invest in a variety of assets including equities, bonds, currencies, real estate and forestry held in unitized funds.

U.K. corporate bonds include investment grade corporate bonds of companies from diversified U.K. industries.

U.K. gilts include gilts, index-linked gilts and swaps intended to track a portion of the plans' liabilities.

Investments in real estate represent holdings in a U.K. unitized fund that owns and manages U.K. industrial and commercial real estate with a strategy of earning current rental income and achieving capital growth. The fair value measurement of the fund is based upon a net asset value per share, which is based on the value of underlying properties that are independently appraised in accordance with Royal Institution of Chartered Surveyors valuation standards at least annually with quarterly valuation updates based on recent sales of similar properties, leasing levels, property operations and/or market conditions. The fund may be subject to redemption restrictions in the unlikely event of a large forced sale in order to ensure other unit holders are not disadvantaged.

Expected Cash Flows - U.S. Defined Benefit Plans *(PPL)*

PPL's U.S. defined benefit pension plans have the option to utilize available prior year credit balances to meet current and future contribution requirements. However, PPL contributed $30 million to its U.S. pension plans in January 2016.

PPL sponsors various non-qualified supplemental pension plans for which no assets are segregated from corporate assets. PPL expects to make approximately $10 million of benefit payments under these plans in 2016.

PPL is not required to make contributions to its other postretirement benefit plans but has historically funded these plans in amounts equal to the postretirement benefit costs recognized. Continuation of this past practice would cause PPL to contribute $13 million to its other postretirement benefit plans in 2016.

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid by the plans and the following federal subsidy payments are expected to be received by PPL.

		Other Postretirement	
	Pension	Benefit Payment	Expected Federal Subsidy
2016	$ 234	$ 54	$ 1
2017	245	53	1
2018	250	53	1
2019	259	53	1
2020	261	52	1
2021-2025	1,333	244	2

(LKE)

LKE's defined benefit pension plans have the option to utilize available prior year credit balances to meet current and future contribution requirements. However, LKE contributed $30 million to its pension plans in January 2016.

LKE sponsors various non-qualified supplemental pension plans for which no assets are segregated from corporate assets. LKE expects to make $3 million of benefit payments under these plans in 2016.

LKE is not required to make contributions to its other postretirement benefit plan but has historically funded this plan in amounts equal to the postretirement benefit costs recognized. Continuation of this past practice would cause LKE to contribute a projected $13 million to its other postretirement benefit plan in 2016.

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid by the plans and the following federal subsidy payments are expected to be received by LKE.

		Other Postretirement	
	Pension	Benefit Payment	Expected Federal Subsidy
2016	$ 95	$ 13	
2017	100	14	
2018	102	15	$ 1
2019	105	16	
2020	107	16	
2021-2025	550	85	2

(LG&E)

LG&E's defined benefit pension plan has the option to utilize available prior year credit balances to meet current and future contribution requirements. However, LG&E contributed $7 million to its pension plan in January 2016.

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid by the plan.

	Pension
2016	$ 23
2017	25
2018	24
2019	25
2020	25
2021-2025	111

Expected Cash Flows - U.K. Pension Plans *(PPL)*

The pension plans of WPD are subject to formal actuarial valuations every three years, which are used to determine funding requirements. Contribution requirements for periods after April 1, 2014 were evaluated in accordance with the valuations performed as of March 31, 2013. WPD expects to make contributions of approximately $364 million in 2016. WPD is currently permitted to recover in current rates approximately 78% of their pension funding requirements for their primary pension plans.

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid by the plans.

	Pension
2016	$ 379
2017	384
2018	391
2019	397
2020	402
2021-2025	2,074

Savings Plans *(All Registrants)*

Substantially all employees of PPL's domestic subsidiaries are eligible to participate in deferred savings plans (401(k)s). Employer contributions to the plans were:

	2015	2014	2013
PPL	$ 34	$ 33	$ 29
PPL Electric	6	6	6
LKE	16	15	13
LG&E	5	5	7
KU	4	4	6

Separation Benefits

Certain PPL subsidiaries provide separation benefits to eligible employees. These benefits may be provided in the case of separations due to performance issues, loss of job related qualifications or organizational changes. Until December 1, 2012, certain employees separated were eligible for cash severance payments, outplacement services, accelerated stock award vesting, continuation of group health and welfare coverage, and enhanced pension and postretirement medical benefits. As of December 1, 2012, separation benefits for certain employees were changed to eliminate accelerated stock award vesting and enhanced pension and postretirement medical benefits. Also, the continuation of group health and welfare coverage was replaced with a single sum payment approximating the dollar amount of premium payments that would be incurred for continuation of group health and welfare coverage. Separation benefits are recorded when such amounts are probable and estimable.

See Note 8 for a discussion of separation benefits recognized in 2015 and 2014 related to the spinoff of PPL Energy Supply. Separation benefits were not significant in 2013.

12. Jointly Owned Facilities

(PPL, LKE, LG&E and KU)

At December 31, 2015 and 2014, the Balance Sheets reflect the owned interests in the facilities listed below.

	Ownership Interest		Electric Plant		Accumulated Depreciation		Construction Work in Progress
PPL and LKE							
December 31, 2015							
Generating Plants							
Trimble County Unit 1	75.00%	$	399	$	44	$	6
Trimble County Unit 2	75.00%		1,013		141		27
December 31, 2014							
Generating Plants							
Trimble County Unit 1	75.00%	$	309	$	51	$	59
Trimble County Unit 2	75.00%		1,002		122		32
LG&E							
December 31, 2015							
Generating Plants							
E.W. Brown Units 6-7	38.00%	$	40	$	12		
Paddy's Run Unit 13 & E.W. Brown Unit 5	53.00%		47		10	$	1
Trimble County Unit 1	75.00%		399		44		6
Trimble County Unit 2	14.25%		210		28		12
Trimble County Units 5-6	29.00%		29		6		
Trimble County Units 7-10	37.00%		71		14		
Cane Run Unit 7	22.00%		115		1		1
E.W. Brown Solar Unit	39.00%						4
December 31, 2014							
Generating Plants							
E.W. Brown Units 6-7	38.00%	$	40	$	10		
Paddy's Run Unit 13 & E.W. Brown Unit 5	53.00%		47		7		
Trimble County Unit 1	75.00%		309		51	$	59
Trimble County Unit 2	14.25%		205		23		15
Trimble County Units 5-6	29.00%		29		5		
Trimble County Units 7-10	37.00%		70		11		
Cane Run Unit 7	22.00%						113
KU							
December 31, 2015							
Generating Plants							
E.W. Brown Units 6-7	62.00%	$	65	$	19		
Paddy's Run Unit 13 & E.W. Brown Unit 5	47.00%		43		9	$	1
Trimble County Unit 2	60.75%		803		113		15
Trimble County Units 5-6	71.00%		70		15		
Trimble County Units 7-10	63.00%		121		23		
Cane Run Unit 7	78.00%		411		6		5
E.W. Brown Solar Unit	61.00%						6
December 31, 2014							
Generating Plants							
E.W. Brown Units 6-7	62.00%	$	65	$	15	$	1
Paddy's Run Unit 13 & E.W. Brown Unit 5	47.00%		42		6		
Trimble County Unit 2	60.75%		797		98		17
Trimble County Units 5-6	71.00%		70		11		
Trimble County Units 7-10	63.00%		120		18		1
Cane Run Unit 7	78.00%						403

Each subsidiary owning these interests provides its own funding for its share of the facility. Each receives a portion of the total output of the generating plants equal to its percentage ownership. The share of fuel and other operating costs associated with the plants is included in the corresponding operating expenses on the Statements of Income.

13. Commitments and Contingencies

(PPL)

All commitments, contingencies and guarantees associated with PPL Energy Supply and its subsidiaries were retained by Talen Energy and its subsidiaries at the spinoff date without recourse to PPL.

Energy Purchase Commitments *(PPL, LKE, LG&E and KU)*

LG&E and KU enter into purchase contracts to supply the coal and natural gas requirements for generation facilities and LG&E's gas supply operations. These contracts include the following commitments:

Contract Type	Maximum Maturity Date
Coal	2022
Coal Transportation and Fleeting Services	2024
Natural Gas Storage	2024
Natural Gas Transportation	2026

LG&E and KU have a power purchase agreement with OVEC expiring in June 2040. See footnote (f) to the table in "Guarantees and Other Assurances" below for information on the OVEC power purchase contract. Future obligations for power purchases from OVEC are unconditional demand payments, comprised of annual minimum debt service payments, as well as contractually required reimbursement of plant operating, maintenance and other expenses are projected as follows:

	LG&E	KU	Total
2016	$ 18	$ 8	$ 26
2017	19	8	27
2018	19	8	27
2019	19	9	28
2020	20	9	29
Thereafter	435	193	628
	$ 530	$ 235	$ 765

LG&E and KU had total energy purchases under the OVEC power purchase agreement for the years ended December 31 as follows:

	2015	2014	2013
LG&E	$ 15	$ 17	$ 18
KU	7	8	8
Total	$ 22	$ 25	$ 26

Legal Matters

(All Registrants)

PPL and its subsidiaries are involved in legal proceedings, claims and litigation in the ordinary course of business. PPL and its subsidiaries cannot predict the outcome of such matters, or whether such matters may result in material liabilities, unless otherwise noted.

WKE Indemnification *(PPL and LKE)*

See footnote (e) to the table in "Guarantees and Other Assurances" below for information on an LKE indemnity relating to its former WKE lease, including related legal proceedings.

(PPL, LKE, LG&E and KU)

Cane Run Environmental Claims

In December 2013, six residents, on behalf of themselves and others similarly situated, filed a class action complaint against LG&E and PPL in the U.S. District Court for the Western District of Kentucky alleging violations of the Clean Air Act and RCRA. In addition, these plaintiffs assert common law claims of nuisance, trespass and negligence. These plaintiffs seek injunctive relief and civil penalties, plus costs and attorney fees, for the alleged statutory violations. Under the common law claims, these plaintiffs seek monetary compensation and punitive damages for property damage and diminished property values for a class consisting of residents within four miles of the plant. In their individual capacities, these plaintiffs seek compensation for alleged adverse health effects. In response to a motion to dismiss filed by PPL and LG&E, in July 2014, the court dismissed the plaintiffs' RCRA claims and all but one Clean Air Act claim, but declined to dismiss their common law tort claims. Upon motion of LG&E and PPL, the district court certified for appellate review the issue of whether the state common law claims are preempted by federal statute. In December 2014, the U.S. Court of Appeals for the Sixth Circuit issued an order granting appellate review regarding the above matter. Oral argument before the Sixth Circuit was held in August 2015. In November 2015, the Sixth Circuit issued an opinion affirming the District Court's ruling that plaintiffs' state law claims are not preempted by the Clean Air Act and remanding the matter to the District Court for further proceedings. Certain discovery matters are currently before the District Court. PPL, LKE and LG&E cannot predict the outcome of this matter. LG&E retired one coal-fired unit at the Cane Run plant in March 2015 and the remaining two coal-fired units at the plant in June 2015.

Mill Creek Environmental Claims

In May 2014, the Sierra Club filed a citizen suit against LG&E in the U.S. District Court for the Western District of Kentucky for alleged violations of the Clean Water Act. The Sierra Club alleges that various discharges at the Mill Creek plant constitute violations of the plant's water discharge permit. The Sierra Club seeks civil penalties, injunctive relief, costs and attorney's fees. In August 2015, the Court denied cross-motions for summary judgment filed by both parties and directed the parties to proceed with discovery. Discovery proceedings are underway and the parties have also conducted limited settlement discussions in the matter. PPL, LKE and LG&E cannot predict the outcome of this matter or the potential impact on the operations of the Mill Creek plant, including increased capital or operating costs, if any, but believe the plant is operating in compliance with the permits.

E.W. Brown Environmental Claims

In October 2015, KU received a notice of intent from Earthjustice and the Sierra Club informing certain federal and state agencies of the Sierra Club's intent to file a citizen suit, following expiration of the mandatory 60-day notification period, for alleged violations of the Clean Water Act. The claimant alleges discharges at the E.W. Brown plant in violation of applicable rules and the plant's water discharge permit. The claimant asserts that, unless the alleged discharges are promptly brought into compliance, it intends to seek civil penalties, injunctive relief and attorney's fees. In November 2015, the claimants submitted an amended notice of intent to add the Kentucky Waterways Alliance as a claimant. The parties have conducted limited settlement discussions in the matter. PPL, LKE and KU cannot predict the outcome of this matter or the potential impact on the operations of the E. W. Brown plant, including increased capital or operating costs, if any.

Trimble County Unit 2 Air Permit

The Sierra Club and other environmental groups petitioned the Kentucky Environmental and Public Protection Cabinet to overturn the air permit issued for the Trimble County Unit 2 baseload coal-fired generating unit, but the agency upheld the permit in an order issued in September 2007. In response to subsequent petitions by environmental groups, the EPA ordered certain non-material changes to the permit which, in January 2010, were incorporated into a final revised permit issued by the Kentucky Division for Air Quality. In March 2010, the environmental groups petitioned the EPA to object to the revised state permit. Until the EPA issues a final ruling on the pending petition and all available appeals are exhausted, PPL, LKE, LG&E and KU cannot predict the outcome of this matter or the potential impact on the operations of the Trimble County plant, including increased capital or operating costs, if any.

Trimble County Water Discharge Permit

In May 2010, the Kentucky Waterways Alliance and other environmental groups filed a petition with the Kentucky Energy and Environment Cabinet (KEEC) challenging the Kentucky Pollutant Discharge Elimination System permit issued in April

2010, which covers water discharges from the Trimble County plant. In November 2010, the KEEC issued a final order upholding the permit which was subsequently appealed by the environmental groups. In September 2013, the Franklin Circuit Court reversed the KEEC order upholding the permit and remanded the permit to the agency for further proceedings. LG&E and the KEEC appealed the order to the Kentucky Court of Appeals. In July 2015, the Court of Appeals upheld the lower court ruling. LG&E and the KEEC have moved for discretionary review by the Kentucky Supreme Court. On February 10, 2016, the Kentucky Supreme Court issued an order granting discretionary review. PPL, LKE, LG&E and KU are unable to predict the outcome of this matter or the potential impact on the operations of the Trimble County plant, including increased capital or operating costs, if any.

Regulatory Issues *(All Registrants)*

See Note 6 for information on regulatory matters related to utility rate regulation.

<u>Electricity - Reliability Standards</u>

The NERC is responsible for establishing and enforcing mandatory reliability standards (Reliability Standards) regarding the bulk power system. The FERC oversees this process and independently enforces the Reliability Standards.

The Reliability Standards have the force and effect of law and apply to certain users of the bulk power electricity system, including electric utility companies, generators and marketers. Under the Federal Power Act, the FERC may assess civil penalties of up to $1 million per day, per violation, for certain violations.

PPL, LG&E, KU and PPL Electric monitor their compliance with the Reliability Standards and continue to self-report or self-log potential violations of certain applicable reliability requirements and submit accompanying mitigation plans, as required. The resolution of a small number of potential violations is pending. Any Regional Reliability Entity (including RFC or SERC) determination concerning the resolution of violations of the Reliability Standards remains subject to the approval of the NERC and the FERC.

In the course of implementing their programs to ensure compliance with the Reliability Standards by those PPL affiliates subject to the standards, certain other instances of potential non-compliance may be identified from time to time. The Registrants cannot predict the outcome of these matters, and cannot estimate a range of reasonably possible losses, if any.

Environmental Matters - Domestic

(All Registrants)

Due to the environmental issues discussed below or other environmental matters, it may be necessary for the Registrants to modify, curtail, replace or cease operation of certain facilities or performance of certain operations to comply with statutes, regulations and other requirements of regulatory bodies or courts. In addition, legal challenges to new environmental permits or rules add to the uncertainty of estimating the future cost of these permits and rules.

LG&E and KU are entitled to recover, through the ECR mechanism, certain costs of complying with the Clean Air Act, as amended, and those federal, state or local environmental requirements applicable to coal combustion wastes and by-products from facilities that generate electricity from coal in accordance with approved compliance plans. Costs not covered by the ECR mechanism for LG&E and KU and all such costs for PPL Electric are subject to rate recovery before the companies' respective state regulatory authorities, or the FERC, if applicable. Because PPL Electric does not own any generating plants, its exposure to related environmental compliance costs is reduced. PPL, PPL Electric, LKE, LG&E and KU can provide no assurances as to the ultimate outcome of future environmental or rate proceedings before regulatory authorities.

(PPL, LKE, LG&E and KU)

<u>Air</u>

The Clean Air Act, which regulates air pollutants from mobile and stationary sources, has a significant impact on the operation of fossil fuel plants. The Clean Air Act requires the EPA periodically to review and establish concentration levels in the ambient air for six criteria pollutants to protect public health and welfare. These concentration levels are known as NAAQS. The six criteria pollutants are carbon monoxide, lead, nitrogen dioxide, ozone, particulate matter and sulfur dioxide.

Federal environmental regulations of these criteria pollutants require states to adopt implementation plans, known as state implementation plans, for certain pollutants, which detail how the state will attain the standards that are mandated by the relevant law or regulation. Each state identifies the areas within its boundaries that meet the NAAQS (attainment areas) and those that do not (non-attainment areas), and must develop a state implementation plan both to bring non-attainment areas into compliance with the NAAQS and to maintain good air quality in attainment areas. In addition, for attainment of ozone and fine particulates standards, states in the eastern portion of the country, including Kentucky, are subject to a regional program developed by the EPA known as the Cross-State Air Pollution Rule. The NAAQS, future revisions to the NAAQS and state implementation plans implementing them, or future revisions to regional programs, may require installation of additional pollution controls, the costs of which PPL, LKE, LG&E and KU believe are subject to cost recovery.

Although PPL, LKE, LG&E and KU do not currently anticipate significant costs to comply with these programs, changes in market or operating conditions could result in different costs than anticipated.

National Ambient Air Quality Standards (NAAQS)

Under the Clean Air Act, the EPA is required to reassess the NAAQS for certain air pollutants on a five-year schedule. In 2008, the EPA revised the NAAQS for ozone and proposed to further strengthen the standard in November 2014. The EPA released a new ozone standard on October 1, 2015. The states and EPA will determine attainment with the new ozone standard through review of relevant ambient air monitoring data, with attainment or nonattainment designations scheduled no later than October 2017. States are also obligated to address interstate transport issues associated with new ozone standards through the establishment of "good neighbor" state implementation plans for those states that are found to contribute significantly to another states' non-attainment. States that are not in the ozone transport region, including Kentucky, are working together to evaluate further nitrogen oxide reductions from fossil-fueled plants with SCRs. The nature and timing of any additional reductions resulting from these evaluations cannot be predicted at this time.

In 2010, the EPA finalized revised NAAQS for sulfur dioxide and required states to identify areas that meet those standards and areas that are in "non-attainment". In July 2013, the EPA finalized non-attainment designations for parts of the country, including part of Jefferson County in Kentucky. Attainment must be achieved by 2018. PPL, LKE, LG&E and KU anticipate that certain previously required compliance measures, such as upgraded or new sulfur dioxide scrubbers at certain plants and the retirement of coal-fired generating units at LG&E's Cane Run plant and KU's Green River plant, will help to achieve compliance with the new sulfur dioxide and ozone standards. If additional reductions are required, the costs could be significant.

Mercury and Air Toxics Standards (MATS)

In February 2012, the EPA finalized the MATS rule requiring reductions of mercury and other hazardous air pollutants from fossil-fuel fired power plants, with an effective date of April 16, 2012. The MATS rule was challenged by industry groups and states and was upheld by the U.S. Court of Appeals for the D. C. Circuit Court (D.C. Circuit Court) in April 2014. A group of states subsequently petitioned the U.S. Supreme Court (Supreme Court) to review this decision and in June 2015, the Supreme Court held that the EPA failed to properly consider costs when deciding to regulate hazardous air emissions from power plants under MATS. The Court remanded the matter to the D.C. Circuit Court, which in December 2015 remanded the rule to EPA without vacating it. EPA has proposed a supplemental finding regarding costs of the rule and has announced that it intends to make a final determination in 2016. The EPA's MATS rule remains in effect during the pendency of the ongoing proceedings.

LG&E and KU have installed significant controls in connection with the MATS rule and in conjunction with compliance with other environmental requirements, including fabric-filter baghouses, upgraded scrubbers or chemical additive systems for which appropriate KPSC authorization and/or ECR treatment has been received. LG&E and KU are currently seeking KPSC approval for a compliance plan providing for installation of additional MATS-related controls, the cost of which is currently estimated at $5 million for LG&E and at $17 million for KU. PPL, LKE, LG&E and KU cannot predict the outcome of the MATS rule or its potential impact, if any, on plant operations, rate treatment or future capital or operating needs. See Note 6 for additional information.

New Source Review (NSR)

The NSR litigation brought by EPA, states and environmental groups against coal-fired generating plants in past years continues to proceed through the courts. Although none of this litigation directly involves PPL, LKE, LG&E or KU, it can influence the permitting of large capital projects at LG&E and KU's power plants, the costs of which cannot presently be determined but could be significant.

Climate Change

(All Registrants)

There is continuing momentum to address climate change. Most recently, in December 2015, 195 nations, including the U.S., signed the Paris Agreement on Climate which establishes a comprehensive framework for the reduction of GHG emissions from both developed and developing nations. Although the agreement does not establish binding reduction requirements, it requires each nation to prepare, communicate, and maintain GHG reduction commitments. Based on EPA's Clean Power Plan described below, the U.S. has committed to an initial reduction target of 26% to 28% below 2005 levels by 2025.

The EPA's Rules under Section 111 of the Clean Air Act

As further described below, the EPA finalized rules imposing greenhouse gas emission standards for both new and existing power plants. The EPA has also issued a proposed federal implementation plan that would apply to any states that fail to submit an acceptable state implementation plan under these rules. The EPA's authority to promulgate these regulations under Section 111 of the Clean Air Act has been challenged in the D.C. Circuit Court by several states and industry groups. On February 9, 2016, the Supreme Court stayed the rule for existing plants (the Clean Power Plan) pending the D.C. Circuit Court's review and subsequent review by the Supreme Court if a writ of certiorari is filed and granted.

The EPA's rule for new power plants imposes separate emission standards for coal and natural gas units based on the application of different technologies. The coal standard is based on the application of partial carbon capture and sequestration technology, but because this technology is not presently commercially available, the rule effectively precludes the construction of new coal-fired plants. The standard for NGCC power plants is the same as the EPA proposed in 2012 and is not continuously achievable. The preclusion of new coal-fired plants and the compliance difficulties posed for new natural gas-fired plants could have a significant industry-wide impact.

The EPA's Clean Power Plan

The EPA's rule for existing power plants, referred to as the Clean Power Plan, was published in the Federal Register in October 2015. The Clean Power Plan contains state-specific rate-based and mass-based reduction goals and guidelines for the development, submission and implementation of state implementation plans to achieve the state goals. State-specific goals were calculated from 2012 data by applying EPA's broad interpretation and definition of the BSER, resulting in the most stringent targets to be met in 2030, with interim targets to be met beginning in 2022. The EPA believes it has offered some flexibility to the states as to how their compliance plans can be crafted, including the option to use a rate-based approach (limit emissions per megawatt hour) or a mass-based approach (limit total tons of emissions per year), and the option to demonstrate compliance through emissions trading and multi-state collaborations. Under the rate-based approach, Kentucky would need to make a 41% reduction from its 2012 emissions rate and under a mass-based approach it would need to make a 36% reduction. These reductions are significantly greater than initially proposed and present significant challenges to the state. If the Clean Power Plan is ultimately upheld and Kentucky fails to develop an approvable implementation plan by the applicable deadline, the EPA would impose a federal implementation plan that could be more stringent than what the state plan might provide. Depending on the provisions of the Kentucky implementation plan, LG&E and KU may need to modify their current portfolio of generating assets during the next decade and/or participate in an allowance trading program.

LG&E and KU are participating in the ongoing regulatory processes at the state and federal level in an effort to provide input into the state or federal implementation plan that will govern reductions in Kentucky. Various states, industry groups, and individual companies including LKE have filed petitions for reconsideration with EPA and petitions for review with the D.C. Circuit Court challenging the Clean Power Plan. PPL, LKE, LG&E and KU cannot predict the outcome of this matter or the potential impact, if any, on plant operations, or future capital or operating needs. PPL, LKE, LG&E and KU believe that the costs, which could be significant, would be subject to cost recovery.

In April 2014, the Kentucky General Assembly passed legislation which limits the measures that the Kentucky Energy and Environment Cabinet may consider in setting performance standards to comply with the EPA's regulations governing GHG emissions from existing sources. The legislation provides that such state GHG performance standards shall be based on emission reductions, efficiency measures, and other improvements available at each power plant, rather than renewable energy, end-use energy efficiency, fuel switching and re-dispatch. These statutory restrictions may make it more difficult for Kentucky to achieve the GHG reduction levels that the EPA has established for Kentucky.

Water/Waste

Coal Combustion Residuals (CCRs)

On April 17, 2015, the EPA published its final rule regulating CCRs. CCRs include fly ash, bottom ash and sulfur dioxide scrubber wastes. The rule became effective on October 19, 2015. It imposes extensive new requirements, including location restrictions, design and operating standards, groundwater monitoring and corrective action requirements, and closure and post-closure care requirements on CCR impoundments and landfills that are located on active power plants and not closed. Under the rule, the EPA will regulate CCRs as non-hazardous under Subtitle D of RCRA and allow beneficial use of CCRs, with some restrictions. The rule's requirements for covered CCR impoundments and landfills include implementation of groundwater monitoring and commencement or completion of closure activities generally between three and ten years from certain triggering events. This self-implementing rule requires posting of compliance documentation on a publicly accessible website and is enforceable solely through citizen suits. LG&E and KU are also subject to state rules applicable to CCR management which may potentially be modified to reflect some or all requirements of the federal rule.

LG&E and KU are currently pursuing KPSC approval for a compliance plan providing for construction of additional landfill capacity at the Brown Station, closure of impoundments at the Mill Creek, Trimble County, Brown, and Ghent stations, and construction of process water management facilities at those plants. In addition to the foregoing measures required for compliance with federal CCR rule requirements, LG&E and KU are also proposing to close impoundments at the retired Green River, Pineville, and Tyrone plants to comply with applicable state law requirements. PPL, LKE, LG&E, and KU currently estimate the cost of these CCR compliance measures at $311 million for LG&E and $661 million for KU. See Note 6 for additional information.

In connection with the final CCR rule, LG&E and KU recorded increases to existing AROs during 2015. See Note 19 for additional information. Further increases to AROs or changes to current capital plans or to operating costs may be required as estimates are refined based on closure developments, groundwater monitoring results, and regulatory or legal proceedings. Costs relating to this rule are subject to rate recovery.

Clean Water Act

Regulations under the federal Clean Water Act dictate permitting and mitigation requirements for many of LG&E's and KU's construction projects. Many of those requirements relate to power plant operations, including requirements related to the treatment of pollutants in effluents prior to discharge, the temperature of effluent discharges and the location, design and construction of cooling water intake structures at generating facilities, standards intended to protect aquatic organisms by reducing capture in the screens attached to cooling water intake structures (impingement) at generating facilities and the water volume brought into the facilities (entrainment). The requirements could impose significant costs which are subject to rate recovery.

Effluent Limitations Guidelines (ELGs)

On September 30, 2015, the EPA released its final effluent limitations guidelines for wastewater discharge permits for new and existing steam electric generating facilities. The rule provides strict technology-based discharge limitations for control of pollutants in scrubber wastewater, fly ash and bottom ash transport water, mercury control wastewater, gasification wastewater, and combustion residual leachate. The new guidelines require deployment of additional control technologies providing physical, chemical, and biological treatment of wastewaters. The guidelines also mandate operational changes including "no discharge" requirements for fly ash and bottom ash transport waters and mercury control wastewaters. The implementation date for individual generating stations will be determined by the states on a case-by-case basis according to criteria provided by the EPA, but the requirements of the rule must be fully implemented no later than 2023. It has not been decided how Kentucky intends to integrate the ELGs into its routine permit renewal process. LG&E and KU continue to assess the requirements of this complex rule to determine available compliance strategies. PPL, LKE, LG&E and KU are unable to fully estimate compliance costs or timing at this time although certain preliminary estimates are included in current capital forecasts, for applicable periods. Costs to comply with ELGs or other discharge limits, which are expected to be significant, are subject to rate recovery.

(PPL, LKE and LG&E)

Clean Water Act Section 316(b)

The EPA's final 316(b) rule for existing facilities became effective in October 2014, and regulates cooling water intake structures and their impact on aquatic organisms. States are allowed broad discretion to make site-specific determinations under the rule. The rule requires existing facilities to choose between several options to reduce the impact to aquatic organisms that become trapped against water intake screens (impingement) and to determine the intake structure's impact on aquatic organisms pulled through a plant's cooling water system (entrainment). Plants equipped with closed-cycle cooling, an acceptable option, would likely not incur substantial costs. Once-through systems would likely require additional technology to comply with the rule. Mill Creek Unit 1 is the only unit expected to be impacted. PPL, LKE, and LG&E are evaluating compliance strategies but do not presently expect the compliance costs, which are subject to rate recovery, to be significant.

(All Registrants)

Waters of the United States (WOTUS)

The U.S. Court of Appeals for the Sixth Circuit has issued a stay of EPA's rule on the definition of WOTUS pending the court's review of the rule. The effect of the stay is that the WOTUS rule is not currently in effect anywhere in the United States. The ultimate outcome of the court's review of the rule remains uncertain. The Registrants do not expect the rule to have a significant impact on their operations.

Other Issues

The EPA is reassessing its polychlorinated biphenyls (PCB) regulations under the Toxic Substance Control Act, which currently allow certain PCB articles to remain in use. In April 2010, the EPA issued an Advanced Notice of Proposed Rulemaking for changes to these regulations. This rulemaking could lead to a phase-out of all or some PCB-containing equipment. The EPA has postponed the release of the revised regulations to March 2016. The Registrants cannot predict at this time the outcome of these proposed EPA regulations and what impact, if any, they would have on their facilities, but the costs could be significant.

Superfund and Other Remediation *(All Registrants)*

PPL Electric is potentially responsible for costs at several sites listed by the EPA under the federal Superfund program, including the Columbia Gas Plant site, the Metal Bank site and the Brodhead site. Clean-up actions have been or are being undertaken at all of these sites, the costs of which have not been significant to PPL Electric. Should the EPA require different or additional measures in the future, however, or should PPL Electric's share of costs at multi-party sites increase substantially more than currently expected, the costs could be significant.

PPL Electric, LG&E and KU are investigating, responding to agency inquiries, remediating, or have completed the remediation of, several sites that were not addressed under a regulatory program such as Superfund, but for which PPL Electric, LG&E and KU may be liable for remediation. These include a number of former coal gas manufacturing plants in Pennsylvania and Kentucky previously owned or operated or currently owned by predecessors or affiliates of PPL Electric, LG&E and KU. To date, the costs of these sites have not been significant.

There are additional sites, formerly owned or operated by PPL Electric, LG&E and KU predecessors or affiliates. LG&E and KU lack information on the conditions of such additional sites and are therefore unable to estimate any potential liability they may have or a range of reasonably possible losses, if any, related to these matters. At December 31, 2015, PPL Electric has accrued $10 million representing its best estimate of the probable loss incurred to remediate additional sites previously owned or operated by PPL Electric predecessors or affiliates. Depending on the outcome of investigations at sites where investigations have not begun or been completed or developments at sites for which information is incomplete, the costs of remediation and other liabilities could be significant and may be as much as $29 million.

The EPA is evaluating the risks associated with polycyclic aromatic hydrocarbons and naphthalene, chemical by-products of coal gas manufacturing. As a result of the EPA's evaluation, individual states may establish stricter standards for water quality and soil cleanup. This could require several PPL subsidiaries to take more extensive assessment and remedial actions at former coal gas manufacturing plants. PPL, PPL Electric, LKE, LG&E and KU cannot estimate a range of reasonably possible losses, if any, related to these matters.

From time to time, PPL's subsidiaries undertake remedial action in response to notices of violations, spills or other releases at various on-site and off-site locations, negotiate with the EPA and state and local agencies regarding actions necessary for compliance with applicable requirements, negotiate with property owners and other third parties alleging impacts from PPL's operations and undertake similar actions necessary to resolve environmental matters that arise in the course of normal operations. Based on analyses to date, resolution of these environmental matters is not expected to have a significant adverse impact on the operations of PPL Electric, LG&E and KU.

Future cleanup or remediation work at sites currently under review, or at sites not currently identified, may result in significant additional costs for PPL, PPL Electric, LKE, LG&E and KU. Insurance policies maintained by LKE, LG&E and KU may be applicable to certain of the costs or other obligations related to these matters but the amount of insurance coverage or reimbursement cannot be estimated or assured.

Environmental Matters - WPD *(PPL)*

WPD's distribution businesses are subject to environmental regulatory and statutory requirements. PPL believes that WPD has taken and continues to take measures to comply with the applicable laws and governmental regulations for the protection of the environment.

Other

Guarantees and Other Assurances

(All Registrants)

In the normal course of business, the Registrants enter into agreements that provide financial performance assurance to third parties on behalf of certain subsidiaries. Such agreements include, for example, guarantees, stand-by letters of credit issued by financial institutions and surety bonds issued by insurance companies. These agreements are entered into primarily to support or enhance the creditworthiness attributed to a subsidiary on a stand-alone basis or to facilitate the commercial activities in which these subsidiaries engage.

(PPL)

PPL fully and unconditionally guarantees all of the debt securities of PPL Capital Funding.

(All Registrants)

The table below details guarantees provided as of December 31, 2015. "Exposure" represents the estimated maximum potential amount of future payments that could be required to be made under the guarantee. The probability of expected payment/performance under each of these guarantees is remote except for "WPD guarantee of pension and other obligations of unconsolidated entities" and "Indemnification of lease termination and other divestitures." The total recorded liability at December 31, 2015 was $25 million for PPL and $18 million for LKE. The total recorded liability at December 31, 2014 was $26 million for PPL and $19 million for LKE. For reporting purposes, on a consolidated basis, all guarantees of PPL Electric, LKE, LG&E and KU also apply to PPL, and all guarantees of LG&E and KU also apply to LKE.

	Exposure at December 31, 2015	Expiration Date
PPL		
Indemnifications related to the WPD Midlands acquisition	(a)	
WPD indemnifications for entities in liquidation and sales of assets	$ 11 (b)	2019
WPD guarantee of pension and other obligations of unconsolidated entities	114 (c)	
PPL Electric		
Guarantee of inventory value	29 (d)	2018
LKE		
Indemnification of lease termination and other divestitures	301 (e)	2021 - 2023
LG&E and KU		
LG&E and KU guarantee of shortfall related to OVEC	(f)	

(a) Indemnifications related to certain liabilities, including a specific unresolved tax issue and those relating to properties and assets owned by the seller that were transferred to WPD Midlands in connection with the acquisition. A cross indemnity has been received from the seller on the tax issue. The maximum exposure and expiration of these indemnifications cannot be estimated because the maximum potential liability is not capped and the expiration date is not specified in the transaction documents.
(b) Indemnification to the liquidators and certain others for existing liabilities or expenses or liabilities arising during the liquidation process. The indemnifications are limited to distributions made from the subsidiary to its parent either prior or subsequent to liquidation or are not explicitly stated in the agreements. The indemnifications generally expire two to seven years subsequent to the date of dissolution of the entities. The exposure noted only includes those cases where the agreements provide for specific limits.

In connection with their sales of various businesses, WPD and its affiliates have provided the purchasers with indemnifications that are standard for such transactions, including indemnifications for certain pre-existing liabilities and environmental and tax matters or have agreed to continue their obligations under existing third-party guarantees, either for a set period of time following the transactions or upon the condition that the purchasers make reasonable efforts to terminate the guarantees. Finally, WPD and its affiliates remain secondarily responsible for lease payments under certain leases that they have assigned to third parties.
(c) Relates to certain obligations of discontinued or modified electric associations that were guaranteed at the time of privatization by the participating members. Costs are allocated to the members and can be reallocated if an existing member becomes insolvent. At December 31, 2015, WPD has recorded an estimated discounted liability for which the expected payment/performance is probable. Neither the expiration date nor the maximum amount of potential payments for certain obligations is explicitly stated in the related agreements, and as a result, the exposure has been estimated.
(d) A third party logistics firm provides inventory procurement and fulfillment services. The logistics firm has title to the inventory, however, upon termination of the contracts, PPL Electric has guaranteed to purchase any remaining inventory that has not been used or sold.
(e) LKE provides certain indemnifications covering the due and punctual payment, performance and discharge by each party of its respective obligations. The most comprehensive of these guarantees is the LKE guarantee covering operational, regulatory and environmental commitments and indemnifications made by WKE under a 2009 Transaction Termination Agreement. This guarantee has a term of 12 years ending July 2021, and a maximum exposure of $200 million, exclusive of certain items such as government fines and penalties that fall outside the cap. Another WKE-related LKE guarantee covers other indemnifications related to the purchase price of excess power, has a term expiring in 2023, and a maximum exposure of $100 million. In May 2012, LKE's indemnitee received an unfavorable arbitration panel's decision interpreting this matter. In October 2014, LKE's indemnitee filed a motion for discretionary review with the Kentucky Supreme Court seeking to overturn the arbitration decision, and such motion was denied by the court in September 2015. In September 2015, the counterparty issued a demand letter to LKE's indemnitee. In February 2016, the counterparty filed a complaint in Henderson, Kentucky Circuit Court, seeking an award of damages in the matter. LKE does not believe appropriate contractual, legal or commercial grounds exist for the claims made and has disputed the demands. LKE believes its indemnification obligations in the WKE matter remain subject to various uncertainties, including additional legal and contractual developments, as well as future prices, availability and demand for the subject excess power. The parties are conducting preliminary settlement discussions, however, the ultimate outcomes of the WKE termination-related indemnifications cannot be predicted at this time. Additionally, LKE has indemnified various third parties related to historical obligations for other divested subsidiaries and affiliates. The indemnifications vary by entity and the maximum exposures range from being capped at the sale price to no specified maximum; LKE could be required to perform on these indemnifications in the event of covered losses or liabilities being claimed by an indemnified party. LKE cannot predict the ultimate outcomes of the indemnification circumstances, but does not currently expect such outcomes to result in significant losses above the amounts recorded.
(f) Pursuant to the OVEC power purchase contract, LG&E and KU are obligated to pay for their share of OVEC's excess debt service, post-retirement and decommissioning costs, as well as any shortfall from amounts currently included within a demand charge designed and currently expected to cover these costs over the term of the contract. LKE's proportionate share of OVEC's outstanding debt was $124 million at December 31, 2015, consisting of LG&E's share of $86 million and KU's share of $38 million. The maximum exposure and the expiration date of these potential obligations are not presently determinable. See "Energy Purchase Commitments" above for additional information on the OVEC power purchase contract.

The Registrants provide other miscellaneous guarantees through contracts entered into in the normal course of business. These guarantees are primarily in the form of indemnification or warranties related to services or equipment and vary in duration. The amounts of these guarantees often are not explicitly stated, and the overall maximum amount of the obligation under such guarantees cannot be reasonably estimated. Historically, no significant payments have been made with respect to these types of guarantees and the probability of payment/performance under these guarantees is remote.

PPL, on behalf of itself and certain of its subsidiaries, maintains insurance that covers liability assumed under contract for bodily injury and property damage. The coverage provides maximum aggregate coverage of $225 million. This insurance may be applicable to obligations under certain of these contractual arrangements.

14. Related Party Transactions

PLR Contracts/Purchase of Accounts Receivable *(PPL Electric)*

PPL Electric holds competitive solicitations for PLR generation supply. PPL EnergyPlus was awarded a portion of the PLR generation supply through these competitive solicitations. The purchases from PPL EnergyPlus are included in PPL Electric's Statements of Income as "Energy purchases from affiliate" through May 31, 2015, the period through 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 included as purchases from an unaffiliated third party.

Under the standard Default Service Supply Master Agreement for the solicitation process, PPL Electric requires all suppliers to post collateral once credit exposures exceed defined credit limits. Wholesale suppliers are required to post collateral with PPL Electric when: (a) the market price of electricity to be delivered by the wholesale suppliers exceeds the contract price for the forecasted quantity of electricity to be delivered; and (b) this market price exposure exceeds a contractual credit limit. In no instance is PPL Electric required to post collateral to suppliers under these supply contracts.

PPL Electric's customers may choose an alternative supplier for their generation supply. See Note 1 for additional information regarding PPL Electric's purchases of accounts receivable from alternative suppliers, including Talen Energy Marketing. See Note 8 for additional information regarding the spinoff of PPL Energy Supply.

Wholesale Sales and Purchases *(LG&E and KU)*

LG&E and KU jointly dispatch their generation units with the lowest cost generation used to serve their retail customers. When LG&E has excess generation capacity after serving its own retail customers and its generation cost is lower than that of KU, KU purchases electricity from LG&E. When KU has excess generation capacity after serving its own retail customers and its generation cost is lower than that of LG&E, LG&E purchases electricity from KU. These transactions are reflected in the Statements of Income as "Electric revenue from affiliate" and "Energy purchases from affiliate" and are recorded at a price equal to the seller's fuel cost plus any split savings. Savings realized from such intercompany transactions are shared equally between both companies. The volume of energy each company has to sell to the other is dependent on its retail customers' needs and its available generation.

Support Costs *(PPL Electric, LKE, LG&E and KU)*

PPL Services and LKS provide PPL and LKE subsidiaries with administrative, management and support services. In 2015, PPL EU Services was formed to provide the majority of financial, supply chain, human resources and facilities management services primarily to PPL Electric. PPL Services will continue to provide certain corporate functions. For all service companies, the costs of these services are charged to the recipients as direct support costs. General costs that cannot be directly attributed to a specific entity are allocated and charged to the recipients as indirect support costs. PPL Services and PPL EU Services use a three-factor methodology that includes the applicable recipients' invested capital, operation and maintenance expenses and number of employees to allocate indirect costs. LKS bases its indirect allocations on the subsidiaries' number of employees, total assets, revenues, number of customers and/or other statistical information. PPL Services, PPL EU Services and LKS charged the following amounts for the years ended December 31, including amounts applied to accounts that are further distributed between capital and expense on the books of the recipients, based on methods that are believed to be reasonable.

	2015	2014	2013
PPL Electric from PPL Services	$ 125	$ 151	$ 146
LKE from PPL Services	16	15	15
PPL Electric from PPL EU Services	60		
LG&E from LKS	155	140	136
KU from LKS	185	165	160

In addition to the charges for services noted above, LKS makes payments on behalf of LG&E and KU for fuel purchases and other costs for products or services provided by third parties. LG&E and KU also provide services to each other and to LKS. Billings between LG&E and KU relate to labor and overheads associated with union and hourly employees performing work for the other company, charges related to jointly-owned generating units and other miscellaneous charges. Tax settlements between LKE and LG&E and KU are reimbursed through LKS.

Intercompany Borrowings *(LKE)*

LKE maintains a $225 million revolving line of credit with a PPL Energy Funding subsidiary whereby LKE can borrow funds on a short-term basis at market-based rates. The interest rates on borrowings are equal to one-month LIBOR plus a spread. At December 31, 2015 and 2014, $54 million and $41 million, respectively, was outstanding and reflected in "Notes payable with affiliates" on the Balance Sheet. The interest rate on the outstanding borrowing at December 31, 2015 was 1.74% and 1.65% at December 31, 2014. Interest expense on the revolving line of credit was not significant for 2015, 2014 or 2013.

LKE maintains an agreement with a PPL affiliate that has a $300 million borrowing limit whereby LKE can loan funds on a short-term basis at market-based rates. No balance was outstanding at December 31, 2015 and 2014. The interest rate on the loan based on the PPL affiliate's credit rating is currently equal to one-month LIBOR plus a spread. Interest income on this note was not significant for 2015, 2014 or 2013.

LKE entered into a $400 million ten-year-note with PPL Capital Funding in November 2015. The proceeds were used to pay off an LKE senior unsecured note of the same amount maturing in November 2015. The interest rate on the note is equal to 3.5% with interest payments due in May and November. At December 31, 2015, the note was reflected in "Long-term debt to affiliate" on the Balance Sheet. Interest expense on this note was not significant for 2015.

Intercompany Derivatives *(LKE, LG&E and KU)*

Periodically, LG&E and KU enter into forward-starting interest rate swaps with PPL. These hedging instruments have terms identical to forward-starting swaps entered into by PPL with third parties. See Note 17 for additional information on intercompany derivatives.

Other *(PPL Electric, LKE, LG&E and KU)*

See Note 1 for discussions regarding the intercompany tax sharing agreement (for PPL Electric, LKE, LG&E and KU) and intercompany allocations of stock-based compensation expense (for PPL Electric and LKE). For PPL Electric, LG&E and KU, see Note 11 for discussions regarding intercompany allocations associated with defined benefits.

15. Other Income (Expense) - net

(PPL)

The breakdown of "Other Income (Expense) - net" for the years ended December 31 was:

	PPL		
	2015	2014	2013
Other Income			
Interest income	$ 4	$ 1	
AFUDC - equity component	14	11	$ 10
Miscellaneous	6	7	4
Total Other Income	24	19	14
Other Expense			
Economic foreign currency exchange contracts (Note 17)	(122)	(121)	38
Charitable contributions	21	27	21
Miscellaneous	17	8	10
Total Other Expense	(84)	(86)	69
Other Income (Expense) - net	$ 108	$ 105	$ (55)

16. Fair Value Measurements

(All Registrants)

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). A market approach (generally, data from market transactions), an income approach (generally, present value techniques and option-pricing models), and/or a cost approach (generally, replacement cost) are used to measure the fair value of an asset or liability, as appropriate. These valuation approaches incorporate inputs such as observable, independent market data and/or unobservable data that management believes are predicated on the assumptions market participants would use to price an asset or liability. These inputs may incorporate, as applicable, certain risks such as nonperformance risk, which includes credit risk. The fair value of a group of financial assets and liabilities is measured on a net basis. Transfers between levels are recognized at end-of-reporting-period values. During 2015 and 2014, there were no transfers between Level 1 and Level 2. See Note 1 for information on the levels in the fair value hierarchy.

Recurring Fair Value Measurements

The assets and liabilities measured at fair value were:

	December 31, 2015				December 31, 2014			
	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3
PPL								
Assets								
Cash and cash equivalents	$ 836	$ 836			$ 1,399	$ 1,399		
Short-term investments					120	120		
Restricted cash and cash equivalents (a)	33	33			31	31		
Price risk management assets (b):								
Foreign currency contracts	209		$ 209		130		$ 130	
Cross-currency swaps	86		86		29		28	$ 1
Total price risk management assets	295		295		159		158	1
Auction rate securities (c)	2			$ 2	2			2
Total assets	$ 1,166	$ 869	$ 295	$ 2	$ 1,711	$ 1,550	$ 158	$ 3
Liabilities								
Price risk management liabilities (b):								
Interest rate swaps	$ 71		$ 71		$ 156		$ 156	
Foreign currency contracts	1		1		2		2	
Cross-currency swaps					3		3	
Total price risk management liabilities	$ 72		$ 72		$ 161		$ 161	
PPL Electric								
Assets								
Cash and cash equivalents	$ 47	$ 47			$ 214	$ 214		
Restricted cash and cash equivalents (a)	2	2			3	3		
Total assets	$ 49	$ 49			$ 217	$ 217		
LKE								
Assets								
Cash and cash equivalents	$ 30	$ 30			$ 21	$ 21		
Cash collateral posted to counterparties (d)	9	9			21	21		
Total assets	$ 39	$ 39			$ 42	$ 42		
Liabilities								
Price risk management liabilities:								
Interest rate swaps	$ 47		$ 47		$ 114		$ 114	
Total price risk management liabilities	$ 47		$ 47		$ 114		$ 114	
LG&E								
Assets								
Cash and cash equivalents	$ 19	$ 19			$ 10	$ 10		
Cash collateral posted to counterparties (d)	9	9			21	21		
Total assets	$ 28	$ 28			$ 31	$ 31		
Liabilities								
Price risk management liabilities:								
Interest rate swaps	$ 47		$ 47		$ 81		$ 81	
Total price risk management liabilities	$ 47		$ 47		$ 81		$ 81	
KU								
Assets								
Cash and cash equivalents	$ 11	$ 11			$ 11	$ 11		
Total assets	$ 11	$ 11			$ 11	$ 11		
Liabilities								
Price risk management liabilities:								
Interest rate swaps					$ 33		$ 33	
Total price risk management liabilities					$ 33		$ 33	

(a) Current portion is included in "Other current assets" and long-term portion is included in "Other noncurrent assets" on the Balance Sheets.
(b) Included in "Price risk management assets", "Other current liabilities", "Other noncurrent assets" and "Other deferred credits and noncurrent liabilities" on the Balance Sheets.
(c) Included in "Other current assets" on the Balance Sheets.
(d) Included in "Other noncurrent assets" on the Balance Sheets. Represents cash collateral posted to offset the exposure with counterparties related to certain interest rate swaps under master netting arrangements that are not offset.

Price Risk Management Assets/Liabilities - Interest Rate Swaps/Foreign Currency Contracts/Cross-Currency Swaps *(PPL, LKE, LG&E and KU)*

To manage interest rate risk, PPL, LKE, LG&E and KU use interest rate contracts such as forward-starting swaps, floating-to-fixed swaps and fixed-to-floating swaps. To manage foreign currency exchange risk, PPL uses foreign currency contracts such as forwards, options, and cross-currency swaps that contain characteristics of both interest rate and foreign currency contracts. An income approach is used to measure the fair value of these contracts, utilizing readily observable inputs, such as forward interest rates (e.g., LIBOR and government security rates) and forward foreign currency exchange rates (e.g., GBP), as well as inputs that may not be observable, such as credit valuation adjustments. In certain cases, market information cannot practicably be obtained to value credit risk and therefore internal models are relied upon. These models use projected probabilities of default and estimated recovery rates based on historical observances. When the credit valuation adjustment is significant to the overall valuation, the contracts are classified as Level 3.

Nonrecurring Fair Value Measurements

See Note 8 for information regarding the estimated fair value of the Supply segment's net assets as of the June 1, 2015 spinoff date.

Financial Instruments Not Recorded at Fair Value *(All Registrants)*

The carrying amounts of long-term debt on the Balance Sheets and their estimated fair values are set forth below, excluding long-term debt of discontinued operations at December 31, 2014. The fair values were estimated using an income approach by discounting future cash flows at estimated current cost of funding rates, which incorporate the credit risk of the Registrants. Long-term debt is classified as Level 2. The effect of third-party credit enhancements is not included in the fair value measurement.

	December 31, 2015		December 31, 2014	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
PPL	$ 19,048	$ 21,218	$ 18,054	$ 20,466
PPL Electric	2,828	3,088	2,581	2,990
LKE	5,088	5,384	4,543	4,946
LG&E	1,642	1,704	1,345	1,455
KU	2,326	2,467	2,079	2,313

The carrying value of short-term debt (including notes between affiliates), when outstanding, approximates fair value due to the variable interest rates associated with the short-term debt and is classified as Level 2.

17. Derivative Instruments and Hedging Activities

Risk Management Objectives

(All Registrants)

PPL has a risk management policy approved by the Board of Directors to manage market risk associated with commodities, interest rates on debt issuances and foreign exchange (including price, liquidity and volumetric risk) and credit risk (including non-performance risk and payment default risk). The Risk Management Committee, comprised of senior management and chaired by the Chief Risk Officer, oversees the risk management function. Key risk control activities designed to ensure compliance with the risk policy and detailed programs include, but are not limited to, credit review and approval, validation of transactions, verification of risk and transaction limits, value-at-risk analyses (VaR, 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) and the coordination and reporting of the Enterprise Risk Management program.

Market Risk

Market risk includes the potential loss that may be incurred as a result of price changes associated with a particular financial or commodity instrument as well as market liquidity and volumetric risks. Forward contracts, futures contracts, options, swaps and structured transactions are utilized as part of risk management strategies to minimize unanticipated fluctuations in earnings caused by changes in commodity prices, volumes of full-requirement sales contracts, interest rates and foreign currency exchange rates. Many of the contracts meet the definition of a derivative. All derivatives are recognized on the Balance Sheets at their fair value, unless NPNS is elected.

The following summarizes the market risks that affect PPL and its subsidiaries.

Interest rate risk

- PPL and its subsidiaries are exposed to interest rate risk associated with forecasted fixed-rate and existing floating-rate debt issuances. PPL and WPD hold over-the-counter cross currency swaps to limit exposure to market fluctuations on interest and principal payments from changes in foreign currency exchange rates and interest rates. LG&E utilizes over-the-counter interest rate swaps to limit exposure to market fluctuations on floating-rate debt. PPL, LG&E and KU utilize forward starting interest rate swaps to hedge changes in benchmark interest rates, when appropriate, in connection with future debt issuances.

- PPL and its subsidiaries are exposed to interest rate risk associated with debt securities and derivatives held by defined benefit plans. This risk is significantly mitigated to the extent that the plans are sponsored at, or sponsored on behalf of, the regulated domestic utilities and for certain plans at WPD due to the recovery mechanisms in place.

Foreign currency risk

- PPL is exposed to foreign currency exchange risk primarily associated with its investments in and earnings of U.K. affiliates.

Commodity price risk

- PPL is exposed to commodity price risk through its domestic subsidiaries as described below. WPD is exposed to volumetric risk which is significantly mitigated as a result of the method of regulation in the U.K.

- PPL Electric is exposed to commodity price risk from its obligation as PLR; however, its PUC-approved cost recovery mechanism substantially eliminates its exposure to this risk. PPL Electric also mitigates its exposure to volumetric risk by entering into full-requirement supply agreements to serve its PLR customers. These supply agreements transfer the volumetric risk associated with the PLR obligation to the energy suppliers.

- LG&E's and KU's rates include certain mechanisms for fuel and fuel-related expenses. In addition, LG&E's rates include certain mechanisms for natural gas supply. These mechanisms generally provide for timely recovery of market price and volumetric fluctuations associated with these expenses.

Equity securities price risk

- PPL and its subsidiaries are exposed to equity securities price risk associated with defined benefit plans. This risk is significantly mitigated at the regulated domestic utilities and for certain plans at WPD due to the recovery mechanisms in place.

- PPL is exposed to equity securities price risk from future stock sales and/or purchases.

Credit Risk

Credit risk is the potential loss that may be incurred due to a counterparty's non-performance.

PPL is exposed to credit risk from "in-the-money" interest rate and foreign currency derivatives with financial institutions, as well as additional credit risk through certain of its subsidiaries, as discussed below.

In the event a supplier of LKE (through its subsidiaries LG&E and KU) or PPL Electric defaults on its obligation, those entities would be required to seek replacement power or replacement fuel in the market. In general, subject to regulatory review or other processes, appropriate incremental costs incurred by these entities would be recoverable from customers through applicable rate mechanisms, thus mitigating the financial risk for these entities.

PPL and its subsidiaries have credit policies in place to manage credit risk, including the use of an established credit approval process, daily monitoring of counterparty positions and the use of master netting agreements or provisions. These agreements generally include credit mitigation provisions, such as margin, prepayment or collateral requirements. PPL and its subsidiaries may request additional credit assurance, in certain circumstances, in the event that the counterparties' credit ratings fall below investment grade, their tangible net worth falls below specified percentages or their exposures exceed an established credit limit.

Master Netting Arrangements

Net derivative positions on the balance sheets are not offset against the right to reclaim cash collateral (a receivable) or the obligation to return cash collateral (a payable) under master netting arrangements.

PPL, LKE, LG&E and KU had no obligation to return cash collateral under master netting arrangements at December 31, 2015 and 2014.

PPL, LKE and LG&E posted $9 million and $21 million of cash collateral under master netting arrangements at December 31, 2015 and 2014.

KU did not post any cash collateral under master netting arrangements at December 31, 2015 and 2014.

See "Offsetting Derivative Instruments" below for a summary of derivative positions presented in the balance sheets where a right of setoff exists under these arrangements.

Interest Rate Risk

(All Registrants)

PPL and its subsidiaries issue debt to finance their operations, which exposes them to interest rate risk. Various financial derivative instruments are utilized to adjust the mix of fixed and floating interest rates in their debt portfolio, adjust the duration of the debt portfolio and lock in benchmark interest rates in anticipation of future financing, when appropriate. Risk limits under PPL's risk management program are designed to balance risk exposure to volatility in interest expense and changes in the fair value of the debt portfolio due to changes in benchmark interest rates.

Cash Flow Hedges

(PPL)

Interest rate risks include exposure to adverse interest rate movements for outstanding variable rate debt and for future anticipated financings. Financial interest rate swap contracts that qualify as cash flow hedges may be entered into to hedge floating interest rate risk associated with both existing and anticipated debt issuances. At December 31, 2015, PPL held an aggregate notional value in interest rate swap contracts of $300 million that range in maturity through 2026.

At December 31, 2015, PPL held an aggregate notional value in cross-currency interest rate swap contracts of $1.3 billion that range in maturity from 2016 through 2028 to hedge the interest payments and principal of WPD's U.S. dollar-denominated senior notes.

For 2015, 2014 and 2013, hedge ineffectiveness associated with interest rate derivatives was insignificant.

Cash flow hedges are discontinued if it is no longer probable that the original forecasted transaction will occur by the end of the originally specified time period and any amounts previously recorded in AOCI are reclassified into earnings once it is determined that the hedged transaction is not probable of occurring.

As a result of the June 1, 2015 spinoff of PPL Energy Supply, all PPL cash flow hedges associated with PPL Energy Supply were ineffective and discontinued and therefore, reclassified into earnings during the second quarter of 2015 and reflected in discontinued operations for 2015. See Note 8 for additional information.

For PPL's remaining cash flow hedges, PPL had no cash flow hedges reclassified into earnings associated with discontinued cash flow hedges in 2015 and 2013 and an insignificant amount reclassified into earnings associated with discontinued cash flow hedges in 2014.

At December 31, 2015, the accumulated net unrecognized after-tax gains (losses) on qualifying derivatives that are expected to be reclassified into earnings during the next 12 months were insignificant. Amounts are reclassified as the hedged interest expense is recorded.

(LKE, LG&E and KU)

Periodically, LG&E and KU enter into forward-starting interest rate swaps with PPL that have terms identical to forward-starting swaps entered into by PPL with third parties. It is probable that realized gains and losses on all of these swaps will be recoverable through regulated rates; as such, any gains and losses on these derivatives are included in regulatory assets or liabilities and will be recognized in "Interest Expense" on the Statements of Income over the life of the underlying debt at the time the underlying hedged interest expense is recorded. In September 2015, first mortgage bonds totaling $1.05 billion were issued (LG&E issued $550 million and KU issued $500 million) and all outstanding forward-starting interest rate swaps were terminated. Net cash settlements of $88 million were paid on the swaps that were terminated (LG&E and KU each paid $44 million). The settlements are included in "Regulatory assets" (noncurrent) on the Balance Sheets and "Cash Flows from Operating Activities" on the Statements of Cash Flows.

Economic Activity *(PPL, LKE and LG&E)*

LG&E enters into interest rate swap contracts that economically hedge interest payments on variable rate debt. Because realized gains and losses from the swaps, including a terminated swap contract, are recoverable through regulated rates, any subsequent changes in fair value of these derivatives are included in regulatory assets or liabilities until they are realized as interest expense. Realized gains and losses are recognized in "Interest Expense" on the Statements of Income at the time the underlying hedged interest expense is recorded. At December 31, 2015, LG&E held contracts with a notional amount of $179 million that range in maturity through 2033.

Foreign Currency Risk

(PPL)

PPL is exposed to foreign currency risk, primarily through investments in and earnings of U.K. affiliates. PPL has adopted a foreign currency risk management program designed to hedge certain foreign currency exposures, including firm commitments, recognized assets or liabilities, anticipated transactions and net investments. In addition, PPL enters into financial instruments to protect against foreign currency translation risk of expected GBP earnings.

Net Investment Hedges

PPL enters into foreign currency contracts on behalf of a subsidiary to protect the value of a portion of its net investment in WPD. The contracts outstanding at December 31, 2015 had a notional amount of £50 million (approximately $84 million based on contracted rates). The settlement dates of these contracts range from May 2016 through June 2016.

At December 31, 2015 and 2014, PPL had $19 million and $14 million of accumulated net investment hedge after tax gains (losses) that were included in the foreign currency translation adjustment component of AOCI.

Economic Activity

PPL enters into foreign currency contracts on behalf of a subsidiary to economically hedge GBP-denominated anticipated earnings. At December 31, 2015, the total exposure hedged by PPL was approximately £1.8 billion (approximately $2.9 billion based on contracted rates). These contracts had termination dates ranging from January 2016 through December 2017.

Accounting and Reporting

(All Registrants)

All derivative instruments are recorded at fair value on the Balance Sheet as an asset or liability unless NPNS is elected. NPNS contracts for PPL and PPL Electric include certain full-requirement purchase contracts and other physical purchase contracts. Changes in the fair value of derivatives not designated as NPNS are recognized currently in earnings unless specific hedge accounting criteria are met and designated as such, except for the changes in fair values of LG&E's and KU's interest rate swaps that are recognized as regulatory assets or regulatory liabilities. See Note 6 for amounts recorded in regulatory assets and regulatory liabilities at December 31, 2015 and 2014.

See Note 1 for additional information on accounting policies related to derivative instruments.

(PPL)

The following table presents the fair value and location of derivative instruments recorded on the Balance Sheets, excluding derivative instruments of discontinued operations.

	December 31, 2015				December 31, 2014			
	Derivatives designated as hedging instruments		Derivatives not designated as hedging instruments		Derivatives designated as hedging instruments		Derivatives not designated as hedging instruments	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Current:								
Price Risk Management Assets/Liabilities (a):								
Interest rate swaps (b)		$ 24		$ 5		$ 94		$ 5
Cross-currency swaps (b)	$ 35					3		
Foreign currency contracts	10		$ 94	1	$ 12		$ 67	
Total current	45	24	94	6	12	97	67	5
Noncurrent:								
Price Risk Management Assets/Liabilities (a):								
Interest rate swaps (b)				42		14		43
Cross-currency swaps (b)	51				29			
Foreign currency contracts			105		5		46	2
Total noncurrent	51		105	42	34	14	46	45
Total derivatives	$ 96	$ 24	$ 199	$ 48	$ 46	$ 111	$ 113	$ 50

(a) Included in "Price risk management assets" of Current Assets, "Other current liabilities", "Other noncurrent assets" and "Other deferred credits and noncurrent liabilities" on the Balance Sheets.
(b) Excludes accrued interest, if applicable.

The following tables present the pre-tax effect of derivative instruments recognized in income, OCI or regulatory assets and regulatory liabilities.

Derivative Relationships	Derivative Gain (Loss) Recognized in OCI (Effective Portion)	Location of Gain (Loss) Recognized in Income on Derivative	Gain (Loss) Reclassified from AOCI into Income (Effective Portion)	Gain (Loss) Recognized in Income on Derivative (Ineffective Portion and Amount Excluded from Effectiveness Testing)
2015				
Cash Flow Hedges:				
Interest rate swaps	$ (34)	Interest Expense	$ (11)	
		Discontinued operations		$ (77)
Cross-currency swaps	60	Other Income (Expense) - net	49	
		Interest Expense	2	
Commodity contracts		Discontinued operations	13	7
Total	$ 26		$ 53	$ (70)
Net Investment Hedges:				
Foreign currency contracts	$ 9			
2014				
Cash Flow Hedges:				
Interest rate swaps	$ (91)	Interest Expense	$ (18)	$ 2
Cross-currency swaps	58	Other Income (Expense) - net	57	
		Interest Expense	4	
Commodity contracts		Discontinued operations	42	
Total	$ (33)		$ 85	$ 2
Net Investment Hedges:				
Foreign currency contracts	$ 23			

Derivative Relationships	Derivative Gain (Loss) Recognized in OCI (Effective Portion)	Location of Gain (Loss) Recognized in Income on Derivative	Gain (Loss) Reclassified from AOCI into Income (Effective Portion)	Gain (Loss) Recognized in Income on Derivative (Ineffective Portion and Amount Excluded from Effectiveness Testing)
2013				
Cash Flow Hedges:				
Interest rate swaps	$ 127	Interest Expense	$ (20)	
Cross-currency swaps	(41)	Other Income (Expense) - net	(28)	
		Interest Expense	1	
Commodity contracts		Discontinued operations	210	$ 1
Total	$ 86		$ 163	$ 1
Net Investment Hedges:				
Foreign currency contracts	$ (14)			

Derivatives Not Designated as Hedging Instruments	Location of Gain (Loss) Recognized in Income on Derivative	2015	2014	2013
Foreign currency contracts	Other Income (Expense) - net	$ 122	$ 121	$ (38)
Interest rate swaps	Interest Expense	(8)	(8)	(8)
	Total	$ 114	$ 113	$ (46)

Derivatives Designated as Hedging Instruments	Location of Gain (Loss) Recognized as Regulatory Liabilities/Assets	2015	2014	2013
Interest rate swaps	Regulatory assets - noncurrent	$ (22)	$ (66)	
	Regulatory liabilities - noncurrent			$ 72

Derivatives Not Designated as Hedging Instruments	Location of Gain (Loss) Recognized as Regulatory Liabilities/Assets	2015	2014	2013
Interest rate swaps	Regulatory assets - noncurrent	$ 1	$ (12)	$ 22

(LKE)

The following table presents the fair value and the location on the Balance Sheets of derivative instruments designated as cash flow hedges.

	December 31, 2015		December 31, 2014	
	Assets	Liabilities	Assets	Liabilities
Current:				
Price Risk Management				
Assets/Liabilities (a):				
Interest rate swaps				$ 66

(a) Represents the location on the Balance Sheet.

The following table presents the pre-tax effect of derivative instruments designated as cash flow hedges that are recognized in regulatory assets and liabilities.

Derivative Instruments	Location of Gain (Loss)	2015	2014	2013
Interest rate swaps	Regulatory assets - noncurrent	$ (22)	$ (66)	
	Regulatory liabilities - noncurrent			$ 72

(LG&E)

The following table presents the fair value and the location on the Balance Sheets of derivative instruments designated as cash flow hedges.

	December 31, 2015		December 31, 2014	
	Assets	Liabilities	Assets	Liabilities
Current:				
Price Risk Management				
Assets/Liabilities (a):				
Interest rate swaps				$ 33

(a) Represents the location on the balance sheet.

The following table presents the pre-tax effect of derivative instruments designated as cash flow hedges that are recognized in regulatory assets and liabilities.

Derivative Instruments	Location of Gain (Loss)	2015	2014	2013
Interest rate swaps	Regulatory asset - noncurrent	$ (11)	$ (33)	
	Regulatory liabilities - noncurrent			$ 36

(KU)

The following table presents the fair value and the location on the Balance Sheets of derivative instruments designated as cash flow hedges.

	December 31, 2015		December 31, 2014	
	Assets	Liabilities	Assets	Liabilities
Current:				
Price Risk Management				
Assets/Liabilities (a):				
Interest rate swaps				$ 33

(a) Represents the location on the Balance Sheets.

The following table presents the pre-tax effect of derivative instruments designated as cash flow hedges that are recognized in regulatory assets and liabilities.

Derivative Instruments	Location of Gain (Loss)	2015	2014	2013
Interest rate swaps	Regulatory assets - noncurrent	$ (11)	$ (33)	
	Regulatory liabilities - noncurrent			$ 36

(LKE and LG&E)

The following table presents the fair value and the location on the Balance Sheets of derivatives not designated as hedging instruments.

	December 31, 2015		December 31, 2014	
	Assets	Liabilities	Assets	Liabilities
Current:				
Price Risk Management				
Assets/Liabilities (a):				
Interest rate swaps		$ 5		$ 5
Total current		5		5
Noncurrent:				
Price Risk Management				
Assets/Liabilities (a):				
Interest rate swaps		42		43
Total noncurrent		42		43
Total derivatives		$ 47		$ 48

(a) Represents the location on the Balance Sheets.

The following tables present the pre-tax effect of derivatives not designated as cash flow hedges that are recognized in income or regulatory assets.

Derivative Instruments	Location of Gain (Loss)	2015	2014	2013
Interest rate swaps	Interest Expense	$ (8)	$ (8)	$ (8)

Derivative Instruments	Location of Gain (Loss)	2015	2014	2013
Interest rate swaps	Regulatory assets - noncurrent	$ 1	$ (12)	$ 22

(PPL, LKE, LG&E and KU)

Offsetting Derivative Instruments

PPL, LKE, LG&E and KU or certain of their subsidiaries have master netting arrangements in place and also enter into agreements pursuant to which they purchase or sell certain energy and other products. Under the agreements, upon termination of the agreement as a result of a default or other termination event, the non-defaulting party typically would have a right to set off amounts owed under the agreement against any other obligations arising between the two parties (whether under the agreement or not), whether matured or contingent and irrespective of the currency, place of payment or place of booking of the obligation.

PPL, LKE, LG&E and KU have elected not to offset derivative assets and liabilities and not to offset net derivative positions against the right to reclaim cash collateral pledged (an asset) or the obligation to return cash collateral received (a liability) under derivatives agreements. The table below summarizes the derivative positions presented in the balance sheets where a right of setoff exists under these arrangements and related cash collateral received or pledged.

	Assets				Liabilities			
		Eligible for Offset				Eligible for Offset		
	Gross	Derivative Instruments	Cash Collateral Received	Net	Gross	Derivative Instruments	Cash Collateral Pledged	Net
December 31, 2015								
Treasury Derivatives								
PPL	$ 295	$ 25		$ 270	$ 72	$ 25	$ 9	$ 38
LKE					47		9	38
LG&E					47		9	38
December 31, 2014								
Treasury Derivatives								
PPL	$ 159	$ 65		$ 94	$ 161	$ 65	$ 21	$ 75
LKE					114		20	94
LG&E					81		20	61
KU					33			33

Credit Risk-Related Contingent Features

Certain derivative contracts contain credit risk-related contingent features which, when in a net liability position, would permit the counterparties to require the transfer of additional collateral upon a decrease in the credit ratings of PPL, LKE, LG&E and KU or certain of their subsidiaries. Most of these features would require the transfer of additional collateral or permit the counterparty to terminate the contract if the applicable credit rating were to fall below investment grade. Some of these features also would allow the counterparty to require additional collateral upon each downgrade in credit rating at levels that remain above investment grade. In either case, if the applicable credit rating were to fall below investment grade, and assuming no assignment to an investment grade affiliate were allowed, most of these credit contingent features require either immediate payment of the net liability as a termination payment or immediate and ongoing full collateralization on derivative instruments in net liability positions.

Additionally, certain derivative contracts contain credit risk-related contingent features that require adequate assurance of performance be provided if the other party has reasonable concerns regarding the performance of PPL's, LKE's, LG&E's and KU's obligations under the contracts. A counterparty demanding adequate assurance could require a transfer of additional collateral or other security, including letters of credit, cash and guarantees from a creditworthy entity. This would typically involve negotiations among the parties. However, amounts disclosed below represent assumed immediate payment or immediate and ongoing full collateralization for derivative instruments in net liability positions with "adequate assurance" features.

(PPL, LKE and LG&E)

At December 31, 2015, derivative contracts in a net liability position that contain credit risk-related contingent features, collateral posted on those positions and the related effect of a decrease in credit ratings below investment grade are summarized as follows:

	PPL	LKE	LG&E
Aggregate fair value of derivative instruments in a net liability position with credit risk-related contingent features	$ 28	$ 28	$ 28
Aggregate fair value of collateral posted on these derivative instruments	9	9	9
Aggregate fair value of additional collateral requirements in the event of a credit downgrade below investment grade (a)	19	19	19

(a) Includes the effect of net receivables and payables already recorded on the Balance Sheet.

18. Goodwill and Other Intangible Assets

Goodwill

(PPL)

The changes in the carrying amount of goodwill by segment were:

	U.K. Regulated		Kentucky Regulated		Total	
	2015	2014	2015	2014	2015	2014
Balance at beginning of period (a)	$ 3,005	$ 3,143	$ 662	$ 662	$ 3,667	$ 3,805
Effect of foreign currency exchange rates	(117)	(138)			(117)	(138)
Balance at end of period (a)	$ 2,888	$ 3,005	$ 662	$ 662	$ 3,550	$ 3,667

(a) There were no accumulated impairment losses related to goodwill.

Other Intangible Assets

(PPL)

The gross carrying amount and the accumulated amortization of other intangible assets were:

	December 31, 2015		December 31, 2014	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Subject to amortization:				
Contracts (a)	$ 407	$ 300	$ 408	$ 250
Land and transmission rights	337	111	329	108
Emission allowances/RECs (b)	5		5	
Licenses and other	10	5	10	5
Total subject to amortization	759	416	752	363
Not subject to amortization due to indefinite life:				
Land and transmission rights	33		29	
Easements (c)	303		250	
Total not subject to amortization due to indefinite life	336		279	
Total	$ 1,095	$ 416	$ 1,031	$ 363

(a) Gross carrying amount includes the fair value at the acquisition date of the OVEC power purchase contract and coal contracts with terms favorable to market recognized as a result of the 2010 acquisition of LKE by PPL. Offsetting regulatory liabilities were recorded related to these contracts, which are being amortized over the same period as the intangible assets, eliminating any income statement impact. This is referred to as "regulatory offset" in the tables below. See Note 6 for additional information.
(b) Emission allowances/RECs are expensed when consumed or sold; therefore, there is no accumulated amortization.
(c) Primarily from an increase in easements at WPD.

Current intangible assets are included in "Other current assets" and long-term intangible assets are included in "Other intangibles" on the Balance Sheets.

Amortization Expense was as follows:

	2015	2014	2013
Intangible assets with no regulatory offset	$ 6	$ 6	$ 6
Intangible assets with regulatory offset	51	47	51
Total	$ 57	$ 53	$ 57

Amortization expense for each of the next five years, excluding insignificant amounts for consumption of emission allowances/RECs, is estimated to be:

	2016	2017	2018	2019	2020
Intangible assets with no regulatory offset	$ 6	$ 6	$ 6	$ 6	$ 6
Intangible assets with regulatory offset	27	9	9	9	8
Total	$ 33	$ 15	$ 15	$ 15	$ 14

(PPL Electric)

The gross carrying amount and the accumulated amortization of other intangible assets were:

	December 31, 2015		December 31, 2014	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Subject to amortization:				
Land and transmission rights	$ 316	$ 108	$ 308	$ 105
Licenses and other	4	1	4	1
Total subject to amortization	320	109	312	106
Not subject to amortization due to indefinite life:				
Land and transmission rights	33		29	
Total	$ 353	$ 109	$ 341	$ 106

Intangible assets are shown as "Intangibles" on the Balance Sheets.

Amortization expense was insignificant in 2015, 2014 and 2013 and is expected to be insignificant in future years.

(LKE)

The gross carrying amount and the accumulated amortization of other intangible assets were:

	December 31, 2015		December 31, 2014	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Subject to amortization:				
Coal contracts (a)	$ 269	$ 252	$ 269	$ 210
Land and transmission rights	21	2	21	2
Emission allowances (b)	3		3	
OVEC power purchase agreement (c)	126	42	126	33
Total subject to amortization	$ 419	$ 296	$ 419	$ 245

(a) Gross carrying amount represents the fair value at the acquisition date of coal contracts with terms favorable to market recognized as a result of the 2010 acquisition by PPL. An offsetting regulatory liability was recorded related to these contracts, which is being amortized over the same period as the intangible assets, eliminating any income statement impact. See Note 6 for additional information.
(b) Emission allowances/RECs are expensed when consumed or sold; therefore, there is no accumulated amortization.
(c) Gross carrying amount represents the fair value at the acquisition date of the OVEC power purchase contract recognized as a result of the 2010 acquisition by PPL. An offsetting regulatory liability was recorded related to this contract, which is being amortized over the same period as the intangible asset, eliminating any income statement impact. See Note 6 for additional information.

Current intangible assets are included in "Other current assets" on the Balance Sheets. Long-term intangible assets are presented as "Other intangibles" on the Balance Sheets.

Amortization expense was as follows:

	2015	2014	2013
Intangible assets with no regulatory offset			$ 1
Intangible assets with regulatory offset	$ 51	$ 47	51
Total	$ 51	$ 47	$ 52

Amortization expense for each of the next five years, excluding consumption of emission allowances, is estimated to be:

	2016	2017	2018	2019	2020
Intangible assets with regulatory offset	$ 27	$ 9	$ 9	$ 9	$ 8

(LG&E)

The gross carrying amount and the accumulated amortization of other intangible assets were:

	December 31, 2015		December 31, 2014	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Subject to amortization:				
Coal contracts (a)	$ 124	$ 116	$ 124	$ 98
Land and transmission rights	7	1	7	1
Emission allowances (b)	1		1	
OVEC power purchase agreement (c)	87	29	87	23
Total subject to amortization	$ 219	$ 146	$ 219	$ 122

(a) Gross carrying amount represents the fair value at the acquisition date of coal contracts with terms favorable to market recognized as a result of the 2010 acquisition by PPL. An offsetting regulatory liability was recorded related to these contracts, which is being amortized over the same period as the intangible assets, eliminating any income statement impact. See Note 6 for additional information.
(b) Emission allowances/RECs are expensed when consumed or sold; therefore, there is no accumulated amortization.
(c) Gross carrying amount represents the fair value at the acquisition date of the OVEC power purchase contract recognized as a result of the 2010 acquisition by PPL. An offsetting regulatory liability was recorded related to this contract, which is being amortized over the same period as the intangible asset, eliminating any income statement impact. See Note 6 for additional information.

Current intangible assets are included in "Other current assets" on the Balance Sheets. Long-term intangible assets are presented as "Other intangibles" on the Balance Sheets.

Amortization expense was as follows:

	2015	2014	2013
Intangible assets with regulatory offset	$ 24	$ 23	$ 23

Amortization expense for each of the next five years, excluding consumption of emission allowances, is estimated to be:

	2016	2017	2018	2019	2020
Intangible assets with regulatory offset	$ 14	$ 6	$ 6	$ 6	$ 6

(KU)

The gross carrying amount and the accumulated amortization of other intangible assets were:

	December 31, 2015		December 31, 2014	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Subject to amortization:				
Coal contracts (a)	$ 145	$ 136	$ 145	$ 112
Land and transmission rights	14	1	14	1
Emission allowances (b)	2		2	
OVEC power purchase agreement (c)	39	13	39	10
Total subject to amortization	$ 200	$ 150	$ 200	$ 123

(a) Gross carrying amount represents the fair value at the acquisition date of coal contracts with terms favorable to market recognized as a result of the 2010 acquisition by PPL. An offsetting regulatory liability was recorded related to these contracts, which is being amortized over the same period as the intangible assets, eliminating any income statement impact. See Note 6 for additional information.
(b) Emission allowances/RECs are expensed when consumed or sold; therefore, there is no accumulated amortization.
(c) Gross carrying amount represents the fair value at the acquisition date of the OVEC power purchase contract recognized as a result of the 2010 acquisition by PPL. An offsetting regulatory liability was recorded related to this contract, which is being amortized over the same period as the intangible asset, eliminating any income statement impact. See Note 6 for additional information.

Current intangible assets are included in "Other current assets" on the Balance Sheets. Long-term intangible assets are presented as "Other intangibles" on the Balance Sheets.

Amortization expense was as follows:

	2015	2014	2013
Intangible assets with no regulatory offset			$ 1
Intangible assets with regulatory offset	$ 27	$ 24	28
Total	$ 27	$ 24	$ 29

Amortization expense for each of the next five years, excluding consumption of emission allowances, is estimated to be:

	2016	2017	2018	2019	2020
Intangible assets with regulatory offset	$ 13	$ 3	$ 3	$ 3	$ 2

19. Asset Retirement Obligations

(PPL)

WPD has recorded conditional AROs required by U.K. law related to treated wood poles, gas-filled switchgear and fluid-filled cables.

(PPL and PPL Electric)

PPL Electric has identified legal retirement obligations for the retirement of certain transmission assets that could not be reasonably estimated due to indeterminable settlement dates. These assets are located on rights-of-way that allow the grantor to require PPL Electric to relocate or remove the assets. Since this option is at the discretion of the grantor of the right-of-way, PPL Electric is unable to determine when these events may occur.

(PPL, LKE, LG&E and KU)

LG&E's and KU's AROs are primarily related to the final retirement of assets associated with generating units. LG&E also has AROs related to natural gas mains and wells. LG&E's and KU's transmission and distribution lines largely operate under perpetual property easement agreements which do not generally require restoration upon removal of the property. Therefore, no material AROs are recorded for transmission and distribution assets. As described in Notes 1 and 6, LG&E's and KU's accretion and depreciation expense are recorded as a regulatory asset, such that there is no earnings impact.

The changes in the carrying amounts of AROs were as follows.

	PPL		LKE		LG&E		KU	
	2015	2014	2015	2014	2015	2014	2015	2014
ARO at beginning of period	$ 336	$ 301	$ 285	$ 252	$ 74	$ 74	$ 211	$ 178
Accretion	19	16	18	14	5	4	13	10
Obligations incurred	5	1	5	1	3		2	1
Changes in estimated cash flow or settlement date	235	25	234	23	98	1	136	22
Effect of foreign currency exchange rates	(2)	(2)						
Obligations settled	(7)	(5)	(7)	(5)	(5)	(5)	(2)	
ARO at end of period	$ 586	$ 336	$ 535	$ 285	$ 175	$ 74	$ 360	$ 211

LKE recorded increases of $228 million ($139 million at KU and $89 million at LG&E) to the existing AROs during 2015 as a result of an engineering study that was performed, in connection with the final CCR rule, providing clarity on projected CCR closure costs and revisions in the timing and amounts of future expected cash flows. Further increases to AROs or changes to current capital plans or to operating costs may be required as estimates of future cash flows are refined based on closure developments, groundwater monitoring results and regulatory or legal proceedings. In 2014, AROs were revalued primarily due to updates in the estimated cash flows for ash ponds based on updated cost estimates.

As of December 31, 2015, LKE had $50 million ($25 million at LG&E and KU) of the ARO balances classified as current liabilities. These current liabilities are primarily related to CCR closure costs expected to be incurred in 2016. As of December 31, 2014, substantially all of the ARO balances are classified as noncurrent liabilities.

See Note 13 for information on the final CCR rule and Note 6 for information on the rate recovery applications with the KPSC.

20. Accumulated Other Comprehensive Income (Loss)

(PPL and LKE)

The after-tax changes in AOCI by component for the years ended December 31 were as follows.

		Unrealized gains (losses)			Defined benefit plans		
	Foreign currency translation adjustments	Available-for-sale securities	Qualifying derivatives	Equity investees' AOCI	Prior service costs	Actuarial gain (loss)	Total
PPL							
December 31, 2012	$ (149)	$ 111	$ 132	$ 1	$ (14)	$ (2,021)	$ (1,940)
Amounts arising during the year	138	67	45		2	71	323
Reclassifications from AOCI		(6)	(83)		6	135	52
Net OCI during the year	138	61	(38)		8	206	375
December 31, 2013	$ (11)	$ 172	$ 94	$ 1	$ (6)	$ (1,815)	$ (1,565)
Amounts arising during the year	(275)	35	(10)		5	(509)	(754)
Reclassifications from AOCI		(6)	(64)		4	111	45
Net OCI during the year	(275)	29	(74)		9	(398)	(709)
December 31, 2014	$ (286)	$ 201	$ 20	$ 1	$ 3	$ (2,213)	$ (2,274)
Amounts arising during the year	(234)	8	26		(9)	(366)	(575)
Reclassifications from AOCI		(2)	2	(1)		146	145
Net OCI during the year	(234)	6	28	(1)	(9)	(220)	(430)
Distribution of PPL Energy Supply (See Note 8)		(207)	(55)			238	(24)
December 31, 2015	$ (520)	$	$ (7)	$	$ (6)	$ (2,195)	$ (2,728)
LKE							
December 31, 2012				$ 1	$ (2)	$ (14)	$ (15)
Amounts arising during the year						28	28
Net OCI during the year						28	28
December 31, 2013				$ 1	$ (2)	$ 14	$ 13
Amounts arising during the year					(7)	(50)	(57)
Reclassifications from AOCI				(1)	1	(1)	(1)
Net OCI during the year				(1)	(6)	(51)	(58)
December 31, 2014				$	$ (8)	$ (37)	$ (45)
Amounts arising during the year					(3)	(4)	(7)
Reclassifications from AOCI					1	5	6
Net OCI during the year					(2)	1	(1)
December 31, 2015				$	$ (10)	$ (36)	$ (46)

The following table presents the gains (losses) and related income taxes for reclassifications from AOCI for the years ended December 31, 2015 and 2014. The defined benefit plan components of AOCI are not reflected in their entirety in the statement of income; rather, they are included in the computation of net periodic defined benefit costs (credits) and subject to capitalization. See Note 11 for additional information.

Details about AOCI	PPL 2015	PPL 2014	Affected Line Item on the Statements of Income
Available-for-sale securities	$ 4	$ 13	Other Income (Expense) - net
Total Pre-tax	4	13	
Income Taxes	(2)	(7)	
Total After-tax	2	6	
Qualifying derivatives			
Interest rate swaps	(11)	(16)	Interest Expense
	(77)		Discontinued operations
Cross-currency swaps	49	57	Other Income (Expense) - net
	2	4	Interest Expense
Commodity contracts	20	42	Discontinued operations
Total Pre-tax	(17)	87	
Income Taxes	15	(23)	
Total After-tax	(2)	64	
Equity Investees' AOCI	1		Other Income (Expense) - net
Total Pre-tax	1		
Income Taxes			
Total After-tax	1		
Defined benefit plans			
Prior service costs		(7)	
Net actuarial loss	(192)	(145)	
Total Pre-tax	(192)	(152)	
Income Taxes	46	37	
Total After-tax	(146)	(115)	
Total reclassifications during the year	$ (145)	$ (45)	

21. New Accounting Guidance Pending Adoption

(All Registrants)

Accounting for Revenue from Contracts with Customers

In May 2014, the Financial Accounting Standards Board (FASB) issued accounting guidance that establishes a comprehensive new model for the recognition of revenue from contracts with customers. This model is based on the core principle that revenue should be recognized to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

For public business entities, this guidance can be applied using either a full retrospective or modified retrospective transition method, beginning in annual reporting periods after December 15, 2017 and interim periods within those years. Public business entities may early adopt this guidance in annual reporting periods beginning after December 15, 2016. The Registrants expect to adopt this guidance effective January 1, 2018.

The Registrants are currently assessing the impact of adopting this guidance, as well as the transition method they will use.

SCHEDULE I - PPL CORPORATION
CONDENSED UNCONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31,

(Millions of Dollars, except share data)

	2015	2014	2013
Operating Revenues			
Operating Expenses			
Other operation and maintenance	$ **9**	$ 16	$ 1
Total Operating Expenses	**9**	16	1
Operating Loss	**(9)**	(16)	(1)
Other Income (Expense) - net			
Equity in earnings of subsidiaries	**711**	1,776	1,171
Other income (expense)	**(15)**	(18)	(13)
Total	**696**	1,758	1,158
Interest Expense	**9**	15	21
Interest Expense with Affiliates	**10**	10	29
Income Before Income Taxes	**668**	1,717	1,107
Income Taxes	**(14)**	(20)	(23)
Net Income	$ **682**	$ 1,737	$ 1,130
Comprehensive Income Attributable to PPL Shareowners	$ **252**	$ 1,028	$ 1,505
Earnings Per Share of Common Stock:			
Net Income Available to PPL Common Shareowners:			
Basic	$ **1.01**	$ 2.64	$ 1.85
Diluted	$ **1.01**	$ 2.61	$ 1.76
Weighted-Average Shares of Common Stock Outstanding (in thousands)			
Basic	**669,814**	653,504	608,983
Diluted	**672,586**	665,973	663,073

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

SCHEDULE I - PPL CORPORATION
CONDENSED UNCONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31,

(Millions of Dollars)

	2015	2014	2013
Cash Flows from Operating Activities			
Net cash provided by (used in) operating activities	**$ 993**	$ 1,633	$ 968
Cash Flows from Investing Activities			
Capital contributions to affiliated subsidiaries	**(491)**	(1,045)	(496)
Return of capital from affiliated subsidiaries	**112**	247	213
Net cash provided by (used in) investing activities	**(379)**	(798)	(283)
Cash Flows from Financing Activities			
Issuance of equity, net of issuance costs	**203**	1,074	1,411
Net increase (decrease) in short-term debt with affiliates	**215**	(913)	(1,057)
Payment of common stock dividends	**(1,004)**	(967)	(878)
Contract adjustment payments on Equity Units		(22)	(82)
Repurchase of common stock			(74)
Other	**(28)**	(7)	(5)
Net cash provided by (used in) financing activities	**(614)**	(835)	(685)
Net Increase (Decrease) in Cash and Cash Equivalents			
Cash and Cash Equivalents at Beginning of Period			
Cash and Cash Equivalents at End of Period	**$**	$	$
Supplemental Disclosures of Cash Flow Information:			
Cash Dividends Received from Affiliated Subsidiaries	**$ 1,198**	$ 1,388	$ 960

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

SCHEDULE I - PPL CORPORATION
CONDENSED UNCONSOLIDATED BALANCE SHEETS AT DECEMBER 31,

(Millions of Dollars, shares in thousands)

	2015	2014
Assets		
Current Assets		
Accounts Receivable		
Other	**$ 10**	$ 53
Affiliates	**20**	149
Price risk management assets	**139**	148
Total Current Assets	**169**	350
Investments		
Affiliated companies at equity	**10,479**	15,426
Other Noncurrent Assets		
Deferred income taxes	**100**	34
Price risk management assets	**133**	75
Other noncurrent assets	**1**	13
Total Other Noncurrent Assets	**234**	122
Total Assets	**$ 10,882**	$ 15,898
Liabilities and Equity		
Current Liabilities		
Short-term debt with affiliates	**$ 385**	$ 170
Accounts payable with affiliates	**16**	1,513
Dividends	**255**	249
Price risk management liabilities	**268**	227
Other current liabilities		65
Total Current Liabilities	**924**	2,224
Deferred Credits and Other Noncurrent Liabilities	**39**	46
Equity		
Common stock - $0.01 par value (a)	**7**	7
Additional paid-in capital	**9,687**	9,433
Earnings reinvested	**2,953**	6,462
Accumulated other comprehensive loss	**(2,728)**	(2,274)
Total Equity	**9,919**	13,628
Total Liabilities and Equity	**$ 10,882**	$ 15,898

(a) 780,000 shares authorized; 673,857 and 665,849 shares issued and outstanding at December 31, 2015 and 2014.

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

SCHEDULE I - PPL CORPORATION
NOTES TO CONDENSED UNCONSOLIDATED FINANCIAL STATEMENTS

1. Basis of Presentation

PPL Corporation is a holding company and conducts substantially all of its business operations through its subsidiaries. Substantially all of its consolidated assets are held by such subsidiaries. Accordingly, its cash flow and its ability to meet its obligations are largely dependent upon the earnings of these subsidiaries and the distribution or other payment of such earnings to it in the form of dividends, loans or advances or repayment of loans and advances from it. These condensed financial statements and related footnotes have been prepared in accordance with Reg. §210.12-04 of Regulation S-X. These statements should be read in conjunction with the consolidated financial statements and notes thereto of PPL Corporation.

PPL Corporation indirectly or directly owns all of the ownership interests of its significant subsidiaries. PPL Corporation relies on dividends or loans from its subsidiaries to fund PPL Corporation's dividends to its common shareowners and to meet its other cash requirements. See Note 7 to PPL Corporation's consolidated financial statements for discussions related to restricted net assets of its subsidiaries for the purposes of transferring funds to PPL in the form of distributions, loans or advances.

Balance Sheet Classification of Deferred Taxes

Effective October 1, 2015, PPL Corporation retrospectively adopted accounting guidance to simplify the presentation of deferred taxes which requires that deferred tax assets and deferred tax liabilities be classified as noncurrent on the balance sheet.

The adoption of this guidance required PPL Corporation to reclassify deferred tax assets and deferred tax liabilities from current to noncurrent on the balance sheet, and did not have a significant impact. PPL Corporation reclassified $34 million from current deferred tax assets to noncurrent deferred tax assets and $5 million from current deferred tax liabilities to noncurrent deferred tax liabilities on the balance sheet as of December 31, 2014.

2. Commitments and Contingencies

See Note 13 to PPL Corporation's consolidated financial statements for commitments and contingencies of its subsidiaries.

Guarantees and Other Assurances

PPL Corporation's subsidiaries are separate and distinct legal entities and have no obligation to pay any amounts that may become due under PPL Corporation's guarantees or other assurances or to make any funds available for such payment.

PPL Corporation fully and unconditionally guarantees the payment of principal, premium and interest on all of the debt securities of PPL Capital Funding. The estimated maximum potential amount of future payments that could be required under the guarantees at December 31, 2015 was $8.4 billion. These guarantees will expire in 2073. The probability of expected payment under these guarantees is remote.

SCHEDULE I - LG&E and KU Energy LLC
CONDENSED UNCONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31,

(Millions of Dollars)

	2015	2014	2013
Equity in Earnings of Subsidiaries	$ 390	$ 368	$ 376
Interest Income with Affiliate	4	5	5
Interest Expense	39	41	39
Interest Expense with Affiliate	5	3	3
Income Before Income Taxes	350	329	339
Income Tax Expense (Benefit)	(14)	(15)	(8)
Net Income Attributable to Member	$ 364	$ 344	$ 347
Comprehensive Income Attributable to Member	$ 363	$ 286	$ 375

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

SCHEDULE I - LG&E and KU Energy LLC
CONDENSED UNCONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31,

(Millions of Dollars)

	2015	2014	2013
Cash Flows from Operating Activities			
Net cash provided by (used in) operating activities	$ **246**	$ (183)	$ 136
Cash Flows from Investing Activities			
Capital contributions to affiliated subsidiaries	**(140)**	(248)	(243)
Net decrease (increase) in notes receivable from affiliates	**73**	555	(122)
Net cash provided by (used in) investing activities	**(67)**	307	(365)
Cash Flows from Financing Activities			
Net increase (decrease) in notes payable with affiliates	**315**	58	171
Net increase (decrease) in short-term debt			75
Retirement of long-term debt	**(400)**		
Contribution from member	**125**	248	243
Distribution to member	**(219)**	(436)	(254)
Net cash provided by (used in) financing activities	**(179)**	(130)	235
Net Increase (Decrease) in Cash and Cash Equivalents		(6)	6
Cash and Cash Equivalents at Beginning of Period		6	
Cash and Cash Equivalents at End of Period	$	$	$ 6
Supplemental disclosures of cash flow information:			
Cash Dividends Received from Affiliated Subsidiaries	$ **272**	$ 260	$ 223

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

SCHEDULE I - LG&E and KU Energy LLC
CONDENSED UNCONSOLIDATED BALANCE SHEETS AT DECEMBER 31,
(Millions of Dollars)

	2015	2014
Assets		
Current Assets		
Accounts receivable	$ 1	$ 8
Accounts receivable from affiliates	3	
Notes receivable from affiliates	1,054	1,127
Total Current Assets	1,058	1,135
Investments		
Affiliated companies at equity	5,076	4,818
Other Noncurrent Assets		
Deferred income taxes	228	205
Other noncurrent assets		1
Total Other Noncurrent Assets	228	206
Total Assets	$ 6,362	$ 6,159
Liabilities and Equity		
Current Liabilities		
Short-term debt	$ 75	$ 75
Notes payable to affiliates	69	58
Long-term debt due within one year		400
Accounts payable to affiliates	469	451
Taxes	3	2
Other current liabilities	5	8
Total Current Liabilities	621	994
Long-term Debt		
Long-term debt	720	718
Notes payable to affiliates	500	196
Total Long-term Debt	1,220	914
Deferred Credits and Other Noncurrent Liabilities	4	3
Equity	4,517	4,248
Total Liabilities and Equity	$ 6,362	$ 6,159

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

Schedule I - LG&E and KU Energy LLC
Notes to Condensed Unconsolidated Financial Statements

1. Basis of Presentation

LG&E and KU Energy LLC (LKE) is a holding company and conducts substantially all of its business operations through its subsidiaries. Substantially all of its consolidated assets are held by such subsidiaries. Accordingly, its cash flow and its ability to meet its obligations are largely dependent upon the earnings of these subsidiaries and the distribution or other payment of such earnings to it in the form of dividends or repayment of loans and advances from the subsidiaries. These condensed financial statements and related footnotes have been prepared in accordance with Reg. §210.12-04 of Regulation S-X. These statements should be read in conjunction with the consolidated financial statements and notes thereto of LKE.

LKE indirectly or directly owns all of the ownership interests of its significant subsidiaries. LKE relies primarily on dividends from its subsidiaries to fund LKE's dividends to its member and to meet its other cash requirements. See Note 7 to LKE's consolidated financial statements for discussions related to restricted net assets of its subsidiaries for the purposes of transferring funds to LKE in the form of distributions, loans or advances.

Balance Sheet Classification of Deferred Taxes

Effective October 1, 2015, LKE retrospectively adopted accounting guidance to simplify the presentation of deferred taxes which requires that deferred tax assets and deferred tax liabilities be classified as noncurrent on the balance sheet.

The adoption of this guidance required LKE to reclassify deferred tax assets and deferred tax liabilities from current to noncurrent on the balance sheet, and did not have a significant impact. LKE reclassified $2 million from current deferred tax assets to noncurrent deferred tax assets on the balance sheet as of December 31, 2014.

Presentation of Debt Issuance Costs

Effective December 31, 2015, LKE retrospectively adopted accounting guidance to simplify the presentation of debt issuance costs. The guidance requires certain debt issuance costs to be presented on the balance sheet as a direct deduction from the carrying amount of the associated debt liability.

The adoption of this guidance required LKE to reclassify debt issuance costs not associated with a line of credit from noncurrent assets to Long-term debt, and did not have a significant impact on the Registrants. LKE reclassified $4 million from Other noncurrent assets to Long-term debt on the balance sheet as of December 31, 2014.

2. Commitments and Contingencies

See Note 13 to LKE's consolidated financial statements for commitments and contingencies of its subsidiaries.

Guarantees

LKE provides certain indemnifications, the most significant of which relate to the termination of the WKE lease in July 2009. These guarantees cover the due and punctual payment, performance and discharge by each party of its respective present and future obligations. The most comprehensive of these WKE-related guarantees is the LKE guarantee covering operational, regulatory and environmental commitments and indemnifications made by WKE under the WKE Transaction Termination Agreement. This guarantee has a term of 12 years ending July 2021, and a cumulative maximum exposure of $200 million. Certain items such as government fines and penalties fall outside the cumulative cap. Another WKE-related LKE guarantee covers other indemnifications, has a term expiring in 2023 and a maximum exposure of $100 million. In May 2012, LKE's indemnitee received an unfavorable arbitration panel's decision interpreting this matter. In October 2014, LKE's indemnitee filed a motion for discretionary review with the Kentucky Supreme Court seeking to overturn the arbitration decision, and such motion was denied by the court in September 2015. In September 2015, a counterparty issued a demand letter to LKE's indemnitee. LKE does not believe appropriate contractual, legal or commercial grounds exist for the claim made and anticipates the indemnitee to dispute the demand. LKE believes its indemnification obligations in the WKE matter remain subject to various uncertainties, including additional legal and contractual developments, as well as future prices, availability and demand for the subject excess power. The ultimate outcomes of the WKE termination-related indemnifications cannot be predicted at this time.

Additionally, LKE has indemnified various third parties related to historical obligations for other divested subsidiaries and affiliates. The indemnifications vary by entity and the maximum exposures range from being capped at the sale price to no specified maximum; LKE could be required to perform on these indemnifications in the event of covered losses or liabilities being claimed by an indemnified party. LKE cannot predict the ultimate outcomes of the indemnification circumstances, but does not currently expect such outcomes to result in significant losses above the amounts recorded.

3. Long-term Debt

See Note 7 to LKE's consolidated financial statements for the terms of LKE's outstanding senior unsecured notes outstanding. Of the total outstanding, $475 million matures in 2020 and $250 million matures in 2021. These maturities are based on stated maturities. Also see Note 7 to LKE's consolidated financial statements for the terms of LKE's $400 million note payable to PPL. This note matures in 2025. LKE's $100 million note payable to LG&E and KU Services Company bears a variable interest rate which resets each quarter based on LIBOR. The rate at December 31, 2015 was 1.068%. This note matures in 2019.

QUARTERLY FINANCIAL, COMMON STOCK PRICE AND DIVIDEND DATA (Unaudited)
PPL Corporation and Subsidiaries

(Millions of Dollars, except per share data)

	For the Quarters Ended (a)			
	March 31	June 30	Sept. 30	Dec. 31
2015				
Operating revenues	**$ 2,230**	**$ 1,781**	**$ 1,878**	**$ 1,780**
Operating income	**890**	**638**	**686**	**617**
Income from continuing operations after income taxes	**552**	**250**	**396**	**405**
Income (loss) from discontinued operations (net of income taxes) (d)(e)	**95**	**(1,007)**	**(3)**	**(6)**
Net income (loss) (e)	**647**	**(757)**	**393**	**399**
Income from continuing operations after income taxes available to PPL common shareowners: (b)				
Basic EPS	**0.83**	**0.37**	**0.59**	**0.60**
Diluted EPS	**0.82**	**0.37**	**0.59**	**0.60**
Net income (loss) available to PPL common shareowners: (b)				
Basic EPS	**0.97**	**(1.13)**	**0.58**	**0.59**
Diluted EPS	**0.96**	**(1.13)**	**0.58**	**0.59**
Dividends declared per share of common stock (c)	**0.3725**	**0.3725**	**0.3775**	**0.3775**
Price per common share:				
High	**$ 36.38**	**$ 34.85**	**$ 33.58**	**$ 34.75**
Low	**31.40**	**29.45**	**29.41**	**32.60**
2014				
Operating revenues	$ 2,178	$ 1,849	$ 1,879	$ 1,946
Operating income	801	678	688	700
Income from continuing operations after income taxes	389	230	410	408
Income (loss) from discontinued operations (net of income taxes) (d)(f)	(73)	(1)	87	287
Net income (f)	316	229	497	695
Income from continuing operations after income taxes available to PPL common shareowners: (b)				
Basic EPS	0.61	0.35	0.61	0.62
Diluted EPS	0.61	0.34	0.61	0.62
Net income available to PPL common shareowners: (b)				
Basic EPS	0.50	0.35	0.74	1.04
Diluted EPS	0.49	0.34	0.74	1.04
Dividends declared per share of common stock (c)	0.3725	0.3725	0.3725	0.3725
Price per common share:				
High	$ 33.24	$ 35.56	$ 35.52	$ 38.14
Low	29.40	32.32	31.79	32.09

(a) Quarterly results can vary depending on, among other things, weather. Accordingly, comparisons among quarters of a year may not be indicative of overall trends and changes in operations.

(b) The sum of the quarterly amounts may not equal annual earnings per share due to changes in the number of common shares outstanding during the year or rounding.

(c) PPL has paid quarterly cash dividends on its common stock in every year since 1946. Future dividends, declared at the discretion of the Board of Directors, will be dependent upon future earnings, cash flows, financial requirements and other factors.

(d) In the second quarter of 2015, PPL completed the spinoff of PPL Energy Supply substantially representing PPL's Supply segment. Accordingly, the previously reported operating results for PPL's Supply segment have been reclassified as discontinued operations. See Note 8 to the Financial Statements for additional information.

(e) The second quarter of 2015 includes a loss of $879 million from the spinoff of PPL Energy Supply. See Note 8 to the Financial Statements for additional information.

(f) The fourth quarter of 2014 includes a gain of $137 million (after-tax) from the sale of Hydroelectric generating facilities of PPL Montana. See Note 8 for additional information.

QUARTERLY FINANCIAL DATA (Unaudited)
PPL Electric Utilities Corporation and Subsidiaries

(Millions of Dollars)

	For the Quarters Ended (a)			
	March 31	June 30	Sept. 30	Dec. 31
2015				
Operating revenues	**$ 630**	**$ 476**	**$ 519**	**$ 499**
Operating income	**175**	**116**	**121**	**126**
Net income	**87**	**49**	**55**	**61**
2014				
Operating revenues	$ 592	$ 449	$ 477	$ 526
Operating income	165	111	124	138
Net income	85	52	57	69

(a) PPL Electric's business is seasonal in nature, with peak sales periods generally occurring in the winter and summer months. Accordingly, comparisons among quarters of a year may not be indicative of overall trends and changes in operations.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

PPL Corporation, PPL Electric Utilities Corporation, LG&E and KU Energy LLC, Louisville Gas and Electric Company and Kentucky Utilities Company

None.

ITEM 9A. CONTROLS AND PROCEDURES

(a) Evaluation of disclosure controls and procedures.

PPL Corporation, PPL Electric Utilities Corporation, LG&E and KU Energy LLC, Louisville Gas and Electric Company and Kentucky Utilities Company

The Registrants' principal executive officers and principal financial officers, based on their evaluation of the Registrants' disclosure controls and procedures (as defined in Rules 13a-15(e) or 15d-15(e) of the Securities Exchange Act of 1934) have concluded that, as of December 31, 2015, the Registrants' disclosure controls and procedures are effective to ensure that material information relating to the Registrants and their consolidated subsidiaries is recorded, processed, summarized and reported within the time periods specified by the SEC's rules and forms, particularly during the period for which this annual report has been prepared. The aforementioned principal officers have concluded that the disclosure controls and procedures are also effective to ensure that information required to be disclosed in reports filed under the Exchange Act is accumulated and communicated to management, including the principal executive officers and principal financial officers, to allow for timely decisions regarding required disclosure.

(b) Changes in internal control over financial reporting.

PPL Corporation, PPL Electric Utilities Corporation, LG&E and KU Energy LLC, Louisville Gas and Electric Company, and Kentucky Utilities Company

The Registrants' principal executive officers and principal financial officers have concluded that there were no changes in the Registrants' internal control over financial reporting during the Registrants' fourth fiscal quarter that have materially affected, or are reasonably likely to materially affect, the Registrants' internal control over financial reporting.

PPL Corporation

Following the announcement of the transaction to spin off PPL Energy Supply, LLC to form Talen Energy, management determined the appropriate staffing for Talen Energy and for PPL and its subsidiaries. During the twelve months ended December 31, 2015, staffing changes, including the consolidation of certain positions and transition of responsibilities, resulted in changes in certain individuals responsible for executing internal controls. However, changes to system applications, business processes and the associated internal controls were not significant. Management has taken steps to minimize the risk from the changes in individuals executing internal controls.

Management's Report on Internal Control over Financial Reporting

PPL Corporation

PPL's management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rule 13a-15(f) or 15d-15(f). PPL's internal control over financial reporting is a process designed to provide reasonable assurance to PPL's management and Board of Directors regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements.

Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in "Internal Control - Integrated Framework" (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on our evaluation under the framework in "Internal Control - Integrated Framework" (2013), our management concluded that our internal control over financial reporting was effective as of December 31, 2015. The effectiveness of our internal control over financial reporting has been audited by Ernst & Young LLP, an independent registered public accounting firm, as stated in their report contained on page 88.

PPL Electric Utilities Corporation, LG&E and KU Energy LLC, Louisville Gas and Electric Company and Kentucky Utilities Company

Management of PPL's non-accelerated filer companies, PPL Electric, LKE, LG&E and KU, are responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rule 13a-15(f) or 15d-15(f). Each of the aforementioned companies' internal control over financial reporting is a process designed to provide reasonable assurance to management and Board of Directors of these companies regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements.

Under the supervision and with the participation of our management, including the principal executive officers and principal financial officers of the companies listed above, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in "Internal Control - Integrated Framework" (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on our evaluation under the framework in "Internal Control - Integrated Framework" (2013), management of these companies concluded that our internal control over financial reporting was effective as of December 31, 2015. This annual report does not include an attestation report of Ernst & Young LLP, the companies' independent registered public accounting firm regarding internal control over financial reporting for these non-accelerated filer companies. The effectiveness of internal control over financial reporting for the aforementioned companies was not subject to attestation by the companies' registered public accounting firm pursuant to rules of the Securities and Exchange Commission that permit these companies to provide only management's report in this annual report.

ITEM 9B. OTHER INFORMATION

PPL Electric Utilities Corporation

On October 27, 2015, PPL Electric amended and restated its By-laws to provide that the number of directors constituting the Company's board of directors shall be as determined from time to time by the directors.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

PPL Corporation

Additional information for this item will be set forth in the sections entitled "Nominees for Directors," "Board Committees - Board Committee Membership" and "Section 16(a) Beneficial Ownership Reporting Compliance" in PPL's 2016 Notice of Annual Meeting and Proxy Statement, which will be filed with the SEC not later than 120 days after December 31, 2015, and which information is incorporated herein by reference.

As previously disclosed, on December 18, 2015, the Board of Directors of PPL approved amendments to PPL's Bylaws (the "Bylaws"), effective December 18, 2015, to adopt proxy access. Pursuant to new Article III, Section 3.18 of the Bylaws, a shareowner, or a group of up to 25 shareowners, owning 3% or more of PPL's outstanding common stock continuously for at least three years, may nominate, and include in PPL's proxy materials, directors constituting up to the greater of (i) 20% of the Board or (ii) two directors, provided that the shareowner(s) and the nominee(s) satisfy the requirements specified in the Bylaws. In connection with PPL's adoption of proxy access and in order to ensure full disclosure in regard to a nominating shareowner's ownership position in PPL, Article III, Section 3.16 of the Bylaws was also amended to expand the disclosure requirements for the nomination of directors under PPL's advance notice provision, including disclosure of securities ownership, derivative and short positions, certain interests that the nominating shareowner or director nominee might have in the nomination and such other information as PPL may reasonably request.

PPL has adopted a code of ethics entitled "Standards of Integrity" that applies to all directors, managers, trustees, officers (including the principal executive officers, principal financial officers and principal accounting officers (each, a "principal officer")), employees and agents of PPL and PPL's subsidiaries for which it has operating control (PPL Electric, LKE, LG&E and KU). The "Standards of Integrity" are posted on PPL's Internet website: www.pplweb.com/Standards-of-Integrity. A description of any amendment to the "Standards of Integrity" (other than a technical, administrative or other non-substantive amendment) will be posted on PPL's Internet website within four business days following the date of the amendment. In addition, if a waiver constituting a material departure from a provision of the "Standards of Integrity" is granted to one of the principal officers, a description of the nature of the waiver, the name of the person to whom the waiver was granted and the date of the waiver will be posted on PPL's Internet website within four business days following the date of the waiver.

PPL also has adopted its "Guidelines for Corporate Governance," which address, among other things, director qualification standards and director and board committee responsibilities. These guidelines, and the charters of each of the committees of PPL's board of directors, are posted on PPL's Internet website: www.pplweb.com/Guidelines.

PPL Electric Utilities Corporation, LG&E and KU Energy LLC, Louisville Gas and Electric Company and Kentucky Utilities Company

Item 10 is omitted as PPL Electric, LKE, LG&E and KU meet the conditions set forth in General Instruction (I)(1)(a) and (b) of Form 10-K.

EXECUTIVE OFFICERS OF THE REGISTRANTS

Officers of the Registrants are elected annually by their Boards of Directors to serve at the pleasure of the respective Boards. There are no family relationships among any of the executive officers, nor is there any arrangement or understanding between any executive officer and any other person pursuant to which the officer was selected.

There have been no events under any bankruptcy act, no criminal proceedings and no judgments or injunctions material to the evaluation of the ability and integrity of any executive officer during the past five years.

Listed below are the executive officers at December 31, 2015.

PPL Corporation

Name	Age	Positions Held During the Past Five Years	Dates
William H. Spence	58	Chairman, President and Chief Executive Officer	April 2012 - present
		President and Chief Executive Officer	November 2011 - March 2012
		President and Chief Operating Officer	July 2011 - November 2011
		Executive Vice President and Chief Operating Officer	June 2006 - July 2011
Robert J. Grey (b)(d)	65	Executive Vice President and Chief Legal Officer	June 2015 - January 2016
		Executive Vice President, General Counsel and Secretary	November 2012 - May 2015
		Senior Vice President, General Counsel and Secretary	March 1996 - November 2012
Vincent Sorgi	44	Senior Vice President and Chief Financial Officer	June 2014 - present
		Vice President and Controller	March 2010 - June 2014
Gregory N. Dudkin (a)	58	President-PPL Electric	March 2012 - present
		Senior Vice President-Operations-PPL Electric	June 2009 - March 2012
Victor A. Staffieri (a)	60	Chairman of the Board, Chief Executive Officer and President-LKE	May 2001 - present
Robert A. Symons (a)	62	Chief Executive-WPD	January 2000 - present
Mark F. Wilten (c)(e)	48	Vice President, Treasurer and Chief Risk Officer	October 2014 - December 2015
		Vice President-Finance and Treasurer	June 2012 - October 2014
		Treasurer-Nissan North America and Nissan Motor Acceptance Corporation	August 2010 - May 2012
Stephen K. Breininger	42	Vice President and Controller	January 2015 - present
		Controller	June 2014 - January 2015
		Assistant Controller-Business Lines	March 2013 - June 2014
		Controller-Supply Accounting	April 2010 - March 2013

(a) Designated an executive officer of PPL by virtue of their respective positions at a PPL subsidiary.
(b) Mr. Grey retired from PPL effective January 31, 2016.
(c) Mr. Wilten resigned as Treasurer and Chief Risk Officer effective December 31, 2015, and from PPL as of January 31, 2016.
(d) Joanne H. Raphael, Senior Vice President, General Counsel and Corporate Secretary, was deemed to be an Executive Officer of PPL effective January 1, 2016.
(e) Joseph P. Bergstein, Jr. was elected as Vice President-Investor Relations and Treasurer effective January 1, 2016 and was deemed to be an Executive Officer of PPL as of that date.

ITEM 11. EXECUTIVE COMPENSATION

PPL Corporation

Information for this item will be set forth in the sections entitled "Compensation of Directors," "The Board's Role in Risk Oversight," "Compensation Committee Interlocks and Insider Participation" and "Executive Compensation" in PPL's 2016 Notice of Annual Meeting and Proxy Statement, which will be filed with the SEC not later than 120 days after December 31, 2015, and which information is incorporated herein by reference.

PPL Electric Utilities Corporation, LG&E and KU Energy LLC, Louisville Gas and Electric Company and Kentucky Utilities Company

Item 11 is omitted as PPL Electric, LKE, LG&E and KU meet the conditions set forth in General Instructions (I)(1)(a) and (b) of Form 10-K.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

PPL Corporation

Information for this item will be set forth in the section entitled "Stock Ownership" in PPL's 2016 Notice of Annual Meeting and Proxy Statement, which will be filed with the SEC not later than 120 days after December 31, 2015, and which information is incorporated herein by reference. In addition, provided below in tabular format is information as of December 31, 2015, with respect to compensation plans (including individual compensation arrangements) under which equity securities of PPL are authorized for issuance.

Equity Compensation Plan Information

	Number of securities to be issued upon exercise of outstanding options, warrants and rights (3)	Weighted-average exercise price of outstanding options, warrants and rights (3)	Number of securities remaining available for future issuance under equity compensation plans (4)
Equity compensation plans approved by security holders (1)	1,295,137 - ICP 1,715,543 - SIP 3,374,469 - ICPKE 6,385,149 - Total	\$32.44 - ICP \$26.29 - SIP \$28.19 - ICPKE \$28.54 - Combined	1,756,965 - DDCP 6,417,595 - SIP 1,665,831 - ICPKE 9,840,391 - Total
Equity compensation plans not approved by security holders (2)			

(1) Includes (a) the ICP, under which stock options, restricted stock, restricted stock units, performance units, dividend equivalents and other stock-based awards were awarded to executive officers of PPL and no awards remain for issuance under this plan; (b) the ICPKE, under which stock options, restricted stock, restricted stock units, performance units, dividend equivalents and other stock-based awards may be awarded to non-executive key employees of PPL and its subsidiaries; (c) the PPL 2012 SIP approved by shareowners in 2012 under which stock options, restricted stock, restricted stock units, performance units, dividend equivalents and other stock-based awards may be awarded to executive officers of PPL and its subsidiaries; and (d) the DDCP, under which stock units may be awarded to directors of PPL. See Note 10 to the Financial Statements for additional information.

(2) All of PPL's current compensation plans under which equity securities of PPL are authorized for issuance have been approved by PPL's shareowners.

(3) Relates to common stock issuable upon the exercise of stock options awarded under the ICP, SIP and ICPKE as of December 31, 2015. In addition, as of December 31, 2015, the following other securities had been awarded and are outstanding under the ICP, SIP, ICPKE and DDCP: 15,000 shares of restricted stock under the ICP; 776,599 restricted stock units and 697,227 performance units under the SIP; 2,114,069 restricted stock units and 618,743 performance units under the ICPKE; and 531,840 stock units under the DDCP.

(4) Based upon the following aggregate award limitations under the ICP, SIP, ICPKE and DDCP: (a) under the ICP, 15,769,431 awards (i.e., 5% of the total PPL common stock outstanding as of April 23, 1999) granted after April 23, 1999; (b) under the SIP, 10,000,000 awards; (c) under the ICPKE, 16,573,608 awards (i.e., 5% of the total PPL common stock outstanding as of January 1, 2003) granted after April 25, 2003, reduced by outstanding awards for which common stock was not yet issued as of such date of 2,373,812 resulting in a limit of 14,199,796; and (d) under the DDCP, the number of stock units available for issuance was reduced to 2,000,000 stock units in March 2012. In addition, each of the ICP and ICPKE includes an annual award limitation of 2% of total PPL common stock outstanding as of January 1 of each year.

PPL Electric Utilities Corporation, LG&E and KU Energy LLC, Louisville Gas and Electric Company and Kentucky Utilities Company

Item 12 is omitted as PPL Electric, LKE, LG&E and KU meet the conditions set forth in General Instructions (I)(1)(a) and (b) of Form 10-K.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

PPL Corporation

Information for this item will be set forth in the sections entitled "Transactions with Related Persons" and "Independence of Directors" in PPL's 2016 Notice of Annual Meeting and Proxy Statement, which will be filed with the SEC not later than 120 days after December 31, 2015, and is incorporated herein by reference.

PPL Electric Utilities Corporation, LG&E and KU Energy LLC, Louisville Gas and Electric Company and Kentucky Utilities Company

Item 13 is omitted as PPL Electric, LKE, LG&E and KU meet the conditions set forth in General Instructions (I)(1)(a) and (b) of Form 10-K.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

PPL Corporation

Information for this item will be set forth in the section entitled "Fees to Independent Auditor for 2015 and 2014" in PPL's 2016 Notice of Annual Meeting and Proxy Statement, which will be filed with the SEC not later than 120 days after December 31, 2015, and which information is incorporated herein by reference.

PPL Electric Utilities Corporation

The following table presents an allocation of fees billed, including expenses, by EY to PPL for the fiscal years ended December 31, 2015 and 2014, for professional services rendered for the audit of PPL Electric's annual financial statements and for fees billed for other services rendered by EY.

	2015	2014
	(in thousands)	
Audit fees (a)	$ 1,185	$ 954
Audit-related fees (b)	11	
Tax fees (c)		18

(a) Includes estimated fees for audit of annual financial statements and review of financial statements included in PPL Electric's Quarterly Reports on Form 10-Q and for services in connection with statutory and regulatory filings or engagements, including comfort letters and consents for financings and filings made with the SEC.
(b) Includes fees for agreed upon procedures related to Annual EPA filing.
(c) Includes fees for tax advice for various state and local tax issues.

LG&E and KU Energy LLC

The following table presents an allocation of fees billed, including expenses, by EY to LKE for the fiscal years ended December 31, 2015 and 2014, for professional services rendered for the audits of LKE's annual financial statements and for fees billed for other services rendered by EY.

	2015	2014
	(in thousands)	
Audit fees (a)	$ 1,758	$ 1,636

(a) Includes estimated fees for audit of annual financial statements and review of financial statements included in LKE's Quarterly Reports on Form 10-Q and for services in connection with statutory and regulatory filings or engagements, including comfort letters and consents for financings and filings made with the SEC.

Louisville Gas and Electric Company

The following table presents an allocation of fees billed, including expenses, by EY to LG&E for the fiscal years ended December 31, 2015 and 2014, for professional services rendered for the audits of LG&E's annual financial statements and for fees billed for other services rendered by EY.

	2015	2014
	(in thousands)	
Audit fees (a)	$ 718	$ 699

(a) Includes estimated fees for audit of annual financial statements and review of financial statements included in LG&E's Quarterly Reports on Form 10-Q and for services in connection with statutory and regulatory filings or engagements, including comfort letters and consents for financings and filings made with the SEC.

Kentucky Utilities Company

The following table presents an allocation of fees billed, including expenses, by EY to KU for the fiscal years ended December 31, 2015 and 2014, for professional services rendered for the audits of KU's annual financial statements and for fees billed for other services rendered by EY.

	2015	2014
	(in thousands)	
Audit fees (a)	$ 717	$ 625

(a) Includes estimated fees for audit of annual financial statements and review of financial statements included in KU's Quarterly Reports on Form 10-Q and for services in connection with statutory and regulatory filings or engagements, including comfort letters and consents for financings and filings made with the SEC.

PPL Corporation, PPL Electric Utilities Corporation, LG&E and KU Energy LLC, Louisville Gas and Electric Company and Kentucky Utilities Company

Approval of Fees The Audit Committee of PPL has procedures for pre-approving audit and non-audit services to be provided by the independent auditor. These procedures are designed to ensure the continued independence of the independent auditor. More specifically, the use of the independent auditor to perform either audit or non-audit services is prohibited unless specifically approved in advance by the Audit Committee of PPL. As a result of this approval process, the Audit Committee of PPL has pre-approved specific categories of services and authorization levels. All services outside of the specified categories and all amounts exceeding the authorization levels are approved by the Chair of the Audit Committee of PPL, who serves as the Committee designee to review and approve audit and non-audit related services during the year. A listing of the approved audit and non-audit services is reviewed with the full Audit Committee of PPL no later than its next meeting.

The Audit Committee of PPL approved 100% of the 2015 and 2014 services provided by EY.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

PPL Corporation, PPL Electric Utilities Corporation, LG&E and KU Energy LLC, Louisville Gas and Electric Company and Kentucky Utilities Company

(a) The following documents are filed as part of this report:

1. Financial Statements - Refer to the "Table of Contents" for an index of the financial statements included in this report.

2. Supplementary Data and Supplemental Financial Statement Schedule - included in response to Item 8.

   Schedule I - PPL Corporation Condensed Unconsolidated Financial Statements.

   Schedule I - LG&E and KU Energy LLC Condensed Unconsolidated Financial Statements.

   All other schedules are omitted because of the absence of the conditions under which they are required or because the required information is included in the financial statements or notes thereto.

3. Exhibits

   See Exhibit Index immediately following the signature pages.

SHAREOWNER AND INVESTOR INFORMATION

Annual Meetings: The 2016 annual meeting of shareowners of PPL will be held on Wednesday, May 25, 2016, at the PPL Center, 701 Hamilton Street, Allentown, Pennsylvania, in Lehigh County.

Proxy Statement Material: A proxy statement and notice of PPL's annual meeting will be provided to all shareowners who are holders of record as of February 29, 2016. The latest proxy statement can be accessed at www.pplweb.com.

PPL Annual Report: The report will be published in the beginning of April and will be provided to all shareowners who are holders of record as of February 29, 2016. The latest annual report can be accessed at www.pplweb.com.

Dividends: Subject to the declaration of dividends on PPL common stock by the PPL Board of Directors or its Executive Committee, dividends are paid on the first business day of April, July, October and January. The 2016 record dates for dividends are expected to be March 10, June 10, September 9 and December 9.

PPL's Website (www.pplweb.com): Shareowners can access PPL publications such as annual and quarterly reports to the Securities and Exchange Commission (SEC Forms 10-K and 10-Q), other PPL filings, corporate governance materials, news releases, stock quotes and historical performance. Visitors to our website can subscribe to receive automated email alerts for SEC filings, earnings releases, daily stock prices or other financial news.

Financial reports which are available at www.pplweb.com will be mailed without charge upon request by writing to:

PPL Treasury Dept.
Two North Ninth Street
Allentown, PA 18101
Via email: invserv@pplweb.com

or by calling:

Shareowner Services, toll-free at 1-800-345-3085; or
PPL Corporate Offices at 610-774-5151.

Online Account Access: Registered shareowners can activate their account for online access by visiting shareowneronline.com.

Dividend Reinvestment and Direct Stock Purchase Plan (Plan): PPL offers investors the opportunity to acquire shares of PPL common stock through its Plan. Through the Plan, participants are eligible to invest up to $25,000 per calendar month in PPL common stock. Shareowners may choose to have dividends on their PPL common stock fully or partially reinvested in PPL common stock or can receive full payment of cash dividends by check or electronic funds transfer. Participants in the Plan may choose to have their common stock certificates deposited into their Plan account.

Direct Registration System: PPL participates in the Direct Registration System (DRS). Shareowners may choose to have their common stock certificates converted to book entry form within the DRS by submitting their certificates to PPL's transfer agent.

Listed Securities:

New York Stock Exchange

PPL Corporation:
Common Stock (Code: PPL)

PPL Capital Funding, Inc.:
2007 Series A Junior Subordinated Notes due 2067 (Code: PPL/67)
2013 Series B Junior Subordinated Notes due 2073 (Code: PPX)

Fiscal Agents:

Transfer Agent and Registrar; Dividend Disbursing Agent; Plan Administrator
Wells Fargo Bank, N.A.
Shareowner Services
1110 Centre Pointe Curve, Suite 101
Mendota Heights, MN 55120

Toll Free: 1-800-345-3085
Outside U.S.: 651-453-2129
Website: shareowneronline.com

Indenture Trustee
The Bank of New York Mellon
Corporate Trust Administration
525 William Penn Place
Pittsburgh, PA 15259

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

PPL Corporation
(Registrant)

By /s/ William H. Spence

William H. Spence -
Chairman, President and
Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the date indicated.

/s/ William H. Spence

William H. Spence -
Chairman, President and
Chief Executive Officer
(Principal Executive Officer)

/s/ Vincent Sorgi

Vincent Sorgi -
Senior Vice President and
Chief Financial Officer
(Principal Financial Officer)

/s/ Stephen K. Breininger

Stephen K. Breininger -
Vice President and Controller
(Principal Accounting Officer)

Directors:

Rodney C. Adkins	William H. Spence
John W. Conway	Natica von Althann
Steven G. Elliott	Keith H. Williamson
Venkata Rajamannar Madabhushi	Armando Zagalo de Lima
Craig A. Rogerson	

/s/ William H. Spence

William H. Spence, Attorney-in-fact   Date: February 19, 2016

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

PPL Electric Utilities Corporation
(Registrant)

By /s/ Gregory N. Dudkin
Gregory N. Dudkin -
President

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the date indicated.

/s/ Gregory N. Dudkin
Gregory N. Dudkin -
President
(Principal Executive Officer)

/s/ Stephen K. Breininger
Stephen K. Breininger -
Vice President and Controller
(Principal Financial Officer and Principal Accounting Officer)

Directors:

/s/ Gregory N. Dudkin	/s/ Vincent Sorgi
Gregory N. Dudkin	Vincent Sorgi
/s/ Joanne H. Raphael	/s/ William H. Spence
Joanne H. Raphael	William H. Spence

Date: February 19, 2016

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

LG&E and KU Energy LLC
(Registrant)

By /s/ Victor A. Staffieri
Victor A. Staffieri -
Chairman of the Board, Chief Executive Officer and President

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the date indicated.

/s/ Victor A. Staffieri
Victor A. Staffieri -
Chairman of the Board, Chief Executive Officer and President
(Principal Executive Officer)

/s/ Kent W. Blake
Kent W. Blake -
Chief Financial Officer
(Principal Financial Officer and Principal Accounting Officer)

Directors:

/s/ Kent W. Blake Kent W. Blake	/s/ Victor A. Staffieri Victor A. Staffieri
/s/ Vincent Sorgi Vincent Sorgi	/s/ Paul W. Thompson Paul W. Thompson
/s/ William H. Spence William H. Spence	

Date: February 19, 2016

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Louisville Gas and Electric Company
(Registrant)

By /s/ Victor A. Staffieri
Victor A. Staffieri -
Chairman of the Board, Chief Executive Officer and President

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the date indicated.

/s/ Victor A. Staffieri
Victor A. Staffieri -
Chairman of the Board, Chief Executive Officer and President
(Principal Executive Officer)

/s/ Kent W. Blake
Kent W. Blake -
Chief Financial Officer
(Principal Financial Officer and Principal Accounting Officer)

Directors:

/s/ Kent W. Blake Kent W. Blake	/s/ Victor A. Staffieri Victor A. Staffieri
/s/ Vincent Sorgi Vincent Sorgi	/s/ Paul W. Thompson Paul W. Thompson
/s/ William H. Spence William H. Spence	

Date: February 19, 2016

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Kentucky Utilities Company
(Registrant)

By /s/ Victor A. Staffieri

Victor A. Staffieri -
Chairman of the Board, Chief Executive Officer and President

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the date indicated.

/s/ Victor A. Staffieri

Victor A. Staffieri -
Chairman of the Board, Chief Executive Officer and President
(Principal Executive Officer)

/s/ Kent W. Blake

Kent W. Blake -
Chief Financial Officer
(Principal Financial Officer and Principal Accounting Officer)

Directors:

/s/ Kent W. Blake	/s/ Victor A. Staffieri
Kent W. Blake	Victor A. Staffieri
/s/ Vincent Sorgi	/s/ Paul W. Thompson
Vincent Sorgi	Paul W. Thompson
/s/ William H. Spence	
William H. Spence	

Date: February 19, 2016

EXHIBIT INDEX

The following Exhibits indicated by an asterisk preceding the Exhibit number are filed herewith. The balance of the Exhibits has heretofore been filed with the Commission and pursuant to Rule 12(b)-32 are incorporated herein by reference. Exhibits indicated by a [_] are filed or listed pursuant to Item 601(b)(10)(iii) of Regulation S-K.

1(a)	-	Securities Purchase and Registration Rights Agreement, dated March 5, 2014, among PPL Capital Funding, Inc., PPL Corporation, and the several purchasers named in Schedule B thereto (Exhibit 1.1 to PPL Corporation Form 8-K Report (File No. 1-11459) dated March 10, 2014)
1(b)	-	Equity Distribution Agreement, dated February 26, 2015, by and among PPL Corporation and Merrill Lynch, Pierce, Fenner & Smith Incorporation (Exhibit 1.1 to PPL Corporation Form 8-K Report (File No. 1-11459) dated February 26, 2015)
1(c)	-	Equity Distribution Agreement, dated February 26, 2015, by and among PPL Corporation and Morgan Stanley & Co. LLC (Exhibit 1.2 to PPL Corporation Form 8-K Report (File No. 1-11459) dated February 26, 2015)
2(a)	-	Separation Agreement among PPL Corporation, Talen Energy Holdings, Inc., Talen Energy Corporation, PPL Energy Supply, LLC, Raven Power Holdings LLC, C/R Energy Jade, LLC and Sapphire Power Holdings LLC., dated as of June 9, 2014 (Exhibit 2.1 to PPL Energy Supply, LLC Form 8-K Report (File No. 1-32944) dated June 12, 2014)
2(b)	-	Transaction Agreement among PPL Corporation, Talen Energy Holdings, Inc., Talen Energy Corporation, PPL Energy Supply, LLC, Talen Energy Merger Sub, Inc., C/R Energy Jade, LLC, Sapphire Power Holdings LLC. and Raven Power Holdings LLC, dated as of June 9, 2014 (Exhibit 2.2 to PPL Energy Supply, LLC Form 8-K Report (File No. 1-32944) dated June 12, 2014)
3(a)	-	Amended and Restated Articles of Incorporation of PPL Corporation, effective as of May 21, 2015 (Exhibit 3(i) to PPL Corporation Form 8-K Report (File No. 1-11459) dated May 27, 2015)
3(b)	-	Bylaws of PPL Corporation, effective as of December 18, 2015 (Exhibit 3(ii) to PPL Corporation Form 8-K Report (File No. 1-11459) dated December 21, 2015)
3(c)	-	Amended and Restated Articles of Incorporation of PPL Electric Utilities Corporation, effective as of October 31, 2013 (Exhibit 3(a) to PPL Electric Utilities Corporation Form 10-Q Report (File No. 1-905) for the quarter ended September 30, 2013)
3(d)	-	Bylaws of PPL Electric Utilities Corporation, effective as of October 27, 2015 (Exhibit 3(a) to PPL Corporation Form 10-Q Report (File No. 1-11459) for the quarter ended September 30, 2015)
3(e)	-	Articles of Organization of LG&E and KU Energy LLC, effective as of December 29, 2003 (Exhibit 3(a) to Registration Statement filed on Form S-4 (File No. 333-173665))
3(f)-1	-	Amended and Restated Operating Agreement of LG&E and KU Energy LLC, effective as of November 1, 2010 (Exhibit 3(b) to Registration Statement filed on Form S-4 (File No. 333-173665))
3(f)-2	-	Amendment to Amended and Restated Operating Agreement of LG&E and KU Energy LLC, effective as of November 25, 2013 (Exhibit 3(h)-2) to PPL Corporation Form 10-K Report (File No. 1-11459) for the year ended December 31, 2013)
3(g)-1	-	Amended and Restated Articles of Incorporation of Louisville Gas and Electric Company, effective as of November 6, 1996 (Exhibit 3(a) to Registration Statement filed on Form S-4 (File No. 333-173676))
3(g)-2	-	Articles of Amendment to Articles of Incorporation of Louisville Gas and Electric Company, effective as of April 6, 2004 (Exhibit 3(b) to Registration Statement filed on Form S-4 (File No. 333-173676))

3(h)	-	Bylaws of Louisville Gas and Electric Company, effective as of December 16, 2003 (Exhibit 3(c) to Registration Statement filed on Form S-4 (File No. 333-173676))
3(i)-1	-	Amended and Restated Articles of Incorporation of Kentucky Utilities Company, effective as of December 14, 1993 (Exhibit 3(a) to Registration Statement filed on Form S-4 (File No. 333-173675))
3(i)-2	-	Articles of Amendment to Articles of Incorporation of Kentucky Utilities Company, effective as of April 8, 2004 (Exhibit 3(b) to Registration Statement filed on Form S-4 (File No. 333-173675))
3(j)	-	Bylaws of Kentucky Utilities Company, effective as of December 16, 2003 (Exhibit 3(c) to Registration Statement filed on Form S-4 (File No. 333-173675))
4(a)	-	Pollution Control Facilities Loan Agreement, dated as of May 1, 1973, between PPL Electric Utilities Corporation and the Lehigh County Industrial Development Authority (Exhibit 5(z) to Registration Statement No. 2-60834)
4(b)-1	-	Amended and Restated Employee Stock Ownership Plan, dated January 12, 2007 (Exhibit 4(a) to PPL Corporation Form 10-K Report (File No. 1-11459) for the year ended December 31, 2006)
4(b)-2	-	Amendment No. 1 to said Employee Stock Ownership Plan, dated July 2, 2007 (Exhibit 4(a) to PPL Corporation Form 10-Q Report (File No. 1-11459) for the quarter ended September 30, 2007)
4(b)-3	-	Amendment No. 2 to said Employee Stock Ownership Plan, dated December 13, 2007 (Exhibit 4(a)-3 to PPL Corporation Form 10-K Report (File No. 1-11459) for the year ended December 31, 2007)
4(b)-4	-	Amendment No. 3 to said Employee Stock Ownership Plan, dated August 19, 2009 (Exhibit 4(a) to PPL Corporation Form 10-Q Report (File No. 1-11459) for the quarter ended September 30, 2009)
4(b)-5	-	Amendment No. 4 to said Employee Stock Ownership Plan, dated December 2, 2009 (Exhibit 4(a)-5 to PPL Corporation Form 10-K Report (File No. 1-11459) for the year ended December 31, 2009)
4(b)-6	-	Amendment No. 5 to said Employee Stock Ownership Plan, dated November 17, 2010 (Exhibit 4(b)-6 to PPL Corporation Form 10-K Report (File No. 1-11459) for the year ended December 31, 2010)
4(b)-7	-	Amendment No. 6 to said Employee Stock Ownership Plan, dated January 18, 2012 (Exhibit 4(a) to PPL Corporation Form 10-Q Report (File No. 1-11459) for the quarter ended March 31, 2012)
4(b)-8	-	Amendment No. 7 to said Employee Stock Ownership Plan, dated May 30, 2012 (Exhibit 4(a) to PPL Corporation Form 10-Q Report (File No. 1-11459) for the quarter ended June 30, 2012)
4(b)-9	-	Amendment No. 8 to said Employee Stock Ownership Plan, dated July 17, 2012 (Exhibit 4(b) to PPL Corporation Form 10-Q Report (File No. 1-11459) for the quarter ended June 30, 2012)
4(b)-10	-	Amendment No. 9 to said Employee Stock Ownership Plan, dated December 21, 2012 (Exhibit 4(b)-10 to PPL Corporation Form 10-K Report (File No. 1-11459) for the year ended December 31, 2012)
4(b)-11	-	Amendment No. 10 to said Employee Stock Ownership Plan, dated September 16, 2013 (Exhibit 4(a) to PPL Corporation Form 10-Q Report (File No. 1-11459) for the quarter ended September 30, 2013)
4(b)-12	-	Amendment No. 11 to said Employee Stock Ownership Plan, dated May 11, 2015 (Exhibit 4(a) to PPL Corporation Form 10-Q Report (File No. 1-11459) for the quarter ended June 30, 2015)
4(c)	-	Trust Deed constituting £150 million 9.25% percent Bonds due 2020, dated November 9, 1995, between South Wales Electric plc and Bankers Trustee Company Limited (Exhibit 4(k) to PPL Corporation Form 10-K Report (File No. 1-11459) for the year ended December 31, 2004)

4(d)-1	-	Indenture, dated as of November 1, 1997, among PPL Corporation, PPL Capital Funding, Inc. and JPMorgan Chase Bank (formerly The Chase Manhattan Bank), as Trustee (Exhibit 4.1 to PPL Corporation Form 8-K Report (File No. 1-11459) dated November 12, 1997)
4(d)-2	-	Supplemental Indenture No. 8, dated as of June 14, 2012, to said Indenture (Exhibit 4(b) to PPL Corporation Form 8-K Report (File No. 1-11459) dated June 14, 2012)
4(d)-3	-	Supplemental Indenture No. 9, dated as of October 15, 2012, to said Indenture (Exhibit 4(b) to PPL Corporation Form 8-K Report (File No. 1-11459) dated October 15, 2012)
4(d)-4	-	Supplemental Indenture No. 10, dated as of May 24, 2013, to said Indenture (Exhibit 4.2 to PPL Corporation Form 8-K Report (File No. 1-11459) dated May 24, 2013)
4(d)-5	-	Supplemental Indenture No. 11, dated as of May 24, 2013, to said Indenture (Exhibit 4.3 to PPL Corporation Form 8-K Report (File No. 1-11459) dated May 24, 2013)
4(d)-6	-	Supplemental Indenture No. 12, dated as of May 24, 2013, to said Indenture (Exhibit 4.4 to PPL Corporation Form 8-K Report (File No. 1-11459) dated May 24, 2013)
4(d)-7	-	Supplemental Indenture No. 13, dated as of March 10, 2014, to said Indenture (Exhibit 4.2 to PPL Corporation Form 8-K Report (File No. 1-11459) dated March 10, 2014)
4(d)-8	-	Supplemental Indenture No. 14, dated as of March 10, 2014, to said Indenture (Exhibit 4.3 to PPL Corporation Form 8-K Report (File No. 1-11459) dated March 10, 2014)
4(e)-1	-	Indenture, dated as of March 16, 2001, among WPD Holdings UK, Bankers Trust Company, as Trustee, Principal Paying Agent, and Transfer Agent and Deutsche Bank Luxembourg, S.A., as Paying and Transfer Agent (Exhibit 4(g) to PPL Corporation Form 10-K Report (File No. 1-11459) for the year ended December 31, 2009)
4(e)-2	-	First Supplemental Indenture constituting the creation of $200 million 6.75% Notes due 2004, $200 million 6.875% Notes due 2007, $225 million 6.50% Notes due 2008, $100 million 7.25% Notes due 2017 and $300 million 7.375% Notes due 2028, dated as of March 16, 2001, to said Indenture (Exhibit 4(n)-2 to PPL Corporation Form 10-K Report (File No. 1-11459) for the year ended December 31, 2004)
4(e)-3	-	Second Supplemental Indenture, dated as of January 30, 2003, to said Indenture (Exhibit 4(n)-3 to PPL Corporation Form 10-K Report (File No. 1-11459) for the year ended December 31, 2004)
4(e)-4	-	Third Supplemental Indenture, dated as of October 31, 2014, to said Indenture (Exhibit 4(b) to PPL Corporation Form 10-Q Report (File No. 1-11459) for the quarter ended September 30, 2014)
4(f)-1	-	Indenture, dated as of August 1, 2001, by PPL Electric Utilities Corporation and JPMorgan Chase Bank (formerly The Chase Manhattan Bank), as Trustee (Exhibit 4.1 to PPL Electric Utilities Corporation Form 8-K Report (File No. 1-905) dated August 21, 2001)
4(f)-2	-	Supplemental Indenture No. 4, dated as of February 1, 2005, to said Indenture (Exhibit 4(g)-5 to PPL Electric Utilities Corporation Form 10-K Report (File No. 1-905) for the year ended December 31, 2004)
4(f)-3	-	Supplemental Indenture No. 5, dated as of May 1, 2005, to said Indenture (Exhibit 4(b) to PPL Electric Utilities Corporation Form 10-Q Report (File No. 1-905) for the quarter ended June 30, 2005)
4(f)-4	-	Supplemental Indenture No. 6, dated as of December 1, 2005, to said Indenture (Exhibit 4(a) to PPL Electric Utilities Corporation Form 8-K Report (File No. 1-905) dated December 22, 2005)
4(f)-5	-	Supplemental Indenture No. 7, dated as of August 1, 2007, to said Indenture (Exhibit 4(b) to PPL Electric Utilities Corporation Form 8-K Report (File No. 1-905) dated August 14, 2007)

4(f)-6	-	Supplemental Indenture No. 9, dated as of October 1, 2008, to said Indenture (Exhibit 4(c) to PPL Electric Utilities Corporation Form 8-K Report (File No. 1-905) dated October 31, 2008)
4(f)-7	-	Supplemental Indenture No. 10, dated as of May 1, 2009, to said Indenture (Exhibit 4(b) to PPL Electric Utilities Corporation Form 8-K Report (File No. 1-905) dated May 22, 2009)
4(f)-8	-	Supplemental Indenture No. 11, dated as of July 1, 2011, to said Indenture (Exhibit 4.1 to PPL Electric Utilities Corporation Form 8-K Report (File No. 1-905) dated July 13, 2011)
4(f)-9	-	Supplemental Indenture No. 12, dated as of July 1, 2011, to said Indenture (Exhibit 4(a) to PPL Electric Utilities Corporation Form 8-K Report (File No. 1-905) dated July 18, 2011)
4(f)-10	-	Supplemental Indenture No. 13, dated as of August 1, 2011, to said Indenture (Exhibit 4(a) to PPL Electric Utilities Corporation Form 8-K Report (File No. 1-905) dated August 23, 2011)
4(f)-11	-	Supplemental Indenture No. 14, dated as of August 1, 2012, to said Indenture (Exhibit 4(a) to PPL Electric Utilities Corporation Form 8-K Report (File No. 1-905) dated August 24, 2012)
4(f)-12	-	Supplemental Indenture No. 15, dated as of July 1, 2013, to said Indenture (Exhibit 4(a) to PPL Electric Utilities Corporation Form 8-K Report (File No. 1-905) dated July 11, 2013)
4(f)-13	-	Supplemental Indenture No. 16, dated as of June 1, 2014, to said Indenture (Exhibit 4(a) to PPL Electric Utilities Corporation Form 8-K Report (File No. 1-905) dated June 5, 2014)
4(f)-14	-	Supplemental Indenture No. 17, dated as of October 1, 2015, to said Indenture (Exhibit 4(c) to PPL Electric Utilities Corporation Form 8-K Report (File No. 1-905) dated October 1, 2015)
4(g)-1	-	Trust Deed constituting £200 million 5.875 percent Bonds due 2027, dated March 25, 2003, between Western Power Distribution (South West) plc and J.P. Morgan Corporate Trustee Services Limited (Exhibit 4(o)-1 to PPL Corporation Form 10-K Report (File No. 1-11459) for the year ended December 31, 2004)
4(g)-2	-	Supplement, dated May 27, 2003, to said Trust Deed, constituting £50 million 5.875 percent Bonds due 2027 (Exhibit 4(o)-2 to PPL Corporation Form 10-K Report (File No. 1-11459) for the year ended December 31, 2004)
4(h)-1	-	Pollution Control Facilities Loan Agreement, dated as of February 1, 2005, between PPL Electric Utilities Corporation and the Lehigh County Industrial Development Authority (Exhibit 10(ff) to PPL Electric Utilities Corporation Form 10-K Report (File No. 1-905) for the year ended December 31, 2004)
4(h)-2	-	Pollution Control Facilities Loan Agreement, dated as of May 1, 2005, between PPL Electric Utilities Corporation and the Lehigh County Industrial Development Authority (Exhibit 10(a) to PPL Electric Utilities Corporation Form 10-Q Report (File No. 1-905) for the quarter ended June 30, 2005)
4(h)-3	-	Pollution Control Facilities Loan Agreement, dated as of October 1, 2008, between Pennsylvania Economic Development Financing Authority and PPL Electric Utilities Corporation (Exhibit 4(a) to PPL Electric Utilities Corporation Form 8-K Report (File No. 1-905) dated October 31, 2008)
4(i)	-	Trust Deed constituting £105 million 1.541 percent Index-Linked Notes due 2053, dated December 1, 2006, between Western Power Distribution (South West) plc and HSBC Trustee (CI) Limited (Exhibit 4(i) to PPL Corporation Form 10-K Report (File No. 1-11459) for the year ended December 31, 2006)

4(j)	-	Trust Deed constituting £120 million 1.541 percent Index-Linked Notes due 2056, dated December 1, 2006, between Western Power Distribution (South West) plc and HSBC Trustee (CI) Limited (Exhibit 4(j) to PPL Corporation Form 10-K Report (File No. 1-11459) for the year ended December 31, 2006)
4(k)	-	Trust Deed constituting £225 million 4.80436 percent Notes due 2037, dated December 21, 2006, between Western Power Distribution (South Wales) plc and HSBC Trustee (CI) Limited (Exhibit 4(k) to PPL Corporation Form 10-K Report (File No. 1-11459) for the year ended December 31, 2006)
4(l)-1	-	Subordinated Indenture, dated as of March 1, 2007, between PPL Capital Funding, Inc., PPL Corporation and The Bank of New York, as Trustee (Exhibit 4(a) to PPL Corporation Form 8-K Report (File No. 1-11459) dated March 20, 2007)
4(l)-2	-	Supplemental Indenture No. 1, dated as of March 1, 2007, to said Subordinated Indenture (Exhibit 4(b) to PPL Corporation Form 8-K Report (File No. 1-11459) dated March 20, 2007)
4(l)-3	-	Supplemental Indenture No. 4, dated as of March 15, 2013, to said Subordinated Indenture (Exhibit 4(b) to PPL Corporation Form 8-K Report (File No. 1-11459) dated March 15, 2013)
4(m)	-	Trust Deed constituting £200 million 5.75 percent Notes due 2040, dated March 23, 2010, between Western Power Distribution (South Wales) plc and HSBC Corporate Trustee Company (UK) Limited (Exhibit 4(a) to PPL Corporation Form 10-Q Report (File No. 1-11459) for the quarter ended March 31, 2010)
4(n)	-	Trust Deed constituting £200 million 5.75 percent Notes due 2040, dated March 23, 2010, between Western Power Distribution (South West) plc and HSBC Corporate Trustee Company (UK) Limited (Exhibit 4(b) to PPL Corporation Form 10-Q Report (File No. 1-11459) for the quarter ended March 31, 2010)
4(o)-1	-	Indenture, dated as of October 1, 2010, between Kentucky Utilities Company and The Bank of New York Mellon, as Trustee (Exhibit 4(q)-1 to PPL Corporation Form 10-K Report (File No. 1-11459) for the year ended December 31, 2010)
4(o)-2	-	Supplemental Indenture No. 1, dated as of October 15, 2010, to said Indenture (Exhibit 4(q)-2 to PPL Corporation Form 10-K Report (File No. 1-11459) for the year ended December 31, 2010)
4(o)-3	-	Supplemental Indenture No. 2, dated as of November 1, 2010, to said Indenture (Exhibit 4(q)-3 to PPL Corporation Form 10-K Report (File No. 1-11459) for the year ended December 31, 2010)
4(o)-4	-	Supplemental Indenture No. 3, dated as of November 1, 2013, to said Indenture (Exhibit 4(b) to PPL Corporation Form 8-K Report (File No. 1-11459) dated November 13, 2013)
4(o)-5	-	Supplemental Indenture No. 4, dated as of September 1, 2015, to said Indenture (Exhibit 4(b) to Kentucky Utilities Company Form 8-K Report (File No. 1-3464) dated September 28, 2015)
4(p)-1	-	Indenture, dated as of October 1, 2010, between Louisville Gas and Electric Company and The Bank of New York Mellon, as Trustee (Exhibit 4(r)-1 to PPL Corporation Form 10-K Report (File No. 1-11459) for the year ended December 31, 2010)
4(p)-2	-	Supplemental Indenture No. 1, dated as of October 15, 2010, to said Indenture (Exhibit 4(r)-2 to PPL Corporation Form 10-K Report (File No. 1-11459) for the year ended December 31, 2010)
4(p)-3	-	Supplemental Indenture No. 2, dated as of November 1, 2010, to said Indenture (Exhibit 4(r)-3 to PPL Corporation Form 10-K Report (File No. 1-11459) for the year ended December 31, 2010)
4(p)-4	-	Supplemental Indenture No. 3, dated as of November 1, 2013, to said Indenture (Exhibit 4(a) to PPL Corporation Form 8-K Report (File No. 1-11459) dated November 13, 2013)

4(p)-5	-	Supplemental Indenture No. 4, dated as of September 1, 2015, to said Indenture (Exhibit 4(a) to Louisville Gas and Electric Company Form 8-K Report (File No. 1-2893) dated September 28, 2015)
4(q)-1	-	Indenture, dated as of November 1, 2010, between LG&E and KU Energy LLC and The Bank of New York Mellon, as Trustee (Exhibit 4(s)-1 to PPL Corporation Form 10-K Report (File No. 1-11459) for the year ended December 31, 2010)
4(q)-2	-	Supplemental Indenture No. 1, dated as of November 1, 2010, to said Indenture (Exhibit 4(s)-2 to PPL Corporation Form 10-K Report (File No. 1-11459) for the year ended December 31, 2010)
4(q)-3	-	Supplemental Indenture No. 2, dated as of September 1, 2011, to said Indenture (Exhibit 4(a) to PPL Corporation Form 8-K Report (File No. 1-11459) dated September 30, 2011)
4(r)-1	-	2002 Series A Carroll County Loan Agreement, dated February 1, 2002, by and between Kentucky Utilities Company, and County of Carroll, Kentucky (Exhibit 4(w)-1 to PPL Corporation Form 10-K Report (File No. 1-11459) for the year ended December 31, 2010)
4(r)-2	-	Amendment No. 1 dated as of September 1, 2010 to said Loan Agreement by and between Kentucky Utilities Company, and County of Carroll, Kentucky (Exhibit 4(w)-2 to PPL Corporation Form 10-K Report (File No. 1-11459) for the year ended December 31, 2010)
4(s)-1	-	2002 Series B Carroll County Loan Agreement, dated February 1, 2002, by and between Kentucky Utilities Company, and County of Carroll, Kentucky (Exhibit 4(x)-1 to PPL Corporation Form 10-K Report (File No. 1-11459) for the year ended December 31, 2010)
4(s)-2	-	Amendment No. 1 dated as of September 1, 2010, to said Loan Agreement by and between Kentucky Utilities Company, and County of Carroll, Kentucky (Exhibit 4(x)-2 to PPL Corporation Form 10-K Report (File No. 1-11459) for the year ended December 31, 2010)
4(t)-1	-	2002 Series C Carroll County Loan Agreement, dated July 1, 2002, by and between Kentucky Utilities Company, and County of Carroll, Kentucky (Exhibit 4(y)-1 to PPL Corporation Form 10-K Report (File No. 1-11459) for the year ended December 31, 2010)
4(t)-2	-	Amendment No. 1 dated as of September 1, 2010, to said Loan Agreement by and between Kentucky Utilities Company, and County of Carroll, Kentucky (Exhibit 4(y)-2 to PPL Corporation Form 10-K Report (File No. 1-11459) for the year ended December 31, 2010)
4(u)-1	-	2004 Series A Carroll County Loan Agreement, dated October 1, 2004 and amended and restated as of September 1, 2008, by and between Kentucky Utilities Company, and County of Carroll, Kentucky (Exhibit 4(z)-1 to PPL Corporation Form 10-K Report (File No. 1-11459) for the year ended December 31, 2010)
4(u)-2	-	Amendment No. 1 dated as of September 1, 2010, to said Loan Agreement by and between Kentucky Utilities Company, and County of Carroll, Kentucky (Exhibit 4(z)-2 to PPL Corporation Form 10-K Report (File No. 1-11459) for the year ended December 31, 2010)
4(v)-1	-	2006 Series B Carroll County Loan Agreement, dated October 1, 2006 and amended and restated September 1, 2008, by and between Kentucky Utilities Company, and County of Carroll, Kentucky (Exhibit 4(aa)-1 to PPL Corporation Form 10-K Report (File No. 1-11459) for the year ended December 31, 2010)
4(v)-2	-	Amendment No. 1 dated as of September 1, 2010, to said Loan Agreement by and between Kentucky Utilities Company, and County of Carroll, Kentucky (Exhibit 4(aa)-2 to PPL Corporation Form 10-K Report (File No. 1-11459) for the year ended December 31, 2010)

4(w)-1	-	2007 Series A Carroll County Loan Agreement, dated March 1, 2007, by and between Kentucky Utilities Company and County of Carroll, Kentucky (Exhibit 4(bb)-1 to PPL Corporation Form 10-K Report (File No. 1-11459) for the year ended December 31, 2010)
4(w)-2	-	Amendment No. 1 dated September 1, 2010, to said Loan Agreement by and between Kentucky Utilities Company, and County of Carroll, Kentucky (Exhibit 4(bb)-2 to PPL Corporation Form 10-K Report (File No. 1-11459) for the year ended December 31, 2010)
4(x)-1	-	2008 Series A Carroll County Loan Agreement, dated August 1, 2008 by and between Kentucky Utilities Company, and County of Carroll, Kentucky (Exhibit 4(cc)-1 to PPL Corporation Form 10-K Report (File No. 1-11459) for the year ended December 31, 2010)
4(x)-2	-	Amendment No. 1 dated September 1, 2010, to said Loan Agreement by and between Kentucky Utilities Company, and County of Carroll, Kentucky (Exhibit 4(cc)-2 to PPL Corporation Form 10-K Report (File No. 1-11459) for the year ended December 31, 2010)
4(y)-1	-	2000 Series A Mercer County Loan Agreement, dated May 1, 2000 and amended and restated as of September 1, 2008, by and between Kentucky Utilities Company, and County of Mercer, Kentucky (Exhibit 4(dd)-1 to PPL Corporation Form 10-K Report (File No. 1-11459) for the year ended December 31, 2010)
4(y)-2	-	Amendment No. 1 dated September 1, 2010, to said Loan Agreement by and between Kentucky Utilities Company, and County of Mercer, Kentucky (Exhibit 4(dd)-2 to PPL Corporation Form 10-K Report (File No. 1-11459) for the year ended December 31, 2010)
4(z)-1	-	2002 Series A Mercer County Loan Agreement, dated February 1, 2002, by and between Kentucky Utilities Company, and County of Mercer, Kentucky (Exhibit 4(ee)-1 to PPL Corporation Form 10-K Report (File No. 1-11459) for the year ended December 31, 2010)
4(z)-2	-	Amendment No. 1 dated September 1, 2010, to said Loan Agreement by and between Kentucky Utilities Company, and County of Mercer, Kentucky (Exhibit 4(ee)-2 to PPL Corporation Form 10-K Report (File No. 1-11459) for the year ended December 31, 2010)
4(aa)-1	-	2002 Series A Muhlenberg County Loan Agreement, dated February 1, 2002, by and between Kentucky Utilities Company, and County of Muhlenberg, Kentucky (Exhibit 4(ff)-1 to PPL Corporation Form 10-K Report (File No. 1-11459) for the year ended December 31, 2010)
4(aa)-2	-	Amendment No. 1 dated September 1, 2010, to said Loan Agreement by and between Kentucky Utilities Company, and County of Muhlenberg, Kentucky (Exhibit 4(ff)-2 to PPL Corporation Form 10-K Report (File No. 1-11459) for the year ended December 31, 2010)
4(bb)-1	-	2007 Series A Trimble County Loan Agreement, dated March 1, 2007, by and between Kentucky Utilities Company, and County of Trimble, Kentucky (Exhibit 4(gg)-1 to PPL Corporation Form 10-K Report (File No. 1-11459) for the year ended December 31, 2010)
4(bb)-2	-	Amendment No. 1 dated September 1, 2010, to said Loan Agreement by and between Kentucky Utilities Company, and County of Trimble, Kentucky (Exhibit 4(gg)-2 to PPL Corporation Form 10-K Report (File No. 1-11459) for the year ended December 31, 2010)
4(cc)-1	-	2000 Series A Louisville/Jefferson County Metro Government Loan Agreement, dated May 1, 2000 and amended and restated as of September 1, 2008, by and between Louisville Gas and Electric Company, and Louisville/Jefferson County Metro Government, Kentucky (Exhibit 4(hh)-1 to PPL Corporation Form 10-K Report (File No. 1-11459) for the year ended December 31, 2010)
4(cc)-2	-	Amendment No. 1 dated September 1, 2010, to said Loan Agreement by and between Louisville Gas and Electric Company, and Louisville/Jefferson County Metro Government, Kentucky (Exhibit 4(hh)-2 to PPL Corporation Form 10-K Report (File No. 1-11459) for the year ended December 31, 2010)

4(cc)-3	-	Amendment No. 2 dated as of October 1, 2011, to said Loan Agreement by and between Louisville Gas and Electric Company, and Louisville/Jefferson County Metro Government, Kentucky (Exhibit 4(ee)-3 to Louisville Gas and Electric Company Form 10-K Report (File No. 1-2893) for the year ended December 31, 2011)
4(dd)-1	-	2001 Series A Jefferson County Loan Agreement, dated July 1, 2001, by and between Louisville Gas and Electric Company, and Jefferson County, Kentucky (Exhibit 4(ii)-1 to PPL Corporation Form 10-K Report (File No. 1-11459) for the year ended December 31, 2010)
4(dd)-2	-	Amendment No. 1 dated September 1, 2010, to said Loan Agreement by and between Louisville Gas and Electric Company, and Jefferson County, Kentucky (Exhibit 4(ii)-2 to PPL Corporation Form 10-K Report (File No. 1-11459) for the year ended December 31, 2010)
4(ee)-1	-	2001 Series A Jefferson County Loan Agreement, dated November 1, 2001, by and between Louisville Gas and Electric Company, and Jefferson County, Kentucky (Exhibit 4(jj)-1 to PPL Corporation Form 10-K Report (File No. 1-11459) for the year ended December 31, 2010)
4(ee)-2	-	Amendment No. 1 dated September 1, 2010, to said Loan Agreement by and between Louisville Gas and Electric Company, and Jefferson County, Kentucky (Exhibit 4(jj)-2 to PPL Corporation Form 10-K Report (File No. 1-11459) for the year ended December 31, 2010)
4(ff)-1	-	2001 Series B Jefferson County Loan Agreement, dated November 1, 2001, by and between Louisville Gas and Electric Company, and Jefferson County, Kentucky (Exhibit 4(kk)-1 to PPL Corporation Form 10-K Report (File No. 1-11459) for the year ended December 31, 2010)
4(ff)-2	-	Amendment No. 1 dated September 1, 2010, to said Loan Agreement by and between Louisville Gas and Electric Company, and Jefferson County, Kentucky (Exhibit 4(kk)-2 to PPL Corporation Form 10-K Report (File No. 1-11459) for the year ended December 31, 2010)
4(gg)-1	-	2003 Series A Louisville/Jefferson County Metro Government Loan Agreement, dated October 1, 2003, by and between Louisville Gas and Electric Company and Louisville/Jefferson County Metro Government, Kentucky (Exhibit 4(ll)-1 to PPL Corporation Form 10-K Report (File No. 1-11459) for the year ended December 31, 2010)
4(gg)-2	-	Amendment No. 1 dated September 1, 2010, to said Loan Agreement by and between Louisville Gas and Electric Company, and Louisville/Jefferson County Metro Government, Kentucky (Exhibit 4(ll)-2 to PPL Corporation Form 10-K Report (File No. 1-11459) for the year ended December 31, 2010)
4(hh)-1	-	2005 Series A Louisville/Jefferson County Metro Government Loan Agreement, dated February 1, 2005 and amended and restated as of September 1, 2008, by and between Louisville Gas and Electric Company, and Louisville/Jefferson County Metro Government, Kentucky (Exhibit 4(mm)-1 to PPL Corporation Form 10-K Report (File No. 1-11459) for the year ended December 31, 2010)
4(hh)-2	-	Amendment No. 1 dated September 1, 2010, to said Loan Agreement by and between Louisville Gas and Electric Company, and Louisville/Jefferson County Metro Government, Kentucky (Exhibit 4(mm)-2 to PPL Corporation Form 10-K Report (File No. 1-11459) for the year ended December 31, 2010)
4(ii)-1	-	2007 Series A Louisville/Jefferson County Metro Government Loan Agreement, dated as of March 1, 2007 and amended and restated as of September 1, 2008, by and between Louisville Gas and Electric Company, and Louisville/Jefferson County Metro Government, Kentucky (Exhibit 4(nn)-1 to PPL Corporation Form 10-K Report (File No. 1-11459) for the year ended December 31, 2010)
4(ii)-2	-	Amendment No. 1 dated September 1, 2010, to said Loan Agreement by and between Louisville Gas and Electric Company, and Louisville/Jefferson County Metro Government, Kentucky (Exhibit 4(nn)-2 to PPL Corporation Form 10-K Report (File No. 1-11459) for the year ended December 31, 2010)

4(jj)	-	2007 Series B Louisville/Jefferson County Metro Government Amended and Restated Loan Agreement, dated November 1, 2010, by and between Louisville Gas and Electric Company and Louisville/Jefferson County Metro Government, Kentucky (Exhibit 4(oo) to PPL Corporation Form 10-K Report (File No. 1-11459) for the year ended December 31, 2010)
4(kk)-1	-	2000 Series A Trimble County Loan Agreement, dated August 1, 2000, by and between Louisville Gas and Electric Company, and County of Trimble, Kentucky (Exhibit 4(pp)-1 to PPL Corporation Form 10-K Report (File No. 1-11459) for the year ended December 31, 2010)
4(kk)-2	-	Amendment No. 1 dated September 1, 2010, to said Loan Agreement by and between Louisville Gas and Electric Company, and County of Trimble, Kentucky (Exhibit 4(pp)-2 to PPL Corporation Form 10-K Report (File No. 1-11459) for the year ended December 31, 2010)
4(ll)-1	-	2001 Series A Trimble County Loan Agreement, dated November 1, 2001, by and between Louisville Gas and Electric Company, and County of Trimble, Kentucky (Exhibit 4(qq)-1 to PPL Corporation Form 10-K Report (File No. 1-11459) for the year ended December 31, 2010)
4(ll)-2	-	Amendment No. 1 dated September 1, 2010, to said Loan Agreement by and between Louisville Gas and Electric Company, and the County of Trimble, Kentucky (Exhibit 4(qq)-2 to PPL Corporation Form 10-K Report (File No. 1-11459) for the year ended December 31, 2010)
4(mm)-1	-	2001 Series B Trimble County Loan Agreement, dated November 1, 2001, by and between Louisville Gas and Electric Company, and County of Trimble, Kentucky (Exhibit 4(rr)-1 to PPL Corporation Form 10-K Report (File No. 1-11459) for the year ended December 31, 2010)
4(mm)-2	-	Amendment No. 1 dated September 1, 2010, to said Loan Agreement by and between Louisville Gas and Electric Company, and County of Trimble, Kentucky (Exhibit 4(rr)-2 to PPL Corporation Form 10-K Report (File No. 1-11459) for the year ended December 31, 2010)
4(nn)-1	-	2002 Series A Trimble County Loan Agreement, dated July 1, 2002, by and between Louisville Gas and Electric Company, and County of Trimble, Kentucky (Exhibit 4(ss)-1 to PPL Corporation Form 10-K Report (File No. 1-11459) for the year ended December 31, 2010)
4(nn)-2	-	Amendment No. 1 dated September 1, 2010, to said Loan Agreement by and between Louisville Gas and Electric Company, and County of Trimble, Kentucky (Exhibit 4(ss)-2 to PPL Corporation Form 10-K Report (File No. 1-11459) for the year ended December 31, 2010)
4(oo)-1	-	2007 Series A Trimble County Loan Agreement, dated March 1, 2007, by and between Louisville Gas and Electric Company, and County of Trimble, Kentucky (Exhibit 4(tt)-1 to PPL Corporation Form 10-K Report (File No. 1-11459) for the year ended December 31, 2010)
4(oo)-2	-	Amendment No. 1 dated September 1, 2010, to said Loan Agreement by and between Louisville Gas and Electric Company, and County of Trimble, Kentucky (Exhibit 4(tt)-2 to PPL Corporation Form 10-K Report (File No. 1-11459) for the year ended December 31, 2010)
*4(pp)	-	Trust Deed, dated November 26, 2010, between Central Networks East plc and Central Networks West plc, the Issuers, and Deutsche Trustee Company Limited relating to Central Networks East plc and Central Network West plc £3 billion Euro Medium Term Note Programme
4(qq)-1	-	Indenture, dated April 21, 2011, between PPL WEM Holdings PLC, as Issuer, and The Bank of New York Mellon, as Trustee (Exhibit 10.2 to PPL Corporation Form 8-K Report (File No. 1-11459) dated April 21, 2011)
4(qq)-2	-	Supplemental Indenture No. 1, dated April 21, 2011, to said Indenture (Exhibit 10.3 to PPL Corporation Form 8-K Report (File No. 1-11459) dated April 21, 2011)

4(qq)-3	-	Second Supplemental Indenture, dated as of October 30, 2014, to said Indenture (Exhibit 4(a) to PPL Corporation Form 10-Q Report (File No. 1-11459) for the quarter ended September 30, 2014)
4(rr)-1	-	Trust Deed, dated April 27, 2011, by and among Western Power Distribution (East Midlands) plc and Western Power Distribution (West Midlands) plc, as Issuers, and HSBC Corporate Trustee Company (UK) Limited as Note Trustee (Exhibit 4.1 to PPL Corporation Form 8-K Report (File No.1-11459) dated May 17, 2011)
4(rr)-2	-	Amended and Restated Trust Deed, dated September 10, 2013, by and among Western Power Distribution (East Midlands) plc, Western Power Distribution (West Midlands) plc, Western Power Distribution (South West) plc and Western Power Distribution (South Wales) plc as Issuers, and HSBC Corporate Trustee Company (UK) Limited as Note Trustee (Exhibit 4.1 to PPL Corporation Form 8-K Report (File No. 1-11459) dated October 18, 2013)
4(ss)	-	Trust Deed constituting £500 million 3.625% Senior Unsecured Notes due 2023, dated November 6, 2015, by and among Western Power Distribution plc as Issuer, and HSBC Corporate Trustee Company (UK) Limited as Note Trustee (Exhibit 4.1) to PPL Corporation Form 8-K Report (File No. 1-11459) dated November 6, 2015)
10(a)	-	$75 million Revolving Credit Agreement, dated as of October 30, 2013, among LG&E and KU Energy LLC, the Lenders from time to time party thereto, and PNC Bank, National Association, as the Administrative Agent and the Issuing Lender, PNC Capital Markets LLC, as Sole Lead Arranger and Sole Bookrunner, Fifth Third Bank, as Syndication Agent, and Central Bank & Trust Company, as Documentation Agent (Exhibit 10(ii) to PPL Corporation Form 10-K Report (File No. 1-11459) for the year ended December 31, 2013)
10(b)	-	$300 million Revolving Credit Agreement, dated as of November 12, 2013, among PPL Capital Funding, Inc., as borrower, PPL Corporation, as Guarantor, the Lenders party thereof and PNC Bank National Association, as Administrative Agent, and Manufactures and Traders Trust as Syndication Agent (Exhibit 10.1 to PPL Corporation Form 8-K Report (File No. 1-11459) dated November 13, 2013)
10(c)-1	-	$150 million Revolving Credit Agreement, dated as of March 26, 2014, among PPL Capital Funding, Inc., as Borrower, PPL Corporation, as Guarantor and The Bank of Nova Scotia, as Administrative Agent, Issuing Lender and Lender (Exhibit 10.1 to PPL Corporation Form 8-K Report (File No. 1-11459) dated April 1, 2014)
*10(c)-2	-	First Amendment to said Revolving Credit Agreement, dated as of March 17, 2015
10(d)	-	Employee Matters Agreement, among PPL Corporation, Talen Energy Corporation, C/R Energy Jade, LLC, Sapphire Power Holdings LLC. and Raven Power Holdings LLC, dated as of June 9, 2014 (Exhibit 10.1 to PPL Energy Supply, LLC Form 8-K Report (File No. 1-32944) dated June 12, 2014)
10(e)-1	-	$300 million Amended and Restated Revolving Credit Agreement, dated as of July 28, 2014, among PPL Electric Utilities Corporation, as the Borrower, the Lenders from time to time party thereto and Wells Fargo Bank, National Association, as Administrative Agent, Issuing Lender and Swingline Lender (Exhibit 10(e) to PPL Electric Utilities Corporation Form 10-Q Report (File No. 1-905) for the quarter ended June 30, 2014)
10(e)-2	-	Notice of Automatic Extension, dated as of September 29, 2014, to said Amended and Restated Credit Agreement (Exhibit 10(b) to PPL Electric Utilities Corporation Form 10-Q Report (File No. 1-905) for the quarter ended September 30, 2014)
10(e)-3	-	Amendment No. 1 to said Credit Agreement, dated as of January 29, 2016 (Exhibit 10.2 to PPL Corporation Form 8-K Report (File No. 1-11459) dated February 3, 2016)

10(f)-1	-	$300 million Revolving Credit Agreement, dated as of July 28, 2014, among PPL Capital Funding, Inc., as the Borrower, PPL Corporation, as the Guarantor, the Lenders from time to time party thereto and Wells Fargo Bank, National Association, as Administrative Agent, Issuing Lender and Swingline Lender (Exhibit 10(d) to PPL Corporation Form 10-Q Report (File No. 1-11459) for the quarter ended June 30, 2014)
10(f)-2	-	Amendment No. 1 to said Credit Agreement, dated as of January 29, 2016 (Exhibit 10.1 to PPL Corporation Form 8-K Report (File No. 1-11459) dated February 3, 2016)
10(g)-1	-	$400 million Amended and Restated Revolving Credit Agreement, dated as of July 28, 2014, among Kentucky Utilities Company, as the Borrower, the Lenders from time to time party thereto and Wells Fargo Bank, National Association, as Administrative Agent, Issuing Lender and Swingline Lender (Exhibit 10(f) to PPL Corporation Form 10-Q Report (File No. 1-11459) for the quarter ended June 30, 2014)
10(g)-2	-	Amendment No. 1 to said Credit Agreement, dated as of January 29, 2016 (Exhibit 10.4 to PPL Corporation Form 8-K Report (File No. 1-11459) dated February 3, 2016)
10(h)-1	-	$500 million Amended and Restated Revolving Credit Agreement, dated as of July 28, 2014, among Louisville Gas and Electric Company, as the Borrower, the Lenders from time to time party thereto and Wells Fargo Bank, National Association, as Administrative Agent, Issuing Lender and Swingline Lender (Exhibit 10(g) to PPL Corporation Form 10-Q Report (File No. 1-11459) for the quarter ended June 30, 2014)
10(h)-2	-	Amendment No. 1 to said Credit Agreement, dated as of January 29, 2016 (Exhibit 10.3 to PPL Corporation Form 8-K Report (File No. 1-11459) dated February 3, 2016)
10(i)	-	Amendment and Restatement Agreement, dated July 29, 2014, between Western Power Distribution (South West) plc and the banks party thereto, as Bookrunners and Mandated Lead Arrangers, HSBC Bank plc and Mizuho Bank, Ltd., as Joint Coordinators, and Mizuho Bank, Ltd., as Facility Agent, relating to the £245 million Multicurrency Revolving Credit Facility Agreement originally dated January 12, 2012 (Exhibit 10(h) to PPL Corporation Form 10-Q Report (File No. 1-11459) for the quarter ended June 30, 2014)
10(j)	-	Amendment and Restatement Agreement, dated July 29, 2014, between Western Power Distribution (East Midlands) plc and the banks party thereto, as Bookrunners and Mandated Lead Arrangers, HSBC Bank plc and Mizuho Bank Ltd., as Joint Coordinators, and Bank of America Merrill Lynch International Limited, as Facility Agent, relating to the £300 million Multicurrency Revolving Credit Facility Agreement originally dated April 4, 2011(Exhibit 10(i) to PPL Corporation Form 10-Q Report (File No. 1-11459) for the quarter ended June 30, 2014)
10(k)	-	Amendment and Restatement Agreement, dated July 29, 2014, between Western Power Distribution (West Midlands) plc and the banks party thereto, as Bookrunners and Mandated Lead Arrangers, HSBC Bank plc and Mizuho Bank Ltd., as Joint Coordinators, and Bank of America Merrill Lynch International Limited, as Facility Agent, relating to the £300 million Multicurrency Revolving Credit Facility Agreement originally dated April 4, 2011(Exhibit 10(j) to PPL Corporation Form 10-Q Report (File No. 1-11459) for the quarter ended June 30, 2014)
10(l)	-	$65 million Revolving Credit Agreement, dated as of August 20, 2014, among PPL Capital Funding, Inc., as the Borrower, PPL Corporation, as the Guarantor, the Lenders from time to time party thereto and Canadian Imperial Bank of Commerce, New York Branch, as Administrative Agent and Issuing Lender (Exhibit 10(a) to PPL Corporation Form 10-Q Report (File No. 1-11459) for the quarter ended September 30, 2014)
10(m)	-	$198,309,583.05 Letter of Credit Agreement dated as of October 1, 2014 among Kentucky Utilities Company, as the Borrower, the Lenders from time to time party hereto and The Bank of Tokyo-Mitsubishi UFJ, Ltd., New York Branch, as Administrative Agent (Exhibit 10.1 to Kentucky Utilities Company Form 8-K Report (File No. 1-3464) dated October 2, 2014)

10(n) - £210 million Multicurrency Revolving Credit Facility Agreement, dated January 13 2016, among Western Power Distribution plc and HSBC Bank PLC and Mizuho Bank, Ltd. as Joint Coordinators and Bookrunners, Mizuho Bank, Ltd. as Facility Agent and the other banks party thereto as Mandated Lead Arrangers (Exhibit 10.1 to PPL Corporation Form 8-K Report (File No. 1-11459) dated January 19, 2016)

[_]10(o)-1 - Amended and Restated Directors Deferred Compensation Plan, dated June 12, 2000 (Exhibit 10(h) to PPL Corporation Form 10-K Report (File No. 1-11459) for the year ended December 31, 2000)

[_]10(o)-2 - Amendment No. 1 to said Directors Deferred Compensation Plan, dated December 18, 2002 (Exhibit 10(m)-1 to PPL Corporation Form 10-K Report (File No. 1-11459) for the year ended December 31, 2002)

[_]10(o)-3 - Amendment No. 2 to said Directors Deferred Compensation Plan, dated December 4, 2003 (Exhibit 10(q)-2 to PPL Corporation Form 10-K Report (File No. 1-11459) for the year ended December 31, 2003)

[_]10(o)-4 - Amendment No. 3 to said Directors Deferred Compensation Plan, dated as of January 1, 2005 (Exhibit 10(cc)-4 to PPL Corporation Form 10-K Report (File No. 1-11459) for the year ended December 31, 2005)

[_]10(o)-5 - Amendment No. 4 to said Directors Deferred Compensation Plan, dated as of May 1, 2008 (Exhibit 10(x)-5 to PPL Corporation Form 10-K Report (File No. 1-11459) for the year ended December 31, 2008)

[_]10(o)-6 - Amendment No. 5 to said Directors Deferred Compensation Plan, dated May 28, 2010 (Exhibit 10(a) to PPL Corporation Form 10-Q Report (File No. 1-11459) for the quarter ended June 30, 2010)

[_]10(o)-7 - Amendment No. 6 to said Directors Deferred Compensation Plan, dated as of April 15, 2015 (Exhibit 10(b) to PPL Corporation Form 10-Q Report (File No. 1-11459) for the quarter ended March 31, 2015)

[_]10(p)-1 - PPL Corporation Directors Deferred Compensation Plan Trust Agreement, dated as of April 1, 2001, between PPL Corporation and Wachovia Bank, N.A. (as successor to First Union National Bank), as Trustee (Exhibit 10(hh)-1 to PPL Corporation Form 10-K Report (File No. 1-11459) for the year ended December 31, 2012)

[_]10(p)-2 - PPL Officers Deferred Compensation Plan, PPL Supplemental Executive Retirement Plan and PPL Supplemental Compensation Pension Plan Trust Agreement, dated as of April 1, 2001, between PPL Corporation and Wachovia Bank, N.A. (as successor to First Union National Bank), as Trustee (Exhibit 10(hh)-2 to PPL Corporation Form 10-K Report (File No. 1-11459) for the year ended December 31, 2012)

[_]10(p)-3 - PPL Revocable Employee Nonqualified Plans Trust Agreement, dated as of March 20, 2007, between PPL Corporation and Wachovia Bank, N.A., as Trustee (Exhibit 10(c) to PPL Corporation Form 10-Q Report (File No. 1-1149) for the quarter ended March 31, 2007)

[_]10(p)-4 - PPL Employee Change in Control Agreements Trust Agreement, dated as of March 20, 2007, between PPL Corporation and Wachovia Bank, N.A., as Trustee (Exhibit 10(d) to PPL Corporation Form 10-Q Report (File No. 1-11459) for the quarter ended March 31, 2007)

[_]10(p)-5 - PPL Revocable Director Nonqualified Plans Trust Agreement, dated as of March 20, 2007, between PPL Corporation and Wachovia Bank, N.A., as Trustee (Exhibit 10(e) to PPL Corporation Form 10-Q Report (File No. 1-11459) for the quarter ended March 31, 2007)

[_]10(q)-1 - Amended and Restated Officers Deferred Compensation Plan, dated December 8, 2003 (Exhibit 10(r) to PPL Corporation Form 10-K Report (File No. 1-11459) for the year ended December 31, 2003)

[_]10(q)-2 - Amendment No. 1 to said Officers Deferred Compensation Plan, dated as of January 1, 2005 (Exhibit 10(ee)-1 to PPL Corporation Form 10-K Report (File No. 1-11459) for the year ended December 31, 2005)

[_]10(q)-3 - Amendment No. 2 to said Officers Deferred Compensation Plan, dated as of January 22, 2007 (Exhibit 10(bb)-3 to PPL Corporation Form 10-K Report (File No. 1-11459) for the year ended December 31, 2006)

[_]10(q)-4 - Amendment No. 3 to said Officers Deferred Compensation Plan, dated as of June 1, 2008 (Exhibit 10(z)-4 to PPL Corporation Form 10-K Report (File No. 1-11459) for the year ended December 31, 2008)

[_]10(q)-5 - Amendment No. 4 to said Officers Deferred Compensation Plan, dated as of February 15, 2012 (Exhibit 10(ff)-5 to PPL Corporation Form 10-K Report (File No. 1-11459) for the year ended December 31, 2011)

[_]10(q)-6 - Amendment No. 5 to said Executive Deferred Compensation Plan, dated as of May 8, 2014 (Exhibit 10(a) to PPL Corporation Form 10-Q Report (File No. 1-11459) for the quarter ended June 30, 2014)

*[_]10(q)-7 - Amendment No. 6 to said Executive Deferred Compensation Plan, dated as of December 16, 2015

[_]10(r)-1 - Amended and Restated Supplemental Executive Retirement Plan, dated December 8, 2003 (Exhibit 10(s) to PPL Corporation Form 10-K Report (File No. 1-11459) for the year ended December 31, 2003)

[_]10(r)-2 - Amendment No. 1 to said Supplemental Executive Retirement Plan, dated December 16, 2004 (Exhibit 99.1 to PPL Corporation Form 8-K Report (File No. 1-11459) dated December 17, 2004)

[_]10(r)-3 - Amendment No. 2 to said Supplemental Executive Retirement Plan, dated as of January 1, 2005 (Exhibit 10(ff)-3 to PPL Corporation Form 10-K Report (File 1-11459) for the year ended December 31, 2005)

[_]10(r)-4 - Amendment No. 3 to said Supplemental Executive Retirement Plan, dated as of January 22, 2007 (Exhibit 10(cc)-4 to PPL Corporation Form 10-K Report (File No. 1-11459) for the year ended December 31, 2006)

[_]10(r)-5 - Amendment No. 4 to said Supplemental Executive Retirement Plan, dated as of December 9, 2008 (Exhibit 10(aa)-5 to PPL Corporation Form 10-K Report (File No. 1-11459) for the year ended December 31, 2008)

[_]10(r)-6 - Amendment No. 5 to said Supplemental Executive Retirement Plan, dated as of February 15, 2012 (Exhibit 10(gg)-6 to PPL Corporation Form 10-K Report (File No. 1-11459) for the year ended December 31, 2011)

[_]10(s)-1 - Amended and Restated Incentive Compensation Plan, effective January 1, 2003 (Exhibit 10(p) to PPL Corporation Form 10-K Report (File No. 1-11459) for the year ended December 31, 2002)

[_]10(s)-2 - Amendment No. 1 to said Incentive Compensation Plan, dated as of January 1, 2005 (Exhibit 10(gg)-2 to PPL Corporation Form 10-K Report (File 1-11459) for the year ended December 31, 2005)

[_]10(s)-3 - Amendment No. 2 to said Incentive Compensation Plan, dated as of January 26, 2007 (Exhibit 10(dd)-3 to PPL Corporation Form 10-K Report (File No. 1-11459) for the year ended December 31, 2006)

[_]10(s)-4 - Amendment No. 3 to said Incentive Compensation Plan, dated as of March 21, 2007 (Exhibit 10(f) to PPL Corporation Form 10-Q Report (File No. 1-11459) for the quarter ended March 31, 2007)

[_]10(s)-5	-	Amendment No. 4 to said Incentive Compensation Plan, effective December 1, 2007 (Exhibit 10(a) to PPL Corporation Form 10-Q Report (File No. 1-11459) for the quarter ended September 30, 2008)
[_]10(s)-6	-	Amendment No. 5 to said Incentive Compensation Plan, dated as of December 16, 2008 (Exhibit 10(bb)-6 to PPL Corporation Form 10-K Report (File 1-11459) for the year ended December 31, 2008)
[_]10(s)-7	-	Form of Stock Option Agreement for stock option awards under the Incentive Compensation Plan (Exhibit 10(a) to PPL Corporation Form 8-K Report (File No. 1-11459) dated February 1, 2006)
[_]10(s)-8	-	Form of Restricted Stock Unit Agreement for restricted stock unit awards under the Incentive Compensation Plan (Exhibit 10(b) to PPL Corporation Form 8-K Report (File No. 1-11459) dated February 1, 2006)
[_]10(s)-9	-	Form of Performance Unit Agreement for performance unit awards under the Incentive Compensation Plan (Exhibit 10(ss) to PPL Corporation Form 10-K Report (File No. 1-11459) for the year ended December 31, 2007)
[_]10(t)-1	-	Amended and Restated Incentive Compensation Plan for Key Employees, effective January 1, 2003 (Schedule B to Proxy Statement of PPL Corporation, dated March 17, 2003)
[_]10(t)-2	-	Amendment No. 1 to said Incentive Compensation Plan for Key Employees, dated as of January 1, 2005 (Exhibit (hh)-1 to PPL Corporation Form 10-K Report (File 1-11459) for the year ended December 31, 2005)
[_]10(t)-3	-	Amendment No. 2 to said Incentive Compensation Plan for Key Employees, dated as of January 26, 2007 (Exhibit 10(ee)-3 to PPL Corporation Form 10-K Report (File No. 1-11459) for the year ended December 31, 2006)
[_]10(t)-4	-	Amendment No. 3 to said Incentive Compensation Plan for Key Employees, dated as of March 21, 2007 (Exhibit 10(q) to PPL Corporation Form 10-Q Report (File No. 1-11459) for the quarter ended March 31, 2007)
[_]10(t)-5	-	Amendment No. 4 to said Incentive Compensation Plan for Key Employees, dated as of December 15, 2008 (Exhibit 10(cc)-5 to PPL Corporation Form 10-K Report (File No. 1-11459) for the year ended December 31, 2008)
[_]10(t)-6	-	Amendment No. 5 to said Incentive Compensation Plan for Key Employees, dated as of March 24, 2011 (Exhibit 10(a) to PPL Corporation Form 10-Q Report (File No. 1-11459) for the quarter ended March 31, 2011)
[_]10(u)	-	Short-term Incentive Plan (Schedule A to Proxy Statement of PPL Corporation, dated April 6, 2011)
[_]10(v)	-	Employment letter, dated May 31, 2006, between PPL Services Corporation and William H. Spence (Exhibit 10(pp) to PPL Corporation Form 10-K Report (File No. 1-11459) for the year ended December 31, 2006)
[_]10(w)	-	Form of Retention Agreement entered into between PPL Corporation and Gregory N. Dudkin (Exhibit 10(h) to PPL Corporation Form 10-Q Report (File No. 1-11459) for the quarter ended March 31, 2007)
[_]10(x)-1	-	Form of Severance Agreement entered into between PPL Corporation and William H. Spence (Exhibit 10(i) to PPL Corporation Form 10-Q Report (File No. 1-11459) for the quarter ended March 31, 2007)
[_]10(x)-2	-	Amendment to said Severance Agreement (Exhibit 10(a) to PPL Corporation Form 10-Q Report (File No. 1-11459) for the quarter ended June 30, 2009)

[_]10(y)	-	Form of Change in Control Severance Protection Agreement entered into between PPL Corporation and Gregory N. Dudkin, Joanne H. Raphael, Vincent Sorgi and Victor A. Staffieri (Exhibit 10(b) to PPL Corporation Form 10-Q Report (File No. 1-11459) for the quarter ended March 31, 2012)
[_]10(z)-1	-	PPL Corporation 2012 Stock Incentive Plan (Annex A to Proxy Statement of PPL Corporation, dated April 3, 2012)
[_]10(z)-2	-	Form of Performance Unit Agreement for performance unit awards under the Stock Incentive Plan (Exhibit 10(tt)-2 to PPL Corporation Form 10-K Report (File No. 1-11459) for the year ended December 31, 2012)
[_]10(z)-3	-	Form of Performance Contingent Restricted Stock Unit Agreement for restricted stock unit awards under the Stock Incentive Plan (Exhibit 10(tt)-3 to PPL Corporation Form 10-K Report (File No. 1-11459) for the year ended December 31, 2012)
[_]10(z)-4	-	Form of Nonqualified Stock Option Agreement for stock option awards under the Stock Incentive Plan (Exhibit 10(tt)-4 to PPL Corporation Form 10-K Report (File No. 1-11459) for the year ended December 31, 2012)
[_]10(aa)	-	PPL Corporation Executive Severance Plan, effective as of July 26, 2012 (Exhibit 10(d) to PPL Corporation Form 10-Q Report (File No. 1-11459) for the quarter ended June 30, 2012)
[_]10(bb)-1	-	Form of Western Power Distribution Phantom Stock Option Award Agreement for stock option awards under the Western Power Distribution Long-Term Incentive Plan
[_]10(bb)-2	-	Phantom Stock Option Award Agreement, dated February 12, 2012, between Western Power Distribution and Robert A. Symons
[_]10(bb)-3	-	Phantom Stock Option Award Agreement, dated February 15, 2013, between Western Power Distribution and Robert A. Symons
[_]10(cc)	-	Service Agreement (including Change in Control Agreement as Exhibit A), dated March 16, 2015, between Western Power Distribution (South West) plc and Robert A. Symons (Exhibit 10(a) to PPL Corporation Form 10-Q Report (File No. 1-11459) for the quarter ended March 31, 2015)
[_]10(dd)	-	Form of Retention Agreement, dated May 6, 2015, among PPL Corporation, PPL Services Corporation and Robert J. Grey (Exhibit 99.1 to PPL Corporation Form 8-K Report (File No. 1-11459) dated May 7, 2015)
[_]10(ee)	-	Form of Grant Letter dated May 29, 2015 (Exhibit 10.1 to PPL Corporation Form 8-K Report (File No. 1-11459) dated June 1, 2015)
*12(a)	-	PPL Corporation and Subsidiaries Computation of Ratio of Earnings to Combined Fixed Charges and Preferred Stock Dividends
*12(b)	-	PPL Electric Utilities Corporation and Subsidiaries Computation of Ratio of Earnings to Combined Fixed Charges and Preferred Stock Dividends
*12(c)	-	LG&E and KU Energy LLC and Subsidiaries Computation of Ratio of Earnings to Fixed Charges
*12(d)	-	Louisville Gas and Electric Company Computation of Ratio of Earnings to Fixed Charges
*12(e)	-	Kentucky Utilities Company Computation of Ratio of Earnings to Fixed Charges
*21	-	Subsidiaries of PPL Corporation

*23(a)	-	Consent of Ernst & Young LLP - PPL Corporation
*23(b)	-	Consent of Ernst & Young LLP - PPL Electric Utilities Corporation
*23(c)	-	Consent of Ernst & Young LLP - LG&E and KU Energy LLC
*23(d)	-	Consent of Ernst & Young LLP - Louisville Gas and Electric Company
*23(e)	-	Consent of Ernst & Young LLP - Kentucky Utilities Company
*24	-	Power of Attorney
*31(a)	-	Certificate of PPL's principal executive officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
*31(b)	-	Certificate of PPL's principal financial officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
*31(c)	-	Certificate of PPL Electric's principal executive officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
*31(d)	-	Certificate of PPL Electric's principal financial officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
*31(e)	-	Certificate of LKE's principal executive officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
*31(f)	-	Certificate of LKE's principal financial officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
*31(g)	-	Certificate of LG&E's principal executive officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
*31(h)	-	Certificate of LG&E's principal financial officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
*31(i)	-	Certificate of KU's principal executive officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
*31(j)	-	Certificate of KU's principal financial officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
*32(a)	-	Certificate of PPL's principal executive officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
*32(b)	-	Certificate of PPL Electric's principal executive officer and principal financial officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
*32(c)	-	Certificate of LKE's principal executive officer and principal financial officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
*32(d)	-	Certificate of LG&E's principal executive officer and principal financial officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
*32(e)	-	Certificate of KU's principal executive officer and principal financial officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

*99(a)	-	PPL Corporation and Subsidiaries Long-term Debt Schedule
101.INS	-	XBRL Instance Document for PPL Corporation, PPL Energy Supply, LLC, PPL Electric Utilities Corporation, LG&E and KU Energy LLC, Louisville Gas and Electric Company and Kentucky Utilities Company
101.SCH	-	XBRL Taxonomy Extension Schema for PPL Corporation, PPL Corporation, PPL Electric Utilities Corporation, LG&E and KU Energy LLC, Louisville Gas and Electric Company and Kentucky Utilities Company
101.CAL	-	XBRL Taxonomy Extension Calculation Linkbase for PPL Corporation, PPL Corporation, PPL Electric Utilities Corporation, LG&E and KU Energy LLC, Louisville Gas and Electric Company and Kentucky Utilities Company
101.DEF	-	XBRL Taxonomy Extension Definition Linkbase for PPL Corporation, PPL Corporation, PPL Electric Utilities Corporation, LG&E and KU Energy LLC, Louisville Gas and Electric Company and Kentucky Utilities Company
101.LAB	-	XBRL Taxonomy Extension Label Linkbase for PPL Corporation, PPL Corporation, PPL Electric Utilities Corporation, LG&E and KU Energy LLC, Louisville Gas and Electric Company and Kentucky Utilities Company
101.PRE	-	XBRL Taxonomy Extension Presentation Linkbase for PPL Corporation, PPL Corporation, PPL Electric Utilities Corporation, LG&E and KU Energy LLC, Louisville Gas and Electric Company and Kentucky Utilities Company

Exhibit 12(a)

PPL CORPORATION AND SUBSIDIARIES

COMPUTATION OF RATIO OF EARNINGS TO COMBINED FIXED CHARGES AND PREFERRED STOCK DIVIDENDS

(Millions of Dollars)

	Year Ended Dec. 31, 2015 (a)	Year Ended Dec. 31, 2014 (a)	Year Ended Dec. 31, 2013 (a)	Year Ended Dec. 31, 2012 (a)	Year Ended Dec. 31, 2011 (a)
Earnings, as defined:					
Income from Continuing Operations Before Income Taxes	$ **2,068**	$ 2,129	$ 1,728	$ 1,406	$ 922
Adjustment to reflect earnings from equity method investments on a cash basis (b)	**(1)**			34	
	2,067	2,129	1,728	1,440	922
Total fixed charges as below	**1,054**	1,095	1,096	1,065	1,022
Less:					
Capitalized interest	**11**	11	11	6	4
Preferred security distributions of subsidiaries on a pre-tax basis				5	23
Interest expense and fixed charges related to discontinued operations	**150**	186	235	235	231
Total fixed charges included in Income from Continuing Operations Before Income Taxes	**893**	898	850	819	764
Total earnings	$ **2,960**	$ 3,027	$ 2,578	$ 2,259	$ 1,686
Fixed charges, as defined:					
Interest charges (c)	$ **1,038**	$ 1,073	$ 1,058	$ 1,019	$ 955
Estimated interest component of operating rentals	**16**	22	38	41	44
Preferred securities distributions of subsidiaries on a pre-tax basis				5	23
Total fixed charges (d)	$ **1,054**	$ 1,095	$ 1,096	$ 1,065	$ 1,022
Ratio of earnings to fixed charges	**2.8**	2.8	2.4	2.1	1.7
Ratio of earnings to combined fixed charges and preferred stock dividends (e)	**2.8**	2.8	2.4	2.1	1.7

(a) All periods reflect PPL's former Supply segment as Discontinued Operations. See Note 8 to the Financial Statements for additional information.
(b) Includes other-than-temporary impairment loss of $25 million in 2012.
(c) Includes interest on long-term and short-term debt, as well as amortization of debt discount, expense and premium - net.
(d) Interest on unrecognized tax benefits is not included in fixed charges.
(e) PPL, the parent holding company, does not have any preferred stock outstanding; therefore, the ratio of earnings to combined fixed charges and preferred stock dividends is the same as the ratio of earnings to fixed charges.

PPL ELECTRIC UTILITIES CORPORATION AND SUBSIDIARIES

COMPUTATION OF RATIO OF EARNINGS TO COMBINED FIXED CHARGES AND PREFERRED STOCK DIVIDENDS

(Millions of Dollars)

	Year Ended Dec. 31, 2015	Year Ended Dec. 31, 2014	Year Ended Dec. 31, 2013	Year Ended Dec. 31, 2012	Year Ended Dec. 31, 2011
Earnings, as defined:					
Income Before Income Taxes	**$ 416**	$ 423	$ 317	$ 204	$ 257
Total fixed charges as below	**139**	131	117	107	105
Total earnings	**$ 555**	$ 554	$ 434	$ 311	$ 362
Fixed charges, as defined:					
Interest charges (a)	**$ 135**	$ 127	$ 113	$ 104	$ 102
Estimated interest component of operating rentals	**4**	4	4	3	3
Total fixed charges (b)	**$ 139**	$ 131	$ 117	$ 107	$ 105
Ratio of earnings to fixed charges	**4.0**	4.2	3.7	2.9	3.4
Preferred stock dividend requirements on a pre-tax basis				$ 6	$ 21
Fixed charges, as above	**$ 139**	$ 131	$ 117	107	105
Total fixed charges and preferred stock dividends	**$ 139**	$ 131	$ 117	$ 113	$ 126
Ratio of earnings to combined fixed charges and preferred stock dividends	**4.0**	4.2	3.7	2.8	2.9

(a) Includes interest on long-term and short-term debt, as well as amortization of debt discount, expense and premium - net.
(b) Interest on unrecognized tax benefits is not included in fixed charges.

Exhibit 12(c)

LG&E AND KU ENERGY LLC AND SUBSIDIARIES

COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES

(Millions of Dollars)

	Year Ended Dec. 31, 2015	Year Ended Dec. 31, 2014	Year Ended Dec. 31, 2013	Year Ended Dec. 31, 2012	Year Ended Dec. 31, 2011
Earnings, as defined:					
Income from Continuing Operations Before Income Taxes	$ **603**	$ 553	$ 551	$ 331	$ 419
Adjustment to reflect earnings from equity method investments on a cash basis (a)	**(1)**	(1)	(1)	33	(1)
	602	552	550	364	418
Total fixed charges as below	**189**	173	151	157	153
Total earnings	$ **791**	$ 725	$ 701	$ 521	$ 571
Fixed charges, as defined:					
Interest charges (b) (c)	$ **181**	$ 167	$ 145	$ 151	$ 147
Estimated interest component of operating rentals	**8**	6	6	6	6
Total fixed charges	$ **189**	$ 173	$ 151	$ 157	$ 153
Ratio of earnings to fixed charges	**4.2**	4.2	4.6	3.3	3.7

(a) Includes other-than-temporary impairment loss of $25 million in 2012.
(b) Includes interest on long-term and short-term debt, as well as amortization of debt discount, expense and premium - net.
(c) Includes a credit for amortization of a fair market value adjustment of $7 million in 2013.

Exhibit 12(d)

LOUISVILLE GAS AND ELECTRIC COMPANY

COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES

(Millions of Dollars)

	Year Ended Dec. 31, 2015	Year Ended Dec. 31, 2014	Year Ended Dec. 31, 2013	Year Ended Dec. 31, 2012	Year Ended Dec. 31, 2011
Earnings, as defined:					
Income Before Income Taxes	$ 299	$ 272	$ 257	$ 192	$ 195
Total fixed charges as below	61	51	36	44	46
Total earnings	$ 360	$ 323	$ 293	$ 236	$ 241
Fixed charges, as defined:					
Interest charges (a) (b)	$ 57	$ 49	$ 34	$ 42	$ 44
Estimated interest component of operating rentals	4	2	2	2	2
Total fixed charges	$ 61	$ 51	$ 36	$ 44	$ 46
Ratio of earnings to fixed charges	5.9	6.3	8.1	5.4	5.2

(a) Includes interest on long-term and short-term debt, as well as amortization of debt discount, expense and premium - net.
(b) Includes a credit for amortization of a fair market value adjustment of $7 million in 2013.

Exhibit 12(e)

KENTUCKY UTILITIES COMPANY

COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES

(Millions of Dollars)

	Year Ended Dec. 31, 2015	Year Ended Dec. 31, 2014	Year Ended Dec. 31, 2013	Year Ended Dec. 31, 2012	Year Ended Dec. 31, 2011
Earnings, as defined:					
Income Before Income Taxes	**$ 374**	$ 355	$ 360	$ 215	$ 282
Adjustment to reflect earnings from equity method investments on a cash basis (a)	**(1)**	(1)	(1)	33	(1)
	373	354	359	248	281
Total fixed charges as below	**86**	80	73	72	73
Total earnings	**$ 459**	$ 434	$ 432	$ 320	$ 354
Fixed charges, as defined:					
Interest charges (b)	**$ 82**	$ 77	$ 70	$ 69	$ 70
Estimated interest component of operating rentals	**4**	3	3	3	3
Total fixed charges	**$ 86**	$ 80	$ 73	$ 72	$ 73
Ratio of earnings to fixed charges	**5.3**	5.4	5.9	4.4	4.8

(a) Includes other-than-temporary impairment loss of $25 million in 2012.
(b) Includes interest on long-term and short-term debt, as well as amortization of debt discount, expense and premium - net.

Exhibit 31(a)

CERTIFICATION

I, WILLIAM H. SPENCE, certify that:

1. I have reviewed this annual report on Form 10-K of PPL Corporation (the "registrant") for the year ended December 31, 2015;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 19, 2016

/s/ William H. Spence
William H. Spence
Chairman, President and Chief Executive Officer
(Principal Executive Officer)
PPL Corporation

Exhibit 31(b)

CERTIFICATION

I, VINCENT SORGI, certify that:

1. I have reviewed this annual report on Form 10-K of PPL Corporation (the "registrant") for the year ended December 31, 2015;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 19, 2016

/s/ Vincent Sorgi
Vincent Sorgi
Senior Vice President and Chief Financial Officer
(Principal Financial Officer)
PPL Corporation

CERTIFICATION

I, GREGORY N. DUDKIN, certify that:

1. I have reviewed this annual report on Form 10-K of PPL Electric Utilities Corporation (the "registrant") for the year ended December 31, 2015;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 19, 2016

/s/ Gregory N. Dudkin
Gregory N. Dudkin
President
(Principal Executive Officer)
PPL Electric Utilities Corporation

CERTIFICATION

I, STEPHEN K. BREININGER, certify that:

1. I have reviewed this annual report on Form 10-K of PPL Electric Utilities Corporation (the "registrant") for the year ended December 31, 2015;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 19, 2016

/s/ Stephen K. Breininger
Stephen K. Breininger
Vice President and Controller
(Principal Financial Officer and Principal Accounting Officer)
PPL Electric Utilities Corporation

Exhibit 31(e)

CERTIFICATION

I, VICTOR A. STAFFIERI, certify that:

1. I have reviewed this annual report on Form 10-K of LG&E and KU Energy LLC (the "registrant") for the year ended December 31, 2015;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 19, 2016

/s/ Victor A. Staffieri
Victor A. Staffieri
Chairman of the Board, Chief Executive Officer and President
(Principal Executive Officer)
LG&E and KU Energy LLC

Exhibit 31(f)

CERTIFICATION

I, KENT W. BLAKE, certify that:

1. I have reviewed this annual report on Form 10-K of LG&E and KU Energy LLC (the "registrant") for the year ended December 31, 2015;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 19, 2016

/s/ Kent W. Blake
Kent W. Blake
Chief Financial Officer
(Principal Financial Officer and Principal Accounting Officer)
LG&E and KU Energy LLC

CERTIFICATION

I, VICTOR A. STAFFIERI, certify that:

1. I have reviewed this annual report on Form 10-K of Louisville Gas and Electric Company (the "registrant") for the year ended December 31, 2015;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 19, 2016

/s/ Victor A. Staffieri
Victor A. Staffieri
Chairman of the Board, Chief Executive Officer and President
(Principal Executive Officer)
Louisville Gas and Electric Company

Exhibit 31(h)

CERTIFICATION

I, KENT W. BLAKE, certify that:

1. I have reviewed this annual report on Form 10-K of Louisville Gas and Electric Company (the "registrant") for the year ended December 31, 2015;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 19, 2016

/s/ Kent W. Blake
Kent W. Blake
Chief Financial Officer
(Principal Financial Officer and Principal Accounting Officer)
Louisville Gas and Electric Company

Exhibit 31(i)

CERTIFICATION

I, VICTOR A. STAFFIERI, certify that:

1. I have reviewed this annual report on Form 10-K of Kentucky Utilities Company (the "registrant") for the year ended December 31, 2015;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 19, 2016

/s/ Victor A. Staffieri
Victor A. Staffieri
Chairman of the Board, Chief Executive Officer and President
(Principal Executive Officer)
Kentucky Utilities Company

Exhibit 31(j)

CERTIFICATION

I, KENT W. BLAKE, certify that:

1. I have reviewed this annual report on Form 10-K of Kentucky Utilities Company (the "registrant") for the year ended December 31, 2015;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 19, 2016

/s/ Kent W. Blake
Kent W. Blake
Chief Financial Officer
(Principal Financial Officer and Principal Accounting Officer)
Kentucky Utilities Company

Exhibit 32(a)

CERTIFICATE PURSUANT TO 18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002
FOR PPL CORPORATION'S FORM 10-K FOR THE YEAR ENDED DECEMBER 31, 2015

In connection with the annual report on Form 10-K of PPL Corporation (the "Company") for the year ended December 31, 2015, as filed with the Securities and Exchange Commission on the date hereof (the "Covered Report"), we, William H. Spence, the Principal Executive Officer of the Company, and Vincent Sorgi, the Principal Financial Officer of the Company, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, hereby certify that:

- The Covered Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- The information contained in the Covered Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 19, 2016

/s/ William H. Spence
William H. Spence
Chairman, President and Chief Executive Officer
(Principal Executive Officer)
PPL Corporation

/s/ Vincent Sorgi
Vincent Sorgi
Senior Vice President and Chief Financial Officer
(Principal Financial Officer)
PPL Corporation

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

CERTIFICATE PURSUANT TO 18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002
FOR PPL ELECTRIC UTILITIES CORPORATION'S FORM 10-K FOR THE YEAR ENDED DECEMBER 31, 2015

In connection with the annual report on Form 10-K of PPL Electric Utilities Corporation (the "Company") for the year ended December 31, 2015, as filed with the Securities and Exchange Commission on the date hereof (the "Covered Report"), we, Gregory N. Dudkin, the Principal Executive Officer of the Company, and Stephen K. Breininger, the Principal Financial Officer and Principal Accounting Officer of the Company, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, hereby certify that:

- The Covered Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- The information contained in the Covered Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 19, 2016

/s/ Gregory N. Dudkin
Gregory N. Dudkin
President
(Principal Executive Officer)
PPL Electric Utilities Corporation

/s/ Stephen K. Breininger
Stephen K. Breininger
Vice President and Controller
(Principal Financial Officer and Principal Accounting Officer)
PPL Electric Utilities Corporation

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32(c)

CERTIFICATE PURSUANT TO 18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002
FOR LG&E AND KU ENERGY LLC'S FORM 10-K FOR THE YEAR ENDED DECEMBER 31, 2015

In connection with the annual report on Form 10-K of LG&E and KU Energy LLC (the "Company") for the year ended December 31, 2015, as filed with the Securities and Exchange Commission on the date hereof (the "Covered Report"), we, Victor A. Staffieri, the Principal Executive Officer of the Company, and Kent W. Blake, the Principal Financial Officer of the Company, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, hereby certify that:

- The Covered Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- The information contained in the Covered Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 19, 2016

/s/ Victor A. Staffieri
Victor A. Staffieri
Chairman of the Board, Chief Executive Officer and President
(Principal Executive Officer)
LG&E and KU Energy LLC

/s/ Kent W. Blake
Kent W. Blake
Chief Financial Officer
(Principal Financial Officer and Principal Accounting Officer)
LG&E and KU Energy LLC

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32(d)

CERTIFICATE PURSUANT TO 18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002
FOR LOUISVILLE GAS AND ELECTRIC COMPANY'S FORM 10-K FOR THE YEAR ENDED DECEMBER 31, 2015

In connection with the annual report on Form 10-K of Louisville Gas and Electric Company (the "Company") for the year ended December 31, 2015, as filed with the Securities and Exchange Commission on the date hereof (the "Covered Report"), we, Victor A. Staffieri, the Principal Executive Officer of the Company, and Kent W. Blake, the Principal Financial Officer of the Company, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, hereby certify that:

- The Covered Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- The information contained in the Covered Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 19, 2016

/s/ Victor A. Staffieri
Victor A. Staffieri
Chairman of the Board, Chief Executive Officer and President
(Principal Executive Officer)
Louisville Gas and Electric Company

/s/ Kent W. Blake
Kent W. Blake
Chief Financial Officer
(Principal Financial Officer and Principal Accounting Officer)
Louisville Gas and Electric Company

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32(e)

CERTIFICATE PURSUANT TO 18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002
FOR KENTUCKY UTILITIES COMPANY'S FORM 10-K FOR THE YEAR ENDED DECEMBER 31, 2015

In connection with the annual report on Form 10-K of Kentucky Utilities Company (the "Company") for the year ended December 31, 2015, as filed with the Securities and Exchange Commission on the date hereof (the "Covered Report"), we, Victor A. Staffieri, the Principal Executive Officer of the Company, and Kent W. Blake, the Principal Financial Officer of the Company, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, hereby certify that:

- The Covered Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- The information contained in the Covered Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 19, 2016

/s/ Victor A. Staffieri
Victor A. Staffieri
Chairman of the Board, Chief Executive Officer and President
(Principal Executive Officer)
Kentucky Utilities Company

/s/ Kent W. Blake
Kent W. Blake
Chief Financial Officer
(Principal Financial Officer and Principal Accounting Officer)
Kentucky Utilities Company

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

PPL CORPORATION AND SUBSIDIARIES
LONG-TERM DEBT SCHEDULE
(Unaudited)
(Millions of Dollars)

	Interest Rate	Maturity Date	December 31, 2015
PPL			
U.S.			
PPL Capital Funding			
Senior Unsecured Notes			
69352PAD5	4.200%	06/15/2022	$ 400
69352PAE3	3.500%	12/01/2022	400
69352PAG8	1.900%	06/01/2018	250
69352PAF0	3.400%	06/01/2023	600
69352PAH6	4.700%	06/01/2043	300
69352PAK9	3.950%	03/15/2024	350
69352PAJ2	5.000%	03/15/2044	400
Total Senior Unsecured Notes			2,700
Junior Subordinated Notes			
69352PAC7	6.700%	03/30/2067	480
69352P202	5.900%	04/30/2073	450
Total Junior Subordinated Notes			930
Total PPL Capital Funding Long-term Debt			3,630
PPL Electric			
Senior Secured Notes/First Mortgage Bonds			2,864
Total PPL Electric Long-term Debt			2,864
LKE			
Senior Unsecured Notes			725
First Mortgage Bonds			4,010
Total LKE Long-term Debt [1]			4,735
Total U.S. Long-term Debt			11,229

	Interest Rate	Maturity Date	December 31, 2015
U.K.			
Senior Unsecured Notes			
USG7208UAB73	3.900 %	05/01/2016	460
USG7208UAA90	5.375 %	05/01/2021	500
USG9796VAD58	7.250 %	12/15/2017	100
USG9796VAE32	7.375 %	12/15/2028	202
XS1315962602	3.625 %	11/06/2023	753
XS0627333221	5.250 %	01/17/2023	1,054
XS0568142482	6.250 %	12/10/2040	376
XS0568142052	6.000 %	05/09/2025	376
XS0627336323	5.750 %	04/16/2032	1,204
XS0979476602	3.875 %	10/17/2024	602
XS0061222484	9.250 %	11/09/2020	226
XS0280014282	4.804 %	12/21/2037	339
XS0496999219	5.750 %	03/23/2040	301
XS0165510313	5.875 %	03/25/2027	376
XS0496975110	5.750 %	03/23/2040	301
Total Senior Unsecured Notes			7,170
Index-Linked Notes [2]			
XS0632038666	2.671 %	06/01/2043	168
XS0974143439	1.676 %	09/24/2052	164
XS0277685987	1.541 %	12/01/2053	205
XS0279320708	1.541 %	12/01/2056	235
Total Index-Linked Notes			772
Total U.K. Long-term Debt			7,942
Total Long-term Debt Before Adjustments			19,171
Fair market value adjustments			30
Unamortized premium and (discount), net			(28)
Unamortized debt issuance costs			(125)
Total Long-term Debt			19,048
Less current portion of Long-term Debt			485
Total Long-term Debt, noncurrent			$ 18,563

	Interest Rate	Maturity Date	December 31, 2015
PPL Electric			
Senior Secured Notes/First Mortgage Bonds			
524808BM3	4.750 %	02/15/2027	$ 108
524808BL5	4.700 %	09/01/2029	116
70869MAC8 [3]	4.000 %	10/01/2023	90
69351UAG8	5.150 %	12/15/2020	100
69351UAP8	3.000 %	09/15/2021	400
69351UAQ6	2.500 %	09/01/2022	250
69351UAH6	6.450 %	08/15/2037	250
69351UAM5	6.250 %	05/15/2039	300
69351UAN3	5.200 %	07/15/2041	250
63951UAR4	4.750 %	07/15/2043	350
69351UAS2	4.125 %	06/15/2044	300
69351UAT0	4.150 %	10/01/2045	350
Total Senior Secured Notes			2,864
Total Long-term Debt Before Adjustments			2,864
Unamortized discount			(13)
Unamortized debt issuance costs			(23)
Total Long-term Debt			2,828
Less current portion of Long-term Debt			—
Total Long-term Debt, noncurrent			$ 2,828
LKE			
Senior Unsecured Notes			
50188FAD7	3.750 %	11/15/2020	475
50188FAE5	4.375 %	10/01/2021	250
Total Senior Unsecured Notes			725
LG&E			
First Mortgage Bonds			1,659
KU			
First Mortgage Bonds			2,351
Total Long-term Debt Before Adjustments			4,735
Fair market value adjustments			(1)
Unamortized discount			(16)
Unamortized debt issuance costs			(30)
Total Long-term Debt			4,688
Less current portion of Long-term Debt			25
Total Long-term Debt, noncurrent [1]			$ 4,663

	Interest Rate	Maturity Date	December 31, 2015
LG&E			
First Mortgage Bonds			
546676AU1	5.125 %	11/15/2040	$ 285
546676AV9	4.650 %	11/15/2043	250
546676AW7	3.300 %	10/01/2025	300
546676AX5	4.375 %	10/01/2045	250
896221AA6	4.600 %	06/01/2033	60
473044BV6 [4,7]	0.250 %	09/01/2026	23
896224AX0 [3]	1.050 %	09/01/2026	27
N/A [4,5]	0.839 %	05/01/2027	25
47302PAA8 [4]	0.660 %	09/01/2027	10
896224AW2 [3]	1.350 %	11/01/2027	35
546749AL6 [3]	1.350 %	11/01/2027	35
896224AS1 [4]	0.240 %	08/01/2030	83
896224AV4 [4]	0.482 %	10/01/2032	42
546751AE8 [3]	1.150 %	06/01/2033	31
546751AG3 [3]	1.600 %	06/01/2033	35
546749AJ1 [3]	1.650 %	10/01/2033	128
546749AK8 [3]	2.200 %	02/01/2035	40
Total Long-term Debt Before Adjustments			1,659
Fair market value adjustments			(1)
Unamortized discount			(4)
Unamortized debt issuance costs			(12)
Total Long-term Debt			1,642
Less current portion of Long-term Debt			25
Total Long-term Debt, noncurrent			$ 1,617

	Interest Rate	Maturity Date	December 31, 2015
KU			
First Mortgage Bonds			
491674BE6	3.250%	11/01/2020	$ 500
491674BG1/BF3	5.125%	11/01/2040	750
491674BJ5	4.650%	11/15/2043	250
491674BK2	3.300%	10/01/2025	250
491674BL0	4.375%	10/01/2045	250
14483RAH0	5.750%	02/01/2026	18
896221AC2	6.000%	03/01/2037	9
587829AC6 [6, 7]	0.010%	05/01/2023	13
14483RAN7 [6, 7]	0.010%	02/01/2032	78
144838AA7 [6, 7]	0.300%	02/01/2032	21
144838AB5 [6, 7]	0.300%	02/01/2032	2
587824AA1 [6, 7]	0.300%	02/01/2032	8
62479PAA4 [6, 7]	0.300%	02/01/2032	2
144838AC3 [6]	0.782%	10/01/2032	96
14483RAP2 [6, 7]	0.010%	10/01/2034	54
14483RAM9 [6, 7]	0.010%	10/01/2034	50
Total Long-term Debt Before Adjustments			2,351
Fair market value adjustments			
Unamortized discount			(10)
Unamortized debt issuance costs			(15)
Total Long-term Debt			2,326
Less current portion of Long-term Debt			
Total Long-term Debt, noncurrent			$ 2,326

(1) Excludes a $400 million 3.50% intercompany note between LKE and PPL Capital Funding due 2025.
(2) Principal amount of the notes are adjusted based on changes in a specified index, as detailed in the terms of the related indentures.
(3) Securities are currently in a term rate mode. Securities may be put back to the company on a date prior to the stated maturity date.
(4) Securities have a floating rate of interest that periodically resets. At December 31, 2015 the weighted average rate of the $183 million of notes at LG&E was 0.40%.
(5) No CUSIP - Bonds were remarketed and 100% of bonds are held by a third party. Securities may be put back to the company on a date prior to the stated maturity date.
(6) Securities have a floating rate of interest that periodically resets. At December 31, 2015 the weighted average rate of the $324 million of notes at KU was 0.27%.
(7) Securities may be put back to the company prior to the stated maturity date.

TRANSFER OF ASSETS

In March 2015, Paddy's Run CT 13 land was transferred from LG&E to KU for $1,556.97.

In June 2015, Cane Run 7 land was transferred from LG&E to KU for $6,243.98.

In August 2015, capital costs of two spare 69kV transmission breakers from the LG&E project on which they were purchased were transferred for $86,097.16 to the KU project on which they will be used.

INTERCOMPANY MONTHLY INVOICES

Monthly invoices are prepared for reimbursement of non-fuel related expenses incurred by LG&E or KU for LG&E, KU, LG&E and KU Services Company (LKS), LG&E and KU Energy LLC (LKE) and subsidiaries. The invoices are provided to LKS, LKE, and subsidiaries by the 10th business day of the subsequent month with payment due by the 13th business day of the month.

The invoices and cash disbursement requests related to fuel and fuel-related products are paid throughout the month whenever cumulative unreimbursed amounts of invoices exceed $1 million. All billings between the regulated utilities (LG&E/KU) and non-regulated entities (LKS/LKE) are billed and settled on a net basis.

Monthly reconciliation and balancing procedures are performed for all entities receiving and providing intercompany charges to ensure the accuracy of such transactions.

In addition, a monthly summary of charges from PPL Corporation and its subsidiaries is received by LKS. Certain of these transactions which are directly attributable to LG&E and KU are charged to LG&E and KU, but are billed and settled through LKS. In addition, LG&E and KU have a service agreement in place to provide rental of data center facilities to subsidiaries of PPL Corporation. Data center rental is billed and settled by LKS on behalf of LG&E and KU to PPL Services Corporation via PPL Energy Funding Corporation. Mutual assistance services are billed by LG&E and KU to PPL Electric Utilities, Inc. and settled through LG&E, KU or LKS. Sale of goods not readily available from the market are billed by LG&E and KU to PPL Electric Utilities, Inc. settled through LG&E, KU or LKS. Telecommunications services provided on joint IT initiatives are billed by LKS on behalf of LG&E and KU to PPL Corporation via PPL Energy Funding Corporation.

INTERCOMPANY POWER SALES AND PURCHASES

Monthly journal entries are prepared for off-system sales, off-system and native load purchases, and intercompany power sales and purchases between LG&E and KU. The After-the-Fact Billing system (AFB) is used to stack hourly energy, which allocates energy sources (generation and purchased power) to energy sinks (KU native load, LG&E native load and off-system sales (OSS)). The stacking is performed based on the energy cost where lowest cost energy is allocated to native load and highest cost energy is allocated to OSS, consistent with the companies' Power Supply System Agreement.

Outputs from the AFB program (queries) are used as inputs into an Excel spreadsheet. The spreadsheet calculates the allocation of third party and intercompany purchases between LG&E and KU. It also calculates the split between native load and off-system purchases, and uses the generation expenses for both companies to calculate the allocation of OSS between the companies.

COSTS OF JOINTLY OWNED TRIMBLE COUNTY UNITS

LG&E and KU, together with Illinois Municipal Electric Agency and Indiana Municipal Power Agency (IMEA & IMPA), jointly own Trimble County Unit 2 (TC2), a 732 MW summer capacity coal-fired unit. LG&E also owns 75% of Trimble County Unit 1 (TC1), a 511 MW summer capacity coal-fired unit, with IMEA & IMPA owning the remaining 25%. The ownership of these two coal-fired units is depicted in the table below.

	TC1	TC2	TC 2 LG&E - KU only
LG&E	75.00%	14.25%	19.00%
KU		60.75%	81.00%
Total LG&E and KU		75.00%	100.00%
IMEA/IMPA	25.00%	25.00%	
Total ownership	100.00%	100.00%	

All capital costs and operation and maintenance expense charges for TC2 are allocated among the joint owners according to their respective ownership percentages, with LG&E's and KU's allocated 75% charged 81% to KU and 19% to LG&E. All capital costs and operation and maintenance expense charges for TC1 are allocated among the joint owners according to their respective ownership percentages, with LG&E charged 75% of the charges. Fuel expenses are allocated based on the percentage of total generation sent to the joint owners.

All capital costs and operation and maintenance expense charges incurred for both TC2 and TC1 are allocated 25% to IMEA & IMPA. LG&E's and KU's combined 75% of these costs is allocated based on the nameplate ratings and percentage ownership, with 52% charged to LG&E and 48% charged to KU.

ALLOCATION OF JOINTLY-USED BUILDINGS AND EQUIPMENT

LG&E Center

The LG&E Center is owned by a third party and leased by LG&E and KU Energy LLC. Expenses incurred for renting a portion of the LG&E Center are billed to affiliates of LKE by its billing agent, LG&E and KU Services Company (LKS), for the occupation of office space by employees of LKS, LG&E and KU.

The monthly allocation of rent expense for the LG&E Center (comprised of a portion of the basement, a portion of the first floor (lobby), the second through sixteenth floors, a portion of the eighteenth floor, the twenty-third floor, and common areas for which LKE is billed) is based on the Number of Employees ratio as described in the Cost Allocation Manual and as calculated annually for the LG&E Center. Charges are allocated to LG&E, KU and LG&E and KU Capital LLC (LKC). The operation and maintenance expenses are allocated the same way as rent for the LG&E Center, which is based on the Number of Employees ratio as described in the Cost Allocation Manual. Expenses are charged to LKE in equal portions over each annual period and adjusted annually. These expenses are not considered part of LKE's minimum lease payments.

Jointly-Used Assets

Jointly-Used Assets are buildings and related assets such as parking lots and driveways which were originally constructed and owned by a single company (generally either LG&E or KU) but are subsequently being used by more than one company. Rent is charged to the companies benefitting from the use of the building assets by the company owning the building.
Jointly used assets include the following locations:

- Broadway Office Complex
- One Quality Street
- Dix Transmission Control
- LG&E Building Leasehold Improvements
- Pineville Call Center
- Morganfield
- Riverport

In addition, the Simpsonville Data Center is a *jointly-owned* asset (by LG&E, KU and LKC) which is jointly-used by PPL Services Corporation. Rent is charged to PPL based on the terms of a specific agreement between LG&E and KU Services Company (LKS) and PPL Services Corporation, known as the Hosting Services Agreement.

<u>LKS Assets</u>

Certain assets (PC's and LG&E Building leasehold improvements) reside on the books of LKS and are solely owned by LKS. These assets are used by the LKS employees to aid them in the performance of their services for the other affiliates. The depreciation on these assets is initially recorded on LKS and then allocated to LG&E, KU and LKC based on the ratios as defined in the CAM.

Certain other assets (IT assets, office furniture, etc) reside on the books of LKS. These assets are jointly owned by LKS and other affiliates. The depreciation on these assets is initially recorded on LKS and then allocated to LKC.

COSTS OF JOINTLY OWNED COMBUSTION TURBINES

Simple Cycle Combustion Turbines

LG&E and KU jointly own ten simple cycle combustion turbines (CT) located at the Paddy's Run facility, Trimble County Generating Station, and E.W. Brown facility. All operations and maintenance expenses attributable to the Paddy's Run, Trimble County, and E.W. Brown CTs are accumulated and billed according to the percentage of ownership. The percentage of ownership and megawatt capacity is listed in the table below (capacity based on net summer capability).

Facility	MW Capacity	LG&E	KU
Paddy's Run 13	147	53%	47%
Trimble County 5	157	29%	71%
Trimble County 6	157	29%	71%
Trimble County 7	157	37%	63%
Trimble County 8	157	37%	63%
Trimble County 9	157	37%	63%
Trimble County 10	157	37%	63%
E.W. Brown 5	112	53%	47%
E.W. Brown 6	146	38%	62%
E.W. Brown 7	146	38%	62%

Automated allocations of costs using ownership percentages are processed in the Oracle General Ledger system and generate intercompany transactions between LG&E and KU. All transactions flow through the intercompany receivable account. The costs for the Paddy's Run and Trimble County CTs are accumulated in LG&E and transferred to KU per the ownership percentage. The costs for the E.W. Brown CTs are accumulated in KU and transferred to LG&E per the ownership percentage.

When costs are accumulated in LG&E and transferred to KU, an intercompany receivable is debited and the appropriate expense is credited. KU debits the appropriate expense account and credits an intercompany receivable. When costs are accumulated in KU and transferred to LG&E, an intercompany receivable is debited and the appropriate expense is credited. LG&E debits the appropriate expense account and credits an intercompany receivable. The amounts are then netted to establish an intercompany receivable for KU or LG&E and an intercompany payable for LG&E or KU.

Capital charges are paid by one of the utilities and allocated to the other based on percentage of ownership. Additionally, manual journal entries are prepared each month for the applicable portion of the gas used by the CTs. The journal entries split the gas cost between LG&E and KU based on the percentage of ownership.

Combined Cycle Gas Combustion Turbine

In 2015, LG&E and KU completed the construction of a 640 MW summer capacity natural gas combined cycle (NGCC) unit at the Cane Run site owned by LG&E. This unit (Cane Run 7) is jointly owned by LG&E (22%) and KU (78%). Capital costs of Cane Run 7 are allocated according to the 22% LG&E and 78% KU ownership split.

Automated allocations of costs using the Cane Run 7 ownership percentages are processed in the Oracle General Ledger system and generate intercompany transactions between LG&E and KU. Operation and maintenance costs are accumulated at LG&E and transferred to KU, and an intercompany receivable is debited and the appropriate expense is credited. KU debits the appropriate expense account and credits an intercompany receivable. The amounts are then netted with other intercompany transactions between LG&E and KU to establish an intercompany receivable for KU or LG&E and an intercompany payable for LG&E or KU.

CASH COLLECTED AND PAID BY LG&E ON BEHALF OF KU

For the convenience of our suppliers and customers for purchased power and off system sales, and due to generating units being jointly dispatched, KU and LG&E have combined their billing and payments. This gives the appearance of one company to customers and suppliers.

Internally, sales and purchases are split between KU and LG&E and each company records its payable and receivable to the appropriate account. This split is documented on a monthly spreadsheet from the Financial Accounting and Analysis department.

As LG&E makes payments to various vendors for purchased power, the disbursement request is split into the appropriate portions applicable to each company. LG&E issues the payment through its Accounts Payable Department and bills KU for the expenditures made on behalf of KU. The Oracle General Ledger system automatically creates the Intercompany payable and receivable as transactions are posted. The amount KU owes LG&E is included on the Intercompany billing from LG&E.

As LG&E receives payments for power sales, the money received is split into the appropriate amounts for each company and a monthly journal entry for the cash received on behalf of KU is recorded to create a payable to KU.

As payments are received by LG&E (KU) for off system sales, some of the same customers may have sold power to LG&E (KU). For the customers' convenience, when the contract allows, the payments are netted. Netted payments are booked by each utility as the gross amount of the receivable and payable.

In addition, certain other receivables and payables which benefit both LG&E and KU are processed through only one of the companies for convenience or efficiency. The cash received and disbursement requests are split into the appropriate portions applicable to each company.

Intercompany receivables and payables are billed on the normal billing to the respective company and settled on the 13th business day of the month following the transaction. See Tab 3 for a description of the intercompany monthly invoices.

Intercompany interest is calculated for these transactions that are paid/held and settled through Intercompany in compliance with the 2011 Utility Money Pool Agreement. Interest is calculated on a daily-accumulated balance of monies received and paid by LG&E on behalf of KU, and vice versa. Interest is calculated from the day the money is received or paid through the day of the Intercompany cash settlement. In July 2013, FERC approved an interest rate of the A2/P2 nonfinancial 30 day commercial paper rate published by the Federal Reserve Board on the last business day of the prior month plus 5 basis points. A monthly journal entry is manually created to book the interest receivable/payable from this calculation.

LG&E and KU Services Company

Cost Allocation Manual

Effective March 2014

CAM	Cost Allocation Manual
CCS	Customer Care System
FERC	Federal Energy Regulatory Commission
HR	Human Resources
IT	Information Technology
KPSC	Kentucky Public Service Commission
KU	Kentucky Utilities Company
LEM	LG&E Energy Marketing Inc.
LG&E	Louisville Gas and Electric Company
LKC	LG&E and KU Capital LLC
LKE	LG&E and KU Energy LLC
LKE Foundation	LG&E and KU Foundation
LKS	LG&E and KU Services Company
PPL	PPL Corporation
PUHCA 2005	The Public Utility Holding Company Act of 2005
SEC	U.S. Securities and Exchange Commission
VSCC	Virginia State Corporation Commission

Table of Contents

I. INTRODUCTION

PUHCA 2005 states that centralized service companies must maintain and make available to the FERC their books, accounts and other records in the specific manner and preserve them for the required periods as the FERC prescribes in Title 18 Code of Federal Regulations Part 368 of the FERC Uniform System of Accounts. These records must be in sufficient detail to permit examination, audit, and verification, as necessary and appropriate for the protection of utility customers with respect to jurisdictional rates. The purpose of this CAM is to document the methods, policies and procedures that LKS will follow in performing certain services for affiliate companies. In developing this CAM the overriding goal was to protect investors and consumers by ensuring the methods, policies and procedures contained in this CAM were PUHCA 2005 compliant so that LKS costs are fully segregated, and fairly and equitably allocated among the affiliate companies. LKS was authorized to conduct business as a service company for LKE and its various subsidiaries and affiliates by order of the SEC on December 6, 2000, and commenced operations January 1, 2001. LKE is a Kentucky limited liability company and the parent of KU and LG&E. KU and LG&E are subject to the jurisdiction of and oversight by the KPSC. In addition, KU is subject to the jurisdiction of and oversight by the VSCC and the Tennessee Regulatory Authority. Under Kentucky regulatory law, KU and LG&E are required to have a cost allocation manual on file with the KPSC. KU is required to have a services agreement for any affiliate transaction approved by the VSCC prior to the transaction.

Periodic changes to the CAM may be necessary due to future management decisions, changes in the law, interpretations by state or federal regulatory bodies, changes in structure or activities of affiliates, or other internal procedures.

II. CORPORATE ORGANIZATION

OVERVIEW

LKE is an indirect wholly-owned subsidiary of PPL, headquartered in Allentown, Pennsylvania. LKE has five direct subsidiaries: LG&E, KU, LKC, LEM and LKS. LKE has an affiliate relationship with LKE Foundation due to overseeing all operations of the foundation.

LKE and its utility subsidiaries are engaged principally in the generation, transmission, distribution and sale of electricity. LG&E is also engaged in the storage, distribution, and sale of natural gas. LKE and its subsidiaries are subject to the regulatory provisions of PUHCA 2005. LG&E and KU are subject to regulation by the FERC and the KPSC. KU is also subject to regulation by state utility commissions in Virginia and Tennessee.

UTILITY OPERATIONS

LG&E, incorporated in Kentucky in 1913, is a regulated public utility engaged in the generation, transmission, distribution and sale of electric energy and the storage, distribution and sale of natural gas. LG&E is a wholly-owned subsidiary of LKE. LG&E supplies electricity and natural gas to customers in Louisville and adjacent areas in Kentucky.

KU, incorporated in Kentucky in 1912 and in Virginia in 1991, is a regulated public utility engaged in the generation, transmission, distribution and sale of electric energy in Kentucky, Virginia and Tennessee. KU is a wholly-owned subsidiary of LKE.

SERVICE COMPANY

LKS, a Kentucky corporation, is a centralized service company registered under PUHCA 2005 and is authorized to conduct business as a service company for LKE and its various subsidiaries and affiliates by order of the SEC dated December 6, 2000, and commencing operation January 1, 2001. LKS is the service company for affiliated entities, including LKE, LG&E, KU, LKC and LEM and provides a variety of administrative, management, engineering, construction, environmental and support services. LKS provides its services at cost, as permitted under PUHCA 2005.

Development of the LKS organization was predicated on the fact that if the employee performed activities benefiting more than one affiliate, that employee would become a part of the LKS organization. In many respects, employees working in typical finance, administrative and general, management and other support departments are fully subject to LKS organizational placement.

Many operational employees dedicated to providing a service to just one affiliate, by definition, are not subject to LKS placement. However management and support staff overseeing the business activities of more than one of these operational groups are subject to LKS placement.

On September 30, 2010, LKS changed its legal name to LG&E and KU Services Company from E.ON U.S. Services Inc.

OTHER BUSINESS OPERATIONS

LKE Foundation, a charitable foundation exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code, makes charitable contributions to qualified entities.

LKC is a holding company for other LKE non-utility businesses which are generally inactive from an operational standpoint, but have certain remaining support or contingent business obligations.

LEM is an inactive non-utility company.

LKS transacts business for LKE Foundation, LKC, LEM and PPL and its affiliates on behalf of LKE.

III. TRANSACTIONS WITH AFFILIATES

OVERVIEW

LKE formed LKS, as a service company to provide services for affiliated companies. LKS and affiliated companies (or their parent entities) may enter into service agreements, which may establish the general terms and conditions for providing those services, including those mentioned in Section IV of the CAM.

At formation, certain LG&E, KU and LKE employees became employees of LKS and such employees continued to provide services to the regulated and non-regulated entities.

Regulated affiliates receive services at cost, pursuant to the service agreements. Non-regulated affiliates generally receive services at cost; however, certain services may permit pricing at fair-market value. The provisions included in contracts or service agreements govern transactions between LKS and the regulated and non-regulated affiliates.

KU and LG&E are required by the KPSC and the VSCC to use the "stand alone" method for allocating their respective tax liabilities (or tax benefits) so that such tax liabilities (or tax benefits) will not exceed the tax liabilities (or tax benefits) each would incur if it filed its tax returns separately from the consolidated returns filed by PPL Corporation. KU and LG&E have filed a separate PPL Corporation and Subsidiaries tax allocation agreement with the KPSC and the VSCC. The allocation of the respective tax liabilities (or tax benefits) of KU and LG&E therefore are not within the scope of this CAM.

Definitions of Cost

Tariff Rate – The price charged to customers under applicable tariffs on file with federal or state regulatory commissions.
Fair Market Value – The price held out by a providing entity to the general public in the normal course of business (i.e. the price at which a reasonable buyer and a reasonable seller are willing to transact in the normal course of business).
Cost – The charge used for transactions with affiliates for which no tariff rate or fair market value is applicable. LKS follows the definition of cost defined in PUHCA 2005.

IV. DESCRIPTION OF SERVICES

The following table provides service descriptions along with the frequency of services provided and the primary affiliate receiving the services. See below for definitions of frequency and primary affiliates. The table also contains the cost assignment methods used to allocate indirectly attributable costs for these services, when necessary. Note that a departmental charge ratio may also be used for any service with indirectly attributable costs, but only if the use of the cost assignment method for the service would not result in the fair assignment of costs.
Detailed descriptions of cost assignment methods are provided in Section V. Also see section V for definitions of directly assignable, directly attributable and indirectly attributable. The cost

assignment methods in the table below should be used only when costs of a good or service cannot be directly assignable or directly attributable.

Definitions of Frequency

Ongoing – Provided on a prearranged, continuous basis (i.e., daily)
Frequent – Provided as requested on a regular basis (i.e., several times per month)
Infrequent – Provided as requested on an irregular basis (i.e., several times per year)

Definitions of Primary Affiliates

All charges by LKS to affiliated entities follow the principle of fully distributed cost. Primary affiliates receiving the service are designated below as:

R – Regulated (LG&E and KU)
NR – Non-regulated (LKC, LEM and LKE Foundation)
A – All

Service	Description	Assignment Method	Frequency	Primary Affiliate
Customer and Customer-Related Services				
Customer Service	Providing call center and customer communication services for both electric and gas customers.	Number of Customers Ratio	Ongoing	R
Sales and Marketing	Providing programs for establishing strategies, oversight for marketing, sales and branding of utility and related services, and conducting marketing and sales programs for economic development and demand side management.	Number of Customers Ratio	Frequent	R
Economic Development and Major Accounts	Maintaining community development, partnerships with state, regional, and local economic development allies, and customized products and services.	Number of Customers Ratio	Frequent	R
Meter Reading Services	Providing meter reading and meter data services, including maintaining inventory, quality and environmental issues, policy and standards, technical support, and logistics.	Number of Meters Ratio	Ongoing	R
Cash Remittance	Providing remittance processing, customer payments, and collection services.	Revenue Ratio	Ongoing	R
Billing Integrity	Administering and providing customer billings and credit reviews.	Number of Customers Ratio; Number of Meters Ratio	Ongoing	R
Energy Efficiency	Providing energy efficiency programs to residential and commercial customers to encourage implementation of energy saving measures.	Number of Customers Ratio	Ongoing	R

Service		Description	Assignment Method	Frequency	Primary Affiliate
	Smart Grid Strategy	Providing leadership and direction for smart meter and smart grid strategy development, investment and decision analysis to support value-added infrastructure deployments.	Number of Customers Ratio	Ongoing	R
	Field Services	Completing customer requested service orders generated through Residential Service Center, Business Service Center, KU Business Offices, Billing Integrity and Meter Assets. Supporting Meter Shop activities and Public Safety Response Team needs.	Number of Meters Ratio	Ongoing	R
	CCS Retail Business Readiness	Providing end user support services, development and capture of business metrics and development, and delivery of training for the Company's CCS.	Number of Customers Ratio	Ongoing	R
Power Production and Generation Services					
	Project Engineering	Coordinating and managing all major generation construction.	Generation Ratio	Infrequent	R
	System Laboratory	Providing system laboratory services to the generating stations.	Total Utility Plant Assets Ratio	Ongoing	R
	Generation	Providing centralized, fleet-wide technical expertise for generation asset management, technical guidance for various functional initiatives and coordination of operational research and development.	Total Utility Plant Assets Ratio	Ongoing	R

Service		Description	Assignment Method	Frequency	Primary Affiliate
	Generation Services and Safety	Providing management services and oversight to Energy Services, including Power Generation, Safety, and Technical Training.	Total Utility Plant Assets Ratio; Total Utility Electric Plant Assets Ratio	Ongoing	R
	Fuel Procurement	Procuring coal, natural gas, oil and other bulk materials for generation facilities and ensuring compliance with price and quality provisions of fuel contracts.	Contract Ratio; Generation Ratio	Ongoing	R
	Project Development	Providing project development services to identify and develop potential future sources of energy and capacity to meet the Company's power supply needs.	Total Utility Plant Assets Ratio	Ongoing	R
Transmission Operations & Services					
	Strategy, Reliability and Tariffs	Providing transmission system reliability planning and identifying current and future upgrades that are needed to maintain reliability. Providing facility ratings, drawings and reliability metrics. Coordinating and managing transmission tariffs and agreements with outside parties for use of the transmission system.	Transmission Ratio	Ongoing	R
	Operations and Construction	Coordinating and managing all maintenance and capital upgrades to transmission substations. Coordinating and managing all maintenance and capital upgrades to the transmission lines. Providing transmission system control center services. Managing and maintaining the Energy Management System. Coordinating and managing the balance between scheduled transmission usage and actual transmission usage by other companies.	Transmission Ratio; Total Assets Ratio; Total Utility Plant Assets Ratio;	Ongoing	R

Service	Description	Assignment Method	Frequency	Primary Affiliate
Reliability and Compliance	Ensuring that the Transmission Department is complying with all applicable regulatory standards.	Transmission Ratio	Ongoing	R
Energy Supply and Analysis Services				
Energy Marketing	Providing market services to take advantage of the highest excess generation prices in the open market.	Generation Ratio	Ongoing	R
Market Forecasting	Providing management services for financial forecasts of the utility market.	Generation Ratio	Frequent	R
Load Forecasting	Providing short- and long-term load forecasting services.	Generation Ratio	Frequent	R
Generation Planning and Analysis	Providing short- and long-term generation planning services	Generation Ratio	Ongoing	R
Distribution Operations Services				
Network Trouble and Dispatch	Providing dispatch services, reporting outage situations and coordinating restoration.	Number of Customers Ratio	Ongoing	R
Electric Engineering	Providing development engineering and construction standards, distribution system planning and analysis, substation construction project management and telecommunications systems design and analyses.	Total Assets Ratio	Ongoing	R

Service		Description	Assignment Method	Frequency	Primary Affiliate
	Distribution Asset Management	Leading management and investment decisions regarding distribution assets, including resource allocation, developing uniform standards and procedures, determining performance targets and managing assets information and data.	Number of Customers Ratio; Total Assets Ratio	Ongoing	R
	Forestry	Providing vegetation and tree management.	Total Assets Ratio	Frequent	R
	Distribution IT	Providing services associated with existing end user tools and related productivity software.	Number of Employees Ratio; Total Assets Ratio	Frequent	R
	Substation Construction and Maintenance	Providing engineering and design services for substation construction, maintenance and operations areas.	Total Utility Plant Assets Ratio	Frequent	R
Financial Planning and Budgeting Services					
	Budgeting	Providing services related to managing, coordinating and reporting for the budgeting and forecasting process.	Revenue, Total Assets and Number of Employees Ratio; Transmission Ratio; Generation Ratio; Number of Customers Ratio	Frequent	A
	Financial Planning	Providing financial planning and forecasting, investment analysis and investment planning reporting.	Revenue, Total Assets and Number of Employees Ratio	Frequent	A

Service		Description	Assignment Method	Frequency	Primary Affiliate
Controller Organization Services					
	Accounting and Reporting	Providing accounting and reporting in conformity with U.S. Generally Accepted Accounting Principles (GAAP) and the FERC Uniform System of Accounts (USofA), accounting research and interpretation and promulgation of accounting and internal control procedures, performing U.S. GAAP general ledger account and project analyses, reconciliations and consolidation, internal and external financial reports, and business and financial system support and consultation.	Revenue, Total Assets and Number of Employees Ratio	Ongoing	A
	Property Accounting	Maintaining, analyzing and reporting related to property records.	Total Utility Plant Assets Ratio	Ongoing	A
	Revenue Accounting	Managing and analyzing internal and external revenue reporting.	Revenue Ratio	Ongoing	R
Corporate Tax and Payroll Organization Services					
	Payroll	Providing payroll services including the managing of payroll systems.	Number of Employees Ratio	Ongoing	A
	Tax Accounting, Compliance and Reporting	Preparing consolidated and subsidiary federal, state and local income tax returns; current and deferred tax accounting; utility gross receipts tax; sales/use tax; property tax; LKE Foundation returns; and supporting roles for project development and tax legislation.	Revenue, Total Assets and Number of Employees Ratio	Ongoing	A

Service		Description	Assignment Method	Frequency	Primary Affiliate
Audit Services					
	Audit Services	Providing independent and objective assurance along with consulting services and internal controls system review.	Revenue, Total Assets and Number of Employees Ratio	Ongoing	A
Sarbanes-Oxley Compliance Services					
	Sarbanes-Oxley Compliance	Providing coordination, implementation and maintenance of the Company's program for compliance with the Sarbanes-Oxley Act of 2002.	Revenue, Total Assets and Number of Employees Ratio	Ongoing	A
Treasury Services					
	Treasury and Corporate Finance	Providing management and monitoring of cash flows including review and acquisition of business entity cash requirements and procurement of short-term financing and credit lines. Providing overall finance options including evaluating new financing vehicles and instruments, analyzing existing financing positions and raising long-term funds for all entities.	Revenue, Total Assets and Number of Employees Ratio	Ongoing	A
	Risk Management	Managing outside providers of risk services comprised of providing insurance and assisting affiliated entities in managing property and liability risks including claims, security, environmental, safety and consulting services.	Total Utility Plant Assets Ratio	Ongoing	A
	Credit Administration	Providing management of credit risk for wholesale energy sales and major vendors.	Generation Ratio	Ongoing	A

Service		Description	Assignment Method	Frequency	Primary Affiliate
	Energy Marketing Trading Controls	Performing reporting on the trading portfolios. Performing validation of significant transactions, valuation algorithms, ensuring trading system security and testing trading system enhancements.	Generation Ratio	Ongoing	A
Supply Chain and Logistics Services					
	Supply Chain	Maintaining and analyzing the supplier base and performing supplier selection activities including contract negotiations and ongoing compliance. Providing order management, materials handling and logistics and inventory management services. Providing order management and general field support services for system maintenance, developing and monitoring of key performance metrics, supplying day to day variance and reconciliation reporting services and performing supplier certification services. Identifying qualified minority and women owned businesses that are able to participate in competitive bidding opportunities, perform on-going work and ultimately become key suppliers to LKE and subsidiaries.	Non-Fuel Material and Services Expenditures Ratio	Ongoing	A
	Accounts Payable	Processing payments for purchase orders, check requests, employees' expense reimbursements, etc., and providing ad-hoc research and analysis.	Number of Transactions Ratio; Non-Fuel Material and Services Expenditures Ratio	Ongoing	A

Service		Description	Assignment Method	Frequency	Primary Affiliate
IT Services					
	IT Security and Compliance	Providing services associated with non-project management, security and administrative support. This function includes developing and administering security policies and procedures. Providing services associated with compliance activities and security related administration support. This function includes development, implementation and on-going compliance activities for the NERC Critical Infrastructure Protection (CIP) Program.	Number of Employees Ratio	Ongoing	A
	IT Applications and Customer Services	Providing services associated with each of the existing applications that IT provides to the business (Oracle Applications, PeopleSoft, etc). These services include costs incurred related to application license fees and application support costs. Providing services associated with existing end user tools and related productivity software; Providing end user support services, development and capture of business metrics and development, and delivery of training for the Company's CCS.	Number of Employees Ratio Number of Customers Ratio	Ongoing	A
	IT Infrastructure and Operations	Providing services related to the corporate-wide shared computing infrastructure, including servers, storage and data center operations. Providing services related to all corporate-wide network capabilities including wide area transport networks, local area networks, wireless networks, telephone systems, telecommunications for SCADA and two-way radio systems. Providing services related to a number of	Number of Employees Ratio	Ongoing	A

Service		Description	Assignment Method	Frequency	Primary Affiliate
		enterprise applications including e-mail, SharePoint, instant messaging and others.			
	IT Business Services	Providing services including Business Relationship Management, IT Project Management, IT Requirements, IT Testing and IT Service Management.	Number of Employees Ratio	Ongoing	A
Compliance, Legal, and Environmental Affairs Services					
	Legal	Providing various legal services for all affiliated entities including in-house counsel and staff assistance in the areas of, among others, corporate and securities law, employment law, energy, public utility and regulatory law, contract law, litigation, environmental law and intellectual property law, evaluating legal claims and managing legal fees for outside counsel.	Revenue, Total Assets and Number of Employees Ratio	Ongoing	A
	Compliance	Providing various compliance services for all affiliated entities including compliance assessment and risk management, code of conduct, anti-fraud, ethics, helpline management and Critical Infrastructure Protection (CIP) Compliance.	Number of Employees Ratio; Total Utility Plant Assets Ratio	Ongoing	A
	Environmental Affairs	Providing management services related to performing analyses, monitoring and advocacy of regulatory and legislative environmental matters including securing of permits and approvals, providing environmental technical expertise, environmental compliance and representing the Company in industry groups and before regulatory agencies dealing with environmental issues.	Electric Peak Load Ratio	Frequent	R

Service	Description	Assignment Method	Frequency	Primary Affiliate
Regulatory Affairs and Government Affairs Management Services				
Regulatory Affairs	Providing management services for compliance with all laws, regulations and other policy requirements, including regulatory filings, expert testimony, tariff administration and compliance, pricing support, and development and monitoring of positions regarding ongoing regulatory matters.	Revenue Ratio	Ongoing	R
Government Affairs Management	Maintaining relationships with government policy makers and conducting lobbying activities.	Revenue Ratio	Frequent	A
Corporate Communications and Public Affairs Management Services				
Internal Communications	Providing employee and customer-directed communications including company intranet/internet, employee newsletters, announcements, speeches, graphic design, presentations and customer newsletters and bill inserts.	Number of Employees Ratio	Frequent	A
External and Brand Communications	Providing all administrative and management support for external communication services, brand image management and corporate events.	Number of Customers Ratio; Revenue, Total Assets and Number of Employees ratio;	Frequent	A
Public Affairs Management	Providing community relations functions, communicating public information to local organizations and providing oversight for communications to employees.	Revenue, Total Assets and Number of Employees Ratio	Frequent	A

Service	Description	Assignment Method	Frequency	Primary Affiliate
Operating Services				
Facilities and Buildings	Providing building and grounds maintenance including coordination of office furniture and equipment purchases/leases, space utilization and layout, and building code and fire protection services.	Number of Customers Ratio; Number of Employees Ratio	Ongoing	A
Security	Providing security personnel, security and monitoring devices for all affiliated entities.	Number of Employees Ratio	Ongoing	A
Production Mail	Providing production mail services for customer bills and other large customer mailings.	Number of Customers Ratio	Ongoing	R
Document	Providing document printing, reproduction services including mail delivery, scanning, off-site storage and document service desk support.	Number of Employees Ratio	Ongoing	A
Process Management and Performance	Provide business process improvements, operational performance measures, benchmarking studies, and rate case analysis for all of Customer Service.	Number of Customers Ratio	Ongoing	R
Right-of-Way	Obtaining and retaining easements or fee simple property for placement and operation of company and affiliate equipment as well as managing real estate assets and maintaining real estate records.	Number of Customers Ratio	Ongoing	R

Service		Description	Assignment Method	Frequency	Primary Affiliate
Transportation Services					
	Transportation	Providing and operating transportation fleet for all affiliated companies including developing fleet policy, administering regulatory compliance programs, managing repair and maintenance of vehicles and procuring vehicles	Number of Employees Ratio	Ongoing	A
HR Services					
	HR Compensation	Providing services relating to the establishment and oversight of compensation policies for employees.	Number of Employees Ratio	Frequent	A
	HR Benefits	Providing services relating to the establishment and oversight of benefits plans for employees, retirees and survivors. This also includes vendor management, compliance with various laws and regulations, administrative vendor billings and maintenance of all personnel records.	Number of Employees Ratio	Frequent	A
	Other HR Services	Providing initiatives and programs designed to support the company's diversity strategy, with an emphasis on creating, designing and implementing the strategies and programs to achieve the company's diversity vision. This includes fostering and managing the internal and external relationships necessary to driving initiatives within the company and wider community customer base. Providing initiatives and programs designed to support personal and professional growth, with an emphasis on employee and leadership training,	Number of Employees Ratio	Frequent	A

Service	Description	Assignment Method	Frequency	Primary Affiliate
	individual and career development, performance management, coaching, mentoring, succession planning and employee engagement Providing communication and oversight for union matters, negotiation of union contracts and union dispute resolution services.			
Health and Safety	Providing services relating to the establishment and oversight of health and safety policies for employees. Providing training services on technical and safety matters primarily for the Energy Delivery and Energy Services businesses.	Number of Employees Ratio	Frequent	A
Executive Management Services				
Executive Management	Providing executive leadership to the corporation, the cost of which is comprised of the compensation and benefits of the corporate officers and executive assistants.	Generation Ratio; Number of Customers Ratio; Number of Employees Ratio; Revenue Ratio; Revenue, Total Assets and Number of Employees Ratio; Total Assets Ratio; Total Utility Plant Assets Ratio; Transmission Ratio	Ongoing	A

V. COST ASSIGNMENT METHODS

OVERVIEW

The costs of services provided by LKS will be directly assigned, distributed or allocated by activity, project, program, work order or other appropriate basis. The primary basis for charges to affiliates is the direct charge method (see section VI for time reporting procedures). The methodologies listed below pertain to all other costs which are not directly assigned but which make up the fully distributed cost of providing the service.

> ***Directly Assignable*** – Expenses incurred for activities and services exclusively for the benefit of one affiliate. In many respects, these types of expenses relate to non-LKS employees that perform dedicated services to one affiliate, although LKS employees also directly report where feasible.
>
> ***Directly Attributable*** – Expenses incurred for activities and services that benefit more than one affiliate and which can be apportioned using direct measures of costs causation.
>
> ***Indirectly Attributable*** – Expenses incurred for activities and services that benefit more than one affiliate and which can be apportioned using general measures of cost causation.
>
> ***Unattributable*** – Expenses or portions thereof incurred for activities and services that have been determined as not appropriate for apportionment. The unattributable portions of these costs relate primarily to activities such as corporate diversification, political or philanthropic endeavors and, as such, may be charged, in whole or in part, to LKC.

ASSIGNMENT METHODS

LKS will allocate the costs of service among the affiliated companies using one of several methods that most accurately distributes the costs. The method of cost allocation varies based on the department rendering the service. Any of the methods may be adjusted for any known and reasonably quantifiable events, or at such time as may be required due to significant changes in the business, but are generally determined annually. The assignment methods used by LKS are as follows:

Contract Ratio – Based on the sum of the physical amount (i.e. tons of coal, mmbtu of natural gas) of the contract for coal and natural gas fuel burned for the immediately preceding twelve consecutive calendar months, the numerator of which is for an operating company and the denominator of which is for all operating companies. This ratio is calculated on an annual basis. Any changes in the ratio will be determined no later than May 1st of the following calendar year, and charges to date will be reallocated for any significant changes in the ratio from that used in the prior year.

Departmental Charge Ratio – A specific LKS department ratio based upon various factors. The departmental charge ratio typically applies to indirectly attributable costs such as departmental administrative, support, and/or material and supply costs that benefit more than one affiliate and that require allocation using general measures of cost causation. Methods for assignment are department-specific depending on the type of service being performed and are documented and monitored by the Budget Coordinators for each department. The numerator and denominator vary by department. The ratio is based upon various factors such as labor hours, labor dollars, departmental or entity headcount, capital expenditures, operations and maintenance costs, retail energy sales, charitable contributions, generating plant sites, average allocation of direct reports, net book value of utility plant, total line of business assets, electric capital expenditures, substation assets and transformer assets. These ratios are calculated on an annual basis. Any changes in these ratios will be determined no later than May 1st of the following calendar year, and charges to date will be reallocated for any significant changes in any of these ratios from that used in the prior year.

Electric Peak Load Ratio – Based on the sum of the monthly electric maximum system demands for the immediately preceding twelve consecutive calendar months, the numerator of which is for an operating company and the denominator of which is for all operating companies. This ratio is calculated on an annual basis. Any changes in the ratio will be determined no later than May 1st of the following calendar year, and charges to date will be reallocated for any significant changes in the ratio from that used in the prior year.

Generation Ratio – Based on the annual forecast of megawatt hours, the numerator of which is for an operating company and the denominator of which is for all operating companies. This ratio is calculated on an annual basis. Any changes in the ratio will be determined no later than May 1st of the following calendar year, and charges to date will be reallocated for any significant changes in the ratio from that used in the prior year.

Non-Fuel Material and Services Expenditures – Based on non-fuel material and services expenditures, net of reimbursements, for the immediately preceding twelve consecutive calendar months. The numerator is equal to such expenditures for a specific entity and/or line-of-business as appropriate and the denominator is equal to such expenditures for all applicable entities. This ratio is calculated on an annual basis. Any changes in the ratio will be determined no later than May 1st of the following calendar year, and charges to date will be reallocated for any significant changes in the ratio from that used in the prior year.

Number of Customers Ratio – Based on the number of retail electric and/or gas customers. This ratio will be determined based on the actual number of customers at the end of the previous calendar year. In some cases, the ratio may be calculated based on the type of customer class being served (i.e. Residential, Commercial or Industrial). The numerator is the total number of each Company's retail customers. The denominator is the total number of retail customers for both LG&E and KU. This ratio is calculated on an annual basis. Any changes in the ratio will be determined no later than May 1st of the following calendar year, and charges to date will be reallocated for any significant changes in the ratio from that used in the prior year.

Number of Employees Ratio – Based on the number of employees benefiting from the performance of a service. This ratio will be determined based on actual counts of applicable employees at the end of the previous calendar year. A two-step assignment methodology is utilized to properly allocate LKS employee costs to the proper legal entity. The numerator for the first step of this ratio is the total number of employees for each specific company, and the denominator is the total number of employees for all companies in which an allocator is assigned (i.e. LG&E, KU and LKS). For the second step, the ratio of LKS to total employees will then be allocated to the other companies (LG&E, KU and LKC) based on each company's ratio of labor dollars to total labor dollars. LKC has no employees, but non-utility related labor is charged to it. In some cases, the ratio may be calculated based on the number of employees at a specific location for the first step with the ratio of LKS to total employees being allocated based on labor hours of the employees at the specific location. This ratio is calculated on an annual basis. Any changes in the ratio will be determined no later than May 1st of the following calendar year, and charges to date will be reallocated for any significant changes in the ratio from that used in the prior year.

Number of Meters Ratio – Based on the number or types of meters being utilized by customer classes within the system for the immediately preceding twelve consecutive calendar months. The numerator is equal to the number of meters for each utility and the denominator is equal to the total meters for KU and LG&E. This ratio is calculated on an annual basis. Any changes in the ratio will be determined no later than May 1st of the following calendar year, and charges to date will be reallocated for any significant changes in the ratio from that used in the prior year.

Number of Transactions Ratio – Based on the number of transactions occurring in the immediately preceding twelve consecutive calendar months, the numerator of which is for an operating company and the denominator of which is for all operating companies. The Controller's organization is responsible for maintaining and monitoring specific product/service methodology documentation for actual transactions related to LKS billings. This ratio is calculated on an annual basis. Any changes in the ratio will be determined no later than May 1st of the following calendar year, and charges to date will be reallocated for any significant changes in the ratio from that used in the prior year.

Revenue Ratio – Based on the sum of the revenue for the immediately preceding twelve consecutive calendar months, the numerator of which is for an operating company and the denominator of which is for all operating companies. This ratio is calculated on an annual basis. Any changes in the ratio will be determined no later than May 1st of the following calendar year, and charges to date will be reallocated for any significant changes in the ratio from that used in the prior year.

Revenue, Total Assets and Number of Employees Ratio – Based on an average of the revenue, total assets and number of employees ratios. The numerator is the sum of Revenue Ratio, Total Assets Ratio and Number of Employees Ratio for the specific company. The denominator is three – the number of ratios being averaged. This ratio is calculated on an annual basis. Any changes in the ratio will be determined no later than May 1st of the following calendar year, and charges to date will be reallocated for any significant changes in the ratio from that used in the prior year.

Total Assets Ratio – Based on the total assets at year end for the preceding year. In the event of joint ownership of a specific asset, asset ownership percentages are utilized to assign costs. The numerator is the total assets for each specific company at the end of the preceding year. The denominator is the sum of total assets for each company in which an allocator is assigned (LG&E, KU and LKC). This ratio is calculated on an annual basis. Any changes in the ratio will be determined no later than May 1st of the following calendar year, and charges to date will be reallocated for any significant changes in the ratio from that used in the prior year.

Total Utility Plant Assets Ratio – Based on the total utility plant assets at year end for the preceding year, the numerator of which is for an operating company and the denominator of which is for all operating companies. In the event of joint ownership of a specific asset, ownership percentages are utilized to assign costs. This ratio is calculated on an annual basis. Any changes in the ratio will be determined no later than May 1st of the following calendar year, and charges to date will be reallocated for any significant changes in the ratio from that used in the prior year.

Transmission Ratio –The Transmission Coordination Agreement (TCA) provides "the contractual basis for the coordinated planning, operation, and maintenance of the combined" LG&E and KU transmission system. Pursuant to the terms of the TCA, LG&E/KU "operate their transmission systems as a single control area." The TCA establishes cost and revenue allocations between LG&E and KU. The Transmission Ratio is based upon Schedule A (Allocation of Operating Expenses of the Transmission System Operator) of the TCA. Transmission System Operator Company allocation percentages are calculated during June of each year to be effective July 1st of each year using the previous year's summation of the Transmission Peak Demands as found in FERC Form 1 for Kentucky Utilities Company (KU) and Louisville Gas & Electric Company (LG&E) page 400 line 17(b).

Transportation Resource Management System Chargeback Ratio – Based on the costs associated with providing and operating transportation fleet for all affiliated companies including developing fleet policy, administering regulatory compliance programs, managing repair and maintenance of vehicles and procuring vehicles. Such rates are applied based on the specific equipment employment and the measured usage of services by the various company entities. This ratio is calculated monthly based on the actual transportation charges from the previous month. The numerator is the department labor charged to a specific company. The denominator is the total labor costs for the specific department. The ratio is then multiplied by the total transportation costs to determine the amount charged to each company.

Ownership Percentages – Based on the contractual ownership percentages of jointly-owned generating units, information technology, facilities and other capital projects. This ratio is updated as a result of a new jointly-owned capital projects and is based on the benefit to the respective company. The numerator is the specific company's forecasted usage. The denominator is the total forecasted usage of all respective companies.

VI. TIME DISTRIBUTION, BILLING AND ASSET TRANSFER POLICIES

OVERVIEW

LKS utilizes Oracle or other financial systems in which project/task combinations are set up to equate to services. In some cases, departments have set up many projects/tasks that map to services. In many cases, there is a one to one relationship between the project/task and the service. The Oracle system also automatically captures the home company (providing the service) and the charge company (receiving the service). Regardless of the method of reporting, charges related to specific services reside on the company receiving the service and therefore can be identified for billing purposes as well as for preparation of LKS financial statements. This ensures that:

1. Separation of costs between regulated and non-regulated affiliates will be maintained
2. Intercompany transactions and related billings are structured so that non-regulated activities are not subsidized by regulated affiliates
3. Adequate audit trails exist on the books and records

BILLING POLICIES

Billings for transactions between LKS and affiliates are issued on a timely basis with documentation sufficient to provide the receiving party with enough detail to understand the nature of the billing, the relevant components, and other information as required by affiliates. Financial settlements for transactions are made within 30 days. Interest charges, which are based on market rates for similar maturities of similarly rated entities as of the date of the loan, may apply. LKS is authorized to act as payment and billing agent on behalf of KU.

ASSET TRANSFERS

Unless otherwise permitted by regulatory authority or exception, (i) transfers or sales of assets from regulated affiliates to non-regulated affiliates will be priced at the greater of cost or fair market value; (ii) transfers or sales of assets from non-regulated affiliates to regulated affiliates will be priced at the lower of cost or fair market value and (iii) transfers of assets between regulated affiliates shall be priced at no more than cost less depreciation. Settlement of liabilities will be treated in the same manner.

TIME DISTRIBUTION

LKS has three methods of distribution to record employee salaries and wages while providing services for the affiliated entities: Positive time reporting, allocation time reporting and exception time reporting. Each department's job activities will dictate the time reporting method used.

Positive Time Reporting

Positive time reporting or direct time reporting requires all employees in a department to track all chargeable hours every day. Time may be charged to the nearest quarter hour.

Departments that have positive time reporting have labor-based activities that are easily trackable given the project/task code combinations noted above. All employees are given appropriate project numbers that are associated with the service that is being provided. The proper coding for direct assignment of costs is on various source documents, including the timekeeping system and disbursement requests. Each department or project manager is responsible for ensuring employees charge the appropriate charge codes for the services performed. This form of time reporting is documented in the timekeeping system, which upon completion, is approved by the employees' immediate supervisor.

Allocation Time Reporting

Allocation time reporting allows for certain departments to set up a predefined allocation percentage to affiliated company project/tasks. This is typically the case when the department is transaction-based, therefore, performing routine, similar tasks benefiting multiple affiliates. Each department will use its ratio (see ratio assignment listing in section V) that was assigned by its Budget Coordinator to allocate the appropriate time to individual charge numbers that are associated to that department's services. Unless otherwise permitted by regulatory authority or exception, the selection of ratios and the calculation of allocation percentages should be derived from or bear relationship to an empirical analysis of a prior representative period. These allocation percentages are reviewed on an annual basis to update to actual allocation percentages when needed.

Exception Time Reporting

If an employee was working on a completely new project that had not been defined within the monthly or annual allocation process, then the employee would be given the new allocation with project/task code, update his/her time allocation accordingly and get his/her manager's approval. If an allocation from a previous pay period needs to be adjusted then that correction must be entered into the timekeeping system.

a PPL company

FRK'S OFFICE CONTROL CENTER

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April 28, 2016

RE: Joint Petition of PPL Corporation, E.ON AG, E.ON US Investments Corp., E.ON U.S. LLC and Kentucky Utilities Company d/b/a Old Dominion Power Company for Approval of an Acquisition of Control of Utilities *(Case No. PUE-2010-00060)*

and

Kentucky Utilities Company, d/b/a Old Dominion Power, For Approval of Affiliate Transactions in Connection with Transfer of Ownership and Control and Restructuring and Refinancing of Debt Pursuant to Chapter 4 of Title 56 of the Code of Virginia (*Case No. PUE-2010-00094*)

Dear Mr. Peck:

Pursuant to Commission's Orders in the aforementioned cases, Kentucky Utilities Company ("KU"), d/b/a Old Dominion Power Company, ("ODP"), (collectively "the Companies") hereby enclose an original and two (2) copies of KU's, *Annual Report of Affiliate Transactions* for the calendar year January 1, 2015 through December 31, 2015 as specifically mentioned in Ordering Paragraph No. 15 of the Commission's Order, dated October 19, 2010, in Case No. PUE-2010-00060. Also, enclosed are *Annual Detailed Reconciliations* as specifically mentioned in Paragraph No. 10 of the Commission's Order, dated October 19, 2010 in Case No. PUE-2010-00094 for the 2014 tax year. The

Companies consider confidential the information in the *Annual Detailed Reconciliations* and asks that this information be withheld from public disclosure and be afforded the same protections afforded confidential information in formal proceedings. The information for which KU is seeking confidential treatment is not known outside of the Company, and it is not disseminated within KU except to those employees with a legitimate business need to know the information.

The Companies are simultaneously submitting a copy of this *Annual Report of Affiliate Transactions* to the Commission's Director of Utility Accounting and Finance.

Please confirm your receipt of this filing by placing the File Stamp of your office on the enclosed extra copy and returning it to KU in the enclosed, self-addressed envelope. If you have any questions, please contact me or contact Don Harris at (502) 627-2021.

Sincerely,

Rick E. Lovekamp

Rick E. Lovekamp

cc: Kimberly B. Pate, Director, Division of Utility Accounting and Finance

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KENTUCKY UTILITIES COMPANY
EXHIBIT INDEX
FOR THE PERIOD JANUARY 1, 2015 - DECEMBER 31, 2015

Exhibit VASCC - 1	LG&E and KU Services Company Intercompany Cost Attribution Matrix (KU Provider of Services)
Exhibit VASCC - 1A	Annual Report of Affiliate Transactions with Louisville Gas and Electric Company (LG&E)
Exhibit VASCC - 1B	Annual Report of Affiliate Transactions with LG&E and KU Services Company
Exhibit VASCC - 1C	Annual Report of Affiliate Transactions with LG&E and KU Services Company (LG&E and KU Capital LLC)
Exhibit VASCC - 1D	Annual Report of Affiliate Transactions with LG&E and KU Services Company (LG&E and KU Energy LLC)
Exhibit VASCC - 1E	Annual Report of Affiliate Transactions with LG&E and KU Services Company (FCD LLC)
Exhibit VASCC - 1F	Annual Report of Affiliate Transactions with LG&E and KU Services Company (PPL Energy Funding Corporation, on behalf of PPL Services Corporation)
Exhibit VASCC - 1G	Annual Report of Affiliate Transactions with LG&E and KU Services Company (PPL Energy Funding Corporation, on behalf of PPL Corporation)
Exhibit VASCC - 2	LG&E and KU Services Company Intercompany Cost Attribution Matrix (KU Recipient of Services)
Exhibit VASCC - 2A	Annual Report of Affiliate Transactions with Louisville Gas and Electric Company (LG&E)
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Exhibit VASCC - 2K	Annual Report of Affiliate Transactions with PPL Energy Supply, LLC (PPL Montour, LLC)

2015 VA ARAT

KU Provider of Service (Receivables)

VASCC-1 By Month and CAM Category

Sum of Net Amount	Column Labels												
Operations Organization	JAN-2015	FEB-2015	MAR-2015	APR-2015	MAY-2015	JUN-2015	JUL-2015	AUG-2015	SEP-2015	OCT-2015	NOV-2015	DEC-2015	Grand Total
Compliance, Legal, and Environmental Affairs Services	418.36	521.25	434.86	282.36	316.79	293.52	328.31	453.64	275.72	248.59	217.03	285.55	4,075.98
Corporate Communications and Public Affairs Management Services			261.77	(261.77)		(8,048.88)	8,048.88				225.25	(225.25)	-
Corporate Tax and Payroll Organization Services	31,929.70	4,845.82	59,774,621.18	8,701,387.20	5,845.37	18,393,112.47	5,662.93	2,945.44	6,220.76	121,491.07	6,602.54	4,905,312.14	91,959,976.72
Customer and Customer-Related Services	3,199.09	2,970.23	2,725.38	5,876.18	6,144.40	66,086.77	(49,494.12)	5,150.10	8,873.75	8,458.31	8,160.39	8,289.52	74,440.00
Distribution Operations Services	18,072.59	12,811.60	(17,636.36)	47,831.68	42,038.34	32,965.62	(6,465.06)	10,797.18	13,289.86	22,558.95	22,290.44	116,920.76	315,475.60
Energy Supply and Analysis Services	571,121.37	1,816,763.51	687,974.48	86,056.72	1,385,032.02	2,840,730.37	3,574,108.35	3,078,186.37	2,916,238.85	882,880.11	786,686.71	2,103,087.53	20,728,866.39
Executive Management Services	78.17	325.83	195.05	128.85	226.29	244.92	196.45	630.59	654.40	207.12	12,773.97	286.93	15,948.57
Financial Planning and Budgeting Services							1,470.76			7,074.93	9,187.54	12,556.65	30,289.88
HR Services	30,491.59	30,025.38	38,239.70	28,585.23	36,474.71	40,518.01	15,487.43	16,035.86	16,439.68	14,205.66	13,212.67	42,162.18	321,878.10
IT Services	178,950.72	116,357.71	152,810.48	585,101.96	123,731.89	126,884.35	100,182.88	68,546.86	145,168.09	129,126.85	168,267.53	171,870.13	2,066,999.45
Operating Services	40,049.61	64,084.42	53,208.77	17,355.71	38,446.45	16,456.09	338,157.07	58,311.91	10,363.75	32,798.90	22,640.03	15,418.63	707,291.34
Power Production and Generation Services	6,345,645.10	4,762,820.48	5,398,934.75	3,241,179.25	4,356,987.52	2,426,061.01	3;194,385.56	9,819,355.97	2,084,222.41	1,950,318.35	3,609,665.28	6,485,794.83	53,675,370.51
Regulatory Affairs and Government Affairs Management Services	929.40									(133.77)	(155.99)	1,440.99	2,080.63
Supply Chain and Logistics Services	1,257.36	32,992.27	977.41	840.00	82,611.22	(79,695.25)	2,762.69	720.30	499.70	530.20	527.28	18,560.52	62,583.70
Transmission Operations & Services	77,785.29	64,517.43	44,533.48	303,804.86	270,608.92	192,862.73	59,439.55	77,016.80	68,522.84	101,833.90	160,826.49	194,986.15	1,616,738.44
Transportation Services												214.27	214.27
Treasury Services	2,823,957.61	4,919,852.21	2,769,673.17	2,355,513.50	1,180,319.03	3,332,313.84	3,558,371.82	4,179,882.19	3,847,219.11	2,936,785.18	3,628,574.44	3,424,471.37	39,006,933.47
Grand Total	10,123,885.96	11,828,888.14	68,906,954.12	15,373,681.83	7,528,782.95	27,380,785.57	10,802,643.50	17,318,033.21	9,117,988.92	6,256,384.35	8,449,701.60	17,501,432.90	210,589,163.05

Refer to the LG&E and KU Services Cost Allocation Manual filed within for a description of services, the nature and frequency of services provided, cost apportionment methodology, and methods.

Exhibit No. VASCC-1A	116,817,956.54
Exhibit No. VASCC-1B	1,525,816.06
Exhibit No. VASCC-1C	77,089.73
Exhibit No. VASCC-1D	91,817,529.00
Exhibit No. VASCC-1E	25.07
Exhibit No. VASCC-1F	291,133.01
Exhibit No. VASCC-1G	2,534.51
	210,532,083.92
Reversal of Dec-2014 PPL A/R and A/P netting entry, should not have been included in I/C database. Amount is shown in database as both a receivable	57,079.13
	210,589,163.05

1600440013

Exhibit No. VASCC-1A

KENTUCKY UTILITIES COMPANY

ANNUAL REPORT OF AFFILIATE TRANSACTIONS WITH
LOUISVILLE GAS AND ELECTRIC COMPANY
January 1, 2015 - December 31, 2015

No. 10 Kentucky Utilities Company, d/b/a/ Old Dominion Power Company, shall file an Annual Report of Affiliate Transactions undertaken with Louisville Gas and Electric Company and LG&E and KU Services Company with the Director of Public Utility Accounting of the Commission by no later than May 1 of each year, for the preceding calendar year, beginning May 1, 1999. Such report should include the following information:

1) affiliate's name;
2) description of each affiliate arrangement/agreement;
3) dates of each affiliate arrangement/agreement;
4) total dollar amount of each affiliate arrangement/agreement;
5) component costs of each arrangement/agreement where services are provided to an affiliate (i.e., direct/indirect labor, fringe benefits, travel/housing, materials, supplies, indirect miscellaneous expenses, equipment/facilities charges, and overheads);
6) profit component of each arrangement/agreement where services are provided to an affiliate and how such component is determined;
7) comparable market values and documentation related to each arrangement/agreement;
8) percent/dollar amount of each affiliate arrangement/agreement charged to expense and/or capital accounts;
9) allocation bases/factors for allocated costs;
10) list and description of each utility asset transfer over $250,000; and
11) list by functional group of utility assets transfers valued less than $250,000.

<u>RESPONSES:</u>

1) Louisville Gas and Electric Company

2) Amended and Restated Utility Services Agreement, Case Number: PUE-2012-00033

3) June 15, 2012

4) $ 116,817,956.54

5) Component costs are:

Direct-Indirect Labor	$	537,615.54
Fringe Benefits/Overheads		622,976.85
Equipment/Facilities		648,105.91
Materials/Fuels		13,272,797.40
Outside Services		770,048.11
Capital Expenditures		38,686,238.77
Power Sales/Purchases		20,723,395.11
Office and Administrative Services		2,054,526.09
Transmission		499,623.61
Charitable/Community Contributions		78,250.00
Cash Receipts from LG&E on behalf of KU		38,924,379.15
	$	116,817,956.54

6) LG&E's and KU's cost allocation policies are to use at-cost pricing for affiliate transactions, without any profit component.

7) Transfers or sales of assets, goods or services between KU and LG&E are priced at cost, which approximates market value.

8) All costs charged to LG&E are charged to intercompany accounts. The breakdown of services provided by KU for LG&E consists of 33.12% Capital expense with a cost of $38,686,238.77 and 66.88% total expense with a cost of $ 78,131,717.77

9) Allocation percentages for overhead calculations on labor as applicable in 2015 are as follows:

Part-Time Labor	89.09%
Temporary Labor and Overtime	19.92%
Full-Time Labor	89.09%

Allocation percentages for overhead calculations on material issued from inventory in 2015 are as follows:

Stores, Freight & Handling - T & D	30.00%
Stores, Freight & Handling - Production	30.00%

Allocation percentages on labor and non-labor for capital projects in 2015 are as follows:

Construction Overheads - Distribution	13.33%
Construction Overheads - Production	0.00%
Construction Overheads - Transmission	13.00%
Administrative and General	3.45%

Allocation percentages for overhead calculations on all labor from departments to which a vehicle is assigned for 2015 are as follows:

Vehicle Cost Allocation	12.58%

10) There were no asset transfers from KU to LG&E over $250,000.

11) There were no asset transfers from KU to LG&E less than $250,000.

Exhibit No. VASCC-1B

KENTUCKY UTILITIES COMPANY

ANNUAL REPORT OF AFFILIATE TRANSACTIONS WITH
LG&E AND KU SERVICES COMPANY
January 1, 2015 - December 31, 2015

No. 11 Kentucky Utilities Company, d/b/a/ Old Dominion Power Company, shall file an Annual Report of Affiliate Transactions indirectly undertaken for the benefit of non-regulated affiliates with the Director of Public Utility Accounting of the Commission by no later than May 1 of each year, for the preceding calendar year, beginning May 1, 1999.
Such report should include the following information:
1) non-regulated affiliate's name;
2) description of each type of service provided;
3) dates that each type of service was provided;
4) total dollar value (cost for each type of service provided);
5) component costs of each type of service provided (i.e., direct/indirect labor, fringe benefits, travel/housing, materials, supplies, indirect miscellaneous expenses, equipment/facilities charges, and overheads);
6) profit component of each type of service and how profit component is determined; and
7) comparable market values and supporting documentation for each type of service provided.

RESPONSES:

1) LG&E and KU Services Company

2) Amended and Restated Utility Services Agreement, Case Number: PUE-2012-00033
- Corporate Tax and Payroll Organization Services
- Customer and Customer-Related Services
- Distribution Operations Services
- Financial Planning and Budgeting Services
- HR Services
- IT Services
- Operating Services
- Power Production and Generation Services
- Treasury Services

3)

Corporate Tax and Payroll Organization Services	May, July and December 2015
Customer and Customer-Related Services	April-August, October and November 2015
Distribution Operations Services	January-March and May-December 2015
Financial Planning and Budgeting Services	July and October-December 2015
HR Services	October and December 2015
IT Services	January-December 2015
Operating Services	January-December 2015
Power Production and Generation Services	September 2015
Treasury Services	July, October and December 2015

4)

Corporate Tax and Payroll Organization Services	$	218.26
Customer and Customer-Related Services	$	2,823.34
Distribution Operations Services	$	72,633.84
Financial Planning and Budgeting Services	$	18,494.79
HR Services	$	201.93
IT Services	$	969,606.37
Operating Services	$	461,006.64
Power Production and Generation Services	$	198.07
Treasury Services	$	632.82
	$	1,525,816.06

5) Component costs are:

Capital Expenditures	$	229,523.83
Direct-Indirect Labor	$	796,609.37
Equipment/Facilities	$	397,900.84
Fringe Benefits/Overheads	$	24,775.54
Materials/Fuels	$	1,456.21
Office and Administrative Services	$	48,363.22
Outside Services	$	27,187.05
	$	1,525,816.06

6) LG&E and KU Services Company's cost allocation policies are to use at-cost pricing for affiliate transactions, without any profit component.

7) Transfers or sales of assets, goods or services between KU and LG&E and KU Services Company are priced at cost, which approximates market value.

Exhibit No. VASCC-1C

KENTUCKY UTILITIES COMPANY

ANNUAL REPORT OF AFFILIATE TRANSACTIONS WITH LG&E AND KU SERVICES COMPANY (LG&E AND KU CAPITAL LLC)
January 1, 2015 - December 31, 2015

No. 11 Kentucky Utilities Company, d/b/a/ Old Dominion Power Company, shall file an Annual Report of Affiliate Transactions indirectly undertaken for the benefit of non-regulated affiliates with the Director of Public Utility Accounting of the Commission by no later than May 1 of each year, for the preceding calendar year, beginning May 1, 1999.
Such report should include the following information:
1) non-regulated affiliate's name;
2) description of each type of service provided;
3) dates that each type of service was provided;
4) total dollar value (cost for each type of service provided);
5) component costs of each type of service provided (i.e., direct/indirect labor, fringe benefits, travel/housing, materials, supplies, indirect miscellaneous expenses, equipment/facilities charges, and overheads);
6) profit component of each type of service and how profit component is determined; and
7) comparable market values and supporting documentation for each type of service provided.

RESPONSES:

1) LG&E and KU Services Company (LG&E and KU Capital LLC)

2) Amended and Restated Utility Services Agreement, Case Number: PUE-2012-00033
- Compliance, Legal, and Environmental Affairs Services
- Corporate Tax and Payroll Organization Services
- Customer and Customer-Related Services
- Distribution Operations Services
- Energy Supply and Analysis Services
- Executive Management Services
- HR Services
- IT Services
- Operating Services
- Power Production and Generation Services
- Supply Chain and Logistics Services
- Transmission Operations & Services
- Treasury Services

3)

Compliance, Legal, and Environmental Affairs Services	June and July 2015
Corporate Tax and Payroll Organization Services	January-December 2015
Customer and Customer-Related Services	January-March, June, July, September, November and December 2015
Distribution Operations Services	March, April, June-September 2015
Energy Supply and Analysis Services	November 2015
Executive Management Services	May, June, September and November 2015
HR Services	January-December 2015
IT Services	January-December 2015
Operating Services	January-December 2015
Power Production and Generation Services	January-August and December 2015
Supply Chain and Logistics Services	February-August 2015
Transmission Operations & Services	February and June-September 2015
Treasury Services	January-December 2015

4)

Compliance, Legal, and Environmental Affairs Services	$	(21.47)
Corporate Tax and Payroll Organization Services	$	30,704.96
Customer and Customer-Related Services	$	6,200.44
Distribution Operations Services	$	663.66
Energy Supply and Analysis Services	$	53.17
Executive Management Services	$	614.12
HR Services	$	3,900.22
IT Services	$	11,027.28
Operating Services	$	710.72
Power Production and Generation Services	$	20,598.80
Supply Chain and Logistics Services	$	9.02
Transmission Operations & Services	$	1,686.51
Treasury Services	$	942.32
	$	77,089.73

5) Component costs are:

Charitable/Community Contributions	$	200.00
Direct-Indirect Labor	$	8,229.99
Equipment/Facilities	$	2,122.52
Fringe Benefits/Overheads	$	6,738.86
Materials/Fuels	$	742.55
Office and Administrative Services	$	58,830.14
Outside Services	$	225.65
	$	77,089.71

6) LG&E and KU Services Company's cost allocation policies are to use at-cost pricing for affiliate transactions, without any profit component.

7) Transfers or sales of assets, goods or services between KU and LG&E and KU Services Company are priced at cost, which approximates market value.

Exhibit No. VASCC-1D

KENTUCKY UTILITIES COMPANY

ANNUAL REPORT OF AFFILIATE TRANSACTIONS WITH
LG&E AND KU SERVICES COMPANY (LG&E AND KU ENERGY LLC)
January 1, 2015 - December 31, 2015

No. 11 Kentucky Utilities Company, d/b/a/ Old Dominion Power Company, shall file an Annual Report of Affiliate Transactions indirectly undertaken for the benefit of non-regulated affiliates with the Director of Public Utility Accounting of the Commission by no later than May 1 of each year, for the preceding calendar year, beginning May 1, 1999.
Such report should include the following information:
1) non-regulated affiliate's name;
2) description of each type of service provided;
3) dates that each type of service was provided;
4) total dollar value (cost for each type of service provided);
5) component costs of each type of service provided (i.e., direct/indirect labor, fringe benefits, travel/housing, materials, supplies, indirect miscellaneous expenses, equipment/facilities charges, and overheads);
6) profit component of each type of service and how profit component is determined; and
7) comparable market values and supporting documentation for each type of service provided.

RESPONSES:

1) LG&E and KU Services Company (LG&E and KU Energy LLC)

2) PPL and Consenting Members of its Consolidated Group Agreement for Filing Consolidated Income Tax Returns and for Allocation of Consolidated Income Tax Liabilities and Benefits, Case Number PUE-2010-00094
Corporate Tax and Payroll Organization Services

3)	Corporate Tax and Payroll Organization Services	March, April, June, October and December 2015	
4)	Corporate Tax and Payroll Organization Services	$	91,817,529.00
5)	Component costs are:		
	Capital Expenditures	$	-
	Direct-Indirect Labor		-
	Equipment/Facilities		-
	Fringe Benefits/Overheads		-
	Materials/Fuels		-
	Office and Administrative Services		91,817,529.00
	Outside Services		-
	Power Sales/Purchases		-
		$	91,817,529.00

6) LG&E and KU Services Company's cost allocation policies are to use at-cost pricing for affiliate transactions, without any profit component.

7) Transfers or sales of assets, goods or services between KU and LG&E and KU Services Company are priced at cost, which approximates market value.

Exhibit No. VASCC-1E

KENTUCKY UTILITIES COMPANY

ANNUAL REPORT OF AFFILIATE TRANSACTIONS WITH
LG&E AND KU SERVICES COMPANY (FCD LLC)
January 1, 2015 - December 31, 2015

No. 11 Kentucky Utilities Company, d/b/a/ Old Dominion Power Company, shall file an Annual Report of Affiliate Transactions indirectly undertaken for the benefit of non-regulated affiliates with the Director of Public Utility Accounting of the Commission by no later than May 1 of each year, for the preceding calendar year, beginning May 1, 1999.
Such report should include the following information:
1) non-regulated affiliate's name;
2) description of each type of service provided;
3) dates that each type of service was provided;
4) total dollar value (cost for each type of service provided);
5) component costs of each type of service provided (i.e., direct/indirect labor, fringe benefits, travel/housing, materials, supplies, indirect miscellaneous expenses, equipment/facilities charges, and overheads);
6) profit component of each type of service and how profit component is determined; and
7) comparable market values and supporting documentation for each type of service provided.

RESPONSES:

1) LG&E and KU Services Company (FCD LLC)

2) Amended and Restated Utility Services Agreement, Case Number: PUE-2012-00033
Power Production and Generation Services

3) Power Production and Generation Services — November 2015

4)

Power Production and Generation Services	$	25.07
	$	25.07

5) Component costs are:

Equipment/Facilities	$	25.07
	$	25.07

6) LG&E and KU Services Company's cost allocation policies are to use at-cost pricing for affiliate transactions, without any profit component.

7) Transfers or sales of assets, goods or services between KU and LG&E and KU Services Company are priced at cost, which approximates market value.

Exhibit No. VASCC-1F

KENTUCKY UTILITIES COMPANY

ANNUAL REPORT OF AFFILIATE TRANSACTIONS WITH
LG&E AND KU SERVICES COMPANY (PPL SERVICES CORPORATION)
January 1, 2015 - December 31, 2015

No. 11 Kentucky Utilities Company, d/b/a/ Old Dominion Power Company, shall file an Annual Report of Affiliate Transactions indirectly undertaken for the benefit of non-regulated affiliates with the Director of Public Utility Accounting of the Commission by no later than May 1 of each year, for the preceding calendar year, beginning May 1, 1999.
Such report should include the following information:
1) non-regulated affiliate's name;
2) description of each type of service provided;
3) dates that each type of service was provided;
4) total dollar value (cost for each type of service provided);
5) component costs of each type of service provided (i.e., direct/indirect labor, fringe benefits, travel/housing, materials, supplies, indirect miscellaneous expenses, equipment/facilities charges, and overheads);
6) profit component of each type of service and how profit component is determined; and
7) comparable market values and supporting documentation for each type of service provided.

RESPONSES:

1) LG&E and KU Services Company (PPL Energy Funding Corporation, on behalf of PPL Services Corporation)

2) Amended and Restated Utility Services Agreement, Case Number: PUE-2012-00033
Corporate Tax and Payroll Organization Services

Hosting Services Agreement PPL Alternate Data Center, Case Number: PUE-2011-00095
IT Services

3)

Corporate Tax and Payroll Organization Services	March 2015
IT Services	January-December 2015

4)

Corporate Tax and Payroll Organization Services	$	26,086.50 [1]
IT Services		265,046.51
	$	291,133.01

5) Component costs are:

Direct-Indirect Labor	$	-
Equipment/ Facilities		265,046.51
Fringe Benefits/ Overheads		-
Materials/ Fuels		-
Office and Administrative Services		26,086.50
	$	291,133.01

6) KU's cost allocation policies are to use at-cost pricing for affiliate transactions, without any profit component.

7) Transfers or sales of assets, goods or services between KU and LG&E and KU Services Company are priced at cost, which approximates market value.

[1] Payroll tax reimbursement.

Exhibit No. VASCC-1G

KENTUCKY UTILITIES COMPANY

ANNUAL REPORT OF AFFILIATE TRANSACTIONS WITH
LG&E AND KU SERVICES COMPANY (PPL SERVICES CORPORATION)
January 1, 2015 - December 31, 2015

No. 11 Kentucky Utilities Company, d/b/a/ Old Dominion Power Company, shall file an Annual Report of Affiliate Transactions indirectly undertaken for the benefit of non-regulated affiliates with the Director of Public Utility Accounting of the Commission by no later than May 1 of each year, for the preceding calendar year, beginning May 1, 1999.
Such report should include the following information:
1) non-regulated affiliate's name;
2) description of each type of service provided;
3) dates that each type of service was provided;
4) total dollar value (cost for each type of service provided);
5) component costs of each type of service provided (i.e., direct/indirect labor, fringe benefits, travel/housing, materials, supplies, indirect miscellaneous expenses, equipment/facilities charges, and overheads);
6) profit component of each type of service and how profit component is determined; and
7) comparable market values and supporting documentation for each type of service provided.

RESPONSES:

1) LG&E and KU Services Company (PPL Energy Funding Corporation, on behalf of PPL Corporation)

2) Amended and Restated Utility Services Agreement, Case Number: PUE-2012-00033
Corporate Tax and Payroll Organization Services

3) Corporate Tax and Payroll Organization Services — January, April, July, and October 2015

4)

Corporate Tax and Payroll Organization Services	$	2,534.51
	$	2,534.51

5) Component costs are:

Direct-Indirect Labor	$	-
Equipment/ Facilities		-
Fringe Benefits/ Overheads		-
Materials/ Fuels		-
Office and Administrative Services		2,534.51
	$	2,534.51

6) KU's cost allocation policies are to use at-cost pricing for affiliate transactions, without any profit component.

7) Transfers or sales of assets, goods or services between KU and LG&E and KU Services Company are priced at cost, which approximates market value.

2015 VA ARAT

IQJ Recipient of Service (Payables)

VASCC-2 By Month and CAM Category

Row Labels	JAN-2015	FEB-2015	MAR-2015	APR-2015	MAY-2015	JUN-2015	JUL-2015	AUG-2015	SEP-2015	OCT-2015	NOV-2015	DEC-2015	Grand Total
Audit Services	62,262.15	59,432.46	58,516.99	48,208.80	48,892.26	62,280.51	62,353.36	53,471.81	58,017.06	74,177.99	72,235.73	67,173.47	727,022.59
Compliance, Legal, and Environmental Affairs Services	572,483.06	632,412.84	964,673.23	713,729.22	783,987.17	866,086.76	920,722.41	932,371.36	1,087,572.97	855,531.57	1,073,883.43	1,969,404.59	11,622,878.66
Controller Organization Services	244,170.48	205,320.93	228,043.34	205,049.84	209,348.42	228,490.92	250,004.18	226,886.72	213,343.49	239,596.02	258,031.37	293,459.53	2,847,943.26
Corporate Communications and Public Affairs Management Services	217,455.73	274,976.13	283,819.97	154,518.92	297,670.15	235,285.68	191,578.43	191,655.23	206,387.14	215,317.71	357,475.70	276,496.92	2,882,635.71
Corporate Tax and Payroll Organization Services	406,357.54	454,535.33	616,743.39	534,378.76	378,261.83	1,290,472.58	78,694.80	572,155.97	7,345,968.50	1,144,588.31	502,291.49	(78,527.04)	13,245,921.86
Customer and Customer-Related Services	2,477,838.88	1,880,021.85	2,026,711.96	2,161,578.15	2,043,993.87	2,968,952.65	2,534,757.96	2,639,404.51	3,642,568.18	1,809,478.22	2,372,106.82	3,149,868.17	30,705,281.22
Distribution Operations Services	608,156.75	609,810.07	639,460.22	636,358.00	584,935.30	538,614.99	655,388.89	657,117.78	619,177.44	924,259.64	753,562.09	906,897.13	8,131,538.30
Energy Supply and Analysis Services	9,688,050.47	10,422,986.81	7,496,928.72	7,342,192.58	4,153,742.29	2,570,751.46	2,234,577.76	2,318,468.91	2,551,581.37	3,461,126.81	3,737,911.71	2,798,898.57	58,777,217.46
Executive Management Services	684,928.26	540,524.85	877,914.21	573,337.73	572,011.00	696,709.70	660,069.76	575,283.28	667,883.16	707,020.03	882,549.93	781,061.85	8,219,297.74
Financial Planning and Budgeting Services	185,995.26	176,325.16	185,519.59	180,935.67	176,941.93	208,446.18	222,060.76	191,450.05	184,336.67	229,731.33	244,758.06	251,897.23	2,436,397.88
HR Services	2,468,421.58	2,698,066.65	4,182,147.09	3,638,666.65	4,167,961.18	4,261,771.09	2,339,755.84	1,902,246.29	1,039,652.68	1,066,251.65	1,877,309.47	1,020,427.51	30,692,677.47
IT Services	2,922,881.03	3,123,382.46	4,322,987.11	4,357,818.42	3,454,006.59	3,771,523.64	3,645,118.41	3,525,612.60	4,617,665.89	4,925,589.26	5,260,200.59	6,699,122.29	50,827,908.31
Operating Services	1,348,860.42	1,330,028.34	1,432,919.75	1,401,404.37	1,625,309.28	1,618,053.70	1,361,321.71	1,454,120.80	1,875,002.69	1,574,493.87	1,805,403.47	2,773,238.10	19,600,161.70
Power Production and Generation Services	17,093,853.28	21,393,973.87	15,516,365.49	18,735,673.57	19,907,117.60	22,928,753.23	21,221,316.11	21,725,209.49	25,197,985.57	27,686,391.04	29,002,704.29	22,410,210.05	262,819,753.59
Regulatory Affairs and Government Affairs Management Services	25,171.54	30,080.09	21,478.68	16,167.77	15,854.40	18,440.28	33,934.65	28,062.99	32,903.88	28,648.95	45,215.49	34,943.09	330,951.79
Sarbanes-Oxley Compliance Services	8,194.99	8,142.51	8,864.46	7,791.57	11,123.54	9,624.78	9,175.74	9,254.18	8,684.60	4,828.35	5,290.72	10,812.82	101,788.26
Supply Chain and Logistics Services	221,338.51	292,259.08	286,602.28	157,595.09	340,827.98	247,804.34	205,478.43	195,931.29	(104,673.52)	347,021.28	156,359.80	416,370.98	2,762,915.52
Transmission Operations & Services	1,667,460.49	1,684,293.40	1,739,549.20	1,725,370.49	1,624,292.06	2,183,868.65	1,892,444.81	2,019,723.99	1,881,342.66	2,282,742.42	3,683,077.90	2,081,365.29	24,449,531.56
Transportation Services	40,135.44	49,971.63	28,051.82	35,244.65	26,179.83	26,134.55	28,698.74	23,813.97	26,404.93	23,170.63	24,000.26	25,077.48	356,891.93
Treasury Services	49,003,831.54	(27,776,624.85)	10,891,124.92	(5,073,899.65)	(7,789,757.62)	(20,452,072.23)	19,250,652.82	2,737,157.11	(37,071,462.82)	3,127,034.20	2,197,809.32	5,975,630.05	(4,978,569.71)
Grand Total	89,947,847.40	18,339,719.83	51,786,424.42	37,554,120.40	32,612,697.04	24,370,193.65	57,798,153.07	41,979,398.33	14,130,342.54	51,757,221.46	54,312,190.68	51,867,836.10	526,358,144.90

Exhibit No. VASCC-2A	306,731,252.91
Exhibit No. VASCC-2B	243,493,895.46
Exhibit No. VASCC-2C	112,367.10
Exhibit No. VASCC-2D	7,563,163.80
Exhibit No. VASCC-2E	0.42
Exhibit No. VASCC-2F	106,944.61
Exhibit No. VASCC-2G	830,437.43
Exhibit No. VASCC-2H	(33,263,681.10)
Exhibit No. VASCC-2I	562,362.12
Exhibit No. VASCC-2J	557.12
Exhibit No. VASCC-2K	13,897.50
Exhibit No. VASCC-2L	147,868.40
	526,299,065.77
Reversal of Dec-2014 PPA A/R and A/P netting entry, should not have been included in I/C database. Amount is shown in database as both a receivable	57,079.13
	526,356,144.90

168440013

Exhibit No. VASCC-2A

KENTUCKY UTILITIES COMPANY

ANNUAL REPORT OF AFFILIATE TRANSACTIONS WITH
LOUISVILLE GAS AND ELECTRIC COMPANY
January 1, 2015 - December 31, 2015

No. 10 Kentucky Utilities Company, d/b/a/ Old Dominion Power Company, shall file an Annual Report of Affiliate Transactions undertaken with Louisville Gas and Electric Company and LG&E and KU Services Company with the Director of Public Utility Accounting of the Commission by no later than May 1 of each year, for the preceding calendar year, beginning May 1, 1999.
Such report should include the following information:
1) affiliate's name;
2) description of each affiliate arrangement/agreement;
3) dates of each affiliate arrangement/agreement;
4) total dollar amount of each affiliate arrangement/agreement;
5) component costs of each arrangement/agreement where services are provided to an affiliate (i.e., direct/indirect labor, fringe benefits, travel/housing, materials, supplies, indirect miscellaneous expenses, equipment/facilities charges, and overheads);
6) profit component of each arrangement/agreement where services are provided to an affiliate and how such component is determined;
7) comparable market values and documentation related to each arrangement/agreement;
8) percent/dollar amount of each affiliate arrangement/agreement charged to expense and/or capital accounts;
9) allocation bases/factors for allocated costs;
10) list and description of each utility asset transfer over $250,000; and
11) list by functional group of utility assets transfers valued less than $250,000.

RESPONSES:

1) Louisville Gas and Electric Company

2) Amended and Restated Utility Services Agreement, Case Number: PUE-2012-00033

3) June 15, 2012

4) $ 306,731,252.91

5) Component costs are:

Capital Expenditures	$ 36,987,178.25
Charitable/Community Contributions	8,295.00
Direct-Indirect Labor	9,094,657.10
Equipment/Facilities	1,562,020.35
Fringe Benefits/Overheads	7,166,301.18
Materials/Fuels	179,996,165.94
Office and Administrative Services	5,385,854.60
Cash Receipts on Behalf of LG&E	752,813.35
Outside Services	8,130,765.60
Power Sales/Purchases	57,289,057.24
Transmission	358,144.30
	$ 306,731,252.91

6) LG&E and KU's cost allocation policies are to use at-cost pricing for affiliate transactions, without any profit component.

7) Transfers or sales of assets, goods or services between KU and LG&E are priced at cost, which approximates market value.

8) All costs received from LG&E are charged to the appropriate expense or capital account depending on the service performed for KU. Total Capital expense was 12.06% with a cost of $36,987,178.25 and total expense was 87.94% with a cost of $269,744,074.66

9) Allocation percentages for overhead calculations on labor as applicable in 2015 are as follows:

Part-Time Labor	87.86%
Temporary Labor and Overtime	19.94%
Full-Time Labor	87.86%

Allocation percentages for overhead calculations on material issued from inventory in 2015 are as follows:

Stores, Freight & Handling - T & D	18.50%
Stores, Freight & Handling - Production	18.50%

Allocation percentages on labor and non-labor for capital projects in 2015 are as follows:

Construction Overheads - Distribution	11.50%
Construction Overheads - Production	0.00%
Construction Overheads - Transmission	14.18%
Administrative and General	2.33%

Allocation percentages for overhead calculations on all labor from departments to which a vehicle is assigned for 2015 are as follows:

Vehicle Cost Allocation	6.80%

10) There were no asset transfers over $250,000.

11) Transfer of assets from LG&E to KU uder $250,000 are as follows:
Transfer of land for the amount of $7,800.95
Transfer of transmission equipment for the amount of $86,097.16

Exhibit No. VASCC-2B

KENTUCKY UTILITIES COMPANY

ANNUAL REPORT OF AFFILIATE TRANSACTIONS WITH
LG&E AND KU SERVICES COMPANY
January 1, 2015 - December 31, 2015

No. 10 Kentucky Utilities Company, d/b/a/ Old Dominion Power Company, shall file an Annual Report of Affiliate Transactions undertaken with Louisville Gas and Electric Company and LG&E and KU Services Company with the Director of Public Utility Accounting of the Commission by no later than May 1 of each year, for the preceding calendar year, beginning May 1, 1999.
Such report should include the following information:
1) affiliate's name;
2) description of each affiliate arrangement/agreement;
3) dates of each affiliate arrangement/agreement;
4) total dollar amount of each affiliate arrangement/agreement;
5) component costs of each arrangement/agreement where services are provided to an affiliate (i.e., direct/indirect labor, fringe benefits, travel/housing, materials, supplies, indirect miscellaneous expenses, equipment/facilities charges, and overheads);
6) profit component of each arrangement/agreement where services are provided to an affiliate and how such component is determined;
7) comparable market values and documentation related to each arrangement/agreement;
8) percent/dollar amount of each affiliate arrangement/agreement charged to expense and/or capital accounts;
9) allocation bases/factors for allocated costs;
10) list and description of each utility asset transfer over $250,000; and
11) list by functional group of utility assets transfers valued less than $250,000.

<u>RESPONSES:</u>

1) LG&E and KU Services Company

2) Amended and Restated Utility Services Agreement, Case Number: PUE-2012-00033

3) June 15, 2012

4) $243,493,895.46

5) Component costs are:

Capital Expenditures	$ 41,892,736.91
Charitable/Community Contributions	1,124,746.38
Direct-Indirect Labor	58,122,129.08
Equipment/Facilities	23,140,298.80
Fringe Benefits/Overheads	70,693,636.30
Materials/Fuels	411,753,969.34
Office and Administrative Services	14,474,670.72
Outside Services	31,544,507.85
Fuel Advance Settlements	(409,252,799.92)
	$ 243,493,895.46

6) LG&E and KU Services Company's cost allocation policies are to use at-cost pricing for affiliate transactions, without any profit component.

7) Transfers or sales of assets, goods or services between KU and LG&E and KU Services Company are priced at cost, which approximates market value.

8) All costs received from LG&E and KU Services Company are charged to the appropriate expense or capital account depending on the service performed for KU. Total Capital expense was 17.20% with a cost of $41,892,736.91 and total O&M expense was 82.80% with a cost of $201,601,158.55

9) Allocation percentages for overhead calculations on labor as applicable in 2015 are as follows:

Part-Time Labor	87.46%
Temporary Labor and Overtime	25.37%
Full-Time Labor	87.46%

Allocation percentages for overhead calculations on all labor from departments to which a vehicle is assigned for 2015 are as follows:

Vehicle Cost Allocation	2.05%

10) There were no utility asset transfers over $250,000.

11) There were no utility asset transfers under $250,000.

Exhibit No. VASCC-2C

KENTUCKY UTILITIES COMPANY

ANNUAL REPORT OF AFFILIATE TRANSACTIONS WITH
LG&E AND KU SERVICES COMPANY (LG&E AND KU CAPITAL LLC)
January 1, 2015 - December 31, 2015

No. 11 Kentucky Utilities Company, d/b/a/ Old Dominion Power Company, shall file an Annual Report of Affiliate Transactions indirectly undertaken for the benefit of non-regulated affiliates with the Director of Public Utility Accounting of the Commission by no later than May 1 of each year, for the preceding calendar year, beginning May 1, 1999.
Such report should include the following information:
1) non-regulated affiliate's name;
2) description of each type of service provided;
3) dates that each type of service was provided;
4) total dollar value (cost for each type of service provided);
5) component costs of each type of service provided (i.e., direct/indirect labor, fringe benefits, travel/housing, materials, supplies, indirect miscellaneous expenses, equipment/facilities charges, and overheads);
6) profit component of each type of service and how profit component is determined; and
7) comparable market values and supporting documentation for each type of service provided.

RESPONSES:

1) LG&E and KU Services Company (LG&E and KU Capital LLC)

2) Amended and Restated Utility Services Agreement, Case Number: PUE-2012-00033
- Compliance, Legal, and Environmental Affairs Services
- Corporate Communications and Public Affairs Management Services
- Corporate Tax and Payroll Organization Services
- Customer and Customer-Related Services
- Distribution Operations Services
- Energy Supply and Analysis Services
- Executive Management Services
- HR Services
- IT Services
- Power Production and Generation Services
- Regulatory Affairs and Government Affairs Management Services
- Transmission Operations & Services
- Treasury Services

3)

Compliance, Legal, and Environmental Affairs Services	April, May and July 2015
Corporate Communications and Public Affairs Management Services	March and May 2015
Corporate Tax and Payroll Organization Services	December 2015
Customer and Customer-Related Services	July, October and December 2015
Distribution Operations Services	January 2015
Energy Supply and Analysis Services	December 2015
Executive Management Services	October-December 2015
HR Services	March, July and December 2015
IT Services	April, August, October and December 2015
Power Production and Generation Services	June and August 2015
Regulatory Affairs and Government Affairs Management Services	February 2015
Transmission Operations & Services	October 2015
Treasury Services	June and December 2015

4)

Compliance, Legal, and Environmental Affairs Services	$	765.01
Corporate Communications and Public Affairs Management Services		64,557.63
Corporate Tax and Payroll Organization Services		65.93
Customer and Customer-Related Services		4,441.61
Distribution Operations Services		3,924.74
Energy Supply and Analysis Services		53.16
Executive Management Services		23,592.89
HR Services		119.25
IT Services		4,509.89
Power Production and Generation Services		2,072.55
Regulatory Affairs and Government Affairs Management Services		430.34
Transmission Operations & Services		921.79
Treasury Services		6,912.31
	$	112,367.10

5) Component costs are:

Capital Expenditures	$	4,228.35
Charitable/Community Contributions		22,979.36
Direct-Indirect Labor		43.27
Equipment/Facilities		25.72
Fringe Benefits/Overheads		7,297.83
Office and Administrative Services		77,792.57
	$	112,367.10

6) LG&E and KU Services Company's cost allocation policies are to use at-cost pricing for affiliate transactions, without any profit component.

7) Transfers or sales of assets, goods or services between KU and LG&E and KU Services Company are priced at cost, which approximates market value.

Exhibit No. VASCC-2D

KENTUCKY UTILITIES COMPANY

ANNUAL REPORT OF AFFILIATE TRANSACTIONS WITH
LG&E AND KU SERVICES COMPANY (LG&E AND KU ENERGY LLC)
January 1, 2015 - December 31, 2015

No. 11 Kentucky Utilities Company, d/b/a/ Old Dominion Power Company, shall file an Annual Report of Affiliate Transactions indirectly undertaken for the benefit of non-regulated affiliates with the Director of Public Utility Accounting of the Commission by no later than May 1 of each year, for the preceding calendar year, beginning May 1, 1999.
Such report should include the following information:
1) non-regulated affiliate's name;
2) description of each type of service provided;
3) dates that each type of service was provided;
4) total dollar value (cost for each type of service provided);
5) component costs of each type of service provided (i.e., direct/indirect labor, fringe benefits, travel/housing, materials, supplies, indirect miscellaneous expenses, equipment/facilities charges, and overheads);
6) profit component of each type of service and how profit component is determined; and
7) comparable market values and supporting documentation for each type of service provided.

RESPONSES:

1) LG&E and KU Services Company (LG&E and KU Energy LLC)

2) Amended and Restated Utility Services Agreement, Case Number: PUE-2012-00033
HR Services

PPL and Consenting Members of its Consolidated Group Agreement for Filing Consolidated Income Tax Returns and for Allocation of Consolidated Income Tax Liabilities and Benefits, Case Number PUE-2010-00094
Corporate Tax and Payroll Organization Services

3)

Corporate Tax and Payroll Organization Services	June, September and October 2015
HR Services	February-April 2015

4)

Corporate Tax and Payroll Organization Services	$	7,444,962.00
HR Services		118,201.80
	$	7,563,163.80

5) Component costs are:

Fringe Benefits/Overheads	$	118,201.80
Office and Administrative Services		7,444,962.00
	$	7,563,163.80

6) LG&E and KU Services Company's cost allocation policies are to use at-cost pricing for affiliate transactions, without any profit component.

7) Transfers or sales of assets, goods or services between KU and LG&E and KU Services Company are priced at cost, which approximates market value.

Exhibit No. VASCC-2E

KENTUCKY UTILITIES COMPANY

ANNUAL REPORT OF AFFILIATE TRANSACTIONS WITH
LG&E AND KU SERVICES COMPANY (LG&E ENERGY MARKETING INC.)
January 1, 2015 - December 31, 2015

No. 11 Kentucky Utilities Company, d/b/a/ Old Dominion Power Company, shall file an Annual Report of Affiliate Transactions indirectly undertaken for the benefit of non-regulated affiliates with the Director of Public Utility Accounting of the Commission by no later than May 1 of each year, for the preceding calendar year, beginning May 1, 1999.
Such report should include the following information:
1) non-regulated affiliate's name;
2) description of each type of service provided;
3) dates that each type of service was provided;
4) total dollar value (cost for each type of service provided);
5) component costs of each type of service provided (i.e., direct/indirect labor, fringe benefits, travel/housing, materials, supplies, indirect miscellaneous expenses, equipment/facilities charges, and overheads);
6) profit component of each type of service and how profit component is determined; and
7) comparable market values and supporting documentation for each type of service provided.

<u>RESPONSES:</u>

1) LG&E and KU Services Company (LG&E Energy Marketing Inc.)

2) Amended and Restated Utility Services Agreement, Case Number: PUE-2012-00033
Energy Supply and Analysis Services

3)	Energy Supply and Analysis Services	January 2015	
4)	Energy Supply and Analysis Services	$	0.42
5)	Component costs are:		
	OATT Refund	$	0.42

6) LG&E and KU Services Company's cost allocation policies are to use at-cost pricing for affiliate transactions, without any profit component.

7) Transfers or sales of assets, goods or services between KU and LG&E and KU Services Company are priced at cost, which approximates market value.

Exhibit No. VASCC-2F

KENTUCKY UTILITIES COMPANY

ANNUAL REPORT OF AFFILIATE TRANSACTIONS WITH
LG&E AND KU SERVICES COMPANY (PPL SERVICES CORPORATION)
January 1, 2015 - December 31, 2015

No. 11 Kentucky Utilities Company, d/b/a/ Old Dominion Power Company, shall file an Annual Report of Affiliate Transactions indirectly undertaken for the benefit of non-regulated affiliates with the Director of Public Utility Accounting of the Commission by no later than May 1 of each year, for the preceding calendar year, beginning May 1, 1999.
Such report should include the following information:
1) non-regulated affiliate's name;
2) description of each type of service provided;
3) dates that each type of service was provided;
4) total dollar value (cost for each type of service provided);
5) component costs of each type of service provided (i.e., direct/indirect labor, fringe benefits, travel/housing, materials, supplies, indirect miscellaneous expenses, equipment/facilities charges, and overheads);
6) profit component of each type of service and how profit component is determined; and
7) comparable market values and supporting documentation for each type of service provided.

<u>RESPONSES:</u>

1) LG&E and KU Services Company (PPL Energy Funding Corporation, on behalf of PPL Services Corporation)

2) Amended and Restated Utility Services Agreement, Case Number: PUE-2012-00033
HR Services
IT Services

3)

HR Services	July-December 2015
IT Services	January-December 2015

4)

HR Services	$	8,336.81
IT Services		98,607.80
	$	106,944.61

5) Component costs are:

Leadership Training Costs	$	8,336.81
Software Maintenance Costs		30,900.46
Software Depreciation Costs		67,707.34
	$	106,944.61

6) LG&E and KU Services Company's cost allocation policies are to use at-cost pricing for affiliate transactions, without any profit component.

7) Transfers or sales of assets, goods or services between KU and LG&E and KU Services Company are priced at cost, which approximates market value.

Exhibit No. VASCC-2G

KENTUCKY UTILITIES COMPANY

ANNUAL REPORT OF AFFILIATE TRANSACTIONS WITH
LG&E AND KU SERVICES COMPANY (PPL SERVICES CORPORATION)
January 1, 2015 - December 31, 2015

No. 11 Kentucky Utilities Company, d/b/a/ Old Dominion Power Company, shall file an Annual Report of Affiliate Transactions indirectly undertaken for the benefit of non-regulated affiliates with the Director of Public Utility Accounting of the Commission by no later than May 1 of each year, for the preceding calendar year, beginning May 1, 1999. Such report should include the following information:
1) non-regulated affiliate's name;
2) description of each type of service provided;
3) dates that each type of service was provided;
4) total dollar value (cost for each type of service provided);
5) Buying and selling party, type of good/service transferred, and component costs of each type of service provided (i.e., direct/indirect labor, fringe benefits, travel/housing, materials, supplies, indirect miscellaneous expenses, equipment/facilities charges, and overheads);
6) profit component of each type of service and how profit component is determined; and
7) comparable market values and supporting documentation for each type of service provided.

RESPONSES:

1) LG&E and KU Services Company (PPL Energy Funding Corporation, on behalf of PPL Services Corporation)

2) Utility Services Agreement for Third-Party Vendor Costs, Case Number: PUE-2014-00008
   HR Services
   IT Services
   Supply Chain and Logistics Services
   Treasury Services

3)

HR Services	February and December 2015
IT Services	January - December 2015
Supply Chain and Logistics Services	September 2015
Treasury Services	January - December 2015

4)

HR Services	$	25,878.04
IT Services		48,814.22
Supply Chain and Logistics Services		(221,775.85)
Treasury Services		977,521.02
	$	830,437.43

5) Component costs are:

Vendor	Transaction Description		
Towers Watson	Pension Plan Manager Search	$	6,250.00
	Consulting Services		19,628.04
IBM	Software Maintenance Fees		4,373.70
Oracle	Hyperion Software Maintenance Fees		5,277.18
UIP	Software Maintenance Fees		6,625.00
Wall Street Suites	Software Maintenance Fees		32,538.34
US Bank National Association	Corporate Credit Card Rebate		(221,775.85)
Energy Insurance Mutual	Excess Liability Premium Refund		(68,230.61)
Global Credit Services	Credit Monitoring Fees		3,445.00
Marsh, Inc.	Cyber Risk Insurance Premiums		67,219.88
	Directors and Officers Liability Insurance Premiums		275,965.87
New York Stock Exchange	Stock Listing Fees		80,340.60
Moody's Investors Service	Credit Monitoring Fees		118,492.28
	First Mortgage Bonds Issuance Charge		250,000.00
Standard and Poor's	Credit Monitoring Fees		44,288.00
	First Mortgage Bonds Issuance Charge		206,000.00
		$	830,437.43

6) LG&E and KU Services Company's cost allocation policies are to use at-cost pricing for affiliate transactions, without any profit component.

7) Transfers or sales of assets, goods or services between KU and LG&E and KU Services Company are priced at cost, which approximates market value.

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Exhibit No. VASCC-2H

KENTUCKY UTILITIES COMPANY

ANNUAL REPORT OF AFFILIATE TRANSACTIONS WITH
LG&E AND KU SERVICES COMPANY (PPL CORPORATION)
January 1, 2015 - December 31, 2015

No. 11 Kentucky Utilities Company, d/b/a/ Old Dominion Power Company, shall file an Annual Report of Affiliate Transactions indirectly undertaken for the benefit of non-regulated affiliates with the Director of Public Utility Accounting of the Commission by no later than May 1 of each year, for the preceding calendar year, beginning May 1, 1999.
Such report should include the following information:
1) non-regulated affiliate's name;
2) description of each type of service provided;
3) dates that each type of service was provided;
4) total dollar value (cost for each type of service provided);
5) component costs of each type of service provided (i.e., direct/indirect labor, fringe benefits, travel/housing, materials, supplies, indirect miscellaneous expenses, equipment/facilities charges, and overheads);
6) profit component of each type of service and how profit component is determined; and
7) comparable market values and supporting documentation for each type of service provided.

RESPONSES:

1) PPL Energy Funding Corporation, on behalf of PPL Corporation

2) Kentucky Utilities Company Preliminary Report of Action, Case Number: PUE-2012-00078
Treasury Services

3) Treasury Services — January-August and September 2015

4) Treasury Services — $ (33,263,681.10)

Treasury Services	$	(33,263,681.10)
	$	(33,263,681.10)

5) Component costs are:

Financing		10,424,620.90
Financing Settlement		(43,688,302.00)
	$	(33,263,681.10)

6) LG&E and KU Services Company's cost allocation policies are to use at-cost pricing for affiliate transactions, without any profit component.

7) Transfers or sales of assets, goods or services between KU and LG&E and KU Services Company are priced at cost, which approximates market value.

KENTUCKY UTILITIES COMPANY

ANNUAL REPORT OF AFFILIATE TRANSACTIONS WITH LG&E AND KU SERVICES COMPANY (PPL CORPORATION)
January 1, 2015 - December 31, 2015

No. 11 Kentucky Utilities Company, d/b/a/ Old Dominion Power Company, shall file an Annual Report of Affiliate Transactions indirectly undertaken for the benefit of non-regulated affiliates with the Director of Public Utility Accounting of the Commission by no later than May 1 of each year, for the preceding calendar year, beginning May 1, 1999. Such report should include the following information:

1) non-regulated affiliate's name;
2) description of each type of service provided;
3) dates that each type of service was provided;
4) total dollar value (cost for each type of service provided);
5) component costs of each type of service provided (i.e., direct/indirect labor, fringe benefits, travel/housing, materials, supplies, indirect miscellaneous expenses, equipment/facilities charges, and overheads);
6) profit component of each type of service and how profit component is determined; and
7) comparable market values and supporting documentation for each type of service provided.

RESPONSES:

1) LG&E and KU Services Company (PPL Energy Funding Corporation, on behalf of PPL Corporation)

2) Utility Services Agreement for Third-Party Vendor Costs, Case Number: PUE-2014-00008

Compliance, Legal, and Environmental Affairs Services
HR Services
IT Services
Treasury Services

3)

Compliance, Legal, and Environmental Affairs Services	June, July and December 2015
HR Services	April 2015
IT Services	March 2015
Treasury Services	October and November 2015

4)

Compliance, Legal, and Environmental Affairs Services	$	520,921.37
HR Services		3,125.00
IT Services		14,715.00
Treasury Services		23,600.75
	$	562,362.12

5) Component costs are:

Vendor	Transaction Description		
Edison Electric Institute	Dues	$	408,106.46
	Lobbying Charges		110,349.05
	Charitable Contributions		2,465.86
Center for Energy Workforce Development	2016 Membership Dues		3,125.00
SNL Financial	SNL Software License Fees		14,715.00
RR Donnelley	Charges for Issuance of First Mortgage Bonds		23,600.75
		$	562,362.12

6) LG&E and KU Services Company's cost allocation policies are to use at-cost pricing for affiliate transactions, without any profit component.

7) Transfers or sales of assets, goods or services between KU and LG&E and KU Services Company are priced at cost, which approximates market value.

Exhibit No. VASCC-2J

KENTUCKY UTILITIES COMPANY

ANNUAL REPORT OF AFFILIATE TRANSACTIONS WITH
LG&E AND KU SERVICES COMPANY (PPL ENERGY SUPPLY, LLC)
January 1, 2015 - December 31, 2015

No. 11 Kentucky Utilities Company, d/b/a/ Old Dominion Power Company, shall file an Annual Report of Affiliate Transactions indirectly undertaken for the benefit of non-regulated affiliates with the Director of Public Utility Accounting of the Commission by no later than May 1 of each year, for the preceding calendar year, beginning May 1, 1999.
Such report should include the following information:
1) non-regulated affiliate's name;
2) description of each type of service provided;
3) dates that each type of service was provided;
4) total dollar value (cost for each type of service provided);
5) component costs of each type of service provided (i.e., direct/indirect labor, fringe benefits, travel/housing, materials, supplies, indirect miscellaneous expenses, equipment/facilities charges, and overheads);
6) profit component of each type of service and how profit component is determined; and
7) comparable market values and supporting documentation for each type of service provided.

<u>RESPONSES:</u>

1) LG&E and KU Services Company (PPL Energy Funding Corporation, on behalf of PPL Energy Supply, LLC)

2) Utility Services Agreement for Third-Party Vendor Costs, Case Number: PUE-2014-0008
Treasury Services

3)	Treasury Services	January 2015	
4)	Treasury Services	$	557.12

5) Component costs are:

Vendor	Transaction Description	
Wells Fargo	Letter of credit fees	557.12

6) LG&E and KU Services Company's cost allocation policies are to use at-cost pricing for affiliate transactions, without any profit component.

7) Transfers or sales of assets, goods or services between KU and LG&E and KU Services Company are priced at cost, which approximates market value.

Exhibit No. VASCC-2K

KENTUCKY UTILITIES COMPANY

ANNUAL REPORT OF AFFILIATE TRANSACTIONS WITH
PPL ENERGY SUPPPLY, LLC (PPL MONTOUR, LLC)
January 1, 2015 - December 31, 2015

No. 11 Kentucky Utilities Company, d/b/a/ Old Dominion Power Company, shall file an Annual Report of Affiliate Transactions indirectly undertaken for the benefit of non-regulated affiliates with the Director of Public Utility Accounting of the Commission by no later than May 1 of each year, for the preceding calendar year, beginning May 1, 1999.
Such report should include the following information:
1) non-regulated affiliate's name;
2) description of each type of service provided;
3) dates that each type of service was provided;
4) total dollar value (cost for each type of service provided);
5) component costs of each type of service provided (i.e., direct/indirect labor, fringe benefits, travel/housing, materials, supplies, indirect miscellaneous expenses, equipment/facilities charges, and overheads);
6) profit component of each type of service and how profit component is determined; and
7) comparable market values and supporting documentation for each type of service provided.

<u>RESPONSES:</u>

1) PPL Energy Supply, LLC (PPL Montour, LLC)

2) Utility Services Agreement for Goods Not Readily Available from the Market, Obsolete or Otherwise Surplus: PUE-2014-0008
Power Production and Generation Services

3)	Power Production and Generation Services	May 2015	
4)	Power Production and Generation Services	$	13,897.50
5)	Component costs are:		
	Alstom Fabricated Mill Bottom Kit	$	13,897.50

6) KU's purchase of the inventory owned by PPL Montour, LLC was priced at cost.

7) Cost was less than market value as determined by vendor pricing of the same item. The vendor's cost of this part is no longer publically available as a result of GE's acquisition of Alstom and separate documentation was not retained.

ENTITY EVENTS

There are no entity changes for 2015.

GENERAL INSTRUCTIONS FOR FILING FERC FORM NO. 60

I. Purpose

Form No. 60 is an annual regulatory support requirement under 18 CFR 369.1for centralized service companies. The report is designed to collect financial information from centralized service companies subject to the jurisdiction of the Federal Energy Regulatory Commission. The report is considered to be a non-confidential public use form.

II. Who Must Submit

Unless the holding company system is exempted or granted a waiver by Commission rule or order pursuant to §§ 18 CFR 366.3 and 366.4 of this chapter, every centralized service company (see § 367.2) in a holding company system must prepare and file electronically with the Commission the FERC Form No. 60 then in effect pursuant to the General Instructions set out in this form.

III. How to Submit

Submit FERC Form No. 60 electronically through the Form No. 60 Submission Software. Retain one copy of each report for your files. For any resubmissions, submit the filing using the Form No. 60 Submission Software including a justification. Respondents must submit the Corporate Officer Certification electronically.

IV. When to Submit

Submit FERC Form No. 60 according to the filing date contained § 18 CFR 369.1 of the Commission's regulations.

V. Preparation

Prepare this report in conformity with the Uniform System of Accounts (18 CFR 367) (USof A). Interpret all accounting words and phrases in accordance with the USof A.

VI. Time Period

This report covers the entire calendar year.

VII. Whole Dollar Usage

Enter in whole numbers (dollars) only, except where otherwise noted. The amounts shown on all supporting pages must agree with the amounts entered on the statements that they support. When applying thresholds to determine significance for reporting purposes, use for balance sheet accounts the balances at the end of the current reporting period, and use for statement of income accounts the current year's amounts.

VIII. Accurateness

Complete each question fully and accurately, even if it has been answered in a previous report. Enter the word "None" where it truly and completely states the fact.

IX. Applicability

For any page(s) that is not applicable to the respondent, enter "NONE," or "Not Applicable" in column (c) on the List of Schedules, page 2.

BLANK

X. Date Format

Enter the month, day, and year for all dates. Use customary abbreviations. The "Resubmission Date" included in the header of each page is to be completed only for resubmissions (see III. above).

XI. Number Format

Generally, except for certain schedules, all numbers, whether they are expected to be debits or credits, must be reported as positive. Numbers having a sign that is different from the expected sign must be reported by use of a minus sign.

XII. Required Entries

Do not make references to reports of previous years or to other reports instead of required entries, except as specifically authorized.

XIII. Prior Year References

Wherever (schedule) pages refer to figures from a previous year, the figures reported must be based upon those shown by the report of the previous year, or an appropriate explanation given as to why the different figures were used.

XIV. Where to Send Comments on Public Reporting Burden

The public reporting burden for the Form No. 60 collection of information is estimated to average 75 hours per response, including

- the time for reviewing instructions, searching existing data sources,
- gathering and maintaining the data-needed, and
- completing and reviewing the collection of information.

Send comments regarding these burden estimates or any aspect of this collection of information, including suggestions for reducing burden, to:

Federal Energy Regulatory Commission, (Attention: Information Clearance Officer, CIO),
888 First Street NE,
Washington, DC 20426
or by email to DataClearance@ferc.gov

And to:

Office of Information and Regulatory Affairs,
Office of Management and Budget, Washington, DC 20503 (Attention: Desk Office for the Federal Energy Regulatory Commission).
Comments to OMB should be submitted by email to: oira_submission@omb.eop.gov

No person shall be subject to any penalty if any collection of information does not display a valid control number (44 U.S.C. 3512(a)).

DEFINITIONS
I. Respondent -- The person, corporation, or other legal entity in whose behalf the report is made.

FERC FORM NO. 60
ANNUAL REPORT FOR SERVICE COMPANIES

IDENTIFICATION

01 Exact Legal Name of Respondent :E and KU Services Company	02 Year of Report Dec 31, 2015
03 Previous Name (If name changed during the year)	04 Date of Name Change / /
05 Address of Principal Office at End of Year (Street, City, State, Zip Code) 220 West Main Street, Louisville, KY 40202	06 Name of Contact Person T. Eric Raible
07 Title of Contact Person Manager Regulatory Accounting and Reporting	08 Address of Contact Person 220 West Main Street, Louisville, KY 40202
09 Telephone Number of Contact Person (502) 627-3426	10 E-mail Address of Contact Person eric.raible@lge-ku.com
11 This Report is: (1) [X] An Original (2) [ ] A Resubmission	12 Resubmission Date (Month, Day, Year) / /
13 Date of Incorporation 06/02/2000	14 If Not Incorporated, Date of Organization / /

15 State or Sovereign Power Under Which Incorporated or Organized

KENTUCKY

Name of Principal Holding Company Under Which Reporting Company is Organized:

PPL Corporation

CORPORATE OFFICER CERTIFICATION

The undersigned officer certifies that:

I have examined this report and to the best of my knowledge, information, and belief all statements of fact contained in this report are correct statements of the business affairs of the respondent and the financial statements, and other financial information contained in this report, conform in all material respects to the Uniform System of Accounts.

17 Name of Signing Officer Kent W. Blake	19 Signature of Signing Officer	20 Date Signed (Month, Day, Year)
18 Title of Signing Officer Chief Financial Officer	Kent W. Blake	04/28/2016

Name of Respondent	This Report Is:	Resubmission Date (Mo, Da, Yr)	Year/Period of Report
LG&E and KU Services Company	(1) [X] An Original (2) [ ] A Resubmission	/ /	Dec 31, 2015

List of Schedules and Accounts

1. Enter in Column (c) the terms "None" or "Not Applicable" as appropriate, where no information or amounts have been reported for in pages.

Line No.	Description (a)	Page Reference (b)	Remarks (c)
1	Schedule I - Comparative Balance Sheet	101-102	
2	Schedule II - Service Company Property	103	
3	Schedule III - Accumulated Provision for Depreciation and Amortization of Service Company Property	104	
4	Schedule IV - Investments	105	None
5	Schedule V - Accounts Receivable from Associate Companies	106	
6	Schedule VI - Fuel Stock Expenses Undistributed	107	None
7	Schedule VII - Stores Expense Undistributed	108	None
8	Schedule VIII - Miscellaneous Current and Accrued Assets	109	None
9	Schedule IX - Miscellaneous Deferred Debits	110	None
10	Schedule X - Research, Development, or Demonstration Expenditures	111	None
11	Schedule XI - Proprietary Capital	201	
12	Schedule XII - Long-Term Debt	202	None
13	Schedule XIII - Current and Accrued Liabilities	203	
14	Schedule XIV - Notes to Financial Statements	204	
15	Schedule XV - Comparative Income Statement	301-302	
16	Schedule XVI - Analysis of Charges for Service - Associate and Nonassociate Companies	303-306	
17	Schedule XVII - Analysis of Billing – Associate Companies (Account 457)	307	
18	Schedule XVIII – Analysis of Billing – Non-Associate Companies (Account 458)	308	None
[illegible]	Schedule XIX - Miscellaneous General Expenses - Account 930.2	307	
23	Schedule XX - Organization Chart	401	
24	Schedule XXI - Methods of Allocation	402	

Name of Respondent LG&E and KU Services Company	This Report Is: (1) [X] An Original (2) [ ] A Resubmission	Resubmission Date (Mo, Da, Yr) / /	Year/Period of Report Dec 31, 2015

Schedule I - Comparative Balance Sheet

1. Give balance sheet of the Company as of December 31 of the current and prior year.

Line No.	Account Number (a)	Description (b)	Reference Page No. (c)	As of Dec 31 Current (d)	As of Dec 31 Prior (e)
1		**Service Company Property**			
2	101	Service Company Property	103	8,324,528	8,447,653
3	101.1	Property Under Capital Leases	103		
4	106	Completed Construction Not Classified			
5	107	Construction Work In Progress	103	3,306,634	2,525,799
6		Total Property (Total Of Lines 2-5)		11,631,162	10,973,452
7	108	Less: Accumulated Provision for Depreciation of Service Company Property	104	2,346,187	2,830,382
8	111	Less: Accumulated Provision for Amortization of Service Company Property			
9		Net Service Company Property (Total of Lines 6-8)		9,284,975	8,143,070
10		**Investments**			
11	123	Investment In Associate Companies	105	100,000,000	100,000,000
12	124	Other Investments	105		
13	128	Other Special Funds	105		
14		Total Investments (Total of Lines 11-13)		100,000,000	100,000,000
15		**Current And Accrued Assets**			
16	131	Cash			
17	134	Other Special Deposits			
18	135	Working Funds			
	136	Temporary Cash Investments			
	141	Notes Receivable		252,167	232,003
21	142	Customer Accounts Receivable			
22	143	Accounts Receivable		95,399	151,990
23	144	Less: Accumulated Provision for Uncollectible Accounts			
24	146	Accounts Receivable From Associate Companies	106	51,503,978	43,391,513
25	152	Fuel Stock Expenses Undistributed	107		
26	154	Materials And Supplies			
27	163	Stores Expense Undistributed	108		
28	165	Prepayments		17,050,406	11,545,405
29	171	Interest And Dividends Receivable			
30	172	Rents Receivable			
31	173	Accrued Revenues			
32	174	Miscellaneous Current and Accrued Assets			
33	175	Derivative Instrument Assets	109		
34	176	Derivative Instrument Assets – Hedges			
35		Total Current and Accrued Assets (Total of Lines 16-34)		68,901,950	55,320,911
36		**Deferred Debits**			
37	181	Unamortized Debt Expense			
38	182.3	Other Regulatory Assets			
39	183	Preliminary Survey And Investigation Charges			
40	184	Clearing Accounts			236
41	185	Temporary Facilities			
42	186	Miscellaneous Deferred Debits			
43	188	Research, Development, or Demonstration Expenditures	110		
	189	Unamortized loss on reacquired debt	111		
	190	Accumulated Deferred Income Taxes		120,390,439	111,989,202
46		Total Deferred Debits (Total of Lines 37-45)		120,390,439	111,989,438
47		TOTAL ASSETS AND OTHER DEBITS (TOTAL OF LINES 9, 14, 35 and 46)		298,577,364	275,453,419

Name of Respondent	This Report Is:	Resubmission Date (Mo, Da, Yr)	Year/Period of Report
LG&E and KU Services Company	(1) [X] An Original (2) [ ] A Resubmission	/ /	Dec 31, 2015

Schedule I - Comparative Balance Sheet (continued)

Line No.	Account Number (a)	Description (b)	Reference Page No. (c)	As of Dec 31 Current (d)	As of Dec 31 Prior (e)
48		**Proprietary Capital**			
49	201	Common Stock Issued	201	100	100
50	204	Preferred Stock Issued	201		
51	211	Miscellaneous Paid-In-Capital	201	15,457,130	15,457,130
52	215	Appropriated Retained Earnings	201		
53	216	Unappropriated Retained Earnings	201	2,540,803	1,902,530
54	219	Accumulated Other Comprehensive Income	201	(44,621,784)	(44,380,745)
55		Total Proprietary Capital (Total of Lines 49-54)		(26,623,751)	(27,020,985)
56		**Long-Term Debt**			
57	223	Advances From Associate Companies	202		
58	224	Other Long-Term Debt	202		
59	225	Unamortized Premium on Long-Term Debt			
60	226	Less: Unamortized Discount on Long-Term Debt-Debit			
61		Total Long-Term Debt (Total of Lines 57-60)			
62		Other Non-current Liabilities			
63	227	Obligations Under Capital Leases-Non-current			
64	228.2	Accumulated Provision for Injuries and Damages			
65	228.3	Accumulated Provision For Pensions and Benefits		206,422,267	204,650,875
	230	Asset Retirement Obligations			
		Total Other Non-current Liabilities (Total of Lines 63-66)		206,422,267	204,650,875
68		**Current and Accrued Liabilities**			
69	231	Notes Payable			
70	232	Accounts Payable		50,102,824	42,208,040
71	233	Notes Payable to Associate Companies	203		
72	234	Accounts Payable to Associate Companies	203	21,835,198	12,313,291
73	236	Taxes Accrued		5,847,191	4,795,529
74	237	Interest Accrued			
75	241	Tax Collections Payable		272,697	277,427
76	242	Miscellaneous Current and Accrued Liabilities	203	21,656,049	20,778,792
77	243	Obligations Under Capital Leases – Current			
78	244	Derivative Instrument Liabilities			
79	245	Derivative Instrument Liabilities – Hedges			
80		Total Current and Accrued Liabilities (Total of Lines 69-79)		99,713,959	80,373,079
81		**Deferred Credits**			
82	253	Other Deferred Credits		18,689,036	17,041,655
83	254	Other Regulatory Liabilities			
84	255	Accumulated Deferred Investment Tax Credits			
85	257	Unamortized Gain on Reacquired Debt			
86	282	Accumulated deferred income taxes-Other property		375,853	408,795
87	283	Accumulated deferred income taxes-Other			
88		Total Deferred Credits (Total of Lines 82-87)		19,064,889	17,450,450
89		**TOTAL LIABILITIES AND PROPRIETARY CAPITAL (TOTAL OF LINES 55, 61, 67, 80, AND 88)**		298,577,364	275,453,419

Schedule Page: 101 Line No.: 11 Column: d

$100,000,000 is notes receivable from LKS' parent, LKE. This is recorded in Notes Receivable from Associated Companies (145). This specific account is not included in the balance sheet, therefore the amount was reported in the line for Investment in Associate Companies (123).

Schedule Page: 101 Line No.: 11 Column: e

$100,000,000 is notes receivable from LKS' parent, LKE. This is recorded in Notes Receivable from Associated Companies (145). This specific account is not included in the balance sheet, therefore the amount was reported in the line for Investment in Associate Companies (123).

Schedule Page: 101 Line No.: 20 Column: d

$252,167 is interest income on notes receivable from LKS' parent, LKE. This is recorded in Notes Receivable from Associated Companies (145). This specific account is not included in the balance sheet, therefore the amount was reported in the line for Notes Receivable (141). Interest income on this note is retained by LKS and not allocated to the companies it serves.

Schedule Page: 101 Line No.: 20 Column: e

$232,003 is interest income on notes receivable from LKS' parent, LKE. This is recorded in Notes Receivable from Associated Companies (145). This specific account is not included in the balance sheet, therefore the amount was reported in the line for Notes Receivable (141). Interest income on this note is retained by LKS and not allocated to the companies it serves.

Schedule Page: 101 Line No.: 45 Column: d

The balance in Accumulated Deferred Income Taxes (190) was adjusted due to the purchase of LKS' parent by PPL in November 2010. The purchase accounting adjustment was to reflect the deferred income tax impact of purchase accounting adjustments related to pensions as of the acquisition date. The following reflects the purchase accounting adjustment:

Accumulated Deferred Income Taxes (190) Without Purchase Accounting	$	95,694,063
Purchase Accounting Adjustment		24,696,376
Total for Accumulated Deferred Income Taxes (190)	$	120,390,439

Schedule Page: 101 Line No.: 45 Column: e

The balance in Accumulated Deferred Income Taxes (190) was adjusted due to the purchase of LKS' parent by PPL in November 2010. The purchase accounting adjustment was to reflect the deferred income tax impact of purchase accounting adjustments related to pensions as of the acquisition date. The following reflects the purchase accounting adjustment:

Accumulated Deferred Income Taxes (190) Without Purchase Accounting	$	90,680,166
Purchase Accounting Adjustment		21,309,036
Total for Accumulated Deferred Income Taxes (190)	$	111,989,202

Schedule Page: 101 Line No.: 51 Column: d

The balance in Miscellaneous Paid-In-Capital (211) was adjusted due to the purchase of LKS' parent by PPL in November 2010. The balance also includes elimination of Other Comprehensive Income and Retained Earnings. In addition, the Other Comprehensive Income balance transferred was adjusted to reflect the fair value for pensions net of deferred taxes. The following reflects the purchase accounting adjustment:

Miscellaneous Paid-In-Capital (211) Without Purchase Accounting	$	100,000,900
Purchase Accounting Adjustment		(84,543,770)
Total for Miscellaneous Paid-In-Capital (211)	$	15,457,130

Schedule Page: 101 Line No.: 51 Column: e

The balance in Miscellaneous Paid-In-Capital (211) was adjusted due to the purchase of LKS' parent by PPL in November 2010. The balance also includes elimination of Other Comprehensive Income and Retained Earnings. In addition, the Other Comprehensive Income balance transferred was adjusted to reflect the fair value for pensions net of deferred taxes. The following reflects the purchase accounting adjustment:

Miscellaneous Paid-In-Capital (211) Without Purchase Accounting	$	100,000,900
Purchase Accounting Adjustment		(84,543,770)
Total for Miscellaneous Paid-In-Capital (211)	$	15,457,130

Schedule Page: 101 Line No.: 53 Column: d

The balance in Unappropriated Retained Earnings (216) was adjusted due to the purchase of LKS' parent by PPL in November 2010. The following reflects the purchase accounting adjustment:

Unappropriated Retained Earnings (216) Without Purchase Accounting	$	2,562,786
Purchase Accounting Adjustment		(21,983)
Total for Unappropriated Retained Earnings (216)	$	2,540,803

Schedule Page: 101 Line No.: 53 Column: e

The balance in Unappropriated Retained Earnings (216) was adjusted due to the purchase of LKS' parent by PPL in November 2010. The following reflects the purchase accounting adjustment:

Unappropriated Retained Earnings (216) Without Purchase Accounting	$	1,924,513
Purchase Accounting Adjustment		(21,983)
Total for Unappropriated Retained Earnings (216)	$	1,902,530

Schedule Page: 101 Line No.: 54 Column: d

The balance in Accumulated Other Comprehensive Income (219) was adjusted due to the purchase of LKS' parent by PPL in November 2010. The following reflects the purchase accounting adjustment:

Other Comprehensive Income (219) Without Purchase Accounting	$	(90,397,085)
Purchase Accounting Adjustment - Pension and postretirement		138,405,489
Purchase Accounting Adjustment - Pension and postretirement - Deferred Tax		(53,839,736)
2015 Purchase Accounting Amortization - Pension and Postretirement		(8,707,816)
2015 Purchase Accounting Amortization - Pension and Postretirement - Deferred Tax		3,387,340
Prior Years' Purchase Accounting Amortization - Pension and Postretirement		(54,779,012)
Prior Years' Purchase Accounting Amortization - Pension and Postretirement - Deferred Tax		21,309,036

BLANK

Total for Accumulated Other Comprehensive Income (219)	$	(44,621,784)

Schedule Page: 101 Line No.: 54 Column: e

The balance in Accumulated Other Comprehensive Income (219) was adjusted due to the purchase of LKS' parent by PPL in November 2010. The following reflects the purchase accounting adjustment:

Other Comprehensive Income (219) Without Purchase Accounting	$	(95,476,522)
Purchase Accounting Adjustment - Pension and postretirement		138,405,489
Purchase Accounting Adjustment - Pension and postretirement - Deferred Tax		(53,839,736)
2014 Purchase Accounting Amortization - Pension and Postretirement		(22,274,062)
2014 Purchase Accounting Amortization - Pension and Postretirement - Deferred Tax		8,664,610
Prior Years' Purchase Accounting Amortization - Pension and Postretirement		(32,504,950)
Prior Years' Purchase Accounting Amortization - Pension and Postretirement - Deferred Tax		12,644,426
Total for Accumulated Other Comprehensive Income (219)	$	(44,380,745)

Name of Respondent	This Report Is:	Resubmission Date (Mo, Da, Yr)	Year/Period of Report
LG&E and KU Services Company	(1) [X] An Original (2) [ ] A Resubmission	/ /	Dec 31, 2015

Schedule II - Service Company Property

1. Provide an explanation of Other Changes recorded in Column (f) considered material in a footnote.
2. Describe each construction work in progress on lines 18 through 30 in Column (b).

Line No.	Acct # (a)	Title of Account (b)	Balance at Beginning of Year (c)	Additions (d)	Retirements or Sales (e)	Other Changes (f)	Balance at End of Year (g)
1	301	Organization					
2	303	Miscellaneous Intangible Plant					
3	306	Leasehold Improvements					
4	389	Land and Land Rights					
5	390	Structures and Improvements					
6	391	Office Furniture and Equipment	8,447,653	1,565,089	1,688,214		8,324,528
7	392	Transportation Equipment					
8	393	Stores equipment					
9	394	Tools, Shop and Garage Equipment					
10	395	Laboratory Equipment					
11	396	Power Operated Equipment					
12	397	Communications Equipment					
13	398	Miscellaneous Equipment					
14	399	Other Tangible Property					
	399.1	Asset Retirement Costs					
		Total Service Company Property (Total of Lines 1-15)	8,447,653	1,565,089	1,688,214		8,324,528
17	107	**Construction Work in Progress:**					
18		Office Furniture and Equipment	2,525,799	2,345,924		(1,565,089)	3,306,634
19							
20							
21							
22							
23							
24							
25							
26							
27							
28							
29							
30							
31		**Total Account 107 (Total of Lines 18-30)**	2,525,799	2,345,924		(1,565,089)	3,306,634
32		**Total (Lines 16 and Line 31)**	10,973,452	3,911,013		(1,565,089)	11,631,162

FOOTNOTE DATA

Schedule Page: 103 Line No.: 18 Column: f

$1,565,089 was transferred from Construction Work in Progress to Service Company Property.

Name of Respondent	This Report Is:	Resubmission Date (Mo, Da, Yr)	Year/Period of Report
LG&E and KU Services Company	(1) [X] An Original (2) [ ] A Resubmission	/ /	Dec 31, 2015

Schedule III – Accumulated Provision for Depreciation and Amortization of Service Company Property

1. Provide an explanation of Other Charges in Column (f) considered material in a footnote.

Line No.	Account Number (a)	Description (b)	Balance at Beginning of Year (c)	Additions Charged To Account 403-403.1 404-405 (d)	Retirements (e)	Other Changes Additions (Deductions) (f)	Balance at Close of Year (g)
1	301	Organization					
2	303	Miscellaneous Intangible Plant					
3	306	Leasehold Improvements					
4	389	Land and Land Rights					
5	390	Structures and Improvements					
6	391	Office Furniture and Equipment	2,830,382	1,204,056	1,688,251		2,346,187
7	392	Transportation Equipment					
8	393	Stores equipment					
9	394	Tools, Shop and Garage Equipment					
10	395	Laboratory Equipment					
11	396	Power Operated Equipment					
12	397	Communications Equipment					
13	398	Miscellaneous Equipment					
14	399	Other Tangible Property					
	399.1	Asset Retirement Costs					
16		**Total**	2,830,382	1,204,056	1,688,251		2,346,187

Name of Respondent	This Report Is:	Resubmission Date (Mo, Da, Yr)	Year/Period of Report
LG&E and KU Services Company	(1) [X] An Original (2) [ ] A Resubmission	/ /	Dec 31, 2015

Schedule IV – Investments

1. For other investments (Account 124) and other special funds (Account128), in a footnote state each investment separately, with description including the name of issuing company, number of shares held or principal investment amount.
For temporary cash investments (Account 136), list each investment separately in a footnote.
Investments less than $50,000 may be grouped, showing the number of items in each group.

Line No.	Account Number (a)	Title of Account (b)	Balance at Beginning of Year (c)	Balance at Close of Year (d)
1	123	Investment In Associate Companies		
2	124	Other Investments		
3	128	Other Special Funds		
4	136	Temporary Cash Investments		
5		(Total of Lines 1-4)		

Name of Respondent	This Report Is:	Resubmission Date (Mo, Da, Yr)	Year/Period of Report
LG&E and KU Services Company	(1) [X] An Original (2) [ ] A Resubmission	/ /	Dec 31, 2015

Schedule V – Accounts Receivable from Associate Companies

1. List the accounts receivable from each associate company.
2. If the service company has provided accommodation or convenience payments for associate companies, provide in a separate tnote a listing of total payments for each associate company.

Line No.	Account Number (a)	Title of Account (b)	Balance at Beginning of Year (c)	Balance at Close of Year (d)
1	146	**Accounts Receivable From Associate Companies**		
2		**Associate Company:**		
3		FCD LLC	216	1,525
4		Kentucky Utilities Company	23,405,012	27,094,995
5		Louisville Gas and Electric Company	19,845,201	24,363,142
6		Western Kentucky Energy Corp.	12,077	44,316
7		LG&E and KU Energy LLC	129,007	
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38				
39		Analysis of convenience or accommodation payments - see footnote		
40	**Total**		**43,391,513**	**51,503,978**

Name of Respondent	This Report is:	Resubmission Date (Mo, Da, Yr)	Year of Report
LG&E and KU Services Company	(1) X An Original (2) _ A Resubmission	/ /	2015

FOOTNOTE DATA

Schedule Page: 106 Line No.: 39 Column: b

Analysis of convenience or accommodation payments:

Associate Company		Amount
LG&E and KU Capital LLC	$	2,318,794
Louisville Gas and Electric Company		475,577,362
Kentucky Utilities Company		465,253,246
Western Kentucky Energy Corp.		18,189
FCD LLC		2,272
LG&E Energy Marketing Inc.		98,550
LG&E and KU Energy LLC		227,276
	$	943,495,689

Convenience payments resulted primarily from the following:

Description		Amount
Capital Expenditures	$	4,233,733
Charitable Contributions		4,770,013
Equipment and Facilities		16,991,269
Fringe Benefits		45,855,241
Materials and Fuels Purchases		825,726,263
Office and Administrative Services		18,037,517
Outside Services		27,881,653
	$	943,495,689

Name of Respondent	This Report Is:	Resubmission Date (Mo, Da, Yr)	Year/Period of Report
LG&E and KU Services Company	(1) [X] An Original (2) [ ] A Resubmission	/ /	Dec 31, 2015

Schedule VI – Fuel Stock Expenses Undistributed

1. List the amount of labor in Column (c) and expenses in Column (d) incurred with respect to fuel stock expenses during the year and indicate amount attributable to each associate company.
2. In a separate footnote, describe in a narrative the fuel functions performed by the service company.

Line No.	Account Number (a)	Title of Account (b)	Labor (c)	Expenses (d)	Total (e)
1	152	Fuel Stock Expenses Undistributed			
2		Associate Company:			
3		None		0	
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37					
38					
39					
40	**Total**				

Schedule Page: 107 Line No.: 3 Column: d

Fuel functions provided are primarily accounted for as convenience payments for fuel contract settlements or services provided by LKS as an administrative agent, paying agent or other representative capacity, for the respective affiliate(s). The following fuel related services are provided by LKS and charged to the respective FERC accounts of the affiliates:

- Procurement of fuel, scrubber reagent, ammonia, and SO3 mitigation chemicals
- Transportation service to move these commodities from the loading point to the power plant
- Monitoring of quality, inventory level, and forecasted requirements
- Making purchases as needed on a timely basis
- Preparing bid solicitation for coal, and other commodities, as necessary, and evaluating those bids
- Negotiating and writing the contracts and purchase orders
- Contract administration

Name of Respondent	This Report Is:	Resubmission Date (Mo, Da, Yr)	Year/Period of Report
LG&E and KU Services Company	(1) [X] An Original (2) [ ] A Resubmission	/ /	Dec 31, 2015

Schedule VII – Stores Expense Undistributed

1. List the amount of labor in Column (c) and expenses in Column (d) incurred with respect to stores expense during the year and indicate amount attributable to each associate company.

Line No.	Account Number (a)	Title of Account (b)	Labor (c)	Expenses (d)	Total (e)
1	163	Stores Expense Undistributed	[redacted]		
2		Associate Company:			
3		None			
4					
5					
6					
7					
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37					
38					
39					
40	**Total**				

Name of Respondent	This Report Is:	Resubmission Date (Mo, Da, Yr)	Year/Period of Report
LG&E and KU Services Company	(1) [X] An Original (2) [ ] A Resubmission	/ /	Dec 31, 2015

Schedule VIII - Miscellaneous Current and Accrued Assets

1. Provide detail of items in this account. Items less than $50,000 may be grouped, showing the number of items in each group.

Line No.	Account Number (a)	Title of Account (b)	Balance at Beginning of Year (c)	Balance at Close of Year (d)
1	174	**Miscellaneous Current and Accrued Assets**		
2		**Item List:**		
3		None		
4				
5				
6				
7				
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12				
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35				
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37				
38				
39				
40	**Total**			

Name of Respondent	This Report Is:	Resubmission Date (Mo, Da, Yr)	Year/Period of Report
LG&E and KU Services Company	(1) [X] An Original (2) [ ] A Resubmission	/ /	Dec 31, 2015

Schedule IX - Miscellaneous Deferred Debits

1. Provide detail of items in this account. Items less than $50,000 may be grouped, showing the number of items in each group.

Line No.	Account Number (a)	Title of Account (b)	Balance at Beginning of Year (c)	Balance at Close of Year (d)
1	186	**Miscellaneous Deferred Debits**		
2		**Items List:**		
3		None		
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				
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34				
35				
36				
37				
38				
39				
40	**Total**			

Name of Respondent	This Report Is:	Resubmission Date (Mo, Da, Yr)	Year/Period of Report
LG&E and KU Services Company	(1) [X] An Original (2) [ ] A Resubmission	/ /	Dec 31, 2015

Schedule X - Research, Development, or Demonstration Expenditures

1. Describe each material research, development, or demonstration project that incurred costs by the service corporation during the r. Items less than $50,000 may be grouped, showing the number of items in each group.

Line No.	Account Number (a)	Title of Account (b)	Amount (c)
1	188	**Research, Development, or Demonstration Expenditures**	
2		**Project List:**	
3		None	
4			
5			
6			
7			
8			
9			
10			
11			
12			
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35			
36			
37			
38			
39			
40	**Total**		

Name of Respondent	This Report Is:	Resubmission Date (Mo, Da, Yr)	Year/Period of Report
LG&E and KU Services Company	(1) [X] An Original (2) [ ] A Resubmission	/ /	Dec 31, 2015

Schedule XI - Proprietary Capital

1. For miscellaneous paid-in capital (Account 211) and appropriate retained earnings (Account 215), classify amounts in each account, with a brief explanation, disclosing the general nature of transactions which give rise to the reported amounts.
2. For the unappropriated retained earnings (Account 216), in a footnote, give particulars concerning net income or (loss) during the year, distinguishing between compensation for the use of capital owed or net loss remaining from servicing nonassociates per the General Instructions of the Uniform System of Accounts. For dividends paid during the year in cash or otherwise, provide rate percentages, amount of dividend, date declared and date paid.

Line No.	Account Number (a)	Title of Account (b)	Description (c)	Amount (d)
1	201	Common Stock Issued	Number of Shares Authorized	1,000
2			Par or Stated Value per Share	
3			Outstanding Number of Shares	100
4			Close of Period Amount	100
5		Preferred Stock Issued	Number of Shares Authorized	
6			Par or Stated Value per Share	
7			Outstanding Number of Shares	
8			Close of Period Amount	
9	211	Miscellaneous Paid-In Capital		15,457,130
10	215	Appropriated Retained Earnings		
11	219	Accumulated Other Comprehensive Income		(44,621,784)
12	216	Unappropriated Retained Earnings	Balance at Beginning of Year	1,902,530
13			Net Income or (Loss)	638,273
14			Dividend Paid	
15			Balance at Close of Year	2,540,803

Name of Respondent LG&E and KU Services Company	This Report is: (1) X An Original (2) _ A Resubmission	Resubmission Date (Mo, Da, Yr) / /	Year of Report 2015

FOOTNOTE DATA

Schedule Page: 201 Line No.: 9 Column: d

See footnote data detail on Schedule Page: 101, Line No.: 51, Column: d.

Schedule Page: 201 Line No.: 11 Column: d

See footnote data detail on Schedule Page: 101, Line No.: 54, Column: d.

Schedule Page: 201 Line No.: 15 Column: d

See footnote data detail on Schedule Page: 101, Line No.: 53, Column: d.

Name of Respondent	This Report Is:	Resubmission Date (Mo, Da, Yr)	Year/Period of Report
LG&E and KU Services Company	(1) [X] An Original (2) [ ] A Resubmission	/ /	Dec 31, 2015

Schedule XII – Long Term Debt

1. For the advances from associate companies (Account 223), describe in a footnote the advances on notes and advances on open accounts. Names of associate companies from which advances were received shall be shown under the class and series of obligation Column (c).
2. For the deductions in Column (h), please give an explanation in a footnote.
3. For other long-term debt (Account 224), list the name of the creditor company or organization in Column (b).

Line No.	Account Number (a)	Title of Account (b)	Term of Obligation Class & Series of Obligation (c)	Date of Maturity (d)	Interest Rate (e)	Amount Authorized (f)	Balance at Beginning of Year (g)	Additions Deductions (h)	Balance at Close of Year (i)
1	223	Advances from Associate Companies							
2		Associate Company:							
3		None							
4									
5									
6									
7									
8									
9									
10									
11									
12									
13		TOTAL							
14	224	Other Long-Term Debt							
15		List Creditor:							
16		None							
17									
18									
19									
20									
21									
22									
23									
24									
25									
26									
27									
28		TOTAL							

Name of Respondent	This Report Is:	Resubmission Date (Mo, Da, Yr)	Year/Period of Report
LG&E and KU Services Company	(1) [X] An Original (2) [ ] A Resubmission	/ /	Dec 31, 2015

Schedule XIII – Current and Accrued Liabilities

1. Provide the balance of notes and accounts payable to each associate company (Accounts 233 and 234).
2. Give description and amount of miscellaneous current and accrued liabilities (Account 242). Items less than $50,000 may be grouped, showing the number of items in each group.

Line No.	Account Number (a)	Title of Account (b)	Balance at Beginning of Year (c)	Balance at Close of Year (d)
1	233	Notes Payable to Associates Companies		
2		None		
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				
15				
16				
17				
18				
22				
23				
24	234	Accounts Payable to Associate Companies		
25		PPL Corporation	666,843	1,243,372
26		PPL Energy Supply, LLC	3,374	
27		PPL Services Corporation	1,436,895	1,754,807
28		LG&E and KU Capital LLC	10,206,179	15,872,250
29		LG&E and KU Energy LLC		2,964,769
30				
31				
32				
33				
34				
35				
36				
37				
38				
39				
40				
41	242	Miscellaneous Current and Accrued Liabilities		
42		Accured Short Term Incentive	3,494,682	3,618,705
43		Miscellaneous Liability - Vested Vacation	10,870,262	11,278,031
44		Pension Payable SERP Current	3,059,162	3,370,709
45		Retirement Income Liability	1,489,706	1,677,487
		Incurred But Not Paid (IBNP) Medical and Dental Reserve	1,864,980	1,711,117
48				
49				
50		(Total)	33,092,083	43,491,247

1. Use the space below for important notes regarding the financial statements or any account thereof.
2. Furnish particulars as to any significant contingent assets or liabilities existing at the end of the year.
3. Furnish particulars as to any significant increase in services rendered or expenses incurred during the year.
4. Furnish particulars as to any amounts recorded in Account 434, Extraordinary Income, or Account 435, Extraordinary Deductions.
5. Notes relating to financial statements shown elsewhere in this report may be indicated here by reference.
6. Describe the annual statement supplied to each associate service company in support of the amount of interest on borrowed capital and compensation for use of capital billed during the calendar year. State the basis for billing of interest to each associate company. If a ratio, describe in detail how ratio is computed. If more than one ratio explain the calculation. Report the amount of interest borrowed and/or compensation for use of capital billed to each associate company.

Note 1 – Organization of LG&E and KU Services Company

LG&E and KU Services Company ("LKS" or the "Company"), a Kentucky corporation, is a wholly-owned subsidiary of LG&E and KU Energy LLC ("LKE") and a centralized service company under the Public Utility Holding Company Act of 2005 ("PUHCA 2005"). LKE, in turn, is a wholly-owned subsidiary of PPL Corporation ("PPL") and LKS became an indirect, wholly-owned subsidiary of PPL when PPL acquired all the limited liability company interests of LKE from E.ON US Investments Corp. on November 1, 2010. On December 1, 2010, PPL and certain subsidiaries, including LKE, filed a notification of holding company status with the Federal Energy Regulatory Commission ("FERC") under PUHCA 2005. LKE had previously been party to such a notification filed on June 15, 2006 by E.ON AG, its former parent. LKS originally was authorized to conduct business as a service company for E.ON U.S. LLC (formerly LG&E Energy LLC) and its various subsidiaries and affiliates by order of the Securities and Exchange Commission dated December 6, 2000, and commenced operations January 1, 2001.

LKS provides certain services to affiliated entities, including LKE, LG&E and KU Capital LLC ("LKC"), LG&E Energy Marketing Inc. ("LEM"), Louisville Gas and Electric Company ("LG&E"), Kentucky Utilities Company ("KU"), Western Kentucky Energy Corp., and PPL Services Corporation, at cost. LKS is organized along functional lines to accomplish its purpose of providing management, administrative, and technical services.

Note 2 - Summary of Significant Accounting Policies

LKS follows the FERC Uniform System of Accounts for Centralized Service Companies Subject to the Provisions of PUHCA 2005. The accompanying financial statements were prepared in accordance with the accounting requirements set forth in the Uniform System of Accounts and published accounting releases of the FERC, which is a comprehensive basis of accounting other than GAAP.

General. Dollars within these footnotes are in millions, unless otherwise noted.

Property. Property, plant and equipment includes property that is in use and under construction, and is reported at cost. PP&E was not recorded at fair value as of the PPL acquisition for FERC-reporting purposes.

Depreciation and Amortization. Depreciation is computed on a straight-line basis. Office furniture is depreciated over 30 years and personal computers are depreciated over 3 years. Leasehold improvements are depreciated over the life of the lease.

Income Taxes. Significant management judgment is required in developing the Company's provision for income taxes, primarily due to the uncertainty related to tax positions taken or expected to be taken in tax returns and valuation allowances on deferred tax assets.

Significant management judgment is also required to determine the amount of benefit to be recognized in relation to an uncertain tax position. The Company uses a two-step process to evaluate tax positions. The first step requires an entity to determine whether, based on the technical merits supporting a particular tax position, it is more likely than not (greater than a 50% chance) that the tax position will be sustained. This determination assumes that the relevant taxing authority will examine the tax position and is aware of all the relevant facts surrounding the tax position. The second step requires an entity to recognize in the financial statements the benefit of a tax position that meets the more-likely-than-not recognition criterion. The benefit recognized is measured at the largest amount of benefit that has a likelihood of realization, upon settlement, that exceeds 50%. The amounts ultimately paid upon resolution of issues raised by taxing authorities may differ materially from the amounts accrued and may materially impact the financial statements of the Company in future periods. See Note 5, Income Taxes.

Accumulated Deferred Income Taxes. Deferred income taxes reflect the net future tax effects of temporary differences between the carrying amounts of assets and liabilities for accounting purposes and their basis for income tax purposes, as well as the tax effects of net operating losses and tax credit carryforwards. See Note 5, Income Taxes.

Use of Estimates. The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note 3 - Related Party Transactions

Provisions of Services

LKS engages in transactions in the normal course of business with other LKE subsidiaries and PPL Services Corporation. These transactions are primarily composed of services received and/or rendered including contracting with third party vendors for goods and services. These services are priced at cost which represents market.

LKS provides the subsidiaries of LKE and PPL with a variety of centralized administrative, management and support services. Charges for these services include labor, overheads and other expenses of LKS employees performing services for the subsidiaries of LKE and PPL and vouchers paid by LKS on behalf of the subsidiaries of LKE and PPL. The cost of these services is directly charged or, for general costs which cannot by directly attributed, charged based on predetermined allocation factors, including the ratios discussed in Methods of Allocations on pages 402.1 – 402.5.

Intercompany billings from LKS are listed on page 307, Analysis of Billing – Associate Companies (Account 457). These billings do not include convenience payments which are shown as a footnote to page 106, line 39, column b.

Intercompany billings are settled monthly, accordingly there is no interest or other compensation charged for the use of capital.

Note 4 - Pension and Other Postretirement Benefit Plans

Although LKS does not directly sponsor any defined benefit plans, it is allocated a portion of the funded status and costs of plans sponsored by LKE based on its participation in those plans, which management believes are reasonable. The defined benefit pension plans of LKE and its subsidiaries were closed to new employees hired after December 31, 2005. Employees hired after December 31, 2005 receive additional company contributions above the standard matching contributions to their savings plans.

A majority of LKS employees are eligible for certain health care and life insurance benefits upon retirement through a contributory plan. Postretirement health benefits may be paid from 401(h) accounts established as part of the LKE plan within the PPL Services Corporation Master Trust, funded VEBA trusts and company funds.

For the pension plan, the estimated amounts to be amortized from accumulated other comprehensive income into net periodic defined benefit costs in 2016 are $10 million ($4 million of prior service cost and $6 million of actuarial loss). For the postretirement plan, the estimated amount to be amortized from accumulated other comprehensive income into net periodic defined benefit costs in 2016 is $1 million (amortization of prior service cost).

LKS allocates its pension and other postretirement costs to affiliates. LKS's allocated pension benefit costs charged to operating expense, excluding amounts charged to construction and other non-expense accounts, for pension benefits were $23 million and $12 million in 2015 and 2014, and amounts charged to construction work in progress and other non-operating expense accounts were $4 million and $2 million in 2015 and 2014. Net periodic defined benefits costs charged to operating expense, excluding amounts charged to construction and other non-expense accounts, for other postretirement benefits were $2 million in 2015 and 2014.

The actuarially determined obligations of current active employees and retired employees of LKS are used as a basis to allocate total plan activity, including active and retiree costs and obligations. LKS's allocated share of the funded status of the pension plans resulted in a liability of $197 million and $190 million at December 31, 2015 and 2014. LKS's allocated share of other postretirement benefits resulted in a liability of $11 million and $15 million at December 31, 2015 and 2014.

Plan Assets - Pension Plans

The pension plans sponsored by LKE are invested in the PPL Services Corporation Master Trust (the Master Trust) that also includes 401(h) accounts that are restricted for certain other postretirement benefit obligations. The investment strategy for the Master Trust is to achieve a risk-adjusted return on a mix of assets that, in combination with the Company's funding policy, will ensure that sufficient assets are available to provide long-term growth and liquidity for benefit payments, while also managing the duration of the assets to complement the duration of the liabilities. The Master Trust benefits from a wide diversification of asset types, investment fund strategies and external investment fund managers, and therefore has no significant concentration of risk.

The investment policy of the Master Trust outlines investment objectives and defines the responsibilities of the Employee Benefit Plan Board (EBPB) – administrator of PPL's US qualified retirement plans, external investment managers, investment advisor and trustee and custodian. The investment policy is reviewed annually by PPL's Board of Directors.

The EBPB created a risk management framework around the trust assets and pension liabilities. This framework considers the trust assets as being composed of three sub-portfolios: growth, immunizing and liquidity portfolios. The growth portfolio is comprised of investments that generate a return at a reasonable risk, including equity securities, certain debt securities and alternative investments. The immunizing portfolio consists of debt securities, generally with long durations, and derivative positions. The immunizing portfolio is designed to offset a portion of the change in the pension liabilities due to changes in interest rates. The liquidity portfolio consists primarily of cash and cash equivalents.

Target allocation ranges have been developed for each portfolio on a plan basis based on input from external consultants with a goal of limiting funded status volatility. The EBPB monitors the investments in each portfolio on a plan basis, and seeks to obtain a target portfolio that emphasizes reduction of risk of loss from market volatility. In pursuing that goal, the EBPB establishes revised guidelines from time to time. EBPB investment guidelines on a plan basis, as well as the weighted average of such guidelines, as of the end of 2015 are presented below.

The asset allocation for the trust and the target allocation by portfolio, at December 31, are as follows:

	Percentage of Trust Assets 2015 (a)	2015 Target Asset Allocation (a) LKE Plans
Growth Portfolio	**51%**	**50%**
Equity securities	25%	
Debt securities (b)	13%	
Alternative investments	13%	
Immunizing Portfolio	**47%**	**48%**
Debt securities (b)	42%	
Derivatives	5%	
Liquidity Portfolio	**2%**	**2%**
Total	100%	100%

	Percentage of Trust Assets 2014
Growth Portfolio	**51%**
Equity securities	26%
Debt securities (b)	13%
Alternative investments	12%
Immunizing Portfolio	**47%**
Debt securities (b)	44%
Derivatives	3%
Liquidity Portfolio	**2%**
Total	100%

(a) Allocations exclude consideration of a group annuity contract held by the LG&E and KU Retirement Plan.

(b) Includes commingled debt funds, which the Company treats as debt securities for asset allocation purposes.

LKE's pension plan's assets are invested solely in the PPL Services Corporation Master Trust, which is disclosed below. The fair value of the LKE assets of $1.3 billion at December 31, 2015 and 2014 represents an interest of approximately 40% and 28% in the Master Trust.

The fair value of net assets in the Master Trust by asset class and level within the fair value hierarchy was:

DECEMBER 31, 2015

	Fair Value Measurements Using			
	Total	**Level 1**	**Level 2**	**Level 3**
Cash and Cash Equivalents	$ 225	$ 225	$ -	$ -
Equity securities				
U.S.:				
Large-cap	87	87	-	-
Large-cap fund measured at NAV (a)	197	-	-	-
Small-cap	85	85	-	-
International equity fund at NAV (a)	454	-	-	-
Commingled debt measured at NAV (a)	514	-	-	-
Debt securities:				
U.S. Treasury and U.S. government sponsored agency	501	492	9	-
Residential/commercial backed securities	3	-	3	-
Corporate	747	-	737	10
International government	4	-	4	-
Other	7	-	7	-
Alternative investments:				
Commodities measured at NAV (a)	70	-	-	-
Real estate measured at NAV (a)	118	-	-	-
Private equity measured at NAV (a)	81	-	-	-
Hedge funds measured at NAV (a)	171	-	-	-
Derivatives:				
Interest rate swaps and swaptions	80	-	80	-
Other	11	-	11	-
Insurance Contracts	32	-	-	32
PPL Services Corporation Master Trust assets, at fair value	$ 3,387	$ 889	$ 851	$ 42
Receivables and payables, net (b)	(49)	-	-	-
401(h) account restricted for other postretirement benefit obligations	(111)	-	-	-
Total PPL Services Corporation Master Trust pension assets (c)	$ 3,227			

(a) In accordance with accounting guidance certain investments that are measured at fair value using the net asset value per share (NAV), or its equivalent, practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in the table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statement of financial position.

b) Receivables and payables represent amounts for investments sold/purchased but not yet settled along with interest and dividends earned but not yet received.

(c) As a result of the spinoff of PPL Energy Supply, $1,159 million of assets were transferred to Talen Energy in 2015, attributable to former active and inactive employees of PPL Energy Supply that had participated in PPL's pension plan. An additional $170 million of assets of the PPL Montana pension plan transferred to Talen Energy, as that entire plan was assumed by Talen Energy.

DECEMBER 31, 2014

	Fair Value Measurements Using			
	Total	Level 1	Level 2	Level 3
Cash and Cash Equivalents	$ 246	$ 246	$ -	$ -
Equity securities				
U.S.:				
Large-cap	114	114	-	-
Large-cap fund measured at NAV (a)	318	-	-	-
Small-cap	145	145	-	-
International equity fund at NAV (a)	615	-	-	-
Commingled debt measured at NAV (a)	818	-	-	-
Debt securities:				
U.S. Treasury and U.S. government sponsored agency	723	706	17	-
Residential/commercial backed securities	2	-	2	-
Corporate	1,109	-	1,088	21
International government	8	-	8	-
Other	9	-	9	-
Alternative investments:				
Commodities measured at NAV (a)	90	-	-	-
Real estate measured at NAV (a)	148	-	-	-
Private equity measured at NAV (a)	104	-	-	-
Hedge funds measured at NAV (a)	223	-	-	-
Derivatives:				
Interest rate swaps and swaptions	92	-	92	-
Other	12	-	12	-
Insurance Contracts	33	-	-	33
PPL Services Corporation Master Trust assets, at fair value	$ 4,809	$ 1,211	$ 1,228	$ 54
Receivables and payables, net (b)	(41)	-	-	-
401(h) account restricted for other postretirement benefit obligations	(136)	-	-	-
Total PPL Services Corporation Master Trust pension assets	$ 4,632			

(a) In accordance with accounting guidance certain investments that are measured at fair value using the net asset value per share (NAV), or its equivalent, practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in the table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statement of financial position.

(b) Receivables and payables represent amounts for investments sold/purchased but not yet settled along with interest and dividends earned but not yet received.

A reconciliation of pension trust assets classified as Level 3 at December 31, 2015 is as follows:

	Corporate Debt	Insurance Contracts	Total
Balance at beginning of period	$ 21	$ 33	$ 54
Actual return on plan assets	-	-	-
Relating to assets still held at the reporting date	-	2	2
Relating to assets sold during the period	(1)	-	(1)
Purchases, sales and settlements	(10)	(3)	(13)
Balance at end of period	$ 10	$ 32	$ 42

A reconciliation of pension trust assets classified as Level 3 at December 31, 2014 is as follows:

	Corporate Debt	Insurance Contracts	Total
Balance at beginning of period	$ 23	$ 37	$ 60
Actual return on plan assets	-	-	-
Relating to assets still held at the reporting date	(1)	1	-
Relating to assets sold during the period	(1)	-	(1)
Purchases, sales and settlements	-	(5)	(5)
Balance at end of period	$ 21	$ 33	$ 54

The fair value measurements of cash and cash equivalents are based on the amounts on deposit.

The market approach is used to measure fair value of equity securities. The fair value measurements of equity securities (excluding commingled funds), which are generally classified as Level 1, are based on quoted prices in active markets. These securities represent actively and passively managed investments that are managed against various equity indices and exchange traded funds (ETFs).

Investments in commingled equity and debt funds are categorized as equity securities. Investments in commingled equity funds include funds that invest in U.S. and international equity securities. Investments in commingled debt funds include funds that invest in a diversified portfolio of emerging market debt obligations, as well as funds that invest in investment grade long-duration fixed-income securities.

The fair value measurements of debt securities are generally based on evaluations that reflect observable market information, such as actual trade information for identical securities or for similar securities, adjusted for observable differences. The fair value of debt securities is generally measured using a market approach, including the use of pricing models which incorporate observable inputs. Common inputs include benchmark yields, relevant trade data, broker/dealer bid/ask prices, benchmark securities and credit valuation adjustments. When necessary, the fair value of debt securities is measured using the income approach, which incorporates similar observable inputs as well as payment data, future predicted cash flows, collateral performance and new issue data. For the Master Trust, these securities represent investments in securities issued by U.S. Treasury and U.S. government sponsored agencies; investments securitized by residential mortgages, auto loans, credit cards and other pooled loans; investments in investment grade and non-investment grade bonds issued by U.S. companies across several industries; investments in debt securities issued by foreign governments and corporations.

Investments in commodities represent ownership interest of a commingled fund that is invested in a portfolio of exchange-traded futures and forward contracts in commodities to obtain broad exposure to all principal groups in the global commodity markets, including energies, agriculture and metals (both precious and industrial) using proprietary commodity trading strategies. Redemptions can be made the 15th calendar day and the last calendar day of the month with a specified notification period. The fund's fair value is based upon a value as calculated by the fund's administrator.

Investments in real estate represent an investment in a partnership whose purpose is to manage investments in core U.S. real estate properties diversified geographically and across major property types (e.g., office, industrial, retail, etc.). The manager is focused on properties with high occupancy rates with quality tenants. This results in a focus on high income and stable cash flows with appreciation being a secondary factor. Core real estate generally has a lower degree of leverage when compared with more speculative real estate investing strategies. The partnership has limitations on the amounts that may be redeemed based on available cash to fund redemptions. Additionally, the general partner may decline to accept redemptions when necessary to avoid adverse consequences for the partnership, including legal and tax implications, among others. The fair value of the investment is based upon a partnership unit value.

Investments in private equity represent interests in partnerships in multiple early-stage venture capital funds and private equity fund of funds that use a number of diverse investment strategies. Four of the partnerships have limited lives of ten years, while the fifth has a life of 15 years, after which liquidating distributions will be received. Prior to the end of each partnership's life, the investment cannot be redeemed with the partnership; however, the interest may be sold to other parties, subject to the general partner's approval. The Master Trust has unfunded commitments of $27 million that may be required during the lives of the partnerships. Fair value is based on an ownership interest in partners' capital to which a proportionate share of net assets is attributed.

Investments in hedge funds represent investments in three hedge fund of funds. Hedge funds seek a return utilizing a number of diverse investment strategies. The strategies, when combined aim to reduce volatility and risk while attempting to deliver positive returns under most market conditions. Major investment strategies for the hedge fund of funds include long/short equity, market neutral, distressed debt, and relative value. Generally, shares may be redeemed within 60 to 95 days with prior written notice. The funds are subject to short term lockups and have limitations on the amount that may be withdrawn based on a percentage of the total net asset value of the fund, among other restrictions. All withdrawals are subject to the general partner's approval. The fair value for two of the funds has been estimated using the net asset value per share and the third fund's fair value is based on an ownership interest in partners' capital to which a proportionate share of net assets is attributed.

The fair value measurements of derivative instruments utilize various inputs that include quoted prices for similar contracts or market-corroborated inputs. In certain instances, these instruments may be valued using models, including standard option valuation models and standard industry models. These securities primarily represent investments in interest rate swaps and swaptions (the option to enter into an interest rate swap) which are valued based on the swap details, such as swap curves, notional amount, index and term of index, reset frequency, volatility and payer/receiver credit ratings.

Insurance contracts, classified as Level 3, represent an investment in an immediate participation guaranteed group annuity contract. The fair value is based on contract value, which represents cost plus interest income less distributions for benefit payments and administrative expenses.

Plan Assets – Other Postretirement Benefit Plans

LKE's other postretirement benefit plan is invested primarily in a 401(h) account, as disclosed in the PPL Services Corporation Master Trust, with insignificant amounts invested in money market funds within VEBA trusts for liquidity.

Expected Cash Flows - Defined Benefit Plans

LKS made contributions to the defined benefit pension plan of $13 million and $25 million in 2015 and 2014. Contributions to Supplemental Executive Retirement Plan ("SERP") payments totaled $3 million and $2 million in 2015 and 2014. LKE's defined benefit plans have the option to utilize available prior year credit balances to meet current and future contribution requirements. However, LKS contributed $10 million to LKE's pension plan on behalf of LKS's employees in January 2016, in lieu of prior year credit balances.

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid by the LKE plan for LKS retirees.

		Pensions
2016	$	26
2017		27
2018		29
2019		31
2020		31
2021-2025		175

LKS is not required to make contributions to the other postretirement benefit plan in which it participates but has historically funded this plan in amounts equal to the postretirement benefit costs. LKS funded this plan $5 million and $1 million in 2015 and 2014. Continuation of this past practice would cause LKS to contribute $2 million to the other postretirement benefit plan in 2016.

Savings Plans

Substantially all of LKS's employees are eligible to participate in 401(k) deferred savings plans. Employer contributions to the plans were $7 million and $6 million for the years ended December 31, 2015 and 2014.

Note 5 - Income Taxes

LKS's federal income tax return is included in a United States consolidated income tax return filed by LKS's parent, PPL. Each subsidiary of the consolidated tax group calculates its separate income tax for each period. The resulting separate-return tax cost or benefit is paid to or received from the parent company or its designee. The Company also files income tax returns in various state jurisdictions. The tax years for 2011 and prior are no longer subject to examination.

Components of income tax expense are shown in the table below for the year ended December 31:

	2015	2014
Current – federal	$ 4	$ 2
Current – state	4	-
Deferred – federal – net	(4)	(2)
Deferred – state – net	(4)	-
Total income tax expense	$ -	$ -

Deferred tax assets and liabilities which are mainly of a long-term nature are summarized below as of December 31:

	2015	2014
Deferred tax assets:		
Pensions and similar obligations	$ 73	$ 73
Liabilities and other	22	18
Net deferred income tax asset without purchase accounting	$ 95	$ 91
Purchase Accounting - Pension	25	21
Total net deferred income tax assets	$ 120	$ 112

Note 6 - Accumulated Other Comprehensive Income (Loss)

Accumulated other comprehensive income consisted of the following:

	Funded Status of Pension and Postretirement Plans		
	Pretax	Tax	Net
(in millions)			
Balance at December 31, 2013	$ 18	$ (7)	$ 11
Change in funded status of pension and postretirement plans	(91)	36	(55)
Balance at December 31, 2014	$ (73)	$ 29	$ (44)
Change in funded status of pension and postretirement plans	(1)	-	(1)
Balance at December 31, 2015	$ (74)	$ 29	$ (45)

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Schedule XV- Comparative Income Statement

Line No.	Account Number (a)	Title of Account (b)	Current Year (c)	Prior Year (d)
1		**SERVICE COMPANY OPERATING REVENUES**		
2	400	Service Company Operating Revenues	354,145,055	319,309,682
3		**SERVICE COMPANY OPERATING EXPENSES**		
4	401	Operation Expenses	246,906,136	217,208,573
5	402	Maintenance Expenses	7,736,285	7,994,433
6	403	Depreciation Expenses	1,204,056	1,126,022
7	403.1	Depreciation Expense for Asset Retirement Costs		
8	404	Amortization of Limited-Term Property		
9	405	Amortization of Other Property		
10	407.3	Regulatory Debits		
11	407.4	Regulatory Credits		
12	408.1	Taxes Other Than Income Taxes, Operating Income	11,048,413	10,285,081
13	409.1	Income Taxes, Operating Income	11,510,093	6,627,319
14	410.1	Provision for Deferred Income Taxes, Operating Income	12,119,980	15,768,276
15	411.1	Provision for Deferred Income Taxes – Credit , Operating Income	(20,400,699)	(17,780,893)
16	411.4	Investment Tax Credit, Service Company Property		
	411.6	Gains from Disposition of Service Company Plant		
	411.7	Losses from Disposition of Service Company Plant		
19	411.10	Accretion Expense		
20	412	Costs and Expenses of Construction or Other Services	78,948,433	70,832,585
21	416	Costs and Expenses of Merchandising, Jobbing, and Contract Work		
22		TOTAL SERVICE COMPANY OPERATING EXPENSES (Total of Lines 4-21)	349,072,697	312,061,396
23		NET SERVICE COMPANY OPERATING INCOME (Total of Lines 2 less 22)	5,072,358	7,248,286
24		**OTHER INCOME**		
25	418.1	Equity in Earnings of Subsidiary Companies		
26	419	Interest and Dividend Income	1,044,637	1,063,937
27	419.1	Allowance for Other Funds Used During Construction		
28	421	Miscellaneous Income or Loss		
29	421.1	Gain on Disposition of Property		
30		**TOTAL OTHER INCOME (Total of Lines 25-29)**	1,044,637	1,063,937
31		**OTHER INCOME DEDUCTIONS**		
32	421.2	Loss on Disposition of Property		
33	425	Miscellaneous Amortization		
34	426.1	Donations	17,599	63,903
35	426.2	Life Insurance		
36	426.3	Penalties		1,734
	426.4	Expenditures for Certain Civic, Political and Related Activities	1,517,453	1,949,001
	426.5	Other Deductions	6,766,053	9,846,913
39		**TOTAL OTHER INCOME DEDUCTIONS (Total of Lines 32-38)**	8,301,105	11,861,551
40		**TAXES APPLICABLE TO OTHER INCOME AND DEDUCTIONS**		

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Schedule XV- Comparative Income Statement (continued)

Line No.	Account Number (a)	Title of Account (b)	Current Year (c)	Prior Year (d)
41	408.2	Taxes Other Than Income Taxes, Other Income and Deductions	627	1,436
42	409.2	Income Taxes, Other Income and Deductions	(2,823,010)	(4,200,830)
43	410.2	Provision for Deferred Income Taxes, Other Income and Deductions		
44	411.2	Provision for Deferred Income Taxes – Credit, Other Income and Deductions		
45	411.5	Investment Tax Credit, Other Income Deductions		
46		**TOTAL TAXES APPLICABLE TO OTHER INCOME AND DEDUCTIONS (Total of Lines 41-45)**	(2,822,383)	(4,199,394)
47		**INTEREST CHARGES**		
48	427	Interest on Long-Term Debt		
49	428	Amortization of Debt Discount and Expense		
50	429	(less) Amortization of Premium on Debt- Credit		
51	430	Interest on Debt to Associate Companies		
52	431	Other Interest Expense		
53	432	(less) Allowance for Borrowed Funds Used During Construction-Credit		
54		**TOTAL INTEREST CHARGES (Total of Lines 48-53)**		
55		**NET INCOME BEFORE EXTRAORDINARY ITEMS (Total of Lines 23, 30, minus 39, 46, and 54)**	638,273	650,066
56		**EXTRAORDINARY ITEMS**		
	434	Extraordinary Income		
	435	(less) Extraordinary Deductions		
59		**Net Extraordinary Items (Line 57 less Line 58)**		
60	409.4	(less) Income Taxes, Extraordinary		
61		**Extraordinary Items After Taxes (Line 59 less Line 60)**		
62		**NET INCOME OR LOSS/COST OF SERVICE (Total of Lines 55-61)**	638,273	650,066

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Schedule XVI- Analysis of Charges for Service- Associate and Non-Associate Companies

1. Total cost of service will equal for associate and nonassociate companies the total amount billed under their separate analysis of billing schedules.

Line No.	Account Number (a)	Title of Account (b)	Associate Company Direct Cost (c)	Associate Company Indirect Cost (d)	Associate Company Total Cost (e)	Nonassociate Company Direct Cost (f)	Nonassociate Company Indirect Cost (g)	Nonassociate Company Total Cost (h)
1	403-403.1	Depreciation Expense		1,204,056	1,204,056			
2	404-405	Amortization Expense						
3	407.3-407.4	Regulatory Debits/Credits – Net						
4	408.1-408.2	Taxes Other Than Income Taxes	1,027,445	10,021,595	11,049,040			
5	409.1-409.3	Income Taxes	8,280,719		8,280,719			
6	410.1-411.2	Provision for Deferred Taxes	(8,280,719)		(8,280,719)			
7	411.1-411.2	Provision for Deferred Taxes – Credit						
8	411.6	Gain from Disposition of Service Company Plant						
9	411.7	Losses from Disposition of Service Company Plant						
10	411.4-411.5	Investment Tax Credit Adjustment						
11	411.10	Accretion Expense						
12	412	Costs and Expenses of Construction or Other Services	77,636,953	1,311,480	78,948,433			
13	416	Costs and Expenses of Merchandising, Jobbing, and Contract Work for Associated Companies						
14	418	Non-operating Rental Income						
15	418.1	Equity in Earnings of Subsidiary Companies						
16	419	Interest and Dividend Income						
17	419.1	Allowance for Other Funds Used During Construction						
	421	Miscellaneous Income or Loss						
19	421.1	Gain on Disposition of Property						
20	421.2	Loss on Disposition Of Property						
21	425	Miscellaneous Amortization						
22	426.1	Donations	17,599		17,599			
23	426.2	Life Insurance						
24	426.3	Penalties						
25	426.4	Expenditures for Certain Civic, Political and Related Activities	190,954	1,326,499	1,517,453			
26	426.5	Other Deductions	5,729,290	1,036,763	6,766,053			
27	427	Interest On Long-Term Debt						
28	428	Amortization of Debt Discount and Expense						
29	429	Amortization of Premium on Debt – Credit						
30	430	Interest on Debt to Associate Companies						
31	431	Other Interest Expense						
32	432	Allowance for Borrowed Funds Used During Construction						
33	500-509	Total Steam Power Generation Operation Expenses	2,745,374	12,052,119	14,797,493			
34	510-515	Total Steam Power Generation Maintenance Expenses	853,664	999,304	1,852,968			

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Schedule XVI- Analysis of Charges for Service- Associate and Non-Associate Companies (continued)

Line No.	Account Number (a)	Title of Account (b)	Total Charges for Services Direct Cost (i)	Total Charges for Services Indirect Cost (j)	Total Charges for Services Total Cost (k)
1	403-403.1	Depreciation Expense		1,204,056	1,204,056
2	404-405	Amortization Expense			
3	407.3-407.4	Regulatory Debits/Credits – Net			
4	408.1-408.2	Taxes Other Than Income Taxes	1,027,445	10,021,595	11,049,040
5	409.1-409.3	Income Taxes	8,280,719		8,280,719
6	410.1-411.2	Provision for Deferred Taxes	(8,280,719)		(8,280,719)
7	411.1-411.2	Provision for Deferred Taxes – Credit			
8	411.6	Gain from Disposition of Service Company Plant			
9	411.7	Losses from Disposition of Service Company Plant			
10	411.4-411.5	Investment Tax Credit Adjustment			
11	411.10	Accretion Expense			
12	412	Costs and Expenses of Construction or Other Services	77,636,953	1,311,480	78,948,433
13	416	Costs and Expenses of Merchandising, Jobbing, and Contract Work for Associated Companies			
14	418	Non-operating Rental Income			
15	418.1	Equity in Earnings of Subsidiary Companies			
16	419	Interest and Dividend Income			
17	419.1	Allowance for Other Funds Used During Construction			
	421	Miscellaneous Income or Loss			
19	421.1	Gain on Disposition of Property			
20	421.2	Loss on Disposition Of Property			
21	425	Miscellaneous Amortization			
22	426.1	Donations	17,599		17,599
23	426.2	Life Insurance			
24	426.3	Penalties			
25	426.4	Expenditures for Certain Civic, Political and Related Activities	190,954	1,326,499	1,517,453
26	426.5	Other Deductions	5,729,290	1,036,763	6,766,053
27	427	Interest On Long-Term Debt			
28	428	Amortization of Debt Discount and Expense			
29	429	Amortization of Premium on Debt – Credit			
30	430	Interest on Debt to Associate Companies			
31	431	Other Interest Expense			
32	432	Allowance for Borrowed Funds Used During Construction			
33	500-509	Total Steam Power Generation Operation Expenses	2,745,374	12,052,119	14,797,493
34	510-515	Total Steam Power Generation Maintenance Expenses	853,664	999,304	1,852,968

Name of Respondent LG&E and KU Services Company	This Report Is: (1) [X] An Original (2) [ ] A Resubmission	Resubmission Date (Mo, Da, Yr) / /	Year/Period of Report Dec 31, 2015

Line No.	Account Number (a)	Title of Account (b)	Associate Company Direct Cost (c)	Associate Company Indirect Cost (d)	Associate Company Total Cost (e)	Nonassociate Company Direct Cost (f)	Nonassociate Company Indirect Cost (g)	Nonassociate Company Total Cost (h)
35	517-525	Total Nuclear Power Generation Operation Expenses						
36	528-532	Total Nuclear Power Generation Maintenance Expenses						
37	535-540.1	Total Hydraulic Power Generation Operation Expenses	1,299		1,299			
38	541-545.1	Total Hydraulic Power Generation Maintenance Expenses	14,983		14,983			
39	546-550.1	Total Other Power Generation Operation Expenses	16,548		16,548			
40	551-554.1	Total Other Power Generation Maintenance Expenses	23,851		23,851			
41	555-557	Total Other Power Supply Operation Expenses	94,673	3,127,647	3,222,320			
42	560	Operation Supervision and Engineering		2,531,381	2,531,381			
43	561.1	Load Dispatch-Reliability		799,481	799,481			
44	561.2	Load Dispatch-Monitor and Operate Transmission System	1,606,736	1,418,514	3,025,250			
45	561.3	Load Dispatch-Transmission Service and Scheduling		1,073,231	1,073,231			
46	561.4	Scheduling, System Control and Dispatch Services						
	561.5	Reliability Planning and Standards Development		1,348,549	1,348,549			
	561.6	Transmission Service Studies	23,288		23,288			
49	561.7	Generation Interconnection Studies						
50	561.8	Reliability Planning and Standards Development Services						
51	562	Station Expenses (Major Only)	133,314		133,314			
52	563	Overhead Line Expenses (Major Only)	96,439		96,439			
53	564	Underground Line Expenses (Major Only)						
54	565	Transmission of Electricity by Others (Major Only)						
55	566	Miscellaneous Transmission Expenses (Major Only)	2,853,255	1,019,214	3,872,469			
56	567	Rents						
57	567.1	Operation Supplies and Expenses (Nonmajor Only)						
58		Total Transmission Operation Expenses	4,713,032	8,190,370	12,903,402			
59	568	Maintenance Supervision and Engineering (Major Only)						
60	569	Maintenance of Structures (Major Only)						
61	569.1	Maintenance of Computer Hardware						
62	569.2	Maintenance of Computer Software						
63	569.3	Maintenance of Communication Equipment						
64	569.4	Maintenance of Miscellaneous Regional Transmission Plant						
65	570	Maintenance of Station Equipment (Major Only)	444,754	416,607	861,361			
	571	Maintenance of Overhead Lines (Major Only)	210,279		210,279			
67	572	Maintenance of Underground Lines (Major Only)						
68	573	Maintenance of Miscellaneous Transmission Plant (Major Only)	176,458	464,433	640,891			

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Schedule XVI- Analysis of Charges for Service- Associate and Non-Associate Companies (continued)

Line No.	Account Number (a)	Title of Account (b)	Total Charges for Services Direct Cost (i)	Total Charges for Services Indirect Cost (j)	Total Charges for Services Total Cost (k)
35	517-525	Total Nuclear Power Generation Operation Expenses			
36	528-532	Total Nuclear Power Generation Maintenance Expenses			
37	535-540.1	Total Hydraulic Power Generation Operation Expenses	1,299		1,299
38	541-545.1	Total Hydraulic Power Generation Maintenance Expenses	14,983		14,983
39	546-550.1	Total Other Power Generation Operation Expenses	16,548		16,548
40	551-554.1	Total Other Power Generation Maintenance Expenses	23,851		23,851
41	555-557	Total Other Power Supply Operation Expenses	94,673	3,127,647	3,222,320
42	560	Operation Supervision and Engineering		2,531,381	2,531,381
43	561.1	Load Dispatch-Reliability		799,481	799,481
44	561.2	Load Dispatch-Monitor and Operate Transmission System	1,606,736	1,418,514	3,025,250
45	561.3	Load Dispatch-Transmission Service and Scheduling		1,073,231	1,073,231
46	561.4	Scheduling, System Control and Dispatch Services			
	561.5	Reliability Planning and Standards Development		1,348,549	1,348,549
	561.6	Transmission Service Studies	23,288		23,288
49	561.7	Generation Interconnection Studies			
50	561.8	Reliability Planning and Standards Development Services			
51	562	Station Expenses (Major Only)	133,314		133,314
52	563	Overhead Line Expenses (Major Only)	96,439		96,439
53	564	Underground Line Expenses (Major Only)			
54	565	Transmission of Electricity by Others (Major Only)			
55	566	Miscellaneous Transmission Expenses (Major Only)	2,853,255	1,019,214	3,872,469
56	567	Rents			
57	567.1	Operation Supplies and Expenses (Nonmajor Only)			
58		Total Transmission Operation Expenses	4,713,032	8,190,370	12,903,402
59	568	Maintenance Supervision and Engineering (Major Only)			
60	569	Maintenance of Structures (Major Only)			
61	569.1	Maintenance of Computer Hardware			
62	569.2	Maintenance of Computer Software			
63	569.3	Maintenance of Communication Equipment			
64	569.4	Maintenance of Miscellaneous Regional Transmission Plant			
65	570	Maintenance of Station Equipment (Major Only)	444,754	416,607	861,361
	571	Maintenance of Overhead Lines (Major Only)	210,279		210,279
67	572	Maintenance of Underground Lines (Major Only)			
68	573	Maintenance of Miscellaneous Transmission Plant (Major Only)	176,458	464,433	640,891

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Line No.	Account Number (a)	Title of Account (b)	Associate Company Direct Cost (c)	Associate Company Indirect Cost (d)	Associate Company Total Cost (e)	Nonassociate Company Direct Cost (f)	Nonassociate Company Indirect Cost (g)	Nonassociate Company Total Cost (h)
69	574	Maintenance of Transmission Plant (Nonmajor Only)						
70		Total Transmission Maintenance Expenses	831,491	881,040	1,712,531			
71	575.1-575.8	Total Regional Market Operation Expenses						
72	576.1-576.5	Total Regional Market Maintenance Expenses						
73	580-589	Total Distribution Operation Expenses	3,879,598	6,369,549	10,249,147			
74	590-598	Total Distribution Maintenance Expenses	225,545	717,728	943,273			
75		Total Electric Operation and Maintenance Expenses	98,002,299	47,238,150	145,240,449			
76	700-798	Production Expenses (Provide selected accounts in a footnote)						
77	800-813	Total Other Gas Supply Operation Expenses	10,122		10,122			
78	814-826	Total Underground Storage Operation Expenses	178,750		178,750			
79	830-837	Total Underground Storage Maintenance Expenses	52,954		52,954			
80	840-842.3	Total Other Storage Operation Expenses						
81	843.1-843.9	Total Other Storage Maintenance Expenses						
82	844.1-846.2	Total Liquefied Natural Gas Terminaling and Processing Operation Expenses						
[illegible]	847.1-847.8	Total Liquefied Natural Gas Terminaling and Processing Maintenance Expenses						
[illegible]	850	Operation Supervision and Engineering	465,515		465,515			
85	851	System Control and Load Dispatching.	3,143		3,143			
86	852	Communication System Expenses						
87	853	Compressor Station Labor and Expenses						
88	854	Gas for Compressor Station Fuel						
89	855	Other Fuel and Power for Compressor Stations						
90	856	Mains Expenses	60		60			
91	857	Measuring and Regulating Station Expenses						
92	858	Transmission and Compression of Gas By Others						
93	859	Other Expenses						
94	860	Rents						
95		Total Gas Transmission Operation Expenses	468,718		468,718			
96	861	Maintenance Supervision and Engineering						
97	862	Maintenance of Structures and Improvements						
98	863	Maintenance of Mains	59		59			
99	864	Maintenance of Compressor Station Equipment						
100	865	Maintenance of Measuring And Regulating Station Equipment						
101	866	Maintenance of Communication Equipment						
102	867	Maintenance of Other Equipment						
103		Total Gas Transmission Maintenance Expenses	59		59			
104	870-881	Total Distribution Operation Expenses	101,959	524,143	626,102			

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Schedule XVI- Analysis of Charges for Service- Associate and Non-Associate Companies (continued)

Line No.	Account Number (a)	Title of Account (b)	Total Charges for Services Direct Cost (i)	Total Charges for Services Indirect Cost (j)	Total Charges for Services Total Cost (k)
69	574	Maintenance of Transmission Plant (Nonmajor Only)			
70		Total Transmission Maintenance Expenses	831,491	881,040	1,712,531
71	575.1-575.8	Total Regional Market Operation Expenses			
72	576.1-576.5	Total Regional Market Maintenance Expenses			
73	580-589	Total Distribution Operation Expenses	3,879,598	6,369,549	10,249,147
74	590-598	Total Distribution Maintenance Expenses	225,545	717,728	943,273
75		Total Electric Operation and Maintenance Expenses	98,002,299	47,238,150	145,240,449
76	700-798	Production Expenses (Provide selected accounts in a footnote)			
77	800-813	Total Other Gas Supply Operation Expenses	10,122		10,122
78	814-826	Total Underground Storage Operation Expenses	178,750		178,750
79	830-837	Total Underground Storage Maintenance Expenses	52,954		52,954
80	840-842.3	Total Other Storage Operation Expenses			
81	843.1-843.9	Total Other Storage Maintenance Expenses			
82	844.1-846.2	Total Liquefied Natural Gas Terminaling and Processing Operation Expenses			
	847.1-847.8	Total Liquefied Natural Gas Terminaling and Processing Maintenance Expenses			
	850	Operation Supervision and Engineering	465,515		465,515
85	851	System Control and Load Dispatching.	3,143		3,143
86	852	Communication System Expenses			
87	853	Compressor Station Labor and Expenses			
88	854	Gas for Compressor Station Fuel			
89	855	Other Fuel and Power for Compressor Stations			
90	856	Mains Expenses	60		60
91	857	Measuring and Regulating Station Expenses			
92	858	Transmission and Compression of Gas By Others			
93	859	Other Expenses			
94	860	Rents			
95		Total Gas Transmission Operation Expenses	468,718		468,718
96	861	Maintenance Supervision and Engineering			
97	862	Maintenance of Structures and Improvements			
98	863	Maintenance of Mains	59		59
99	864	Maintenance of Compressor Station Equipment			
100	865	Maintenance of Measuring And Regulating Station Equipment			
101	866	Maintenance of Communication Equipment			
102	867	Maintenance of Other Equipment			
103		Total Gas Transmission Maintenance Expenses	59		59
104	870-881	Total Distribution Operation Expenses	101,959	524,143	626,102

Name of Respondent	This Report Is:	Resubmission Date (Mo, Da, Yr)	Year/Period of Report
LG&E and KU Services Company	(1) [X] An Original (2) [ ] A Resubmission	/ /	Dec 31, 2015

Line No.	Account Number (a)	Title of Account (b)	Associate Company Direct Cost (c)	Associate Company Indirect Cost (d)	Associate Company Total Cost (e)	Nonassociate Company Direct Cost (f)	Nonassociate Company Indirect Cost (g)	Nonassociate Company Total Cost (h)
105	885-894	Total Distribution Maintenance Expenses	40,085	219,283	259,368			
106		Total Natural Gas Operation and Maintenance Expenses	852,647	743,426	1,596,073			
107	901	Supervision	537,582	4,936,863	5,474,445			
108	902	Meter reading expenses	20,637	381,454	402,091			
109	903	Customer records and collection expenses	1,988,196	14,568,498	16,556,694			
110	904	Uncollectible accounts						
111	905	Miscellaneous customer accounts expenses		5,603	5,603			
112	906	Total Customer Accounts Operation Expenses	2,546,415	19,892,418	22,438,833			
113	907	Supervision	2,138	595,783	597,921			
114	908	Customer assistance expenses	2,475,607	663,158	3,138,765			
115	909	Informational And Instructional Advertising Expenses	19,732		19,732			
116	910	Miscellaneous Customer Service And Informational Expenses	102,275	16,963	119,238			
117		Total Service and Informational Operation Accounts	2,599,752	1,275,904	3,875,656			
118	911	Supervision						
119	912	Demonstrating and Selling Expenses						
120	913	Advertising Expenses	8,867		8,867			
	916	Miscellaneous Sales Expenses						
122		Total Sales Operation Expenses	8,867		8,867			
123	920	Administrative and General Salaries	5,860,123	65,616,702	71,476,825			
124	921	Office Supplies and Expenses	736,591	10,679,143	11,415,734			
125	923	Outside Services Employed	5,207,168	32,183,297	37,390,465			
126	924	Property Insurance		5,192	5,192			
127	925	Injuries and Damages	14,975	88,208	103,183			
128	926	Employee Pensions and Benefits	10,149,379	43,246,309	53,395,688			
129	928	Regulatory Commission Expenses	329,416		329,416			
130	930.1	General Advertising Expenses						
131	930.2	Miscellaneous General Expenses	1,082	1,362,796	1,363,878			
132	931	Rents	28,143	2,600,355	2,628,498			
133		Total Administrative and General Operation Expenses	22,326,877	155,782,002	178,108,879			
134	935	Maintenance of Structures and Equipment	1,432,306	1,443,992	2,876,298			
135		Total Administrative and General Maintenance Expenses	28,914,217	178,394,316	207,308,533			
136		Total Cost of Service	127,769,163	226,375,892	354,145,055			

Name of Respondent	This Report Is:	Resubmission Date (Mo, Da, Yr)	Year/Period of Report
LG&E and KU Services Company	(1) [X] An Original (2) [ ] A Resubmission	/ /	Dec 31, 2015

Schedule XVI- Analysis of Charges for Service- Associate and Non-Associate Companies (continued)

Line No.	Account Number (a)	Title of Account (b)	Total Charges for Services Direct Cost (i)	Total Charges for Services Indirect Cost (j)	Total Charges for Services Total Cost (k)
105	885-894	Total Distribution Maintenance Expenses	40,085	219,283	259,368
106		Total Natural Gas Operation and Maintenance Expenses	852,647	743,426	1,596,073
107	901	Supervision	537,582	4,936,863	5,474,445
108	902	Meter reading expenses	20,637	381,454	402,091
109	903	Customer records and collection expenses	1,988,196	14,568,498	16,556,694
110	904	Uncollectible accounts			
111	905	Miscellaneous customer accounts expenses		5,603	5,603
112	906	Total Customer Accounts Operation Expenses	2,546,415	19,892,418	22,438,833
113	907	Supervision	2,138	595,783	597,921
114	908	Customer assistance expenses	2,475,607	663,158	3,138,765
115	909	Informational And Instructional Advertising Expenses	19,732		19,732
116	910	Miscellaneous Customer Service And Informational Expenses	102,275	16,963	119,238
117		Total Service and Informational Operation Accounts	2,599,752	1,275,904	3,875,656
118	911	Supervision			
119	912	Demonstrating and Selling Expenses			
120	913	Advertising Expenses	8,867		8,867
	916	Miscellaneous Sales Expenses			
122		Total Sales Operation Expenses	8,867		8,867
123	920	Administrative and General Salaries	5,860,123	65,616,702	71,476,825
124	921	Office Supplies and Expenses	736,591	10,679,143	11,415,734
125	923	Outside Services Employed	5,207,168	32,183,297	37,390,465
126	924	Property Insurance		5,192	5,192
127	925	Injuries and Damages	14,975	88,208	103,183
128	926	Employee Pensions and Benefits	10,149,379	43,246,309	53,395,688
129	928	Regulatory Commission Expenses	329,416		329,416
130	930.1	General Advertising Expenses			
131	930.2	Miscellaneous General Expenses	1,082	1,362,796	1,363,878
132	931	Rents	28,143	2,600,355	2,628,498
133		Total Administrative and General Operation Expenses	22,326,877	155,782,002	178,108,879
134	935	Maintenance of Structures and Equipment	1,432,306	1,443,992	2,876,298
135		Total Administrative and General Maintenance Expenses	28,914,217	178,394,316	207,308,533
136		Total Cost of Service	127,769,163	226,375,892	354,145,055

Name of Respondent	This Report Is:	Resubmission Date (Mo, Da, Yr)	Year/Period of Report
LG&E and KU Services Company	(1) [X] An Original (2) [ ] A Resubmission	/ /	Dec 31, 2015

Schedule XVII - Analysis of Billing – Associate Companies (Account 457)

1. For services rendered to associate companies (Account 457), list all of the associate companies.

Line No.	Name of Associate Company (a)	Account 457.1 Direct Costs Charged (b)	Account 457.2 Indirect Costs Charged (c)	Account 457.3 Compensation For Use of Capital (d)	Total Amount Billed (e)
1	PPL Corporation	58,987			58,987
2	PPL Services Corporation	1,047,977			1,047,977
3	LG&E and KU Capital LLC	10,760,046	(267,970)		10,492,076
4	Louisville Gas and Electric Company	52,883,185	103,522,692		156,405,877
5	Kentucky Utilities Company	62,715,682	123,121,170		185,836,852
6	Western Kentucky Energy Corp.	135,077			135,077
7	FCD LLC	21,371			21,371
8	LG&E and KU Energy LLC	146,838			146,838
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39					
40	Total	127,769,163	226,375,892		354,145,055

Name of Respondent	This Report Is:	Resubmission Date (Mo, Da, Yr)	Year/Period of Report
LG&E and KU Services Company	(1) [X] An Original (2) [ ] A Resubmission	/ /	Dec 31, 2015

Schedule XVIII -- Analysis of Billing -- Non-Associate Companies (Account 458)

1. For services rendered to nonassociate companies (Account 458), list all of the nonassociate companies. In a footnote, describe services rendered to each respective nonassociate company.

Line No.	Name of Non-associate Company (a)	Account 458.1 Direct Costs Charged (b)	Account 458.2 Indirect Costs Charged (c)	Account 458.3 Compensation For Use of Capital (d)	Account 458.4 Excess or Deficiency on Servicing Non-associate Utility Companies (e)	Total Amount Billed (f)
1	None					
2						
3						
4						
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39						
40	Total					

Name of Respondent	This Report Is:	Resubmission Date (Mo, Da, Yr)	Year/Period of Report
LG&E and KU Services Company	(1) [X] An Original (2) [ ] A Resubmission	/ /	Dec 31, 2015

Schedule XIX - Miscellaneous General Expenses - Account 930.2

1. Provide a listing of the amount included in Account 930.2, "Miscellaneous General Expenses" classifying such expenses according ... eir nature. Amounts less than $50,000 may be grouped showing the number of items and the total for the group.
... ayments and expenses permitted by Section 321 (b)(2) of the Federal Election Campaign Act, as amended by Public Law 94-283 in ...3 (2 U.S.C. 441(b)(2)) shall be separately classified.

Line No.	Title of Account (a)	Amount (b)
1	Research and Development	1,289,189
2	Business License Fees	1,200
3	Other Miscellaneous General Expenses - 23 items less than $50,000 each	73,489
4		
5		
6		
7		
8		
9		
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40	**Total**	1,363,878

1. Provide a graphical presentation of the relationships and inter relationships within the service company that identifies lines of authority and responsibility in the organization.

The following were officers of LKS as of December 31, 2015:

Victor A. Staffieri -- Chairman of the Board, Chief Executive Officer and President

Paula H. Pottinger -- Senior Vice President, Human Resources

Gerald A. Reynolds -- General Counsel, Chief Compliance Officer and Corporate Secretary
- Michael S. Beer -- Vice President, Federal Regulation and Policy
- Laura M. Douglas -- Vice President, Corporate Responsibility and Community Affairs
- Dorothy E. O'Brien -- Vice President and Deputy General Counsel, Legal and Environmental Affairs
- George R. Siemens -- Vice President, External Affairs
- Edwin R. Staton -- Vice President, State Regulation and Rates
- Mary C. Whelan -- Vice President, Communications

Kent W. Blake -- Chief Financial Officer
- Daniel K. Arbough -- Treasurer
- Valerie L. Scott -- Controller
- Eric Slavinsky -- Chief Information Officer

Paul W. Thompson -- Chief Operating Officer
- Lonnie E. Bellar -- Vice President, Gas Distribution
- D. Ralph Bowling -- Vice President, Power Production
- John P. Malloy -- Vice President, Customer Services
- David S. Sinclair -- Vice President, Energy Supply and Analysis
- P. Greg Thomas -- Vice President, Electric Distribution
- John N. Voyles, Jr. -- Vice President, Transmission and Generation Services
  - Thomas A. Jessee -- Vice President, Transmission

Michael S. Beer, Vice President of Federal Regulation and Policy, retired, effective December 31, 2015.

Edwin R. Staton, Vice President of State Regulation and Rates, retired, effective January 31, 2016.
Robert M. Conroy assumed the role of Vice President of State Regulation and Rates, effective February 1, 2016.

P. Greg Thomas, Vice President of Electric Distribution, retired, effective February 29, 2016.
John K. Wolfe assumed the role of Vice President of Electric Distribution, effective March 1, 2016.

Paula H. Pottinger, Senior Vice President of Human Resources, retired, effective April 1, 2016.
Gregory J. Meiman was appointed Vice President of Human Resources, effective February 1, 2016.

Name of Respondent	This Report is:	Resubmission Date (Mo, Da, Yr)	Year of Report
LG&E and KU Services Company	(1) X An Original (2) _ A Resubmission	/ /	2015

Schedule XXI - Methods of Allocation

1. Indicate the service department or function and the basis for allocation used when employees render services to more than one department or functional group. If a ratio, include the numerator and denominator.

2. Include any other allocation methods used to allocate costs.

Service Department or Function	Basis of Allocation
Customer Service	Number of Customers Ratio
Sales and Marketing	Number of Customers Ratio
Economic Development and Major Accounts	Number of Customers Ratio
Meter Reading Services	Number of Meters Ratio
Cash Remittance	Revenue Ratio
Billing Integrity	Number of Customers Ratio; Number of Meters Ratio
Energy Efficiency	Number of Customers Ratio
Smart Grid Strategy	Number of Customers Ratio
Field Services	Number of Meters Ratio
CCS Retail Business Readiness	Number of Customers Ratio
Project Engineering	Generation Ratio
System Laboratory	Total Utility Plant Assets Ratio
Generation	Total Utility Plant Assets Ratio
Generation Services and Safety	Total Utility Plant Assets Ratio; Total Utility Electric Plant Assets Ratio
Fuel Procurement	Contract Ratio; Generation Ratio
Project Development	Total Utility Plant Assets Ratio
Strategy, Reliability and Tariffs	Transmission Ratio
Operations and Construction	Transmission Ratio; Total Assets Ratio; Total Utility Plant Assets Ratio
Reliability and Compliance	Transmission Ratio
Energy Marketing	Generation Ratio
Market Forecasting	Generation Ratio
Load Forecasting	Generation Ratio
Generation Planning and Analysis	Generation Ratio
Network Trouble and Dispatch	Number of Customers Ratio
Electric Engineering	Total Assets Ratio
Distribution Asset Management	Number of Customers Ratio; Total Assets Ratio
Forestry	Total Assets Ratio
Distribution IT	Number of Employees Ratio; Total Assets Ratio
Substation Construction and Maintenance	Total Utility Plant Assets Ratio
Budgeting	Revenue, Total Assets and Number of Employees Ratio; Transmission Ratio; Generation Ratio; Number of Customers Ratio
Financial Planning	Revenue, Total Assets and Number of Employees Ratio
Accounting and Reporting	Revenue, Total Assets and Number of Employees Ratio
Property Accounting	Total Utility Plant Assets Ratio
Revenue Accounting	Revenue Ratio
Payroll	Number of Employees Ratio
Tax Accounting, Compliance and Reporting	Revenue, Total Assets and Number of Employees Ratio

Name of Respondent	This Report is:	Resubmission Date (Mo, Da, Yr)	Year of Report
LG&E and KU Services Company	(1) X An Original (2) _ A Resubmission	/ /	2015

Schedule XXI - Methods of Allocation

Audit Services	Revenue, Total Assets and Number of Employees Ratio
Sarbanes-Oxley Compliance	Revenue, Total Assets and Number of Employees Ratio
Treasury and Corporate Finance	Revenue, Total Assets and Number of Employees Ratio
Risk Management	Total Utility Plant Assets Ratio
Credit Administration	Generation Ratio
Energy Marketing Trading Controls	Generation Ratio
Supply Chain	Non-Fuel Material and Services Expenditures Ratio
Accounts Payable	Number of Transactions Ratio; Non-Fuel Material and Services Expenditures Ratio
IT Security and Compliance	Number of Employees Ratio
IT Applications and Customer Services	Number of Employees Ratio; Number of Customers Ratio
IT Infrastructure and Operations	Number of Employees Ratio
IT Business Services	Number of Employees Ratio
Legal	Revenue, Total Assets and Number of Employees Ratio
Compliance	Number of Employees Ratio; Total Utility Plant Assets Ratio
Environmental Affairs	Electric Peak Load Ratio
Regulatory Affairs	Revenue Ratio
Government Affairs Management	Revenue Ratio
Internal Communications	Number of Employees Ratio
External and Brand Communications	Number of Customers Ratio; Revenue, Total Assets and Number of Employees Ratio
Public Affairs Management	Revenue, Total Assets and Number of Employees Ratio
Facilities and Buildings	Number of Customers Ratio; Number of Employees Ratio
Security	Number of Employees Ratio
Production Mail	Number of Customers Ratio
Document	Number of Employees Ratio
Process Management and Performance	Number of Customers Ratio
Right-of-Way	Number of Customers Ratio
Transportation	Number of Employees Ratio
HR Compensation	Number of Employees Ratio
HR Benefits	Number of Employees Ratio
Other HR Services	Number of Employees Ratio
Health and Safety	Number of Employees Ratio
Executive Management	Generation Ratio; Number of Customers Ratio; Number of Employees Ratio; Revenue Ratio; Revenue, Total Assets and Number of Employees Ratio; Total Assets Ratio; Total Utility Plant Assets Ratio; Transmission Ratio

Contract Ratio – Based on the sum of the physical amount (i.e. tons of coal, mmbtu of natural gas) of the contract for coal and natural gas fuel burned for the immediately preceding twelve consecutive calendar months, the numerator of which is for an operating company and the denominator of which is for all operating companies. This ratio is calculated on an annual basis. Any changes in the ratio will be determined no later than May 1st of the following calendar year, and charges to date will be reallocated for any significant changes in the ratio from that used in the prior year.

Departmental Charge Ratio – A specific LKS department ratio based upon various factors. The departmental charge ratio typically applies to indirectly attributable costs such as departmental administrative, support, and/or material and supply costs that benefit more than one affiliate and that require allocation using general measures of cost causation. Methods for assignment are department-specific depending on the type of service being performed and are documented and monitored by the Budget Coordinators for each department. The numerator and denominator vary by department. The ratio is based upon various factors such as labor hours, labor dollars, departmental or entity headcount, capital expenditures, operations and maintenance costs, retail energy sales, charitable contributions, generating plant sites, average allocation of direct reports, net book value of utility plant, total line of business assets, electric capital expenditures, substation assets and transformer assets. These ratios are calculated on an annual basis. Any changes in these ratios will be determined no later than May 1st of the following calendar year, and charges to date will be reallocated for any significant changes in any of these ratios from that used in the prior year.

Electric Peak Load Ratio – Based on the sum of the monthly electric maximum system demands for the immediately preceding twelve consecutive calendar months, the numerator of which is for an operating company and the denominator of which is for all operating companies. This ratio is calculated on an annual basis. Any changes in the ratio will be determined no later than May 1st of the following calendar year, and charges to date will be reallocated for any significant changes in the ratio from that used in the prior year.

Generation Ratio – Based on the annual forecast of megawatt hours, the numerator of which is for an operating company and the denominator of which is for all operating companies. This ratio is calculated on an annual basis. Any changes in the ratio will be determined no later than May 1st of the following calendar year, and charges to date will be reallocated for any significant changes in the ratio from that used in the prior year.

Non-Fuel Material and Services Expenditures – Based on non-fuel material and services expenditures, net of reimbursements, for the immediately preceding twelve consecutive calendar months. The numerator is equal to such expenditures for a specific entity and/or line-of-business as appropriate and the denominator is equal to such expenditures for all applicable entities. This ratio is calculated on an annual basis. Any changes in the ratio will be determined no later than May 1st of the following calendar year, and charges to date will be reallocated for any significant changes in the ratio from that used in the prior year.

Number of Customers Ratio – Based on the number of retail electric and/or gas customers. This ratio will be determined based on the actual number of customers at the end of the previous calendar year. In some cases, the ratio may be calculated based on the type of customer class being served (i.e. Residential, Commercial or Industrial). The numerator is the total number of each Company's retail customers. The denominator is the total number of retail customers for both LG&E and KU. This ratio is calculated on an annual basis. Any changes in the ratio will be determined no later than May 1st of the following calendar year, and charges to date will be reallocated for any significant changes in the ratio from that used in the prior year.

Number of Employees Ratio – Based on the number of employees benefiting from the performance of a service. This ratio will be determined based on actual counts of applicable employees at the end of the previous calendar year. A two-step assignment methodology is utilized to properly allocate LKS employee costs to the proper legal entity. The numerator for the first step of this ratio is the total number of employees for each specific company, and the denominator is the total number of employees for all companies in which an allocator is assigned (i.e. LG&E, KU and LKS). For the second step, the ratio of LKS to total employees will then be allocated to the other companies (LG&E, KU and LKC) based on each company's ratio of labor dollars to total labor dollars. LKC has no employees, but non-utility related labor is charged to it. In some cases, the ratio may be calculated based on the number of employees at a specific location for the first step with the ratio of LKS to total employees being allocated based on labor hours of the employees at the specific location. This ratio is calculated on an annual basis. Any changes in the ratio will be determined no later than May 1st of the following calendar year, and charges to date will be reallocated for any significant changes in the ratio from that used in the prior year.

Number of Meters Ratio – Based on the number or types of meters being utilized by customer classes within the system for the immediately preceding twelve consecutive calendar months. The numerator is equal to the number of meters for each utility and the denominator is equal to the total meters for KU and LG&E. This ratio is calculated on an annual basis. Any changes in the ratio will be determined no later than May 1st of the following calendar year, and charges to date will be reallocated for any significant changes in the ratio from that used in the prior year.

Number of Transactions Ratio – Based on the number of transactions occurring in the immediately preceding twelve consecutive calendar months, the numerator of which is for an operating company and the denominator of which is for all operating companies. The Controller's organization is responsible for maintaining and monitoring specific product/service methodology documentation for actual transactions related to LKS billings. This ratio is calculated on an annual basis. Any changes in the ratio will be determined no later than May 1st of the following calendar year, and charges to date will be reallocated for any significant changes in the ratio from that used in the prior year.

Revenue Ratio – Based on the sum of the revenue for the immediately preceding twelve consecutive calendar months, the numerator of which is for an operating company and the denominator of which is for all operating companies. This ratio is calculated on an annual basis. Any changes in the ratio will be determined no later than May 1st of the following calendar year, and charges to date will be reallocated for any significant changes in the ratio from that used in the prior year.

Revenue, Total Assets and Number of Employees Ratio – Based on an average of the revenue, total assets and number of employees ratios. The numerator is the sum of Revenue Ratio, Total Assets Ratio and Number of Employees Ratio for the specific company. The denominator is three – the number of ratios being averaged. This ratio is calculated on an annual basis. Any changes in the ratio will be determined no later than May 1st of the following calendar year, and charges to date will be reallocated for any significant changes in the ratio from that used in the prior year.

Total Assets Ratio – Based on the total assets at year end for the preceding year. In the event of joint ownership of a specific asset, asset ownership percentages are utilized to assign costs. The numerator is the total assets for each specific company at the end of the preceding year. The denominator is the sum of total assets for each company in which an allocator is assigned (LG&E, KU and LKC). This ratio is calculated on an annual basis. Any changes in the ratio will be determined no later than May 1st of the following calendar year, and charges to date will be reallocated for any significant changes in the ratio from that used in the prior year.

Total Utility Plant Assets Ratio – Based on the total utility plant assets at year end for the preceding year, the numerator of which is for an operating company and the denominator of which is for all operating companies. In the event of joint ownership of a specific asset, ownership percentages are utilized to assign costs. This ratio is calculated on an annual basis. Any changes in the ratio will be determined no later than May 1st of the following calendar year, and charges to date will be reallocated for any significant changes in the ratio from that used in the prior year.

Transmission Ratio –The Transmission Coordination Agreement (TCA) provides "the contractual basis for the coordinated planning, operation, and maintenance of the combined" LG&E and KU transmission system. Pursuant to the terms of the TCA, LG&E/KU "operate their transmission systems as a single control area." The TCA establishes cost and revenue allocations between LG&E and KU. The Transmission Ratio is based upon Schedule A (Allocation of Operating Expenses of the Transmission System Operator) of the TCA. Transmission System Operator Company allocation percentages are calculated during June of each year to be effective July 1st of each year using the previous year's summation of the Transmission Peak Demands as found in FERC Form 1 for LG&E and KU, page 400 line 17(b).

Transportation Resource Management System Chargeback Ratio – Based on the costs associated with providing and operating transportation fleet for all affiliated companies including developing fleet policy, administering regulatory compliance programs, managing repair and maintenance of vehicles and procuring vehicles. Such rates are applied based on the specific equipment employment and the measured usage of services by the various company entities. This ratio is calculated monthly based on the actual transportation charges from the previous month. The numerator is the department labor charged to a specific company. The denominator is the total labor costs for the specific department. The ratio is then multiplied by the total transportation costs to determine the amount charged to each company.

Ownership Percentages – Based on the contractual ownership percentages of jointly-owned generating units, information technology, facilities and other capital projects. This ratio is updated as a result of a new jointly-owned capital projects and is based on the benefit to the respective company. The numerator is the specific company's forecasted usage. The denominator is the total forecasted usage of all respective companies.

Name	Old Company	New Company
Koller,Tiffany Michelle	Louisville Gas & Electric Co.	LG&E and KU Services Company
Tinsley,Greg A	Louisville Gas & Electric Co.	LG&E and KU Services Company
Jackson,Timothy M	Kentucky Utilities	LG&E and KU Services Company
Halpin,Jonathan Robert	Louisville Gas & Electric Co.	LG&E and KU Services Company
Harris,Christopher C	Kentucky Utilities	LG&E and KU Services Company
Robinson,Richard Wayne	Kentucky Utilities	LG&E and KU Services Company
Sparks,Mark R	Kentucky Utilities	LG&E and KU Services Company
Wilson,Mark Edward	Kentucky Utilities	LG&E and KU Services Company
Guy,David M	Louisville Gas & Electric Co.	LG&E and KU Services Company
Lindsey,Gregory D	Louisville Gas & Electric Co.	LG&E and KU Services Company
Laster,Sandra McKinney	Kentucky Utilities	LG&E and KU Services Company
Betz,Michael Alex	Kentucky Utilities	LG&E and KU Services Company
Hensley,Michael E	Louisville Gas & Electric Co.	LG&E and KU Services Company
Wright,Paul G	Kentucky Utilities	LG&E and KU Services Company
Hannon,Hannah Michelle	Louisville Gas & Electric Co.	LG&E and KU Services Company
Humphrey,Kelli Luann	Louisville Gas & Electric Co.	LG&E and KU Services Company
Goodner,Thomas Patrick	Louisville Gas & Electric Co.	LG&E and KU Services Company
Valkovci,David M	Kentucky Utilities	LG&E and KU Services Company
Eisenmenger,Stanley J	Louisville Gas & Electric Co.	LG&E and KU Services Company
Grismer,Richard Alan	Louisville Gas & Electric Co.	LG&E and KU Services Company
Kirkland,Kenneth Michael	Louisville Gas & Electric Co.	LG&E and KU Services Company
Crouch,Tracy Ann	Kentucky Utilities	LG&E and KU Services Company
Mudd,Robert M	Louisville Gas & Electric Co.	LG&E and KU Services Company
Dowell,Norman	Louisville Gas & Electric Co.	LG&E and KU Services Company
Utley,Craig Alan	Kentucky Utilities	LG&E and KU Services Company
Burns,Michael Thomas	Kentucky Utilities	LG&E and KU Services Company
Hiner,Andrew Seth	Louisville Gas & Electric Co.	LG&E and KU Services Company

New Job Title	Old Job Title	Eff Date	Sal Plan	Union Code
Mgr Subst Const & Maint	Supervisor - Maintenance	9/14/2015	MG	
Warehouse Supvr.	Warehouse Supvr.	12/21/2015	EX	
Inspector - Transmission	Line Technician A	4/27/2015	EX	
Engineer Co-op/Intern III	Engineer Co-op/Intern III	6/5/2015	99	
Protection Systems Technician	Substation Technician A	6/14/2015	NE	
Turbine-Generator Specialist	Chief Mechanic	10/26/2015	EX	
Inspector - Substation	Substation Supervisor A	12/27/2015	EX	
Inspector - Transmission	Maintenance Technician C (M)	4/5/2015	EX	
Restoration Coordinator	Network Tech A	8/31/2015	NE	
Mgr Elec TechTrain&Public Sfty	Team Ldr -Line Const & Maint	3/2/2015	MG	
Budget Analyst III	Budget Analyst III	7/20/2015	EX	
Mgr Commercial Operations	Supervisor - Maintenance	6/8/2015	MG	
Lead Engineer	Manager - Production	8/3/2015	EX	
Mgr Fleet Ops Perf & Reliab	Manager - Production	11/2/2015	MG	
Environmental Scientist II	P.P. Environ Coord II	2/16/2015	EX	
Lead Customer Representative	Customer Representative I	2/16/2015	NE	
SC&M Coordinator	Sub Equip Technician A	1/5/2015	EX	
Mgr System Laboratory	Sr Chemist	10/12/2015	MG	
Project Coor-Major Cap Project	Maintenance Leader	2/2/2015	EX	
Trans Right-Of-Way Coordinator	Service Technician	2/16/2015	EX	
Dir Generation Project Dvlpmnt	General Manager - Mill Creek	11/2/2015	SM	
Storeroom Supervisor	Storeroom Supervisor	2/16/2015	EX	
Training Consultant-Interm	I&E Technician A	6/8/2015	EX	
Building Operations Technician	I&E Technician B	7/20/2015	NE	
Inspector - Transmission	Line Technician A	4/13/2015	EX	
Storeroom Supervisor	Warehouse Supvr.	10/26/2015	EX	
Engineer Co-op/Intern III	Engineer Co-op/Intern III	12/21/2015	99	